

The bank was established on  
27 June 1989

The bank was registered in the  
Bank of Lithuania

on 19 November 1990

Registration № AB 90-1

Register code 112020136

**ARTICLES**  
**of Joint-stock Company**  
**UKIO BANKAS**

Confirmed by the General Meeting  
of Bank Shareholders which took  
place on 27 March 2009

## SECTION 1. GENERAL PROVISIONS

1. Joint Stock Company Ukio bankas (hereinafter referred to as Bank) is a credit institution established in the Republic of Lithuania which has been granted a licence to engage and engages in reception of deposits and other returnable means from non-professional market participants and their lending, it also is entitled to engage in provision of other financial services and takes upon itself the risk and responsibility related to it.

2 Name of the Bank – Joint Stock Company Ukio bankas. Abbreviated Bank name is JSC Ukio bankas.

3. Legal form of the Bank is joint stock company.

4. Principal registered office of the Bank is Maironio g. 25, LT – 44250 Kaunas, Republic of Lithuania.

5. In its activities the Bank follows Republic of Lithuania Constitution, Civil Code, Republic of Lithuania Law on Banks and legal acts passed by supervisory institution, Articles of the Bank. The Bank also follows Law on Financial Institutions of Republic of Lithuania, Law on Joint Stock Companies of Republic of Lithuania and other legal acts if the Law on Banks of Republic of Lithuania does not provide for otherwise.

6. The Bank is a private legal person of limited civil liability. The Bank is responsible according to its obligations by the property belonging to it according to the ownership or trust right. The Bank is not responsible for the obligations of a Bank shareholder and the latter is not responsible for the Bank obligations excluding the cases provided for in the laws of Republic of Lithuania or Articles of the Bank.

7. The Bank has a seal with the following inscription: Lietuvos Respublika, Akcinė bendrovė Ūkio bankas.

8. The Bank can provide financial services in other place than the abode of itself or its branch is having founded separate subdivisions, working places or automated subsections.

9. The Branch of the Bank is a structural Bank subdivision do not enjoying the rights of a legal person having its abode, stamp with the Bank name and performing all or part of the functions of the Bank. The Bank is responsible for the obligations of the Bank Branch and the Branch is responsible for the obligations of the Bank. All the operations performed by the Bank Branch are reflected in its everyday book-keeping balance. The Bank is entitled to found branches in Republic of Lithuania and foreign states.

10. Department of Client Serving of the Bank is a structural subdivision of the Bank Branch located in other place than the abode of the Bank Branch which acts without exceeding the empowerment granted by the Bank following the regulations confirmed by the Bank Board. All the operations performed by the Department of Client Serving are reflected in the everyday book-keeping balance of the Bank Branch. The Department of Client Serving has a stamp with the name of the Bank.

11. Representation of the Bank is a Bank subdivision not enjoying the rights of a legal person, having its abode and entitled to represent the interests of the Bank and defend them, conduct transactions and perform other actions in the name of the Bank. The Bank is entitled to found a representation in Republic of Lithuania and foreign states.

12. The Bank Branches, Departments of Client Serving and Representations are founded, their regulations are confirmed and their activity is cancelled by the Board of the Bank.

13. The Bank has been founded for unlimited period.

14. The Articles of the Bank are amended in the order provided in the Law on Banks and other legal acts of Republic of Lithuania.

15. The Register in which the data on the Bank are accumulated and stored is State Enterprise Register Centre, V.Kudirkos g. 18, LT-03105, Vilnius, Republic of Lithuania.

## **SECTION II. ACTIVITY OF THE BANK**

1. The main aims of the activity of the Bank:

Organization and implementation of the activity stated in the Articles of the Bank seeking to achieve the income and profit;

Provide services to the clients in the qualitative and complex manner.

2. The Bank acts independently, following the standards limiting the risk of the Bank, the sizes and methods of computation of which are determined by the supervising institution.

3. The Bank provides financial services:

3.1. Reception of deposits and other returnable means;

3.1. Provision of loans (including hypothec loans);

3.3. Financial rent (leasing);

3.4. Money transfer;

3.5. Provision of financial warranties and financial guarantees;

3.6. Conclusion of transactions at one's own or client's expense regarding the money market means (cheques, bills, deposit certificates, etc.), foreign currency, financial future and optional transactions, determination of the currency exchange rate and interest rates determination means, securities of the public circulation;

3.7. Issuing of payment cards and other payment means and (or) performance of operations with them;

3.8. Investment services;

3.9. Rent of safe deposits;

3.10. Provision of information as well as consultations on the questions of credit provision and payment;

3.11. Currency exchange (in cash);

3.12. Settlements among credit institutions (clearing);

3.13. Storage and administration of monetary funds;

3.14. Consultations of enterprises on the capital structure, production strategy and therewith related questions, as well as consultations and services related to the re-organization, reformation or purchasing of companies;

3.15. Financial intermediation (agent's activity);

3.16. Administration of money;

3.17. Provision of services related to the emission of securities;

3.18. Emission and administration of electronic money.

4. The Bank, besides the provisions of financial services, can engage only in such other activity without which it is impossible to provide financial services, which helps to provide financial services or is in any other way related with the provision of financial services.

5. The Bank can establish enterprises, be their co-owner or shareholder.

6. The activity of the Bank is marked (Economic Activity Sort Code) – 65.12.10 (activity of commercial banks).

## **SECTION III. THE CAPITAL OF THE BANK**

1. The capital of the Bank is constituted of ownership capital and loan capital.

2. The ownership capital of the Bank is constituted of:

2.1. Authorized capital (reduced at the value of the purchased own shares);

2.2. Stock capital (reserve of stock);

2.3. Capital reserve (emission margin);

- 2.4. Brought forward profit or loss of the last year;
- 2.5. Reappraisal reserve of the long-term tangible property;
- 2.6. Reappraisal reserve of the financial property;
- 2.7. Legal reserve or capital reserve;
- 2.8. Limited distributive profit;
- 2.9. Brought forward profit (loss) of the current year;
- 2.10. Shares sales and purchase reserve
- 2.11. Currency re-calculation difference reserve
- 2.12. General purpose reserve for assets loss coverage
3. The authorized capital of the Bank 196 708 000 (one hundred ninety six million seven hundred eight thousand) Litas has been divided into 196 708 000(one hundred ninety six million seven hundred eight thousand) nominal registered shares. The par value of one stock is 1 (one) Litas. The authorized capital of the Bank is formed, increased and reduced in the manner established in the Republic of Lithuania Joint-stock Company Law, if the Republic of Lithuania Bank Law does not establish otherwise.
4. Reserve capital (reserve) is formed from the additional contributions or deductions from the profit of the Bank. The purpose of the reserve capital (reserve) of the Bank is to guarantee the financial stability of the Bank. The reserve capital of the Bank following the decision of the ordinary General Meeting of the Shareholders can be used to cover the losses of the activity of the Bank and in the case stated in Part 6 of Article 41 of Law on the Banks of the Republic of Lithuania.
5. Capital reserve (the emission margin) is formed from the income margin, obtained after selling the newly emitted shares at the emission price, higher than their nominal value or from other monetary contributions of the owners of the Bank for the right to acquire the acquisition of the shares of the Bank.  
After the end of the fiscal year, the capital reserve (emission margin) according to the decision of the ordinary General Meetings of the Shareholders of the Bank can be used to cover losses incurred due to the operations related to the purchasing-selling of the net emitted shares, as well as included into the distributable result or used to increase the authorized capital of the Bank.
6. Reappraisal reserve of the long-term material property is the sum of the value of the long-term tangible property received after reappraising the property. The reappraisal reserve of the long-term tangible property is reduced when the reappraised property is discarded, worn-out, written down or transferred to other persons. The part of the reserve left unused after the long-term tangible property was discarded, worn-out, written down or transferred to other persons after the end of the financial year can be transferred to the distributable result. The reappraisal reserve of the long-term tangible property cannot be directly used to cover the losses of the activity of the Bank.
7. Reappraisal reserve of the financial property is the changes of the value of the financial property of the Bank that was evaluated by the intrinsic value and re-appraised and that is ascribed for the possible selling.
8. The legal reserve or reserve capital is formed from the net profit deductions of the Bank. The deductions into the legal reserve or reserve capital are obligatory and cannot be less than 1/20 of the distributable profit. The legal reserve or the reserve capital following the decision of the ordinary and extraordinary General Meetings of the Shareholders of the Bank can be used only to cover the losses of the activity of the Bank.
9. The order of the usage of the brought forward profit (loss) is established by the Law on the Financial Institutions of the Republic of Lithuania. The brought forward profit (loss) of the Bank at the beginning of the fiscal year can be used only after that year is over, excluding the

cases when the Bank undergoes reorganization, liquidation or reformation, and is included into the distributable result.

