



ŠIAULIŲ BANKAS

CONSOLIDATED ANNUAL REPORT FOR 2013

Bank in 

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1. REPORTING PERIOD COVERED BY THE CONSOLIDATED ANNUAL REPORT

The present consolidated annual report of Šiaulių Bankas AB (hereinafter – the “Bank”) covers the period from 1 January 2013 to 31 December 2013.

2. COMPANIES OF THE BANK’S GROUP

As of 31 December 2013, the Bank had the following subsidiaries:

Šiaulių Banko Lizingas UAB (hereinafter – “SB Lizingas”):

- *assets*: LTL 223.8 million
- *nature of activities*: finance lease (leasing) and leases

Šiaulių Banko Turto Fondas UAB (hereinafter – “ŠB Turto Fondas”):

- *assets*: LTL 74.01 million
- *nature of activities*: real estate management

Šiaulių Banko Investicijų Valdymas UAB (hereinafter – “ŠB Investicijų Valdymas”):

- *assets*: LTL 22.89 million
- *nature of activities*: investment management

SBTF UAB (hereinafter – “SBTF”):

- *assets*: LTL 42.81 million
- *nature of activities*: management and administration of liquid real estate and movable estate, assurance and realisation of the current activity

Minera UAB (hereinafter – “Minera”):

- *assets*: LTL 53.68 million
- *nature of activities*: real estate management

Pavasaris UAB (hereinafter – “Pavasaris”):

- *assets*: LTL 30.15 million
- *nature of activities*: development of the area of multi-apartment buildings

Contact details of the Bank

Name: Šiaulių Bankas AB
Legal form: Public Limited Liability Company
Registration date: 04/02/1992
Registrar: State Enterprise Centre of Registers
Company code: 112025254
Head Office: Tilžės g. 149, 76348 Šiauliai
Tel. (+370 41) 595 607, fax (+370 41) 430 774
E-mail: info@sb.lt, www.sb.lt

Contact information of the companies of the Bank Group

Name: Šiaulių Banko Lizingas UAB
Legal form: Private Limited Liability Company
Registration date: 16/08/1999
Registrar: State Enterprise Centre of Registers
Company code: 45569548
Head Office: Vilniaus g. 167, 76352 Šiauliai
Tel. (+370 41) 420 855, (+370 5) 272 3015, fax (+370 41) 423 437
E-mail: lizingas@sb.lt, www.sblizingas.lt

A share of the Bank in the Bank's subsidiaries as of 31 December 2013:

Subsidiary	Share of the authorised capital owned by the Bank, %
Šiaulių Banko Lizingas UAB	100.00
Šiaulių Banko Investicijų Valdymas UAB	100.00
Šiaulių Banko Turto Fondas UAB	100.00
SBTF UAB	100.00
Pavasaris UAB	98.91
Minera UAB	100.00

As of 31 December 2013, the Bank controlled all subsidiaries directly, except for Kėdainių Oda UAB.

On 3 March 2013, the Bank, pursuant to the Agreement on the Transfer of Assets, Rights and Liability of Ūkio Bankas, on the basis of which part of the assets, rights, transactions and liability of Ūkio Bankas is transferred to Šiaulių Bankas, acquired subsidiaries controlled by 100%:

- real estate development companies: Eastern Europe Development Fund UAB, Sporto Klubų Investicijos UAB, Trade Project UAB, Investicinio Turto Valdymas UAB, ŽSA 1 UAB, ŽSA 2 UAB, ŽSA 3 UAB, ŽSA 4 UAB and ŽSA 5 UAB (ŽSA 1 UAB, ŽSA 2 UAB, ŽSA 3 UAB, ŽSA 4 UAB and ŽSA 5 UAB co-owns 100% of Žalgirio Sporto Arena UAB shares, Žalgirio Sporto Arena UAB controls 100% of Nacionalinis Futbolo Stadionas UAB shares);
- companies engaged in other activities: Ūkio Banko Lizingas UAB and Bonum Publicum GD UAB.

According to the agreement (as last amended) concluded by Šiaulių Bankas AB, administrator of Ūkio Bankas AB and State Enterprise Indėlių ir Investicijų Draudimas on 23 February 2013, call option rights of Ūkio Bankas BAB to acquire part of the assets taken over by Šiaulių Bankas AB from Ūkio Bankas BAB expired on 2 February 2014. None of the five call options under which part of the assets taken over by Šiaulių Bankas AB from Ūkio Bankas BAB could have been sold was realised.

3. STRATEGY OF THE BANK

Implementing its operational strategy, the Bank pays special attention to the financing of small and medium-sized enterprises (SMEs), provides financial services to private and corporate clients and helps them achieve financial welfare and stability. The aim of the Bank is to be a strong Lithuanian bank with advanced banking traditions.

Simplicity, commitment, professionalism and expediency are the main working principles of the Bank, ensuring long-term and mutual trust-based relationships in communicating and cooperating with partners and clients, providing them financial services.

Contact information of the companies of the Bank Group

Name: „Šiaulių banko turto fondas“ UAB
Legal form: private limited liability company
Registration date: 13/08/2002
Registrar: State Enterprise Centre of Registers
Company code: 45855439
Head Office: Vilniaus St. 167, LT-76352 Šiauliai, Lithuania
 Tel. +37041 525 322, fax +370 41 525 321
 E-mail turtofondas@sb.lt, www.sbp.lt

Name: „Šiaulių banko turto fondas“ UAB
Legal form: private limited liability company
Registration date: 13/08/2002
Registrar: State Enterprise Centre of Registers
Company code: 45855439
Head Office: Vilniaus St. 167, LT-76352 Šiauliai, Lithuania
 Tel. +37041 525 322, fax +370 41 525 321
 E-mail turtofondas@sb.lt, www.sbp.lt

Name: „SBTF“ UAB
Legal form: private limited liability company
Registration date: 24/11/2004
Registrar: State Enterprise Centre of Registers
Company code: 00069309
Head Office: Vilniaus St. 167, LT-76352 Šiauliai, Lithuania
 Tel. +37041 525 322, fax +370 41 525 321
 E-mail sbtf@sb.lt, www.sbp.lt

MISSION

We are here to help our clients grow in implementing their goals, targets and projects, together creating a better quality of life in Lithuania.

OUR VISION

To be a professional, reliable and modern financial partner.

OUR VALUES

- Attention to clientele
- High internal standards, respect to each other and to clients
- Open communication
- Constant growing

After taking over part of bankrupt Ūkio Bankas in 2013, the Bank's position in the market has drastically changed. The Bank has become larger and more important. Within a short period of time, it has successfully integrated two banks, ensuring further fulfilment of obligations and efficient resumption of services to former clients of Ūkio Bankas. In 2013, its network was expanded by 21 customer service point up to 77 points in total. The number of clients is over 300,000 making the Bank the largest Lithuanian bank.

With a help of its major shareholder, the European Bank for Reconstruction and Development (EBRD), the Bank is successfully expanding its activities.

4. NATURE OF ACTIVITIES OF THE BANK

The Bank is engaged in normal activities of commercial banks in accordance with laws and legislation of the Republic of Lithuania, the Charter of the Bank and the agreements concluded. The priority area of the Bank's activities is funding SMEs.

