

# CHARTER OF ŠIAULIŲ BANKAS AB

---



Valid recast since 01/06/2018

CHARTER  
of Limited Liability Public Company  
ŠIAULIŲ BANKAS AB

**Article 1. General Provisions**

1.1. Limited Liability Public Company Šiaulių Bankas (hereinafter referred to as the Bank) is a credit institution, established in the Republic of Lithuania, having a licence for and engaged in accepting of deposits and other repayable funds from non-professional market participants, lending funds, assuming the related risks and responsibilities. The Bank has been established for unlimited period.

1.2. Name of the Bank is Limited Liability Public Company Šiaulių Bankas.

1.3. Address of the Bank domicile is: Tilžės 149, LT-76348 Šiauliai, the Republic of Lithuania.

1.4. The Bank possesses its seal with the following inscription: Lietuvos Respublika, AB Šiaulių Bankas (the Republic of Lithuania, Šiaulių Bankas AB).

1.5. The Bank is engaged in rendering financial services as well as other activities the financial services cannot be rendered without, that aid in rendering financial services or are directly related with financial service rendering.

1.6. The Bank is a private legal entity with limited civil liability. The Bank answers for no obligations of its shareholders and the shareholders, unless it is prescribed in the laws otherwise, are only obliged to pay emission prices of the shares subscribed in the order, set by the Bank.

1.7. Charter of the Bank may be amended in the order, prescribed in the laws.

1.8. Targets of the bank activity are as follows: to try to get profit by rendering the financial services, provided for therein, induce the customers and the prospects to employ financial services efficiently, to try to render top-quality services to the customers, to form positive image of the Bank and the banking system, to familiarize society with the financial and related services, to render material and other support or aid to individuals or individual fields, paying especial attention at the culture, arts, science and sports.

1.9. The Bank, its employees and other persons, knowing the Bank's confidential or Bank's secret containing information, ought to disclose no such information for unlimited period, except the cases, provided in the laws. List of the confidential information and data, deemed the Bank's secret, as well as order of its storing and delivering to other persons, shall be set by the Board of the Bank and legislation.

1.10. The Bank gives the other subjects data and information regarding the financial services, rendered by the bank, as well as other activities of the Bank exclusively in the cases and order, prescribed by the laws.

1.11. The Bank in its activities shall follow applicable legislation of the Republic of Lithuania and the institutions of the European Union regulating activities of banks.

1.12. A calendar year is considered the Bank's fiscal year.

1.13. The Bank is entitled to grant support in the order, provided for in the laws and other legal acts.

1.14. If this Charter is at variance with the imperative law norms or if they do not cover appropriate matters, provisions of the laws should be observed.

1.15. The following definitions are used in the Charter:

1.15.1. Meeting means the general meeting of the Bank's shareholders;

1.15.2. Council means the Bank's Supervisory Council;

1.15.3. Board means the Bank's Management Board;

1.15.4. Head of the Bank means head of administration of the Bank.

## **Article II. Bank's Activities and Financial Services Provided**

2.1. Financial services rendered by the Bank are as follows:

2.1.1. Accepting deposits and other returnable funds;

2.1.2. Lending moneys (including mortgage loans);

2.1.3. Payment services;

2.1.4. Issuing and administration of travel cheques, promissory notes and other payment measures;

2.1.5. Financial lease (leasing);

2.1.6. Granting of financial securities and financial guarantees;

2.1.7. Making transactions on Bank's or customer's account regarding the money market measures (checks, promissory notes, deposit certificates etc.), foreign currency, financial future and option transactions, measures of currency exchange rate and interest rate setting, open-circulation securities, precious metals;

2.1.8. Investment services;

2.1.9. Financial mediation (agency);

2.1.10. Cash handling;

2.1.11. Rendering information and advises on credit granting and paying matters;

2.1.12. Rent of safe chambers;

2.1.13. Currency exchange (in cash);

2.1.14. Custody and administering of cash funds;

2.1.15. Company consulting in capital structure, production strategy and related matters, also the consultations and services, related with reorganization, restructuring and purchase of enterprises;

2.1.16. Rendering the services related with securities emission;

2.1.17. Issuing and handling of electronic cash.

2.1.18. Offset of settlements between credit institutions (clearing);

2.1.19. Management of investment funds, closed-type investment companies, pension funds or investment variable capital companies;

2.1.20. Protection, account and management of financial measures on customers' account, including property protection and other related services such as money or financial pledge management.

2.2. The Bank renders the licensed financial services, listed above, if it holds the relevant license, issued in the order, prescribed in the laws or other legal acts. 2.3. In addition to the provision of licensed financial services specified in this article, the Bank is engaged in activities or enters into transactions that help provide financial services and are otherwise directly related to the provision of financial services.