10. Special not to be distributed reserve is formed out of the profit of the previous financial year and used by the Bank to acquire emitted net shares in one's own name. The sum of the nominal values of the acquired shares as well as the shares that are already administered by the Bank cannot exceed 5 per cent of the authorized capital, and the expenses to acquire them cannot exceed the size of the formed special not to be distributed reserve.
11. The currency recalculation difference reserve – foreign Bank's subsidiaries financial periods activity result alterations due to currency differences calculated.
12. Shares purchase and sales result reserve – difference between own shares sales-purchase price and their issue price.
13. General purpose reserve for assets loss coverage – formed from the profit for possible loss coverage.
14. activity result alteration of the The loan capital of the Bank is formed out of the means that were acquired by the Bank on the proprietorship emitting long-term loan securities (bonds) according to the borrowing relations or concluding the loan agreements, if the term of the returning of the gained funds is not less than 2 years and the loan securities (bonds) as well as the gained loans possess all the elements of the subordinate loan.
15. The sum of the parts of the net capital of the Bank as established in Sub-items 2.1, 2.2, 2.3, 2.4 of Item 2 of this Section, expressed in euros according to the official ratio of litas and euro as announced by the Lithuanian bank, must be not less than 5 million euros.
16. The Board of the Bank having ascertained that the capital of the Bank is smaller than the minimum capital of the Bank (calculated according to Item 15 of the Section) must immediately inform about it the supervising institution and call the extraordinary General Meeting of the Shareholders without delay. The General Meeting of the Shareholders must make decisions that allow to restore the capital of the Bank up to the size of the minimum capital of the Bank as soon as possible. The decisions made by the General Meeting of the Shareholders regarding the restoration of the capital are announced by the Board of the Bank to the supervising institution not later than within 3 work- days.
17. Authorised capital may be increased or decreased by the law prescribed of the Republic of Lithuania.

#### **SECTION IV. SHARES AND SHAREHOLDERS OF THE BANK**

1. The shareholder of the Bank is a person in the name of whom part of the authorized capital of the Bank and (or) voting rights are acquired in spite of the fact whether he/she acquired in one's own name the part of the authorized capital of the Bank and (or) voting rights on behalf of the third person or in any other way representing the third persons.
2. The shareholder of the Bank can be only the person, the identity and legal registration of whom is confirmed by relevant documents.
3. The shareholders of the Bank cannot be:
  - 3.1. Legal entities supported by the state or municipal budgets;
  - 3.2. Persons, in the cases and order stated by legal acts, not having provided data to the supervising institution allowing to establish their identity, participants, activity, financial conditions, heads of the legal entity, persons on behalf of whom the shares are acquired, or the legality of the acquisition of funds used to acquire the shares of the Bank, or having not proved the legality of the acquisition of the funds used to acquire the shares of the Bank by the submitted documents;
  - 3.3. the persons who do not agree that the supervising institution in the cases and order established by the laws and other legal acts administrate their data that are necessary to issue the licences,

permissions and consents as stated in the Law on the Banks of the Republic of Lithuania, including their personal data as well as information on the criminal record and health of the person.

4. In the case of the increase of the authorized capital, the person becomes the shareholder of the Bank and acquires all the rights as well as duties that are provided to him by the part of the authorized capital of the Bank and (or) part of the voting rights, - since the day of the registry of the amendments of the Articles of the Bank related to the increase of the authorized capital and (or) voting rights.
5. In other cases (except for the cases of the increase of the authorized capital of the Bank) – since the appearance of the ownership rights to the part of the authorized capital of the Bank and (or) voting rights.
6. The personal accounts of securities of the shareholders of the Bank are administered in the order established by the legal acts regulating the market of securities.
7. The share is not divided. If one share belongs to several shareholders, then all the shareholders are regarded as one shareholder. In this case one of the owners of the share represents the shareholder according to the written authorization by all the shareholders confirmed by the notary. According to the liabilities of the shareholders, all the owners of the share are responsible in solidarity.
8. Every ordinary nominal share of the Bank provides 1 (one) vote for its owner in the General Meeting of the Shareholders.
9. The shareholders have the following rights:
  - 9.1. property:
    - 9.1.1. gain part of the profit of the Bank (dividend);
    - 9.1.2. gain Bank's funds when an authorised capital is decreased seeking to pay out for shareholders.
    - 9.1.3. gain part of the property of the liquidated Bank;
    - 9.1.4. gain shares free of charge when the authorized capital is increased out of the funds of the Bank except for the exceptions as stated in Part 3 of Article 42 of the Law on Joint Stock Companies of the Republic of Lithuania;
    - 9.1.5. have a right of pre-emption to acquire shares or converted bonds emitted by the Bank except for the case when the General Meeting of the Shareholders following the order established by the Law on Joint Stock Companies of the Republic of Lithuania decides to cancel the right of pre-emption for all the shareholders;
    - 9.1.6. in the manner established by laws lend to the Bank, but the Bank borrowing from its shareholders does not have a right to mortgage its property to the shareholders. When the Bank borrows from the shareholder, the interests must not exceed the average interest rate that is valid at the moment of the conclusion of the loan agreement at the commercial banks located in the place of residence and business of the lender. In this case, the Bank and the shareholders are forbidden to agree on higher interest rate;
    - 9.1.7. other property rights as established by laws.
  - 9.2. non-property:
    - 9.2.1. participate at the General Meetings of the Shareholders;
    - 9.2.2. according to the rights as provided by the shares to vote in General Meetings of the Shareholders;
    - 9.2.3. receive information on the Bank as stated in Part 1 of Article 18 of the Law on Joint Stock Companies of the Republic of Lithuania;
    - 9.2.4. address the court with a claim pleading to recover the loss for the Bank that was incurred due to the non-performance or improper performance of the duties of the Head of the Administration of the Bank and members of the Board as established in the Law on Joint Stock Companies and other laws of

the Republic of Lithuania as well as Articles of the Bank, as well as in other cases as established by the laws;

9.2.5. other non-property rights as established by the laws.

10. Voting right in the General Meetings of the Shareholders is provided only by fully paid shares.

11. After having received a written request by the shareholder, the Bank not later than within 7 days after the day the request was received must provide a possibility for the shareholder to get acquainted with and (or) provide the copies of the following documents: Articles of the Bank, reports of the annual financial accountability, reports on the activity of the Bank, conclusions of the auditor as well as reports of the audit, minutes of the general meetings of the shareholders or other documents where decisions of the General Meetings of the Shareholders are formalized, proposals or comments of the Council of Observers of the Bank and lists of shareholders, members of Council of Observers and the Board of the Bank, other documents of the Bank that must be public according to the laws as well as minutes of the sittings of the Council of Observers of the Bank and the Board of the Bank and other documents that formalize the decisions of the latter bodies of the Bank if these documents do not contain the secret of the Bank. The shareholder or a group of the shareholders having or administrating more than  $\frac{1}{2}$  shares and having submitted a commitment in a stated form in writing to the Bank not to reveal the secret of the Bank, have a right to get acquainted with all the documents of the Bank.

12. The documents of the Bank, their copies or other information to the shareholders must be provided for a fee that does not exceed the costs of the provision of these documents and other information. The size of the fee is determined by the Board of the Bank.