The Bank offers a wide range of services to private and corporate clients:

- opening and handling of bank accounts in Litas and foreign currencies for Lithuanian and foreign clients;
- domestic and international payments in Litas and foreign currencies;
- collection of utility bills and other charges;
- direct debit services, standing and conditional orders;
- online management of accounts;
- mobile banking services;
- trading in foreign currencies;
- conclusion of deposit agreements;
- issue, purchase and sale of cheques;
- short-term and long-term crediting;
- issue and administration of payment cards;
- intermediation in transactions on the Stock Exchange;
- registration of transactions in securities off-stock trading;

Contact information of the companies of the Bank Group

Name: Minera UAB
Legal form: Private Limited Liability Company
Registration date: 30/09/1992
Registrar: State Enterprise Centre of Registers
Company code: 121736330
Head Office: Vilniaus g. 167, 76352 Šiauliai
 Tel. (+370 41) 399,423, fax (+370 41) 399 423
 E-mail: info@minera.lt, www.sbp.lt

Name: Pavasaris UAB
Legal form: Private Limited Liability Company
Registration date: 25/09/1992
Registrar: State Enterprise Centre of Registers
Company code: 121681115
Head Office: Šiltnamių g. 27, 04130 Vilnius
 Tel. (+370 5) 244 8096, fax (+370 5) 240 1623
 E-mail: info@pavasaris.net
www.pavasaris.net

Name: Kėdainių Oda UAB
Legal form: Private Limited Liability Company
Registration date: 29/10/2008
Registrar: State Enterprise Centre of Registers
Company code: 302190537
Head Office: Biochemikų g. 7, 57234 Kėdainiai
 Tel. (+370 347) 55 089, fax (+370 347) 55 857
www.naturalioda.eu

- advice on the issue, acquisition and transfer of securities;
- accounting of shares issued by enterprises;
- issue of debt securities;
- preparation of share issue prospectus;
- distribution of commemorative coins, numismatic sets, etc.

The Bank's head office is located in Šiauliai. The Bank's network covers major towns and financially active regional centres. As of 31 December 2013, the Bank had 77 customer service points in 38 Lithuanian towns.

5. INVOLVEMENT IN ASSOCIATED STRUCTURES

- Society for Worldwide Interbank Financial Telecommunication (SWIFT)
- International payment card organisation association Visa International
- International payment card organisation MasterCard Worldwide
- EUROPAY International
- UN international initiative Global Compact
- Association of Lithuanian Banks
- Stock Exchange NASDAQ OMX Baltic
- Association of Lithuanian Financial Brokers
- Lithuanian Business Employers' Confederation (centre and Utena)
- International Chamber of Commerce (ICC) Lithuania
- Kaunas Chamber of Commerce, Industry and Crafts
- Klaipėda Chamber of Commerce, Industry and Crafts
- Panevėžys Chamber of Commerce, Industry and Crafts
- Šiauliai Chamber of Commerce, Industry and Crafts
- Klaipėda Association of Industrialists
- Šiauliai Association of Industrialists
- Kelmė Association of Entrepreneurs
- Mažeikiai Association of Entrepreneurs
- Tauragė Association of Entrepreneurs

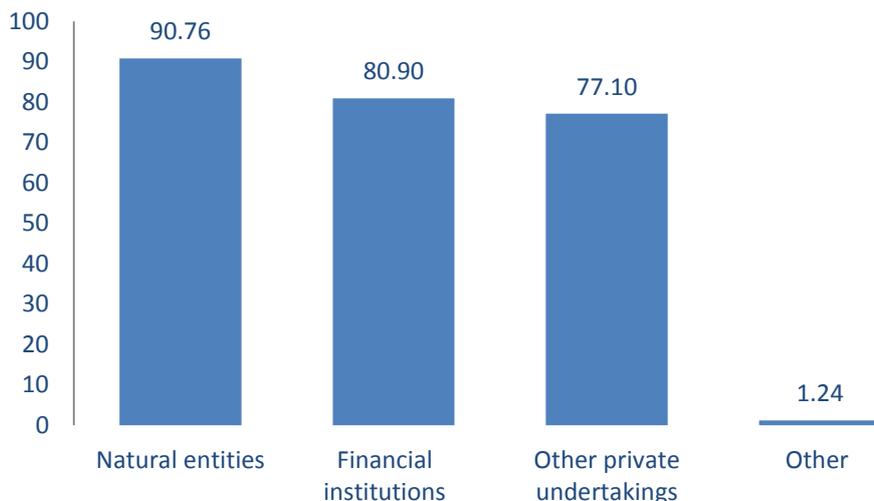
6. AUTHORISED CAPITAL AND SHAREHOLDERS OF THE BANK

The Bank's authorised capital is LTL 250,000,000. Amendments to the Charter related to the capital increase were registered at the Register of Legal Entities on 31 May 2013. 66.36% of the Bank's authorised capital is owned by enterprises registered in Lithuania and individuals. The major shareholder is the European Bank for Reconstruction and Development (EBRD) which controls 19.57% of the shares.

Within the last five years, the Bank's authorised capital has been increased by LTL 88.94 million: LTL 54.5 million from additional contributions of the shareholders and LTL 34.44 million from the Bank's own funds.

Date	14/05/2008	22/06/2010	04/08/2011	31/05/2013
Capital size, LTL	180,357,533	204,857,533	234,857,533	250,000,000

Distribution of the authorised capital by type of shareholder as on 31 December 2013 (in LTL million):

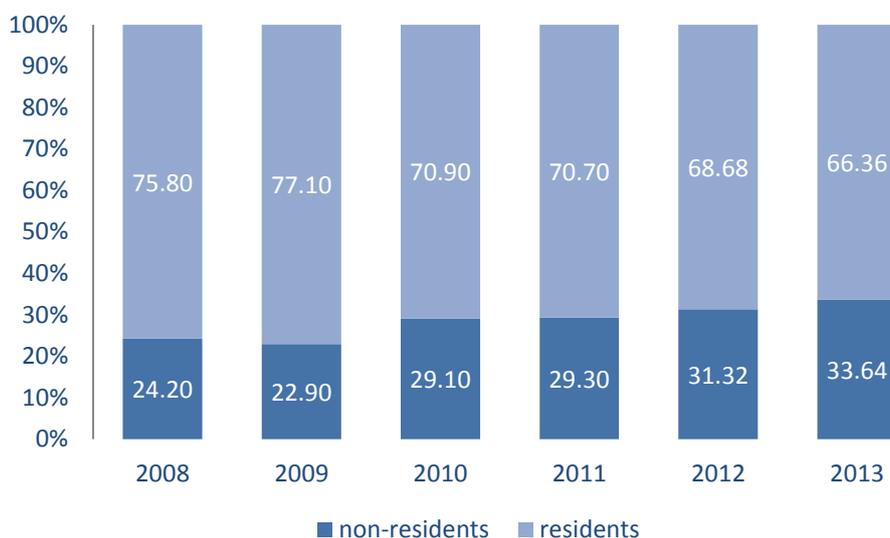


Structure of the Bank's authorised capital:

Type of shares	Number of shares, units	Nominal value, LTL	Total nominal value, LTL
Ordinary registered shares, ISIN LT0000102253	250 000 000	1	250 000 000

As on 31 December 2013, the Bank had 3,592 shareholders (3,671 at the end of 2012). All shares issued by the Bank grant shareholders equal rights as provided for by the Law on Companies of the Republic of Lithuania and the Charter of the Bank.