## **Article III. Capital of the Bank**

3.1. Capital of the Bank consists of own and loaned capital.

3.2. The equity capital of the Bank consists of:

- 3.2.1. Authorized capital (reduced by value of purchased own shares);
- 3.2.2. Reserve capital (reserve fund);
- 3.2.3. Capital reserve (emission difference);
- 3.2.4. Last year's undistributed profit or loss;
- 3.2.5. Long-term tangible assets revaluation reserve;
- 3.2.6. Financial assets revaluation reserve;
- 3.2.7. Obligatory reserve or reserve capital;
- 3.2.8. Limited distributable profit;
- 3.2.9. Current year's undistributed profit (loss);
- 3.2.10. General reserve to cover possible losses in the assets. Reserve is made of deductions, bank's profit or extra contributions of bank shareholders. Purpose of the reserve is to cover the losses, arising due to risk related with main activities of the bank;
- 3.2.11. Reserve to allocate shares.

3.3. Borrowed capital of the Bank consists of the funds, acquired by the Bank on the ownership right under borrowing relations, by issuing long-term debt securities (bonds) or making loan agreements, on condition that the repayment term of the funds is no less than 2 years and that the debt securities (bonds) and loans received feature all signs of subordinated loan.

3.4. Total amount of the equity capital parts of the Bank, set in paragraphs 3.2.1 to 3.2.4 and 3.2.7 can be no less than the minimum amount, prescribed in the Law on Banks.

3.5 The authorized capital of the Bank is total amount of the par values of all registered shares. The authorized capital of the Bank is EUR 157 639 187,7 one hundred fifty seven million six hundred thirty nine thousand one hundred eighty seven and seventy four hundredths). It is divided into 543 583 406 (five hundred forty three million five hundred eighty three thousand four hundred six) ordinary registered shares. Par value per share is EUR 0.29 (twenty nine hundredths).

3.6. Shares of the Bank are non-material; they are fixed with the help of records in the personal security accounts of the shareholders.

#### **Article IV. Shareholders of the Bank, their Rights and Duties**

4.1. Shareholder of the Bank is a person, who has acquired at least one share of the Bank in the order, provided in the laws and other legal acts. All shares of the Bank grant equal rights. One share grants one vote.

4.2. Shareholders of the Bank have the following property rights:

- 4.2.1. To receive a part of the Bank's profit (dividend);
- 4.2.2. To receive a part of the Bank's assets when authorized capital of the Bank is reduced in order to pay Bank's funds to the shareholders;
- 4.2.3. To receive the shares free of charge in case the authorized capital is increased from the Bank's funds, except the cases, provided in the laws;
- 4.2.4. In case the shareholder is a physical person - to bequeath all or a part of his shares to one or several persons;
- 4.2.5. In the statutory order and terms to transfer or in other way assign all or part of the shares into other persons' ownership;
- 4.2.6. The preference right to acquire newly issued shares or convertible bonds of the Bank, except the case when the Meeting decides to cancel this right to all the shareholders;
- 4.2.7. To lend to the Bank in the ways, prescribed in the laws, but the Bank, borrowing from its shareholders, is not entitled to mortgage its assets for the shareholders. In the case the Bank borrows from its shareholder, interest rate cannot exceed the average interest rate of the commercial banks, located in the living or business place of the lender, valid on the moment the loan agreement was made. In such case the Bank and the shareholders are prohibited from making an agreement regarding higher interest rate;
- 4.2.8. Other property rights, provided in the laws.

4.3. Rights specified in paragraphs 4.2.1, 4.2.2, 4.2.3 and 4.2.6 belong to the persons, who were shareholders of the Bank in the end of the tenth working day after the general meeting of shareholders which adopted the relevant resolution.

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

4.4.1. To participate in the Meetings;

4.4.2. To submit the Bank the matters, related with meeting agenda matters;

4.4.3. To vote in the Meetings according to the rights, granted by the shares;

4.4.4. To receive information on the Bank, as provided for in the Law on Companies;

4.4.5. To apply to court with the claim, asking to compensate the loss, made to the Bank, that has occurred because of failure to execute obligations, provided for in the laws and present Charter, duly or their omission by the Head or Board members of the Bank, as well as in other cases, provided for in the laws;

4.4.6. Other non-property rights, provided in the laws.

4.5. If a shareholder asks in writing the Bank provides publicly available information and documents to the shareholder free of charge. In the event the shareholder requests other documents and information that is reasonably required for the shareholder to comply with the mandatory requirements provided for in other legislation, the Bank has the right to request the shareholder to reimburse the costs arising from submitting these documents / information.

4.6. Share is subject to no division into parts. In case one share belongs to several owners, all such owners are deemed a single shareholder. In this case the shareholder is represented by one of the owners with the means of a notarized proxy. All owners of the share jointly answer in the obligations of the shareholder.

4.7. Order of subscription, payment and transfer of the shares is prescribed in the laws.

#### **Article V. Bodies of the Bank**

5.1. Bodies of the Bank are as follows: general meeting of the shareholders of the Bank, Council of the Bank, Board of the Bank and Head of administration of the Bank (Head of the Bank). Board and Head of the Bank are managing bodies of the Bank.

5.2. Managing bodies of the Bank shall act in the interests of the Bank and its shareholders, observe laws and other legal acts and to follow the Charter of the Bank.

#### **Article VI. General Meeting of Shareholders**

6.1. The persons, who are shareholders of the Bank in the end of Meeting accounting day, are entitled to participate and vote at the Meeting or repeated meeting personally, except the statutory exceptions, or by their authorized persons or persons the voting right assigning contract is made with. Shareholder's right to participate in the Meeting also includes the right to speak and to ask. Board members, Council members, Head of the Bank, inspector of the Meeting, the auditor preparing the auditor's conclusion and audit report on financial statements, even if they are not shareholders of the Bank, are also entitled to participate and speak at the Meeting.