13. The shareholders do not have other property obligations to the Bank except for the obligations to pay all the signed shares at the price of emission in the established order.

14. The part of the authorized capital of the Bank and (or) voting rights that are possessed by a person having acquired the qualified part of the authorized capital of the Bank and (or) voting rights or having increased it without a consent of the supervising institution when such a consent was necessary, or when the supervising institution makes a decision to suspend the right to use the voting right, loses the voting right in the General Meeting of the Shareholders of the Bank.

15. Increasing the authorized capital of the Bank by additional contributions, the new shares of the Bank can be paid only by money or demand rights according to the commitments of the Bank to pay, except for the cases when the authorized capital of the Bank is increased during the re-organization of the Bank. The person having signed the shares must fully pay the shares of the Bank no later than until the day when the Bank addresses the supervising institution regarding the issue of a permission to register the amendments of the Articles of the Bank related to the increase of the authorized capital of the Bank.

16. The decision of the General Meeting of the Shareholders to increase the authorized capital except for the decision to emit converted bonds, is regarded as invalid if the amended Articles of the Bank were not submitted for the registry of the legal entities within 12 months after the day of the General Meeting of the Shareholders where the decision to increase the authorized capital was made.

17. If the amendment of the Articles of the Bank related to the increase of the capital were not registered in the order established by laws, the contributions for the signed shares at the written request of the person having signed them must be immediately returned without any deductions.

18. The ordinary nominal non-material shares are emitted to form the authorized capital of the Bank.

19. The shares of one class can be changed into the shares of another class. The decision to change the shares of the Bank of one class into the other class is made by the General Meeting of the

Shareholders of the Bank. The General Meeting of the Shareholders of the Bank confirms the order of the changing of the shares.

## **SECTION V. EMISSION OF BONDS AND THE ORDER OF THEIR CIRCULATION**

1. The bond of the Bank is a terminable loan security according to which the Bank emitting bonds becomes the debtor of the owner of the bond and undertakes the commitments on behalf of the owner of the bond. These commitments must be indicated in the decision to emit bonds and in the agreement of the signing of bonds.
2. The decision to emit bonds and the agreement of signing of bonds must indicate the nominal value of the bond, the size of the annual interest, the fixed date of the redemption of bond since which the owner of the bond acquires a right to receive the sum of money from the Bank which is constituted of the nominal value of the bond and the annual interest.
3. The decision to emit bonds is made by the Board of the Bank.
4. The owner of the bond possesses the same rights as other creditors of the Bank.
5. The bonds of the same emission provide equal rights for their owners.
6. The bonds are non-material and recorded by inscriptions in the personal accounts of the securities of their owners. The requirements assigned for the non-material shares are applied for the accounting of bonds and their circulation.
7. The Bank can emit convertible bonds which after the termination of the period of their redemption can be changed into its shares. The decision to emit convertible bonds is made following the order established by Article 56 of the Law on Joint Stock Companies of the Republic of Lithuania.
8. The decision of the General Meeting of the Shareholders to emit convertible bonds is also a decision to increase the authorized capital of the Bank by the sum that is equal to the amount of the nominal value of the shares into which the convertible bonds can be changed

## **SECTION VI. BODIES OF THE BANK**

1. The bodies of the Bank are the General Meeting of the Shareholders, the Council of Observers of the Bank, the Board and the Head of the Administration. The managing bodies of the Bank are the Board and the Head of Administration of the Bank.
2. The managing bodies of the Bank must act on behalf of the Bank and their shareholders, follow laws as well as other legal acts and follow the Articles of the Bank.
3. The General Meeting of the Shareholders does not have a right to commission other bodies of the Bank to solve the questions that are ascribed to the competence of the former.
4. Every candidate for the position of the Head of the Administration of the Bank, members of the Board of the Council of Observers must report to their electing body where and what position he/she has, how his/her other activity is related to the Bank and other legal entities related to the Bank.
5. The General Meeting of the Shareholders as well as sittings of the Council of Observers and the Board of the Bank apart from the grounds indicated in the laws can be summoned also by the instruction of the supervising institution.

## **SECTION VII. THE GENERAL MEETING OF SHAREHOLDERS**



1. The right of initiative to convene the General Meeting of Shareholders is held by the Council of Observers of the Bank, the Board of the Bank and shareholders of the Bank holding shares that entitle to no less than 1/10 of total votes. The General Meeting of Shareholders is convened by the resolution of the Board of the Bank or by the resolution of the Head of Administration of the Bank in cases specified in the Law of the Republic of Lithuania on Joint-Stock Companies, Article 23, Part 3, excluding cases specified in this law. If the Board of the Bank or the Head of Administration of the Bank fail to adopt the resolution to convene a General Meeting of Shareholders within 10 days from the application receipt day as indicated in the Law of the Republic of Lithuania on Joint-Stock Companies, Article 23, Part 5, the General Meeting of Shareholders may be convened by shareholders holding shares that entitle to more than 1/2 of total votes.

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2. An ordinary General Meeting of Shareholders must be convened by the Board of the every year within 3 months from the end of the fiscal year.

3. An extraordinary Meeting of Shareholders must be convened if:

3.1. The Bank's own capital becomes less than the minimum amount of authorized capital determined in legal acts of the Republic of Lithuania;

3.2. The Bank's own capital is not sufficient to ensure safe and reliable activities of the

3.3. This is required by the supervising institution that determines the terms of convening meeting and its agenda. If the supervising institution adopts a resolution to demand the convening of an extraordinary General Meeting of Shareholders, it must be convened in accordance with the terms determined by the supervising institution, with no account of terms determined in the Law of the Republic of Lithuania on Joint-Stock Companies;

3.4. The number of remaining members of the Council of Observers of the Bank is less of such number indicated in the Articles of the Bank or such number becomes less than minimum number indicated in the Law of the Republic of Lithuania on Joint-Stock Companies;

3.5. The auditing company terminates the agreement with the Bank or for some other not able to audit the annual financial accountability of the Bank;

3.6. This is required by shareholders holding the right of initiative to convene the General Meeting of Shareholders, the Council of Observers of the Bank or the Board of the Bank;

3.7. In other cases specified in the laws of the Republic of Lithuania.

4. The initiators of convening the General Meeting of Shareholders submit an application Board of the Bank (or to the Head of Administration of the Bank in cases specified in the of the Republic of Lithuania on Joint-Stock Companies) indicating the reasons and purposes of convening the meeting, suggestions as to the agenda, date and place of the meeting, draft resolutions to be proposed. The General Meeting of Shareholders must take place no later within 40 days from the application receipt day. The General Meeting of Shareholders have to be convened if the application does not comply with all requirements provided in present Item and the required documents are not submitted or the suggested issues of the do not lie within the competence of the General Meeting of Shareholders.

5. If the General Meeting of Shareholders does not take place, a repeated General Shareholders must be convened.

6. Notification about the convention of the General Meeting of Shareholders must be announced in the daily newspaper "Lietuvos Rytas" or handed to each shareholder with upon receipt or sent by registered mail no later than 30 days before the day of the General Meeting of Shareholders.

7. The Inspector of the General Meeting of Shareholders of the Bank is not elected.

8. In all other matters of convening, organizing and carrying out the General Meeting of Shareholders the Bank is guided by regulations provided in the Laws of the Republic of Lithuania on Joint-Stock Companies and Banks.

## **SECTION VIII. COMPETENCE, QUORUM AND ADOPTION OF RESOLUTIONS OF THE GENERAL MEETING OF SHAREHOLDERS**

1. The General Meeting of Shareholders by a simple majority of votes is entitled:

1.1. To elect the members of the Council of Observers of the Bank;

1.2. To revoke the Council of Observers of the Bank or its members;

1.3. To elect and to revoke the auditing company, to define the conditions of payment for the auditing services;

1.4. To approve of the annual financial accountability and the report on the activities of the Bank;

1.5. To adopt a resolution for the Bank to acquire its own shares;

1.6. To elect and to revoke the Liquidator of the Bank, excluding cases of exceptions specified in the Law of the Republic of Lithuania on Joint-Stock Companies.