The share of the capital controlled by the Bank's shareholders by place of residence (%)



The Bank's shareholders have the following property rights:

- to receive a share of the Bank's profit (dividends);
- to receive a share of the Bank's funds when the Bank's authorised capital is decreased in order to pay the Bank's funds to its shareholders;
- to receive shares free of charge, if the authorised capital is raised from the Bank's own funds, except for the cases stipulated by law;
- where the shareholder is a natural person, to leave under the will all shares or any part thereof to one or several persons;

- to sell or otherwise transfer all shares or any part thereof to the ownership of other persons in accordance with the procedure and conditions established by law;
- to have the pre-emption right to purchase shares issued by the Bank or convertible bonds, except where the General Meeting of Shareholders withdraws this right from all the shareholders following the procedure established by law;
- to lend to the Bank in the manner stipulated by law. However, when borrowing from its shareholders, the Bank shall not have the right to pledge its assets to the shareholders. When the Bank borrows from a shareholder, the interest rate may not exceed the average interest rate of commercial banks available in the place of residence or business effective at the moment of conclusion of the loan agreement. In such a case, the Bank and its shareholders shall not be allowed to agree on a higher interest rate;
- other property rights stipulated by law.

The right to dividends, free shares and the pre-emption right to acquire shares issued by the Bank shall belong to those persons who are the Bank's shareholders at the end of the tenth working day after the General Meeting of Shareholders which makes the corresponding decision, i.e. at the end of the day of accounting of the rights.

The Bank's shareholders have the following non-property rights:

- to take part in General Meetings of Shareholders;
- to vote at Meetings in accordance with the rights granted by the shares;
- to provide, in advance, questions to the Bank in relation to the agenda items of the General Meeting of Shareholders;
- to receive information on the Bank specified by the Law on Companies of the Republic of Lithuania;
- to file a claim for damages against the Bank, if the damages resulted from the failure to execute or improper execution of the obligations of the Chief Executive Officer and members of the Board of the Bank as well as in other cases stipulated by law;
- to authorise a natural or legal entity to act as a representative in maintaining relations with the Bank and any other persons;
- other non-property rights stipulated by law.

A person shall obtain all rights and obligations granted by the share of the Bank's authorised capital and/or voting rights: in case of the raise of the Bank's authorised capital – from the date of registration of the changes related to the raise of the Bank's authorised capital and/or voting rights; in any other cases – from the emergence of the property right to the share of the Bank's authorised capital and/or voting rights.

Shareholders of the Bank who owned more than 5% of the Bank's authorised capital as of 31 December 2013:

Shareholder	Number of shares held under the right of ownership, units	Share of the authorised capital held under the right of ownership, %	Share of votes held under the right of ownership, %	Share of votes held together with related persons, %
1 European Bank for Reconstruction and Development, address (Great Britain)	48,928,965	19.57	19.57	42.93
2 Gintaras Kateiva	15,605,433	6.24	6.24	42.93

Shareholders of the Bank, including the European Bank for Reconstruction and Development (EBRD), Trade House Aida, Mintaka UAB, Enterprise Group Alita AB, Sigitas Baguckas, Algirdas Butkus, Vigintas Butkus, Vytautas Junevičius, Gintaras Kateiva, Arvydas Salda and Kastytis Jonas Vyšniauskas, who have concluded a shareholders' agreement, and any other shareholders whose votes are calculated jointly as prescribed by the law of the Republic of Lithuania form a group which had 42.93% of the Bank's authorised capital and votes as of 31 December 2013.

THERE ARE NO RESTRICTIONS TO THE TRANSFER OF SECURITIES. The shareholders exercise property and non-property rights and have obligations specified by the Law on Companies of the Republic of Lithuania and the Charter of the Bank.

SHAREHOLDERS ENTITLED TO SPECIAL CONTROL RIGHTS AND DESCRIPTIONS OF THOSE RIGHTS. The shareholders control the Bank through the elected Supervisory Council. Its functions are defined by the Law on Companies of the Republic of Lithuania.

RESTRICTIONS TO THE VOTING RIGHTS. All shares issued by the Bank are ordinary registered shares with the nominal value of LTL 1. Each share grants one voting right at the General Meeting of Shareholders. Restrictions to the voting rights may be applied in cases specified by law.

The shareholders shall not have the right to vote when adopting a decision on the pre-emption right to acquire shares issued by the Bank or withdrawal of convertible bonds, if the agenda of the General Meeting of Shareholders provides for that the right to acquire these securities is granted to them, their close relative, spouse or common-law spouse where partnership is registered as prescribed by the law, or to a close relative of the spouse where the shareholder is a natural person as well as to the company patronising the shareholder or the shareholder's subsidiary where the shareholder is a legal entity.

A person or persons acting jointly, having decided to acquire a qualified share of the Bank's authorised capital and/or voting rights or to raise it to the extent that the available share of the Bank's authorised capital and/or voting rights would be equal to or exceed 20%, 30% or 50% or as much as the Bank would become controllable, shall be obliged to report this in writing to the Bank of Lithuania which implements the supervisory function, specifying the qualified share of the Bank's authorised capital and/or voting rights to be purchased, as well as to provide documents and data listed in Article 25.2 of the Law on Banks. Failure to observe the requirement to obtain a decision of the Bank of Lithuania not to be in conflict with surpassing the aforementioned limits shall not cause the transaction to become ineffective; however, due to the failure to observe this requirement, the whole share of the Bank's authorised capital and/or voting rights owned by the person acquiring it shall lose the voting right in the General Meeting of Shareholders.

TAXATION OF CAPITAL GAINS. Pursuant to Article 17 of the Law on Personal Income Tax of the Republic of Lithuania, which took effect on 1 January 2014, income from the securities sold or otherwise transferred to ownership shall not be subject to the personal income tax, if the difference between the gain received from the sale or other transfer of financial instruments or the realisation of derivative financial instruments and the acquisition price of these financial instruments and costs related to their sale or other transfer and realisation of derivative financial instruments does not exceed LTL 10,000 within a tax period. A difference which exceeds LTL 10,000 within a tax period shall be subject to a 15% tax rate. The same tax rate shall be applicable to gain from the sale of securities, where a shareholder sells shares or otherwise transfers them to the ownership of to the issuing entity or where shares that have been received from the issuer free of charge are sold to increase the authorised capital, or in any other cases stipulated by the Law on Personal Income Tax of the Republic of Lithuania.

Pursuant to the Law on Corporate Income Tax of the Republic of Lithuania, the profit of Lithuanian legal entities received from the securities sold shall be subject to a 15% profit tax from the gain received from an increase in the value of the assets. The gain received from an increase in the value of the assets shall mean the earned income formed by the difference between the price of the transfer of the assets and the acquisition price. The acquisition price of the assets shall include the commission fees. In case of sale of the assets, the selling price shall be reduced by the amount of the taxes paid. If a legal entity suffers loss from the trade in securities, this loss shall be carried over to the following tax year but covered only from the gain on the transfer of securities. Subject to the type of activities of the undertaking, the law provides for different procedures for carrying over the loss from securities.