6.2. Meeting accounting day is the 5th working day before the meeting or the 5th working day before the repeated meeting.

6.3. The Meeting has the exclusive right to:

6.3.1. Amend Charter of the Bank, except of the cases, provided in the laws;

6.3.2. Change domicile of the Bank;

6.3.3. Elect the Council members;

6.3.4. Recall the Council or its individual members;

6.3.5. Elect and recalls the audit company, for performing audit of annual financial reports, set

terms of payment for audit services;

6.3.6. Approve the set of annual financial statements of the Bank;

6.3.7. Set class, number, par value and minimum issue price of the shares, issued by the Bank;

6.3.8. Adopt resolution regarding:

6.3.8.1. Issuing of convertible bonds;

6.3.8.2. Cancellation of the preference right to purchase shares or convertible bonds of the bank of a given emission to all of the shareholders;

6.3.8.3. Conversion of the Bank's shares of one class into another, approval of the conversion order;

6.3.8.4. Allocation of profit/loss;

6.3.8.5. Making, use, reduction and cancellation of reserves;

6.3.8.6. Increase of authorized capital;

6.3.8.7. Reduction of authorized capital, except of the cases, provided in the laws;

6.3.8.8. Purchase by the Bank of its own shares;

6.3.8.9. Approval of rules for allocation of shares to employees and / or members of the bodies;

6.3.8.10. Reorganization or demerge of the Bank and approving terms of such reorganization or demerge with the exception of cases provided for in the Law on Companies of the Republic of Lithuania;

6.3.8.11. Restructuring of the Bank;

6.3.8.12. Liquidation of the Bank, cancellation of liquidation, except of the cases, provided in the laws;

6.3.9. Elect and recall liquidator of the Bank, except of the cases, provided in the laws;

6.4. The Meeting may solve other matters, not assigned to the competence of the other bodies under the laws and Charter, if such matters are not the function of managing bodies of the Bank. The Meeting is not entitled to entrust other Bank bodies to solve the matters which are in its competence.

6.5. The Meeting is deemed occurred and can adopt resolutions if the shareholders possessing more than 1/2 of all the votes are present. Quorum is established according to the data of shareholders' registration list. Chairman of the Meeting informs everybody in the beginning of the Meeting whether quorum is present. In case quorum is present, it is considered present throughout the meeting. In case there is no quorum, a repeated meeting shall be convened in the order, prescribed by the laws. Such meeting has the right to pass decisions according to the agenda of the failed meeting, no matter of the number of the shareholders participating.

6.6. If a shareholder in the cases, provided for in the laws, cannot vote in adopting resolutions on separate matters, the voting results are established using the number of the rest votes of the shareholders, who are participating and entitled to vote in the Meeting.

6.7. Shareholders, participating in the Meeting, shall be registered in the registration list. Such list shall show number of the votes of each shareholder, granted by the shares. Head of the Bank or his authorized person shall arrange registration of the shareholders. Chairman and secretary of the Meeting shall sign the registration list. If no secretary is elected, the list is signed by the chairman of the Meeting. If all the participating shareholders voted in writing, the list is signed by the Head of the Bank.

6.8. A person, participating in the meeting and entitled to vote, shall produce a personal ID certifying document. The person, being not a shareholder, shall also produce a document, verifying his right to vote at the Meeting. Document has to be enclosed with the general voting ballot when the voting goes on in writing.

6.9. Resolution of the Meeting is adopted if number of the votes "for" exceeds "against", if no larger majority is set in the laws or Charter of the Bank. If a shareholder is registered in the registration list and his votes are included into quorum, but such shareholder doesn't participate in the voting, he is deemed non-voted.

6.10. Resolutions on the matters, provided for in par. 6.3.1, 6.3.7, 6.3.8.1, 6.3.8.3-6.3.8.7, 6.3.8.9-6.3.8.11 are adopted by the majority vote which is no less than 2/3 of all the votes, granted by the shares of participating shareholders. Resolutions on the matter, provided for in par. 6.3.8.2 are adopted by the majority vote which is no less than 3/4 of all the votes, granted by the shares of the shareholders, participating in the Meeting and entitled to vote.

6.11. Voting at the Meeting is open. In case at least one shareholder wishes secret ballot for some particular matter, and the shareholders, having no less than 1/10 of the votes in that Meeting agree with him, secret ballot on that matter is obligatory for all the shareholders on that question. Shareholder can vote in writing by filling a general voting ballot. If the shareholder employs his right to vote in writing, he, after making acquainted with agenda and draft resolutions of the Meeting, fills and delivers the Bank the general voting slip, stating his "for" or "against" separately for each resolution. The shareholders, who vote in writing in advance, are considered participating in the Meeting and their votes are included into the quorum and voting results. General voting slips of failed Meeting are valid in the repeated Meeting. The shareholder cannot vote at the meeting on the matters he has already expressed his will in writing in advance.