2. The General Meeting of Shareholders by a qualified majority of votes that cannot be less than 2/3 of votes attached to the shares of shareholders participating in the General Meeting of Shareholders adopts the following resolutions:

2.1. To change the Articles of the Bank, excluding cases of exceptions specified in the Law of the Republic of Lithuania on Joint-Stock Companies;

2.2. To determine the class, number, nominal value and minimum emission price of shares issued by the Bank;

2.3. To convert shares of the Bank from one class to another, to approve of the regulations for conversion of shares;

2.4. To issue convertible securities;

2.5. Regarding distribution of profit (loss);

2.6. Regarding formation, usage, reduction and cancellation of reserves;

2.7. To increase the authorized capital;

2.8. To reduce the authorized capital, excluding cases of exceptions specified in the Law of the Republic of Lithuania on Joint-Stock Companies;

2.9. Regarding reorganization or separation of the Bank and approval of conditions for reorganization or separation;

2.10. Regarding reformation of the Bank;

2.11. Regarding restructuring of the Bank;

2.12. Regarding liquidation or revocation of liquidation of the Bank, excluding cases of exceptions specified in the Law of the Republic of Lithuania on Joint-Stock Companies;

2.13. To transfer to the managerial bodies of the Bank the right to manage the total property of the Bank.

3. The resolution to cancel the priority right of all shareholders to obtain shares of a concrete emission issued by the Bank or convertible securities of a concrete emission issued by the Bank is adopted by a qualified majority of votes which cannot be less than 3/4 of votes attached to the shares held by shareholders participating in the General Meeting of Shareholders and holding the right to vote in solving the issue.

4. The General Meeting of Shareholders considers or solves other issues that have to be considered or solved by the General Meeting of Shareholders according to the laws or other legal acts of the Republic of Lithuania.

5. The General Meeting of Shareholders may adopt resolutions and is considered to have taken place when it is attended by shareholders who hold shares that entitle them to more than 1/2 of total votes. After establishing the presence of the quorum, it is considered that it is present throughout the meeting. If there is no quorum, the General Meeting of Shareholders is considered not to have taken place and a repeated General Meeting of Shareholders must be convened with the right to adopt resolutions only on the agenda of the failed meeting, the requirement for quorum being not applicable.

6. In the determination of the total number of votes attached to the shares of the Bank and the quorum of the General Meeting of Shareholders, the shares with an attached right of vote the usage of which is prohibited under the laws or by a Court judgment are considered to be not entitling to vote.

7. The voting at the General Meeting of Shareholders is open. Secret voting is obligatory for all shareholders on those issues on which secret voting is requested by at least one shareholder and this is supported by shareholders holding shares that entitle to no less than 1/10 of votes at the General Meeting of Shareholders.

### **SECTION IX. COUNCIL OF OBSERVERS OF THE BANK**

1. The Council of Observers of the Bank is a collective body conducting the supervision over the Bank's activities. The Council of the Observers of the Bank is formed of 5 members. It is elected by the General Meeting of Shareholders. In the election of the members of the Council of Observers of the Bank, each shareholder has such number of votes that is equal to the product obtained by multiplying the number of votes granted to him by the shares held by him and the number of the members of the Council of Observers of the Bank to be elected. Such votes are distributed by the shareholder at his own discretion - by voting either for one or several candidates. The candidates who receive more votes are elected. If the number of candidates who receive an equal number of votes is higher than the number of positions to be taken at the Council of Observers of the Bank, a repeated voting is held during which each shareholder may only vote for one of those candidates who received an equal number of votes.

2. The Council of Observers of the Bank is elected for 4 years. The Council of Observers of the Bank performs its functions for a period of time indicated in the Articles of the Bank or till a new Council of Observers of the Bank is elected but no longer than till the ordinary General Meeting of Shareholders held in the year of the end of term of office of the Council of the Observers of the Bank. The number of terms of office of a member of the Council of the Observers of the Bank is not limited.

3. The Council of Observers of the Bank elects the Chairman of the Council of Observers of the Bank from its members.

4. The sittings of the Council of Observers of the Bank are summoned by the Chairman of the Council of Observers of the Bank.

5. The sittings may also be summoned by the resolution of no less than 1/3 of the members of the Council of Observers of the Bank. The agenda of such sittings must include issues suggested by the initiators of summoning the sitting.

6. The Council of Observers of the Bank may adopt resolutions and its sitting is considered to have taken place if the sitting is attended by more than a half of the members of the Council of Observers of the Bank. Members of the Council of Observers of the Bank who voted in advance are considered to have participated in the sitting. The resolution of the Council of Observers of the Bank is adopted when the number of votes received for it is higher than the number of votes against it. The resolution to recall a member of the Board of the Bank may be adopted when it is voted for by no less than 2/3 of the members of the Council of Observers of the Bank attending the sitting.

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7. The members of the Council of Observers of the Bank have equal rights. During the each member has one vote. If the number of votes "for" and those "against" is even, the the Chairman of the Council of Observers of the Bank is deciding.

8. The will of the member of the Council of Observers of the Bank (for or against the resolution put forward for voting, the draft resolution being known to him) may be announced by voting in writing. Voting by terminal equipment of telecommunications is granted the status of voting in writing, provided the safety of text is guaranteed and identification of the signature is possible.

9. The working procedure of the Council of Observers of the Bank is determined by the working regulations of the Council of Observers of the Bank adopted by it.

10. A member of the Council of the Observers of the Bank may resign from office before the days expiry of the term of office by giving a notification in writing to the Bank no later than 14 in advance.

11. If a member of the Council of Observers of the bank is recalled, resigns or for some other reason ceases to be in office and the shareholders holding the shares that entitle them to no less than 1/10 of total votes oppose the election of separate members of the Council of Observers of the Bank, the Council of Observers of the Bank is deprived of its authorities and a complete Council of Observers of the Bank has to be elected. If separate members of the Council of Observers of the Bank are elected, they are elected till the end of the term of office of the Council of Observers of the Bank currently in office.

12. The Council of Observers or its members start their activities at the end of the General Meeting of Shareholders that elected the Council of Observers of the Bank or its members.

13. The position of a member of the Council of Observers of the Bank may not be taken by:

the Bank;

13.1. Head of the Bank, a subsidiary company and a company patronizing

13.2. A member of the Board of the Bank, a subsidiary company;

13.3. A person who is not entitled to be in the position under legal acts.

14. A member of the Board of a company patronizing the Bank may be a member of the Council of Observers of the Bank.

15. The Council of Observers of the Bank has no right to delegate or transfer the functions assigned to its competence by the Law of the Republic of Lithuania on Joint-Stock Companies and the Articles of the Bank for fulfilling by other bodies of the Bank.

Lithuania

16. For their activities in the Council of Observers of the Bank its members may be paid bonuses in accordance with the regulations provided in the Law of the Republic of on Joint-Stock Companies, Article 59.

17. The Council of Observers of the Bank:

the approval

17.1. Approves plans of the Bank activities;

17.2. Determines regulations for lending which can only be executed with of the Council of Observers of the Bank;

17.3. Ensures that the Bank has an effective internal control system;

17.4. Elects members of the Board of the Bank and recalls them from office. If the Bank experiences losses in its work, the Council of Observers of the Bank has to consider whether the members of the Board of the Bank are suitable for the office;

17.5. Supervises the activities of the Head of the Board and the Heads of Administration of the Bank and fixes the range of the salaries for the members of the Board of the Bank who hold a position in the Bank and Heads of Administration of the Bank;

17.6. Presents to the General Meeting of Shareholders suggestions and comments regarding Bank activity strategies, annual financial accountability, profit distribution project and report on the Bank activities as well as on the activities of the Head of the Board and the Head of Administration of the Bank;

17.7. Submits suggestions to the Board and the Head of Administration of the Bank to revoke their resolutions that contradict laws and other legal acts, the Articles of the Bank or resolutions adopted by the General Meeting of Shareholders;

17.8. Forms a Committee for Internal Audit, approves of its Articles and controls its activities.

17.9. Considers and solves issues that must be considered or solved by the Council of Observers of the Bank according to the laws on banks and other laws of the Republic of Lithuania or the Articles of the Bank, and other issues of supervision of activities of the Bank and its managerial bodies assigned to the competence of the Council of Observers of the Bank by the resolutions of the General Meeting of Shareholders.