7. TRADE IN SHARES OF COMPANIES OF THE BANK’S GROUP IN REGULATED MARKETS

The official trading list of NASDAQ OMX Vilnius AB quotes only shares of the Bank. ISIN code is LT0000102253; the number of shares is 250,000,000. Shares of the Bank’s subsidiaries are issued for non-public circulation.

Shares issued by the Bank are included in the OMX Baltic Benchmark, a comparative index of the OMX Baltic States securities market, which comprises of shares of the highest capitalisation and most liquid companies as well as in indices of OMX Baltic (OMXBGI), OMX Baltic Financial, OMX Baltic Banks PI and OMX Baltic Benchmark Cap (OMXBBCAPGI). Moreover, shares issued by the Bank are included in indices of STOXX All Europe Total Market, STOXX Eastern Europe TMI, STOXX Eastern Europe TMI Small, STOXX EU Enlarged TMI, STOXX Global Total Market and STOXX Lithuania Total Market.

Changes in the share price within five years (share price is provided in Euro as the trade in shares is performed in Euro since 22 November 2010):



Source: website of NASDAQ OMX Vilnius AB

http://www.nasdaqomxbaltic.com/market/?instrument=LT0000102253&list=2&pg=details&tab=historical&lang=en¤cy=0&downloadcsv=0&date=&start_d=1&start_m=1&start_y=2009&end_d=31&end_m=12&end_y=2013

Turnover of the Bank’s shares from 2009 to 2013:

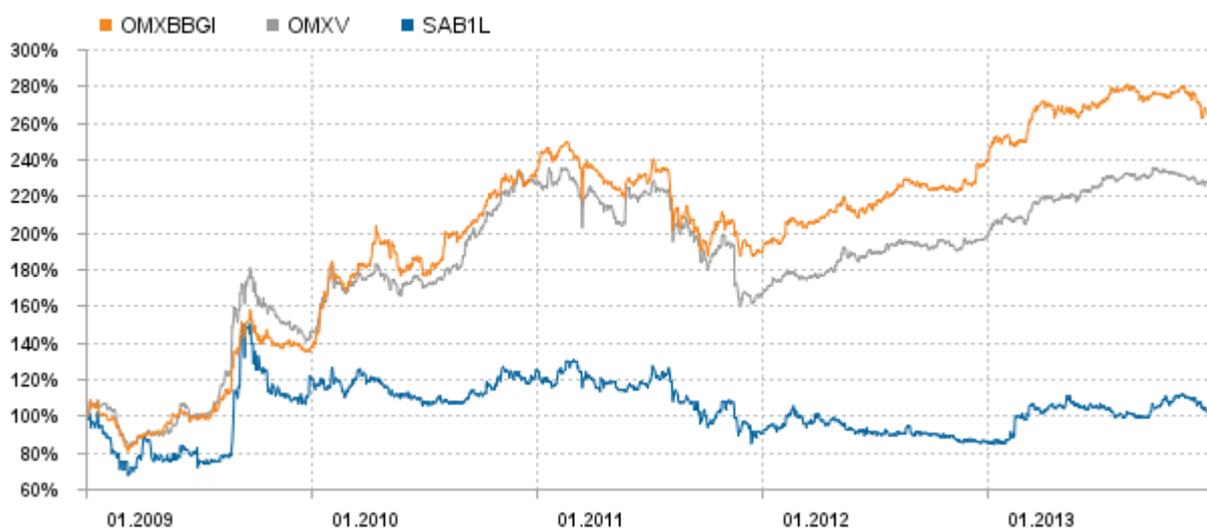
Year	Price of the last trading session, EUR	Max. price, EUR	Min. price, EUR	Average price, EUR	Number of shares, units	Turnover, million EUR
2009	0.324	0.446	0.180	0.267	20,746,641	5.54
2010	0.337	0.345	0.264	0.318	17,784,012	5.65
2011	0.245	0.372	0.225	0.298	17,899,502	5.34
2012	0.231	0.285	0.230	0.256	11,106,241	2.48
2013	0.266	0.310	0.227	0.266	20,496,506	5.45

Price and turnover of the Bank’s shares in the reporting year (EUR):



Source: website of NASDAQ OMX Vilnius AB
http://www.nasdaqomxbaltic.com/market/?instrument=LT0000102253&list=2&pg=details&tab=historical&lang=en¤cy=0&downloadcsv=0&date=&start_d=1&start_m=1&start_y=2013&end_d=31&end_m=12&end_y=2013

Changes in the index of OMX Vilnius, OMX Baltic Benchmark and the price of the Bank’s shares from 2009 to 2013 are presented by the chart below:



Data of the chart:

Index/shares	01/01/2009	31/12/2013	+/-, %
■ OMX Baltic Benchmark GI	228.12	613.508	168.94
■ OMX Vilnius	179.25	421.608	135.20
■ SAB1L	EUR 0.25	EUR 0.27	5.12

Source: website of NASDAQ OMX Vilnius AB
http://www.nasdaqomxbaltic.com/market/?pg=charts&lang=en&idx_main%5B%5D=OMXBBGI&idx_main%5B%5D=OMXV&add_index=OMXBBPI&add_equity=LT0000102253&idx_equity%5B%5D=LT0000102253&period=other&start_d=1&start_m=1&start_y=2009&end_d=31&end_m=12&end_y=2013

Capitalisation of the Bank was LTL 229.61 million (EUR 66.50 million) as of 31 December 2013, compared to LTL 187.32 million (EUR 54.25 million) on 31 December 2012.

Capitalisation of the Bank's shares and NASDAQ OMX AB trading list in the Baltic market as of the last trading day of 2012 and 2013 is as follows:

	30/12/2012	30/12/2013	Change
Šiaulių Bankas – SAB1L	EUR 54,252,090	EUR 66,500,000	22.58 %
Baltic market, total	EUR 5,602,632,807.33	EUR 5,731,270,188.87	2.30 %

Source: website of NASDAQ OMX Vilnius AB

http://www.nasdaqomxbaltic.com/market/?pg=capital&list%5B%5D=BAMT&list%5B%5D=BAIT&period=other&start_d=1&start_m=1&start_y=2013&end_d=30&end_m=12&end_y=2013

The ratio between the market price of a Bank's share and earnings (P/E):

Indicator	31/12/2009	31/12/2010	31/12/2011	31/12/2012	31/12/2013
P/E	negative	negative	14.10	13.29	22.96

8. ACQUISITION OF OWN SHARES

The Bank and its subsidiaries or persons acting under the authorisation of the subsidiaries do not hold any shares of the Bank. The Bank has not acquired its own shares and has not transferred them to other entities.

9. INFORMATION ON COMPLIANCE WITH THE BANK'S PRUDENTIAL REQUIREMENTS

Over the accounting period the Bank executed all the prudential requirements stipulated by the Bank of Lithuania. Detailed information regarding the compliance with the standards is revealed in the Bank's explanatory note to the financial statements for 2013.

10. RISK MANAGEMENT

The Bank Group accepts, manages, analyses, and evaluates the risks arising from its activities. The purpose of risk management in the Bank Group is to ensure sufficient return on equity by managing risks in a conservative manner. By implementing an advanced risk management policy, the Bank Group seeks not only to minimize the potential risks as much as possible, but also to ensure the optimal risk and profit ratio as well as an effective distribution of capital.