6.12. The shareholders, having no less than 1/10 of all the votes, as well as the Board and Council have an initiative right of convening the meeting.

6.13. Meeting shall be convened by the Board decision. Meeting shall be convened by the decision of the Head of the Bank, if number of the Board members is half or less than it is provided therein, or if the Board fails to convene the Meeting in the cases and terms provided therein.

6.14. Meeting of shareholders may be summoned by the shareholders, having 1/2 of all the votes, granted by the shares, if the Board or the Bank head in the case, provided in par. 6.13 thereof, fail to pass decision to summon Meeting within 10 days after receipt of a written claim from the initiators.

6.15. Meetings are ordinary and extraordinary.

6.16. Ordinary Meeting shall take place annually, within three months after the end of fiscal year.

6.17. Extraordinary general meeting must be convened if:

6.17.1. Number of the Board members falls below 2/3 of the number, provided therein or below the minimum number, set in the laws;

6.17.2. Equity capital of the bank falls below 1/2 of the authorized capital specified therein and this matter was not discussed in the ordinary Meeting;

6.17.3. Audit company cancels contract with the Bank or is unable to check annual financial statements of the Bank through other reasons;

6.17.4. It is requested by the shareholders with the right of initiative, the Board or the Council;

6.17.5. It is requested by supervising authority;

6.17.6. Other matters, attached to the Meeting's competence are to be solved;

6.17.7. It is requested by the laws.

6.18. Body of the Bank, persons or authority, who passes the decision to convene the meeting, shall deliver the Bank the information and the documents, necessary to prepare notification about the Meeting. Bank shall announce about the Meeting being convened on Bank's website, in the electronic publication for announcement of public notifications managed by custodian of Register of Legal Entities in the order prescribed by the Government and in the Central database of regulated information no later than 21 day before the day of the Meeting. The Head of the Bank or meeting chairman shall inform the shareholders about the documents, proving due notification of the shareholders about the Meeting in the beginning of the Meeting. These documents are to be unclosed with the minutes of the Meeting.

6.19. Notification of the convening the Meeting shall show the information, set by the laws.

6.20. Meeting can be convened without observation of the terms, specified in par. 6.18, if all the shareholders, entitled to vote by their shares, agree in writing. If repeated meeting is convened, shareholders have to be informed in the way provided for in par. 6.18 no later than 14 days before the day of the repeated meeting. Repeated meeting shall be convened no earlier than 14 days after and no later than 21 days after the day of the failed meeting.

6.21. Meeting is not entitled to adopt resolutions on the other matters, not included into agenda, except the cases when all the shareholders, entitled to vote by their shares, participate and there were no written votes. Agenda of the failed Meeting is valid in the repeated Meeting.

6.22. If the agenda of the Meeting, stated in the notification of the meeting, is supplemented, the shareholders are to be informed about such supplements in the same way as about the Meeting no later than 10 days before the Meeting.

6.23. Before consideration of the agenda matters and voting, the Meeting shall solve procedural matters - elect chairman, secretary etc. Head of the Bank takes the chair before the Meeting elects chairman. Election of secretary is optional if less than 3 shareholders participate in the Meeting. No chairman and secretary are elected if all participating shareholders already voted in writing.

6.24. Course of the Meeting, voting results, resolutions and other significant circumstances shall be reported.

6.25. The minutes of the Meeting no later than within 7 days shall be signed by its chairman and secretary; persons, authorized by the Meeting can also sign the minutes. If no secretary is elected, chairman signs the minutes. If all the participating shareholders voted in writing, Head of the Bank shall draw and sign the minutes according to the votes received.

6.26. The list of Meeting participants, proxies and other documents, evidencing persons' right to vote, general voting slips of the shareholders, who voted in advance, as well as the documents, proving due notification of the shareholders on the meeting, observations regarding the minutes and conclusion regarding such observations of the persons, who sign the minutes, shall be enclosed with the minutes.

## **Article VII. Supervisory Council**

7.1. The Supervisory Council is a collegial body supervising the activities of the Bank and directed by its chairman. The number of members of the Council is 7 (seven), it is elected by the Meeting. During the election of the Council members each shareholder shall have the number of votes which is equal to the number of votes carried by the shares held by him multiplied by the number of members of the Council being elected. The shareholder shall distribute the votes at his discretion, giving them for one or several candidates. Candidates who receive the greatest number of votes shall be elected. If the number of candidates who received an equal number of votes is larger than the number of vacancies in the Council, a repeated voting shall be held in which each shareholder may vote only for one of the candidates who received an equal number of votes. The Council shall be elected for a 4-year term.

7.2. New member into the vacancy may be elected by the Meeting in the general order for the period till the end of the Council's term.

7.3. Prohibited from serving on the Council shall be:

7.3.1. Head of the Bank;

7.3.2. Board member of the Bank;

7.3.3. A person who, pursuant to the laws of the Republic of Lithuania, has no right to perform these duties.



7.4. Council member may be re-elected for the next term. Number of the terms for the Council members is unlimited. A member of the Council may resign from office prior to the expiry of his term upon giving a written notice thereof to the Bank at least 14 days in advance. Council members may be paid tantiemes for their work in the Council in the order, prescribed in the laws. Council member has the right to give authorization of ordinary written form to other Council member in order to represent him during voting in the Bank Council sitting.