18. The Council of Observers of the Bank is entitled to request that the Board of the Bank and the Head of Administration submit documents related to the activities of the Bank.

19. The members of the Council of Observers of the Bank must keep the secrets of the Bank that became known to them when they were members of the Council of Observers of the Bank.

20. Each member of the Council of Observers of the Bank must take all possible measures to ensure that the Council of Observers of the Bank solves issues assigned to its competence and that the solutions comply with the requirements provided in legal acts. A member of the Council of Observers of the Bank who does not fulfil or fails to fulfil appropriately this obligation or other obligations provided in legal acts bears responsibility equal to that of the members of the managerial bodies of the Bank according to laws, the Articles of the Bank, agreements concluded with the Bank.

## **SECTION X. THE BOARD OF THE BANK**

1. The Board of the Bank is a collective body of Bank management.

2. The Board of the Bank directs the Bank, manages its matters, represents it and is responsible for the fulfilment of the Bank's operations according to laws.

3. The Board of the Bank consisting of 5 members is elected by the Council of Observers of the Bank for no more than 4 years. If separate members of the Board of the Bank are elected, they are elected only till the end of the term of office of the Board currently in office. The Board of the Bank elects the Chairman of the Board of the Bank from its members.

4. Only a natural person may be elected a member of the Board of the Bank. The number of terms of office of a member of the Board is not limited.

5. The position of a member of the Board of the Bank may not be taken by:

5.1. A member of the Council of Observers of the Bank, a subsidiary company or a company patronizing the Bank

5.2. A person who is not entitled to be in the position under legal acts.

6. The members of the Board of the Bank may take positions in the Bank according to agreements concluded with them.

7. The Board of the Bank performs its functions for a period of time indicated in the Articles of the Bank or till a new Board is elected and starts working but no longer than till the ordinary General Meeting of Shareholders held in the year of the end of the term of office of the Board of the Bank.

8. A member of the Board of the Bank may resign from office before the expiry of the term of office by giving a notification in writing to the Bank no later than 14 days in advance.

9. The Council of the Observers of the Bank may recall the entire Board of the Bank or its separate members before the end of the term of office.
10. The right of initiative to summon a sitting of the Board of the Bank is held by each member of the Board of the Bank. The Board of the Bank may adopt resolutions and its sitting is considered to have taken place if the sitting is attended by more than 2/3 of the members of the Board. Members of the Board of the Bank who voted in advance are considered to be participating in the sitting. The resolution of the Board of the Bank is adopted when more than a half of elected members of the Board vote for it. A member of the Board of the Bank has no right to vote when the sitting of the Board of the Bank solves an issue related to his activity in the Board or his responsibility.
11. During the voting each member has one vote. If the number of votes "for" and those "against" is even, the vote of the Chairman of the Board of the Bank is deciding.
12. The will of the member of the Board of the Bank - for or against the resolution put forward voting in writing, the draft resolution being known to him - may be announced by advance voting in writing, provided the safety of text is guaranteed and identification of the signature is possible.
13. The Chairman of the Board of the Bank performs the following functions:
- 13.1. Represents the Bank in relations with third persons;
  - 13.2. Submits suggestions to the Board regarding Bank activities, structure and other issues.
14. The Board of the Bank:
- 14.1. Elects (appoints) and recalls the Head and the Deputy Head of Administration of the Bank;
  - 14.2. Considers and approves of:
    - 14.2.1. The strategy of Bank activity;
    - 14.2.2. Bank's annual statement;
    - 14.2.3. Bank management structure and positions of employees;
    - 14.2.4. Positions to which employees are admitted by a competition procedure;
    - 14.2.5. Regulations for branches, representation offices and structural sub-divisions of the Bank;
  - 14.3. Determines the salaries, other provisions of the employment agreements of the Heads of Administration of the Bank, approves of the regulations for their positions held, motivates them, administers penalties;
  - 14.4. Determines information that is considered a secret of the Bank; information that has to be public according to the Law of the Republic of Lithuania on Joint-Stock Companies and other laws may not be considered a secret of the Bank;
  - 14.5. Determines areas of activities of the members of the Board of the Bank;
  - 14.6. Approves of the manner for payment for work and payment of bonuses for the employees, fixes the range of their salaries;
  - 14.7. Approves of the functions and procedure for the formation and activities of the Bank's Committee for Loans and the Committee for Management of Risks, approves of the regulations of these Committees;
  - 14.8. Approves of the categories of residents' deposits and conditions of keeping them;
  - 14.9. Adopts resolutions regarding the improvement of working, domestic, social, recreation conditions of the employees of the Bank;

competence

determines the

has shares;

regulations and

structural sub-  
obligations assigned are

and monitor

the internal

measure, assess and  
must periodically revise  
about it;

activities;

income and expenses,  
accounts on changes in the property;

in other legal

offices and

property the  
Bank (to be

14.10. Adopts resolutions regarding granting and taking of loans within the assigned to it;

14.11. Adopts resolutions regarding writing off detrimental loans and procedure of writing loans off.

14.12. Manages, uses and operates the property taken over for loans;

14.13. Appoints persons for representation in companies in which the Bank

14.14. Adopts resolutions regarding emission of the Bank's debenture bonds and the regulations for their circulation;

14.15. Determines the crediting policy of the Bank;

14.16. Founds departments for serving the clients, approves of their terminates their activities;

14.17. Ensures that the rights, obligations and accountability of each division of the Bank are clearly defined, and ensures that the appropriately fulfilled;

14.18. Develops procedures that would help to establish, measure, assess the risk of the Bank's activities;

14.19. Determines the Bank's policy of internal control and watches whether control system is appropriate and efficient;

14.20. Determines the prices and tariffs of the services of the Bank;

14.21. Is responsible for developing a system enabling to determine, monitor the risk of the Bank's activity. The Board of the Bank and assess the system and inform the Council of Observers

14.22. The Board analyzes and evaluates the material submitted by the Head of Administration of the Bank on:

14.22.1. Implementation of the strategy of the Bank's

14.22.2. Organization of the Bank's activities;

14.22.3. The financial condition of the Bank;

14.22.4. The results of economic activities, estimates of data of inventory taking and other data of

14.23. Adopts resolutions for the Bank to become a founder of, participant entities;

14.24. Adopts resolutions to found branches of the Bank and representation to terminate their activities, and appoints and recalls their managers;

14.25. Adopts resolutions regarding investment, transfer, rent of long-term balance value of which is higher than 1/20 of the authorized capital of the calculated separately for each type of transaction);

14.26 Adopts resolutions regarding mortgage and hypothec of long-term property the balance value of which is higher than 1/20 of the authorized capital of the Bank (the total amount of transactions is calculated);

14.27. Adopts resolutions regarding vouching or guarantee for liabilities of other persons the amount of which is higher than 1/20 of the authorized capital of the Bank;

14.28. Adopts resolutions to obtain long-term property at a cost that is higher than that of 1/20 of the authorized capital of the Bank;

14.29. Analyzes, assesses the draft report on the annual financial accountability of the Bank and the profit (loss) distribution project and submits them to the Council of

Observers of the Bank and the General Meeting of Shareholders. The Board of the Bank determines the methods of calculation of tangible property depreciation and intangible property amortization;

14.30. Considers or solves other issues that must be considered or solved by the Board of the Bank according to the laws of the Republic of Lithuania on banks and other laws or the Articles of the Bank, resolutions of the General Meeting of Shareholders;

14.31. Solves other issues of the Bank's activities that are not assigned to the competence of other bodies of the Bank according to the laws or other legal acts of the Republic of Lithuania.

present Shareholders. 15. Before adopting resolutions specified in 14.25, 14.26, 14.27, 14.28 of Item 14 of the Section, the Board of the Bank must get an approval of the General Meeting of

Meetings of Shareholders on time. 16. The Board of the Bank is responsible for convening and organizing the General

the 17. The Board must submit to the Council of Observers of the Bank documents related to activities of the Bank requested by it.