The risk management policy is approved and its implementation is controlled by the Board of the Bank. It specifies the risks incurred in the activities of the Bank Group and the principles of the risk management system. The development of the proper risk management system, its constant improvement and application of its measures in the daily performance are among the key preconditions for the Bank Group activities in the long run. The procedures for the management of various types of risks prepared on the basis of the policy specify the principles of management of particular risks and ensure the integrity of the risk management process throughout the Bank Group.

The key types of risks that the Bank Group is exposed to include credit, market, liquidity, concentration, and operational risks. Market risk encompasses the risk of currency exchange rate, interest rate, and price of securities. More detailed information regarding the management of risks is provided in the chapter Financial Risk Management of the explanatory note to the financial statements for 2013.

The Bank Group revises its risk management policies and systems on a regular basis in consideration of market changes, new products, and newly emerging best practices.

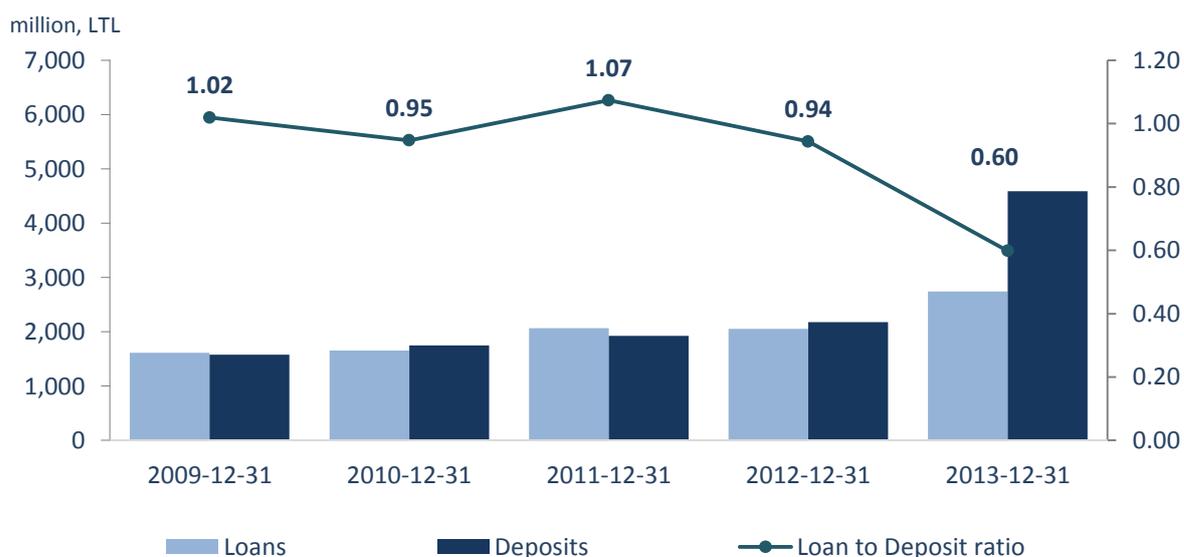
11. INFORMATION ON RESULTS OF PERFORMANCE

2013 proved to be a year of significant developments and changes. The Bank gained a much stronger foothold in the market and expanded its presence.

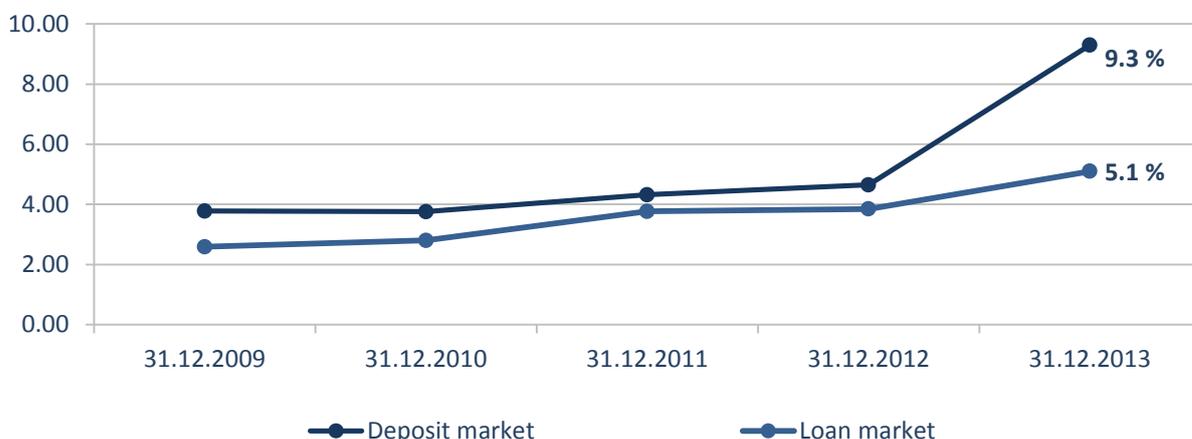
Following the announcement of the Board of the Bank of Lithuania that declared Ūkio Bankas insolvent and terminated its operation licence, on 23 February 2013, Šiaulių Bankas, the temporary administrator of Ūkio Bankas, and state enterprise Deposit and Investment Insurance signed a tripartite agreement on the transfer of a part of Ūkio Bankas assets and liabilities to the Bank. Within the shortest time practicable the Bank has re-opened 25 former outlets of Ūkio Bankas, expediently resumed the provision of services to former clients of Ūkio Bankas, and renewed access to their funds.

On 11 October 2013, KPMG Baltics submitted the Bank with the final evaluation of the assets and liabilities taken over from Ūkio Bankas, stating the total value of the liabilities and assets taken over by the bank respectively at LTL 2,725 million and LTL 1,798. At the end of Q4 of 2013, assuming its debt obligation with the Bank, the state enterprise Deposit and Investment Insurance covered LTL 128 million difference that occurred between the final and preliminary evaluation.

Purchase call options have been granted to ensure that the transferable asset value as established in the final evaluation was in line with the market. In accordance with the agreement signed by Šiaulių Bankas AB, the temporary administrator of Ūkio Bankas AB, and state enterprise Deposit and Investment Insurance on 23 February 2013 and its further amendments, the period for exercising a call option right with regard to the assets taken over from bankrupt Ūkio Bankas AB expired on 2 February 2014. Neither of five call options, during which part of the assets taken over by Šiaulių Bankas from Ūkio Bankas were made available for sales, has been exercised.



Over the year the Bank Group assets grew by more than 80 % to LTL 5.3 billion. The net value of the loan portfolio rose by more than a third in 2013 and reached nearly LTL 2.4 billion at the end of the year. According to data available at the end of 2013, the Bank was the sixth-largest lender on the banking market with a 5.2 % market share. Over the accounting period the deposit portfolio grew two-fold to over LTL 4.5 billion. The 9.7 % deposit market share allowed the bank advance to the fourth position among Lithuania-based banks.