7.5. The Council shall commence its activities upon the closure of the Meeting which elected it or its members and continue executing their functions during the period, specified in par.7.1 thereof or until new Council is elected, but no longer than till the ordinary Meeting of the year when its term ends.

7.6. The first meeting of the Council is convened and agenda suggested by the Council member, appointed by the Meeting. Council meetings may also be convened by decision of no less than 1/3 of the Council members. Meetings of the Council shall be convened in the order, prescribed in the Council regulations. The meetings of the Council must be appointed not less than four (4) times per year; the interval between the two meetings of the Council following one another cannot be longer than 4 months.

7.7. Council chairman shall be elected by the Council from the Council members.

7.8. Council shall work following its work regulation, mutually approved by the Council. Council members have equal rights.

7.9. Council meeting is deemed held and Council can adopt resolutions, if more than a half of its members participate in the meeting. The Council members, who voted in advance, are deemed participating in the meeting.

7.10. Resolution of the Council is adopted if number of the votes "for" exceeds "against". The decision of the Council indicated in the articles 7.12.5 and 7.12.12 of this chapter can be approved if all the members of the Council vote "for". Resolution of the Council may be adopted if no less than 2/3 Council members, participating in the meeting, vote "for". If Council member cannot participate in the meeting, he can communicate his will - "for" or "against" the resolution with the draft of which he has familiarized - by voting in writing or electronic means of communication, if safety of the information transferred is assured and it is possible to identify the voting person. Resolutions of the Council can be adopted in the way the Council members vote in writing, if neither of the Council members objects. At voting each member has one vote. If number of the voices "for" is equal with "against", Council chairman's vote is decisive. If there is no Council chairman or he doesn't participate in the resolution adoption, if there are equal votes, the resolution is deemed non-adopted. Voting by telecommunication equipment is equal to voting in writing, if text protection is provided and signature is possible to identify.

7.11. Meetings of the Council shall be recorded in the order, prescribed by the laws. Written minutes of the meetings of the Council shall be made available to all Council members, including those that have not participated at the meeting, within no later than 5 days, or if this is impossible, as soon as the possibility appears. Each member of the Council shall confirm in writing his familiarization with the minutes of the Council meeting and, if he disagrees with the resolutions adopted, to submit a written protest with the Council immediately.

7.12. The Council shall:

7.12.1. Elect members of the Board and remove them from office, makes recommendations to the Board regarding the candidature for the Chairman of the Board. Prior approval of the Council is necessary to obtain before setting salaries of the Board members who hold other positions in the Bank, Head of the Bank and his deputies, as well as other terms of labour contract. If the Bank works at loss, the Council must consider the suitability of the Board members for their positions;

- 7.12.2. Elect the members of the audition commission;
  - 7.12.3. Supervise the activities of the Board and the Head of the Bank;
  - 7.12.4. Supervise the implementation of the bank activities plans, analyse the income and the expense of the Bank, as well as its own investments and the issues such as how substantial the capital of the bank is;
  - 7.12.5. Adopt the regulation of the activities of the Council;
  - 7.12.6. Approve the plans of the Bank activities and the annual budget;
  - 7.12.7. Approve any policy related to the activities of the Bank including the risk management policy;
  - 7.12.8. Ensure that the Bank has an efficient inner control system;
  - 7.12.9. Provide the Meeting with the offers and responses regarding the Bank activity strategy, the set of annual financial statements of Bank, the income (loss) distribution project and the annual report of the Bank, as well as the activities of the Board and the Head of the Bank, provide the Meeting with comments and proposals regarding the draft rules for the allocation of shares ;
  - 7.12.10. Adopt the mortgage providing policy and set the order of landing that can be possible only after the approval of the council.
  - 7.12.11. Provide the Board and the Head of the Bank to cancel their decisions that do not correspond to the laws and other law acts, these laws and the decisions of the Meeting;
  - 7.12.12. set the list of the agreements and the decisions for the issuing and implementation of which the Bank management needs the approval of the Council.
  - 7.12.13. Make decisions that are in the competence of the Council in accordance with the orders approved by the Council, which the Council must issue in according to the laws, this chapter and the resolutions of the Meeting
  - 7.12.14. Analyse and manage other issues which should be analysed and managed by the Council according to the laws and this chapter, as well as the resolutions of the Meeting.
- 7.13. Every Council member shall take all the measures available in order the Council solved matters within its province and in order the resolutions were in line with the requirements, set by the legal acts. Council member, failing to execute or executing inadequately this duty or other duties, prescribed in the other legal acts, shall answer in the manner similar to the members of the managing bodies of the Bank according to the laws, Charter and the agreements, made with the Bank.
- 7.14. The Council shall have no right to assign or delegate its functions to the other bodies of the Bank.
- 7.15. The Council is entitled to ask the Board and the Head of the Bank to present documents, data and other information, relating to the activities of the Bank.