18. Before adopting a resolution to invest means or other property in another legal entity, the Board must notify about it the creditors with whom the Bank failed to settle accounts in time due if the total amount of indebtedness to the creditors is higher than 1/20 of the authorized capital of the Bank.

19. The members of the Board of the Bank must keep the secrets of the Bank that became known to them when they were members of the Board.

20. Work order of the Board is defined by working regulations of the Board of the Bank adopted by it.

the with not acts with the 21. Each member of the Board of the Bank must take all possible measures to ensure that Board of the Bank solves issues assigned to its competence and that the solutions comply the requirements provided in legal acts. The member of the Board of the Bank who does fulfil or fails to fulfil appropriately this obligation or other obligations provided in legal bears responsibility according to laws, the Articles of the Bank, agreements concluded Bank.

## **BANK SECTION XI. HEAD AND DEPUTY HEAD OF ADMINISTRATION OF THE**

to as 1. There is a Head and a Deputy Head of Administration in the Bank (hereunder referred Heads of Bank Administration).

2. The Chairman of the Board of the Bank must be the Head or the Deputy Head of Administration.

3. The Head of Bank Administration is an individual body of Bank management.

take this 4. The Head of Bank Administration must be a natural person. A person who must not position according to legal acts cannot be the Head of Bank Administration.

of the Head of 5. An employment agreement is concluded with the Head of Bank Administration. The agreement with the Head of Bank Administration is signed by the Chairman of the Board of the Bank or another authorized member of the Board of the Bank. The agreement with the Bank Administration who is the Chairman of the Board of the Bank is signed by a member of the Board of the Bank authorized by the Board. An agreement on total material responsibility of the Head of Bank Administration may be concluded with him. If the body that elected the Head of Bank Administration adopts a resolution to recall the Head of Bank



Administration, the employment agreement concluded with him is terminated. Work-related disputes between the Head of Bank Administration and the Bank are heard at Court.

election if 6. The Head of Bank Administration starts working in the position starting from his the agreement concluded with him does not state otherwise.

7. The Head of Bank Administration:

7.1. Organizes daily activities of the Bank;

7.2. Admits and dismisses employees, concludes and terminates employment agreements with them, approves of the regulations for their positions held, motivates them and administers penalties;

additional 7.3. Represents the Bank in the Republic of Lithuania and abroad without authorization;

7.4. Conducts transactions in the name of the Bank, represents the Bank in court, arbitration court, the authorities and management bodies and other institutions in the manner provided for in the laws;

7.5. Issues and cancels authorizations to represent the Bank;

acts. 7.6. Performs functions assigned to his competence by laws and other legal

right to 8. The Head of Bank Administration acts on behalf of the Bank and has the autocratic specified in conduct transactions. The Head of Bank Administration may conduct transactions 3, 4, 5 the Law of the Republic of Lithuania on Joint-Stock Companies, Article 34, Part 4, Items and 6, when there is a resolution of the Board of the Bank to conduct such transactions.

known to 9. The Head of Bank Administration must keep the secrets of the Bank that became him when working in this position.

10. The Head of Bank Administration is responsible for:

10.1. Organization of Bank's activities and implementation of its goals;

10.2. Formation of annual financial accountability;

10.3. Concluding an agreement with an auditing company;

10.4. Submitting information and documents to the General Meeting of Shareholders, the Council of Observers and the Board of the Bank in cases specified in the Law of the Republic of Lithuania on Joint-Stock Companies or upon their request;

entities; 10.5. Submitting documents and data of the Bank to the registrar of legal

10.6. Submitting documents of the Bank to the Commission for Securities and the Lithuanian Central Depository of Securities;

Republic of 10.7. Public announcement of information determined in the Law of the Lithuania on Joint-Stock Companies;

10.8. Presenting information to the shareholders;

Companies 10.9. Fulfilment of other obligations determined in the Law on Joint- Stock and other laws and legal acts of the Republic of Lithuania as well as the Articles of the Bank and working regulations of the Head of Bank Administration; Administration;

required for 11. The Head of Bank Administration must ensure that all documents of the Bank the indicated inspection in the agreement with the auditing company are submitted to the auditor.

12. Transactions regarding investment, transfer, rent of long-term property the balance value of which is from 1/100 to 1/20 of the authorized capital of the Bank (calculated separately for each type of transaction) may be conducted only by both Heads of Administration acting together and being of the same opinion. In all other areas of activities that are assigned to the competence of the Head or the Deputy Head of Administration according to the laws, other

legal acts of the Republic of Lithuania and Articles of the Bank, working regulations, resolutions of the bodies of the Bank, both the Head of Administration and his Deputy or persons authorized by them may act and conduct transactions independently.

13. The resolutions of the Head of Bank administration are formalized by decrees.

14. The Heads of Bank Administration who fail to fulfil or fulfil improperly the obligations indicated in legal acts or Articles of the Bank are responsible according to laws, Articles of the Bank, agreements concluded with the Bank.

## **SECTION XII. MANAGEMENT AND EMPLOYEES OF THE BANK**

1. Managers of the bank are:

1.1. Members of the Council of Observers of the Bank;

1.2. Members of the Board of the Bank;

1.3. Heads of Administration;

1.4. Head of Internal Auditing Unit;

1.5. Heads of branches, representation offices of the Bank as well as all other employees of the Bank and other persons who according to the Articles of the Bank, resolutions of the Board or resolutions of the Heads of Administration are authorized to make independent decisions regarding rendering of financial services, and on behalf of the Bank to conduct risk bearing transactions complying with the criteria determined by legal acts of the supervising institution.

2. Managers of the Bank must be of impeccable reputation and possess qualification and experience enabling to perform appropriately in the position. Requirements for qualification and experience of the managers of the Bank are determined by legal acts of the supervising institution. The managers of the Bank cannot be persons who disagree that in cases and by procedures specified by laws and other legal acts the supervising institution would operate their data, including personal data and information about the person's criminal record, health for issuing licenses, permits and consents indicated in the Law of the Republic of Lithuania on Banks.

3. At least one of the Heads of Administration must know Lithuanian language and be a permanent resident of the Republic of Lithuania.

4. Only those persons who have a permission of the supervising institution may become managers of the Bank.

## **SECTION XIII. COMMITTEES OF THE BANK**

1. Committees for Loans, Internal Audit and Management of Risks operate in the Bank continuously. The functions, manner for formation and activities are determined by legal acts of the supervising institution and their regulations approved of by the Board or the Council of Observers of the Bank.

2. The Committee for Loans is a body formed by the resolution of the Board of the Bank which analyzes documents of applications for loans, assesses the risk of loan, submits suggestions to the Council of Observers of the Bank and the Board of the Bank regarding granting of loans, loan interest rate, improvement of loan administration procedures and fulfils other functions indicated in its regulations.

3. The Committee for Internal Audit is a body formed by the resolution of the Council of Observers of the Bank which analyzes how the internal control system of the Bank is functioning and takes action to make this system effective. The activity of the Committee for Internal Audit is controlled by the Council of Observers of the Bank.

Board of  
achieve  
faces,  
Bank  
the  
institution.

4. The Committee for Management of Risks is a body formed by the resolution of the the Bank which analyzes the risk that might exert negative influence in attempting to the goals of the Bank, assesses all types of risk the Bank or the whole group of the Bank takes action to identify, assess, monitor the risk and to develop a system of control.