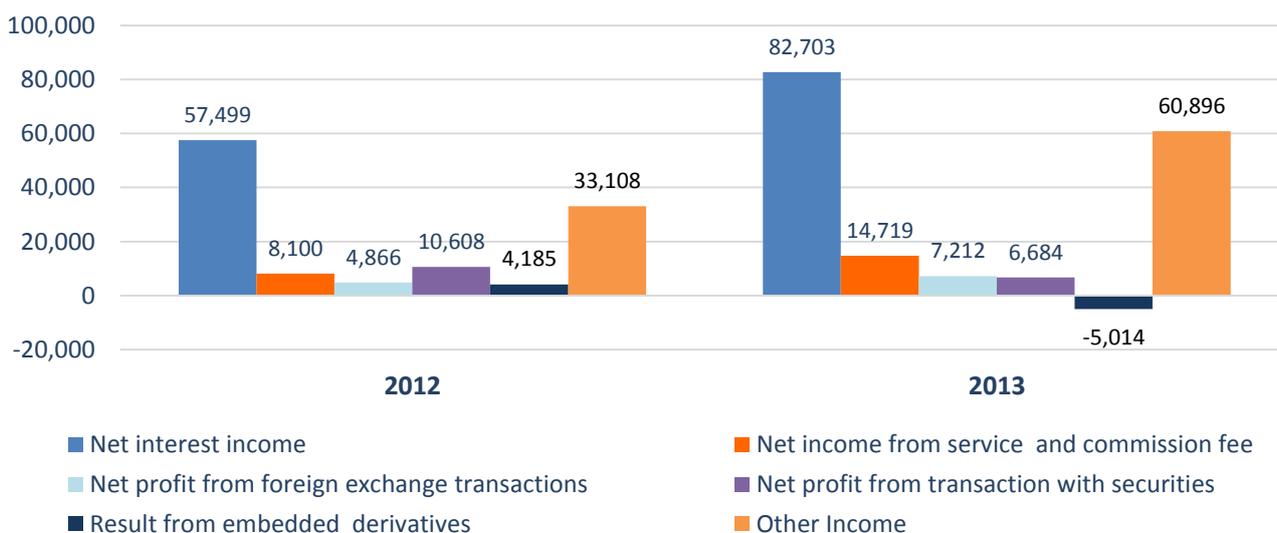


In 2013, the expanded Bank Group posted LTL 18.4 million net profit, or 41 % up from LTL 13.0 million in 2012. The Bank's net profit accounted for LTL 10.7 million in 2013 or 28 % down from LTL 14.9 million in 2012.

Compared with 2012, the Bank Group reported a 44 % rise in annual net interest income, or a total of LTL 83 million. The annual net fees and commissions income also picked up to LTL 14.7 million in 2013, i.e. 82 % up from 2012. The annual profit from foreign exchange transactions increased by 48 % to LTL 7.2 million.

Compared with the data of 2013 and earlier, it must be noted that the takeover of Ūkio Bankas assets and liabilities had a crucial impact on the Bank Group performance statistics for the previous year.

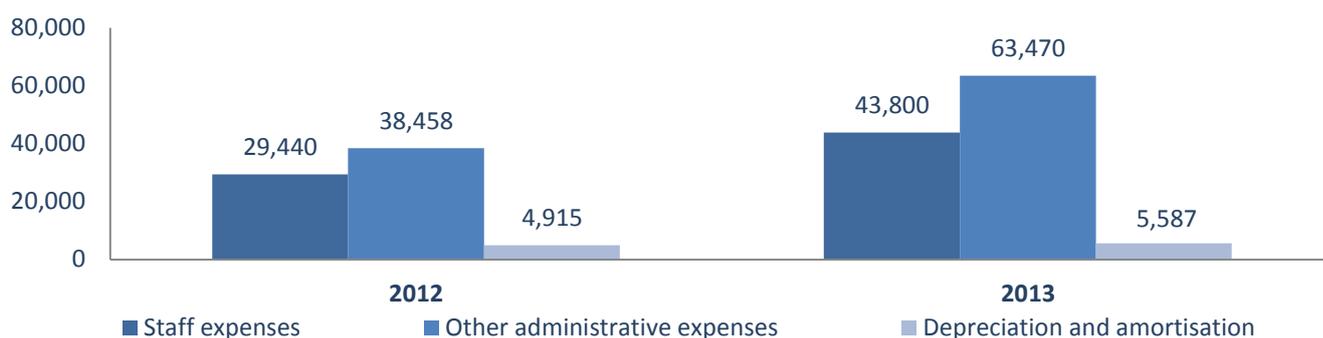
Group operating income:



Asset impairment produced a negative effect on the Bank Group operating results. Bank Group asset impairment as well as changes in the value of loans taken over from Ūkio Bankas resulted in annual impairment losses of LTL 50.5 million. These losses were partially covered by the repaid loans of former Ūkio Bankas clients and the positive impact of the LTL 12.2 million was accounted for in other Bank Group income items. In the light of this, the actual annual impairment losses reached LTL 38.4 million.

Changes in the operating expenses are also attributed to the takeover of Ūkio Bankas assets and liabilities. In 2013, the Bank Group reported LTL 112.8 million in operating expenses, which is 55 % more than in 2012.

Group operating costs:



Increased operating costs affected the Bank Group performance as well. The expense-to-income ratio stood at 65.8 %, while annual return on equity (ROE) and return on assets (ROA) respectively reached 5.8 % and 0.3 %.

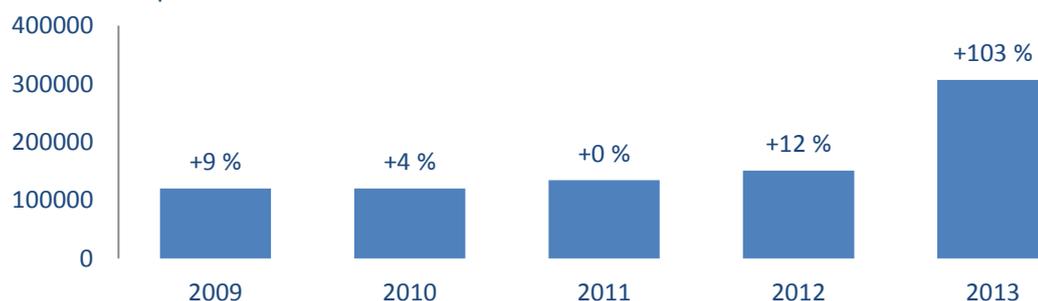
		Profitability ratios, %				
		2009	2010	2011	2012	2013
Bank	Costs / income	75.71	63.78	58.87	45.55	50.88
	ROAA	-1.47	-1.10	0.49	0.52	0.20
	ROAE	-11.22	-9.47	4.61	4.79	3.36
Financial group	Costs / income	71.81	62.77	59.13	45.94	50.77
	ROAA	-1.53	-1.09	0.53	0.54	0.16
	ROAE	-11.74	-9.38	4.87	4.90	2.65
Group	Costs / income	78.42	67.85	60.44	59.40	65.84
	ROAA	-1.71	-1.28	0.49	0.46	0.34
	ROAE	-13.07	-11.20	4.63	4.24	5.79

As at 31 December 2013, the Bank complied with all the prudential requirements stipulated by the Bank of Lithuania:

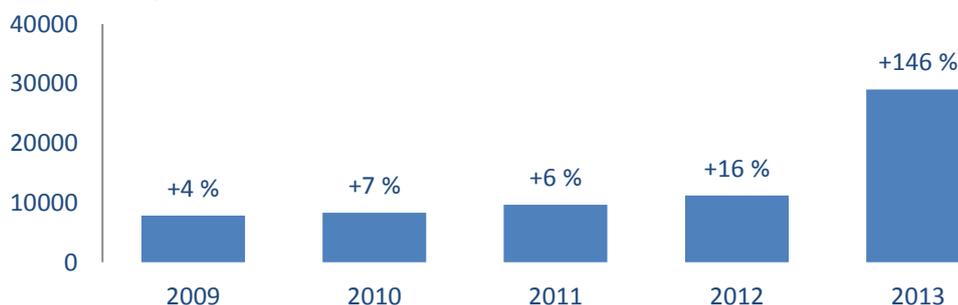
Profitability ratios, %		Stipulated requirements	2009	2010	2011	2012	2013
Bank	Capital adequacy	> 8 %	13.90	14.06	13.05	12.81	11.40
	Liquidity	> 30 %	38.23	46.00	38.36	42.78	53.94
	Maximum exposure per borrower	< 25 %	24.56	21.68	21.36	22.33	19.62
	General open position in foreign currency	< 25 %	0.31	0.55	0.49	1.02	2.04
Financial group	Capital adequacy	> 8 %	13.94	14.17	13.12	13.00	11.60
	Maximum exposure per borrower	< 25 %	24.38	21.50	21.42	22.04	19.38
	General open position in foreign currency	< 25 %	0.31	0.54	0.49	1.00	2.02
Group	Capital adequacy	> 8 %	13.90	14.02	12.95	12.64	11.14
	General open position in foreign currency	< 25 %	0.31	0.55	0.49	1.02	2.06

In 2013, the Bank expanded its network of customer service points to 77, operating in 38 Lithuanian cities and towns. The number of clients increased significantly, too, with the segment of corporate clients rising by 146 % to 29,000 and that of private clients expanding two-fold to 307,000.

Growth in the number of private clients:



Growth in the number of corporate clients:



The Bank's clients had access to 230 ATMs across 56 Lithuanian cities and towns. At the end of 2013, the service of cash withdrawal or deposit to the Bank clients' payment card accounts was available at as many as 1,800 terminals operated by Perlo Paslaugos UAB all over Lithuania.

12. ACTIVITY PLANS AND FUTURE OUTLOOK

The recovering country's economic market, alongside with the strengthening SME sector and occurring new businesses create favorable conditions for the Bank to grow, to achieve better profitability indicators, to improve the quality of its assets, and to increase the loan portfolio.

In short-term the Bank is planning to focus on synergy which has occurred at the Bank after the transaction with Ūkio bankas - a large part of Ūkio bankas assets and liabilities has been taken over as well as the part of the employees, which alongside with the new technological systems allow systematizing and improving the Bank's internal processes, generating higher revenue, and increasing efficiency. Moreover, much attention shall be paid on improving the quality of customer service.

The Bank has been operating in the market for 22 years as a universal bank - it works with both the corporate and private customers, however the greatest experience the Bank has gained in the field of small and medium enterprises (SME). The Bank is going to continue strengthening its exclusive competence and promoting the SME development in Lithuania. Currently the Bank is actively involved in various programmes for SMEs – it is extending credits with the EIF portfolio guarantees, offering risk-shared products under the JEREMIE programme, micro-credits under microfinance facility „Progress“, etc. The Bank plans to continue expanding the range of services provided to SMEs.

The Bank is also an active participant of the programmes Government of the Republic of Lithuania aimed at increasing the efficiency of energy of the multi-apartment buildings, therefore, the renovation of the multi-apartment buildings shall also remain an important area of the Bank's activities.

The development of the private clients' base is going to be consistent, however, the Bank applying the experience and knowledge of its team, will continue to ensure the rapid, simple, and high-quality customer service. The number of the clients which increased after the transaction with Ūkio bankas is dictating the need to improve the quality of services, to invest in products that customers consider important, and to pay the greater attention to the modernization and development of the electronic channels.

The Bank operates with the prospects of further growth and higher returns to its investors. The following actions shall be taken at the Bank in 2014:

- realization of the possibilities of business profitability improvements, which occurred after the completion of the takeover process of Ūkio bankas' assets and liabilities, shall be started;
- the loan portfolio shall be increased using the excessive liquidity reserves;
- the capital base shall be subject to strengthening;
- the investments into the information technologies ensuring the improvement of the customer servicing quality as well as development of the rendered services shall be increased.

13. KEY EVENTS OVER THE ACCOUNTING PERIOD

Key events of 2013:

- on 15 January, Vilnius-hosted closing event of the United Nations Development Programme (UNDP) project in Lithuania titled GATES: Social and Environmental Business Initiatives, dedicated to promote corporate social responsibility in the region, recognised the Bank as the corporate social responsibility leader in the region of Šiauliai and awarded it for the drive to promote responsible business ideas.
- on 7 February, an agreement was signed with the European Investment Bank (EIB) for the extension of cooperation on the multi-apartment housing renovation programme under JESSICA financing scheme (the

original agreement was signed in 2011) which will lead to additional EUR 12 million (LTL 41.4 million) allocated to the Bank;

- on 13 February, the Bank announced that following the decision of the Bank of Lithuania to restrict operations of Ūkio Bankas the Bank was ready to enter into negotiations with the Bank of Lithuania regarding the takeover of Ūkio Bankas banking operations in Lithuania in an effort to fast-track the restarting of Ūkio Bankas' operations and maintaining the stability of the financial system.
- on 23 February, Šiaulių Bankas AB, the temporary administrator of Ūkio Bankas AB, and the state enterprise Deposit and Investment Insurance signed an agreement on the transfer of a part of Ūkio Bankas assets and liabilities to the Bank;
- on 28 March, the Bank held a General Shareholders Meeting and decided to increase the Bank's authorised capital with LTL 15,142,467 from the Bank's funds, i.e. from LTL 234,857,533 to LTL 250,000,000, issuing 15,142,467 new ordinary registered shares and distributing them free-of-charge among the shareholders of the Bank pro rata to the number of shares they held at the moment;
- on 31 May, the Bank registered amendments to its Charter with an increased authorised capital of LTL 250,000,000 and with the newly issued shares assigned to the shareholders' equity accounts;
- on 6 August, the Bank opened a new customer service point (CSP) in Nida, which is the only financial service outlet in Neringa;
- on 13 September, Šiaulių Bankas and the European Investment Bank (EIB), manager of the Jessica holding fund in Lithuania, signed a EUR 40 million loan agreement to boost energy-efficient programmes across the country's urban areas;
- on 3 October, for the second consecutive year the Bank received the Straight-Through Processing Award from the German bank Commerzbank, an award acknowledging that more than 97 % of international remittances with Commerzbank are processed automatically in the payment system without any manual intervention involved;
- on 11 October, KPMG Baltics submitted Šiaulių Bankas AB with the final assessment of the assets and liabilities taken over from Ūkio Bankas under the Agreement on the Transfer of Ūkio Bankas Assets and Liabilities signed by Ūkio Bankas AB, Šiaulių Bankas AB, and state enterprise Deposit and Investment Insurance on 23 February 2013;
- on 29 November, the Bank received an exclusive acknowledgement in the prestigious bank awards held under the auspices of the magazine The Banker, an international magazine published by The Financial Times, which recognised Šiaulių Bankas the Bank of the Year 2013 with the largest national capital;
- on 3 December, the Bank opened Šeduva Customer Service Point (CSP) in Šeduva, Radviliškis, increasing the number of the Bank's outlets to 77;
- on 16 December, it was announced that Audrius Žiugžda, the Deputy Chairman of the Board and Chief Executive Officer of Šiaulių Bankas, decided to end his work at the Bank (Mr Žiugžda stepped down as the Bank's CEO on 31 January 2014);
- on 23 December, the Board of Šiaulių Bankas appointed Vytautas Sinius as the new Chief Executive Officer of the Bank, with the decision coming into force on 1 February 2014.