### **Article VIII. Board of the Bank**

- 8.1. The Board is a collegial Bank management body, consisting of seven (7) members. It manages the Bank, handles its matters and answers under the laws for execution of the Bank's financial services.
- 8.2. Order of the Board's work is set by the Board work regulation.
- 8.3. The Board shall be elected by the Council for a term of 4 years. If individual Board members are elected, they are elected till the end of the active Board's term.
- 8.4. Only capable natural persons can be member of the Board. There is no limitation on the number of terms of office a member of the Board may serve. Member of the Council of the Bank cannot be Board member. A person, who, under the laws of the Republic of Lithuania, may not serve on the Board, also cannot be a Board member.
- 8.5. The Board elects Board chairman and deputies of Board chairman from its members. Board members may be paid tantiemes for their work in the Board in the order, prescribed in the laws. Board member has the right to give authorization of ordinary written form to other Board

member in order to represent him during voting in the Bank Board sitting.

8.6. Supervisory Board members are not entitled to reassign their duties to other persons.

8.7. A member of the Board may resign from his post before the expiry of his term of office, notifying the Bank in writing at least 14 calendar days in advance.

8.8. The Board meetings shall be convened periodically, but no rarely than once a month. The meetings are convened by the Board chairman. Every Board member is entitled to have Board meeting convening initiative.

8.9. The Board meeting is deemed held and the Board can adopt resolutions, if 2/3 of and more its members participate in the meeting. If Board member cannot participate in the meeting, he can communicate his will - "for" or "against" the resolution with the draft of which he has familiarized - in advance in writing or by electronic means of communication, if safety of the information transferred is assured and it is possible to identify the voting person. The Board members, who voted in advance, are deemed participating in the meeting. Resolution of the Board is adopted if number of the votes "for" exceeds "against". Resolutions of the Board can be adopted in the way the Board members vote in writing, if neither of the Board members object. At voting each member has one vote. If number of the voices "for" is equal with "against", Board chairman's vote is decisive. If there is no Board chairman or he doesn't participate in the resolution adoption, if there are equal votes, the resolution is deemed non-adopted. Board member is not entitled to vote when the matter, related with his performance in the Board or his responsibility is considered.

8.10. The Board shall consider and approve:

8.10.1. Annual report of the Bank;

8.10.2. The structure of the Bank management and positions; posts in which persons are employed only by holding competitions;

8.10.3. Regulations of the branches, representatives and other separate subdivisions of the Bank;

8.10.4. Order of loan granting by the Bank, following the loan granting policy, approved by the Council;

8.10.5. Order of issuing guarantees, securities and taking of other liabilities;

8.10.6. Order of writing-off of loans and other debt liabilities;

8.10.7. Regulations of loan committee and risk management committee of the Bank.

8.11. The Board shall elect and remove from office the Head of the Bank. The Board sets salary and other terms of labour contract with the Head of the Bank, approves his/her office regulations, induces and punishes the Head of the Bank.

8.12. The Board determines the information to be considered commercial secret and confidential information of the Bank.

8.13. Following the provisions of this Charter, resolutions of the Meeting and/or the Council the Board shall adopt:

8.13.1. Decisions on the Bank becoming the incorporator, member of other legal entities;

8.13.2. Decisions on opening branches, representatives and other separate subdivisions of the Bank as well as on cancellation of their activities;

8.13.3. Decisions on the investment, transfer or lease of long-term assets the value whereof amounts to over 1/20 of the Bank's authorized capital (calculating separately for each kind of transaction);

8.13.4. Decisions on the mortgage or hypothecation of long-term assets the value whereof amounts to over 1/20 of the Bank's authorized capital (calculating separately for each kind of transaction);

8.13.5. Decisions on offering guarantee or surety for the discharge of obligations of other entities, when the amount of the obligations exceeds 1/20 of the Bank's authorized capital;

8.13.6. Decisions on the acquisition of long-term assets the price whereof exceeds 1/20 of the Bank's authorized capital;  
8.13.7. Decisions on issuing of non-convertible bonds;  
8.13.8. Board work regulation;  
8.13.9. Decisions on other matters it has to consider or solve under the laws or Charter of the Bank.

8.14. The Board shall set:

8.14.1. Terms for emission of the shares of the Bank;  
8.14.2. Order for emission of the bonds of the Bank. When the Meeting adopts a resolution regarding issuing of convertible bonds, the Board is entitled to set additional terms of issuing and to approve bond subscription agreements, signed by the Head of the Bank or his authorized person so entitled;  
8.14.3. Order and cases of employment in the Bank, when the employees are engaged with the Board's approval.

8.15. The Board shall execute the resolutions, adopted by the Meeting and the Council.

8.16. The Board shall analyse and evaluate the material submitted by the Head of the Bank on:

8.16.1. The Bank's strategic business plan and information on its implementation ;  
8.16.2. Arrangement of the Bank's activities;  
8.16.3. Financial situation of the Bank;  
8.16.4. Results of business activities, income and expenditure estimates, stock-taking data and other records of valuables.

8.17. The Board shall analyse, assess the set of Bank's annual financial statements and draft of the profit/loss allocation and, together with Bank's annual statement, submit them to the Board and Meeting.

8.18. The Board shall solve other matters of the Bank's activities, if they are out of the other managing bodies' competence under the laws and this Charter.

8.19. The Board shall convene and hold Meetings in due time.

8.20. The Board shall deliver the Council all the documents, data and other information concerning Bank's activities requested.