5. The manner of formation and activities and the competence of the Committees of the are determined by the Articles of the Bank and other documents adopted by the bodies of the Bank. Requirements for the manner of formation and activities and competence of the Committees of the Bank may also be determined by legal acts of the supervising institution.

**SECTION XIV. BANK ACTIVITY RISK AND ITS RESTRICTION.  
PROTECTION OF THE INTERESTS OF BANK'S  
CLIENTS**

Law of

1. The requirements for taking and restricting Bank activity risk are determined by the the Republic of Lithuania on Financial Institutions.

The Bank must form provisions in order to reduce its activity risk according to the legal acts of the supervising institution and with regard to the risk of each of its transactions for rendering financial services, to the client's financial and economic status, to the fulfilment of obligations under the transactions for rendering financial services, to the available means to ensure fulfilment of such obligations and other circumstances influencing the value of the Bank's property.

2. The following risk restriction standards are determined for the Bank:

2.1. Capital sufficiency;

2.2. Liquidity;

2.3. Maximum open position in foreign currency and precious metals;

2.4. Maximum loan for one debtor;

2.5. Big loans;

2.6. Other standards determined by the legal acts of the supervising

institution.

the

The supervising institution has the right to determine individual values of standards for Bank.

legal  
recalculated

3. The Bank may not possess part of the authorized capital and (or) voting rights of a entity if its value included in the Bank's balance sheet is higher than 15% of the capital.

of legal  
than 60%

4. The total amount of the values of parts of the authorized capital and (or) voting rights entities belonging to the Bank included in the Bank's balance sheet must not be higher of the recalculated capital of the Bank.

investments in  
companies or  
the Bank to render  
which are in other ways

5. The provisions of Items 3 and 4 of the present Section are not applicable for legal entities that are financial institutions, insurance companies, reinsurance companies engaged in activities without which it would be impossible for financial services, which help the Bank to render financial services and directly related to the financial services rendered by the Bank.

parts  
for one  
received  
or

6. The provisions of items 3 and 4 of the present Section are not applicable in cases when of the authorized capital and (or) voting rights are acquired temporarily (no longer than year) during liquidation, restructuring or reorganization of the client or when they are for distribution, are acquired on behalf of the Bank for the benefit of other persons/entities are acquired with no purpose of using the rights attached to them.

by the Section, the capital of

7. The provisions of Items 3 and 4 of the present Section are not applicable if the amount which the Bank exceeds the said restrictions is deducted from the recalculated capital of Bank. If the Bank exceeds both restrictions provided in Items 3 and 4 of the present Section, the higher amount exceeding the restrictions is the amount deducted from the recalculated capital of the Bank.

8. The Bank's investments in the land and other real estate may not be higher than 5% of recalculated capital.

9. Item 8 of the present Section is not applicable if:

9.1. The land and other real estate have been acquired to ensure direct activities of the Bank (buildings where the Bank's headquarters are situated or where financial services are rendered, etc.);

9.2. Real estate has been acquired for rendering the service of leasing;

arising from a property in its ownership no longer than one year from its acquisition date.

9.3. The land and real estate have been acquired seeking to reduce losses financial service rendered to a client, if the Bank has such

10. In Items 11-13 of the present Section conduction of transactions from which Bank's pecuniary demand or Bank's irrevocable pecuniary liability arises is considered lending.

The following restrictions of lending by the Bank are applied:

10.1. Internal lending;

10.2. Lending to persons related to the Bank;

voting rights of a legal entity.

10.3. Lending for acquisition of parts of the authorized capital and (or)

Bank by the have not this Bank.

11. Lending to the managers of the Bank and to persons related to the managers of the links of close kinship or by in-law relations may not be higher than the amounts fixed by Council of Observers of the Bank. The conditions and regulations of such lending must be approved of by the Council of Observers of the Bank. Resolutions regarding such lending to be adopted by the Board of the Bank. The person related to such issue of lending may participate in the adoption of the resolution. Conditions of lending to persons indicated in Item may not be more favourable than conditions of lending set for other clients of the Bank.

of by Bank the

12. The conditions and regulations of lending to persons related to the Bank are approved the Council of Observers of the Bank. The resolution to lend to a person related to the must be adopted by the Board of the Bank by no less than 2/3 of votes of the members of Board of the Bank participating in the sitting of the Board.

by

13. The Bank has no right to lend for acquisition of parts of its authorized capital and (or) voting rights, for granting itself a subordinated loan or acquiring securities (bonds) issued the Bank that possess all signs of a subordinated loan.

14. Secrets of the Bank:

about:

14.1. Secrets of the Bank are all data and information known to the Bank

14.1.1. Bank accounts held by the client of the Bank, balance in such accounts, operations conducted by the client with the means in his account, conditions of agreements according to which the accounts were opened to the client;

14.1.2. Liabilities of the Bank's client to the Bank, conditions of agreements according to which such liabilities arose;

agreements

14.1.3. Other financial services rendered to the Bank's client, conditions of according to which financial services are rendered;

14.1.4. Bank client's financial status and property, activities, plans for activities, liabilities to other persons or transactions with other persons, client's commercial (production-related) or professional secrets;

information  
unlimited  
present Item;

14.2. The Bank, employees of the Bank and any other persons who know classified as a secret of the Bank must not disclose such information for an period of time, except in cases specified in sub-items 14.3 - 14.5 of the

the Bank's  
upon his  
disclosed;

14.3. Information classified as a secret of the Bank may only be disclosed to client with whom information classified as a secret of the Bank is related or request in writing indicating to whom and what type of information must be

Bank to  
the Bank

14.4. The Bank is entitled to disclose information classified as a secret of the Court or other persons, if this is essential in protecting the legal interests of and only to the extent which is essential to protect the interests of the Bank;

institutions  
Prevention, and  
other persons if the Bank

14.5. The Bank submits information classified as a secret of the Bank to the indicated in the Law of the Republic of Lithuania on Money Laundry also in accordance with the regulations provided in the laws to must provide such information to them according to the laws.

15. The protection of the interests of the clients is secured by the Bank according to the requirements provided in the Law of the Republic of Lithuania on Banks and other laws.

16. The Bank may found, acquire and manage companies under its control according to the laws of the Republic of Lithuania that regulate the activities of the Bank.

the

## SECTION XV. PROFIT AND ITS DISTRIBUTION

1. The Bank's profit and its distribution are managed under the guidance of the regulations provided in the Law of the Republic of Lithuania on Financial Institutions.

2. The Bank's profit or loss is the financial result of the annual activities of the Bank calculated by deducting the Bank's expenditure of the fiscal year from the Bank's income year. The Bank's income and expenditure are determined according to the accounting selected and approved of by the resolutions of the managerial bodies of the Bank with the requirements provided in the legal acts of the Republic of Lithuania and the existing international practice.

3. Net profit or loss is the net financial result of annual activities. It is calculated by deducting the calculated amounts of taxes from the financial result of the Bank's annual activities.

4. The fiscal year of the Bank coincides with the calendar year.

5. The net financial result of annual activities (profit or loss) obtained during the fiscal year must be distributed no later than within 3 months from the end of the fiscal year when the shareholders of the Bank by their resolution approve of the annual financial accountability.

6. The resolution of the shareholders of the Bank regarding the distribution of the net financial result (profit or loss) of the annual activities must indicate:

6.1. Profit (loss) brought forward at the beginning of the fiscal year;

6.2. Net financial result (profit or loss) of the annual activities;

6.3. Transfers from reserves to cover losses;

6.4. Contributions of shareholders to cover losses (provided the shareholders of the Bank decide to cover the whole or part of the result (loss) to be distributed);

6.5. The result (profit or loss) to be distributed at the end of the period of time accounted for;

which is  
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policy  
regard to

deducting

year

financial

time accounted

Articles General becomes acts provided the reserve made; purposes, the capital of the (a of the corresponds to the requirements Lithuania. by Bank must be recreated legal acts of the Republic of Lithuania. with the

6.6. Appropriation of profit to reserves;  
6.7. Profit allotted for the payment of dividends and other purposes;  
6.8. Undistributed profit (loss) brought forward to the following fiscal year.