8.21. Meetings of the Board shall be recorded in the prescribed order. Written minutes of the meeting of the Board shall be made available to all Board members, including non-participants, within no later than 5 days, or if this is impossible, as soon as the possibility appears. Every Board member shall confirm in writing his familiarization with the minutes of the Board meeting and, if he disagrees with the resolutions adopted, to submit a written protest with the Board immediately.

8.22. The Board shall perform its functions for the term fixed in the Charter or till a new Board is elected and commences its work, but no longer than till the ordinary Meeting, taking place in the year the Board's term ends. The Council can recall the Board in full or its individual members before expiration of their term.

8.23. Board chairman manages work of the Board, convenes Board meetings, and performs other functions, provided for in the Board work regulation.

8.24. The Board chairman at the same time acts as the head of administration of the Bank or assistant of the head of administration of the Bank; deputies of Board chairman at the same time acts as the head of administration of the Bank or the deputy of the head of administration

of the Bank. Other Board members can at the same time hold position of deputy of the Head of the Bank. The Board members can at the same time hold other positions in the Bank according to relevant contracts.

8.25. Every Board member shall take all the measures available in order the Board solved matters within its province and in order the resolutions were in line with the requirements, set by the legal acts. Board member, failing to execute or executing inadequately this duty or other duties, prescribed in the other legal acts, shall answer in the manner similar to the members of the managing bodies of the Bank according to the laws, Charter and the agreements, made with the Bank.

## **Article IX. Head of Administration of the Bank**

9.1. Head of the Bank is a single-person Bank management body. Head of the Bank has at least one deputy.

9.2. Both the Head of the Bank and his deputy must be natural persons. Both the Head of the Bank and his deputy cannot be the person, not entitled to act in such position by the laws.

9.3. Work contracts are made with the Head of the Bank and his/her deputy. Work contract with the Head of the Bank is signed by the Board member, authorized by the Board. Work contract with the deputy Head of the Bank is signed by the Bank head in the name of the Bank. Head of the Bank, having received a prior approval, sets salary and other conditions of the work contract of the deputy Head of the Bank. If the Board adopts a decision to recall the Head of the Bank or his deputy, the relevant work contract is terminated.

9.4. The Head of the Bank:

9.4.1. Arranges everyday activities of the Bank;

9.4.2. Engages and discharges employees, makes work contracts with them and terminates them, induces them and appoints penalties. The Head of the Bank is entitled to authorize another Bank employee to perform the mentioned actions;

9.4.3. Without special authorization represents the Bank in its relations with other persons, in court and arbitrage;

9.4.4. Grants and cancels powers of attorney and procurements;

9.4.5. Issues orders;

9.4.6. Performs other actions, necessary to perform his functions, to implement decisions of the Bank's bodies and to secure Bank's activities.

9.5. The Head of the Bank is responsible for:

9.5.1. Arrangement of the Bank's performance and implementation of its aims;

9.5.2. Making of the set of annual financial statements and preparation of Bank's annual report;

9.5.3. Making of a contract with Audit Company;

9.5.4. Delivery of information and documents to the Meeting, Board and Council in the cases, provided for in the laws or upon request;

9.5.5. Delivery of Bank documents and data to the custodian of the Register of Legal Entities;

9.5.6. Delivery of the documents to the Securities Commission and to the Central Securities Depository;

9.5.7. Publication of the information, prescribed by the laws and other legal acts, in the sources, stated in this Charter;

9.5.8. Information delivery to the shareholders;

9.5.9. Execution of other duties, prescribed by the laws and legal acts, these Charter and official work regulations.

9.6. The Head of the Bank acts on the Bank's behalf and is entitled to make transactions at his sole discretion, except the exceptions, stated therein or in the resolutions of the bodies of the Bank.

9.7. The Head of the Bank and his deputy, acting jointly and having the same opinion, are entitled to make subordinated loan agreements, stated in par.8.13.3 to 8.13.6 thereof, when the Board has approved making of the transactions. If order of the Bank or resolution of the Council requires approval of the Council, the Head of the Bank and his deputy are entitled to make such transactions only upon approval of the Council.

9.8. The Head of the Bank and his deputy, failing to execute or executing unduly their duties, prescribed in the legal acts or Charter, shall answer according to the laws, to the Charter of the Bank and to the contracts made with the Bank.

#### **Article X. Order of Adopting Resolutions Regarding Opening and Closing of Branches, Representatives and Other Separate Subdivisions of the Bank; Order of Appointment Heads of the Branches and Representatives of the Bank**

10.1. The Bank (in the relevant cases possessing the necessary licenses) is entitled to open branches and representatives in the Republic of Lithuania and abroad.

10.2. The Bank is also entitled to open other separate subdivisions of the Bank - customer servicing departments and working places as well as to install automated points.

10.3. Board shall adopt resolutions regarding incorporation, merger and liquidation of branches, representatives and other separate subdivisions of the Bank. Board shall approve by-laws of branches, representatives and other separate subdivisions of the Bank.

10.4. The Board shall set order of appointment of the heads of branches and representatives of the Bank, approve candidacies, suggested by the Head of the Bank to the posts of the heads of the branches and representatives of the Bank.