7. The profit of the Bank remaining after obligatory payments from the profit and appropriations to the reserve of stocks and other reserves and capitals specified in the of the Bank may not be paid in dividends and bonuses, if after the resolution of the Meeting of Shareholders the sufficiency of capital or minimum capital of the Bank less than the amounts set by the Law on the Republic of Lithuania on Banks and the legal of the supervising institution.

8. The shareholders of the Bank may adopt a resolution to allot part of the result to be distributed for payment of dividends or other shares of profit and for other purposes, the following conditions are satisfied:

8.1. The uncovered loss of the previous fiscal year is brought forward to the beginning of the fiscal year;  
8.2. Obligatory appropriations to the legal reserve or the reserve capital and of stocks as specified in the laws of the Republic of Lithuania are made;  
8.3. Appropriations to the reserves specified in the Articles of the Bank are made;  
8.4. After paying the dividends and using part of the profit for other of the Bank corresponds to the requirements of laws and other legal acts.

9. If at the end of the fiscal year at the beginning of the following fiscal year the amount Bank's inappropriate result and the net amount of the result of annual activities is negative loss), the shareholders of the Bank must adopt a resolution to cover such loss - to add the amounts to be transferred from reserves and capitals to the result to be distributed in the following order:

9.1. Those transferred from other reserves not used in the fiscal year;  
9.2. Those transferred from the legal reserve or the reserve capital;  
9.3. Those transferred from the reserve of stocks;  
9.4. Those transferred from the capital reserve.

10. If the amounts transferred from these reserves are not sufficient to cover losses:

10.1. The remaining undistributed loss is brought forward to the beginning following fiscal year, provided the capital of the Bank of the laws and other legal acts of the Republic of Lithuania.

10.2. The shareholders of the Bank must adopt a resolution to cover the loss contributions of the shareholders of the Bank: the capital of the so that it corresponds to the requirements of the laws and other of Lithuania.

11. If the shareholders of the Bank fail to adopt a resolution to cover the loss by contributions of the shareholders and by this to recreate the capital so that it corresponds to the amounts indicated in the legal acts of the Republic of Lithuania, or if such resolution is adopted but recreation of the capital so that it corresponds to the amounts indicated in the legal acts in the period of time set by them fails, measures of pressure set by laws are imposed on the Bank.

12. The taxable profit of the Bank is calculated and the profit tax is paid in accordance regulations provided in the laws of the Republic of Lithuania.

## SECTION XVI. ACCOUNTING, FINANCIAL ACCOUNTABILITY AND AUDITING OF THE BANK

The financial report of the Bank is publicly announced according to the regulations of the supervising institution before May 1.

### 1. Accounting:

1.1. The Bank conducts book-keeping / accounting according to the laws and other legal acts of the Republic of Lithuania and the accounting policy selected by the bodies of the Bank which is implemented with regard to concrete conditions, type of business and according to international accounting standards;

1.2. The accounting policy must include general principles of accounting, methods and rules for the conduction of the Bank's accounting and formation and presentation of the Bank's financial accountability. If a consolidated supervision of the financial group is carried out, the Bank must ensure that a general accounting policy of the financial group is formed;

1.3. The system of accounting of the Bank's activities must be organized so that:

1.3.1. The financial accountability shows the true financial status and activity results of the Bank;

1.3.2. Conditions are created for the managers of the Bank to use, manage and operate the Bank's property safely and reliably,

1.3.3. Conditions are created for the shareholders of the Bank and institutions authorized by laws to inspect and control the activities of the Bank, its managers and other employees who have the right to make decisions leading to the Bank's obligations to other persons, and the Bank's financial status;

1.4. The Board of the Bank is responsible for organization of accounting and storing of accounting documents according to the requirements provided in the Law of the Republic of Lithuania on Banks and other legal acts of the Republic of Lithuania.

### 2. Financial Accountability:

2.1. Financial accountability of the Bank and the financial group consists of interim and annual financial accountability;

2.2. Interim financial accountability is financial accountability prepared by summarizing data of a period of time that is shorter than a financial year. The contents of interim financial accountability and periodicity of presentation to the supervising institution are regulated by the legal acts of the supervising institution;

2.3. Annual financial accountability consists of:

2.3.1. Balance sheet;

2.3.2. Profit (loss) statement;

2.3.3. Cash flow statement;

2.3.4. Account of changes in own capital;

2.3.5. An explanatory note;

2.4. At the end of the financial year the Bank must:

2.4.1. Within 3 months from the end of the fiscal year but no later than 15 days before the ordinary General Meeting of Shareholders present to the supervising institution the annual financial accountability (annual financial statements) checked by

the auditing auditor's company, a project of the resolution on distribution of profit and the conclusion;

days before shareholders (annual financial resolution of distribution of resolution of financial profit; 2.4.2. Within 3 months from the end of the fiscal year but no later than 10 the ordinary General Meeting of Shareholders create conditions for the of the Bank to get acquainted with the annual financial accountability statements) checked by the auditing company, project of the profit and the auditor's conclusion;

Meeting of present the resolution of the financial 2.4.3. No later than within 3 months from the end of the fiscal year by the the General Meeting of Shareholders of the Bank approve of the annual accountability and adopt the resolution on distribution of profit;

2.4.4. Within 3 days from the adoption of the resolution of the General Shareholders of the Bank approving of the annual financial accountability annual financial accountability approved of by this meeting and the meeting on distribution of profit to the supervising institution;

2.4.5. Within 4 months from the end of the fiscal year to present the annual accountability and the auditor's conclusion to the public;

2.4.6. If the Bank patronizes other financial institutions, insurance companies forming part of the financial group, it must present the annual consolidated financial accountability within 4 months from the end of the fiscal year.

approve of 2.5. The General Meeting of Shareholders of the Bank may not consider and annual financial accountability if its audit has not been carried out;

distribution carried out; 2.6. The General Meeting of Shareholders may not adopt the resolution on of profit, if the audit of the annual financial accountability has not been

provided in laws; 2.7. The Board of the Bank is responsible for the correctness of information the annual financial accountability according to the regulations provided in

on the registrar of legal Meeting of Shareholders. 2.8. The annual financial accountability of the Bank together with the report Bank's activities and the auditor's conclusion must be presented to the entities no later than within 30 days from the ordinary General

3. Auditing:

accountability (if it has to be prepared) of the auditor's conclusion regarding this accountability; 3.1. The auditing company must carry out the audit of the annual financial accountability and consolidated financial Bank and on its basis to present the

inspection of than 2 next fiscal years. 3.2. The General Meeting of Shareholders elects the auditing company for financial accountability of the current fiscal year and no more

3.3. The Bank must conclude an agreement on the audit of annual financial accountability with the auditing company elected by the General Meeting of Shareholders of the Bank and present it to the supervising institution before the end of the first half of the current fiscal year.

Lithuania 3.4. Audit is carried out in accordance with the legal acts of the Republic of providing regulations for audit and work of auditors.



**SECTION XVII. REGULATIONS FOR REORGANIZATION, REFORMATION  
AND LIQUIDATION OF  
THE BANK**

the 1. The Bank is reorganized, reformed and liquidated according to regulations provided in Civil Code of the Republic of Lithuania, the Laws of the Republic of Lithuania on Banks, Financial Institutions and, if the Law of the Republic of Lithuania on Banks does not state otherwise, the Law of the Republic of Lithuania on Joint-Stock Companies.

**SECTION XVIII. PUBLIC ANNOUNCEMENTS**

published in 1. All announcements of the Bank required by laws to be announced publicly are  
of accordance with the terms provided in the laws of the Republic of Lithuania and legal acts  
about the supervising institution in the daily newspaper "Lietuvos Rytas" and announcements  
major events are submitted to the BNS news agency.

Shareholders' authorised person  
Chief Executive Officer  
27.03.2009

Gintaras Ugianskis