10.5. Branches, representatives and other separate subdivisions of the Bank can have a stamp. They shall act according to the laws, another legal acts and Charter of the Bank, without exceeding the powers, granted by the Bank, following the by-laws, approved by the Board. The powers granted shall be stated in the relevant by-laws.

10.6. Operations, performed by branches and other separate subdivisions of the Bank are to be included into the Bank's balance sheet.

10.7. Customer servicing departments are territorial subdivisions of the Bank, located in the different places than the Bank's domicile is, acting without exceeding the powers, granted by the Bank, and following the by-laws, approved by the Bank.

#### **Article XI. Committees of the Bank**

11.1. The Bank has the following permanently operating non-structural subdivisions: a loan committee, an audit committee, a remuneration committee, a nomination committee, a risk committee and a risk management committee. Order of making and competence of the committees are set in accordance with legal acts, this Charter, regulations of the committees and other documents, approved by the bodies of the Bank. In compliance with the law and regulations of the supervisory authorities the composition, competences, arrangement of activities and provisions of the audit committee, remuneration committee, risk committee and the nomination committee are approved by the Council.

11.2. The loan committee analyses loan request documents, solves loan granting and term amendment matters, evaluates loan risk, gives suggestions regarding loan granting, loan interest rate and loan administration procedure improvement, as well as performs other functions, set in its regulations.

11.3. The risk management committee performs the functions, related with Bank's activities efficiency, taking into consideration the acceptable risk parameters and integrally applying interest rate, capital and liquidity management, as well as performs other functions, set in its regulations.

11.4. The audit committee solves the matters, related with improving of the internal control system of the Bank and work improvement of the internal audit subdivision, provides independence of the internal audit subdivision performance, organizes the selection of an external audit firm, co-ordinates distribution of the audited fields between the internal and external auditors, considers other matters, provided for in the legal acts of supervision authorities and regulations of the audit committee. Following the legal acts of supervision authorities, the audit committee is formed, competence and order of activities fixed, regulations approved and performance supervised by the Council.

11.5. Remuneration committee assesses the variable remuneration policy, practice and incentives created in seeking to manage the Bank-assumed risk, capital and liquidity, supervises variable remunerations of the managerial staff responsible for the risk management and compliance monitoring, prepares draft resolutions regarding the variable remuneration and performs other functions provided for in its regulations.

11.6. The nomination committee shall nominate and recommend, for the approval of the bodies of the Bank or for approval of the Meeting, candidates to fill body of the Bank vacancies, shall evaluate the balance of skills, knowledge and experience of the members of the bodies of the Bank, shall submit comments and findings related to the matter, assess the structure, size, composition, operating results and shall carry out other functions provided for in its provisions.

11.7. The risk committee shall advise the bodies of the Bank on the overall current and future risk acceptable to the Bank and strategy and assist in overseeing the implementation of that strategy at the Bank, shall verify whether prices of liabilities and assets offered to clients take fully into account the Bank's business model and risk strategy and shall also shall carry out other functions provided for in its provisions.

## **Article XII. Control of Internal Activities of the Bank**

12.1. Requirements for control of internal activities of the Bank are provided by the laws and legal acts of supervision authorities. Control of internal activities of the Bank is secured by a reliable and duly performing internal control system as well as independent and duly acting internal audit service. Internal audit service is headed by head of internal audit service. Natural person can be the head of internal audit service.

12.2. Internal audit service is the Bank's subdivision, rendering conclusions regarding policy, quality and observation of the procedures, analysing and evaluating whether the internal audit service is suitable and efficient, how different internal control procedures are applied, checking if the risk assumed exceeds the risk limits set by the Bank, performing special audits, which are in line with the regulations of the internal audit service, also performing other functions, set in its regulations. Audit committee sets functions of the internal audit service as well as order of its formation and performance.

12.3. In accordance with the requirements of the Law on Companies of the Republic of Lithuania, transactions with a related party value of which equals to or exceeds 1/5 of the Bank's authorized capital shall be considered as having significant effect on the Bank, the Bank's finances, assets and liabilities.

## **Article XIII. Order of Making of Announcements by the Bank**

13.1. Notifications of the Bank are announced and publicized by the Head of the Bank according

to the documents and information he is delivered. The notifications, subject to publication in press according to the laws and other legal acts, shall be published in the electronic publication used to announce public notifications, issued by legal entities registry custodian in the order prescribed by the Government. The notifications may be delivered to the addressee upon signature or sent by mail (including registered mail). If the laws and other legal acts prescribe some specific way of announcement, the notifications are subject to relevant notification.

13.2. In the cases, prescribed by the laws or this Charter, notifications can be sent using the communication devices (such as in writing by fax or e-mail).

#### **Article XIV. Final Provisions**

14.1. This Charter come into effect after they are filed in the register of legal entities in the order, prescribed in the laws and other legal acts.

14.2. Amendments of this Charter come into effect after they are filed in the register of legal entities in the order, prescribed in the laws and other legal acts.

The person, authorized by the general meeting of shareholders of Šiaulių Bankas AB:

Head of administration /signature/ seal/

Vytautas Sinius

The Charter is signed on 29/03/2018