14. SOCIAL RESPONSIBILITY

Forming part of the UN international initiative Global Compact since 2008, the Bank has joined businesses and other organisations worldwide to align its business practices with the principles covering the areas of human rights, labour, environment, and anti-corruption.

In 2013, after the takeover of a part of Ūkio Bankas assets and liabilities, the number of staff rose sharply at the Bank, thus over the accounting period major attention has been focused on employee adaptation: departments held introduction events, employee training, common after-work activities, and the initiation ceremony for the newcomers.

Over the accounting period the Bank launched a programme to prepare supervisors across service outlets, organised training sessions to client service managers on efficient sales and mentoring, and Bank employees were given an opportunity to expand their knowledge at project management training, attend seminars on multi-apartment housing renovation, INVEGA training on loans and guarantees under Funded Risk Sharing Product (FRSP) scheme, etc.

As part of the employee motivation for their qualified work, implemented projects, significant achievements and initiatives, the Bank offered bonuses on a quarterly basis. On the occasion of the Bank's anniversary all employees have been acknowledged for their input and offered bonuses.

In autumn, the Bank employees embarked on the traditional trip, which this time took them to Vilnius, visiting the Taujėnai manor on the way, and followed by a literature trip *Silva Rerum*, and finally completed with the *Barbora Radvilaitė* ballet at the National Opera and Ballet Theatre.

Other traditional events organised for Bank employees in 2013 included the summer sports and fun event, the Christmas gala, and the Employee of 2013 acknowledgement and award ceremony.

The Bank cares for its employee health and welfare, thus each of them has a 24-hour worldwide insurance coverage for accidents that could lead to injury, disability or fatality.

The Bank's volunteer blood donation campaign successfully continues thanks to employees' kind support and willingness to engage. For several years now the Bank has been promoting healthy nutrition and active lifestyle habits among its employees: the Bank offers partial compensation of gym subscription expenses.

In 2013, for the first time the Bank participated in the conference *Enterprising* (Lith. *Veikli*) for women, which was attended by more than 600 women from all over Lithuania. In the presentation delivered by the Bank representatives they discussed issues of financial management, shared insight on effective financial management, and introduced the financial products offered by the Bank to help clients save money or carry through a business idea.

In 2013, the Bank signed a cooperation agreement with Vytautas Magnus University in an effort to bridge the gap between science and business, encourage cooperation through newly launched and implemented joint projects, improved study quality for students, also developing their practical skills and contributing to the education of qualified employees. Two students of Vytautas Magnus University have been awarded nominal grants by the Bank for their academic achievements and the aspiration to grow.

In 2013, the Bank paid major attention to vocational orientation of youth and their introduction to banking operations and the banker's occupation. For the second consecutive time the Bank representatives participated in the Junior Colleague Day organised by the Lithuanian Junior Achievement in the framework of a partnership programme with the schools. Over 50 students visited the Bank's offices in Alytus, Panevėžys, Šiauliai, Kaunas,

and Tauragė to get a hands-on experience of the banking career and daily work. Among them were the students from Šiauliai Juventa pro-gymnasium and Šiauliai Simonas Daukantas gymnasium.

Representatives of the Bank's Vilnius unit met with the students of Vilnius College, got introduced with the concept of VIKO Bank and took a tour of the education institution's premises to get a closer look at its facilities and the information system Forpost.

In 2013, the Bank was engaged in supporting a number of social initiatives. As usual, the Bank supported local events of both larger and smaller cities, including Klaipėda Sea Feast, Šiauliai Days 777, Marijampolė Harvest Feast Sūduvos Kraitė, Days of Plungė, Anniversary of Utena, and Varėna Farmers' Feast. For many years now the Bank has been sponsoring the 1 September celebration outside the Presidential Palace, organised by the Musician Foundation. The Bank also contributed financial support to the following events: 12th running marathon Amber Sea Mile, Lithuanian Equestrian Championship in Jusaičiai, first-time Lithuanian Club Team Badminton Championship in Tauragė, sailing events, 600th anniversary of Samogitia baptism in Telšiai, Klaipėda Castle Jazz Festival, etc.

Over the accounting period the Bank also started cooperation with the donation website www.aukok.lt.

15. DIVIDENDS PAID

The Bank does not have an established procedure for the allocation of dividends. The decision on the payment of dividends is made on an annual basis by the General Shareholders Meeting while distributing the Bank's profit.

The table below shows data on the dividends paid by the Bank in the past five years:

	2009	2010	2011	2012	2013
Percentage of nominal value	0.00	0.00	0.00	0.00	0.05
Dividends per share, LTL	0.00	0.00	0.00	0.00	0.005
Total dividends, LTL	0.00	0.00	0.00	0.00	1,174,288
Dividend to net profit ratio, %	0.00	0.00	0.00	0.00	7.89

TAXATION OF DIVIDENDS—legal entity profit taxation is governed by the Law on Corporate Income Tax of the Republic of Lithuania of 20 December 2001 No IX-675 and Government resolutions and legal acts adopted in accordance with the aforementioned law. Dividends are subject to a 15 % tax. Dividends received by a Lithuanian entity controlling 10 % of voting shares for an uninterrupted period of at least 12 months are not subject to corporate income tax (granted further conditions described in Chapter VII of the Law on Corporate Income Tax of the Republic of Lithuania are satisfied). Dividends received by foreign entities are subject to a corporate income tax rate of 15 %. Dividends paid to a foreign entity which controls at least 10 % of voting shares for an uninterrupted period of at least 12 months are not subject to taxation, except for the cases where the foreign entity receiving the dividends is registered or otherwise organised in target territories.

Resident income tax is governed by the Law on Personal Income Tax of the Republic of Lithuania of 2 July 2002 No IX-1007 with its later amendments and resolutions adopted in accordance with the aforementioned law. As of 1 January 2014, the dividends received are subject to a 15 % tax duly deducted and paid to the budget by the Bank.

16. PRINCIPLES OF INTERNAL AUDIT CONTROL

The goals, functions, activity organisation, rights, duties, and responsibility of the Internal Audit Department are laid down in the Department's regulations and internal audit methodology. These documents are prepared in line with the Law on Banks of Lithuania of the Republic of Lithuania, resolutions of the Government of Lithuania and

the Bank of Lithuania as well as other legal acts of the Republic of Lithuania that govern banking activity, International Accounting Standards, International Internal Audit Standards, the Code of Ethics, the general provisions on the internal audit organisation in the Bank as approved by the Board of the Bank of Lithuania, the Charter of the Bank, the decisions by the General Shareholders Meeting, the Supervisory Council, Internal Audit Committee, and the Board of the Bank.

As part of its activity the Internal Audit Department performs audit of operations related to finances, compliance, activity, management, and information systems. The goal of internal audit is to perform an independent and unbiased examination and control, offer a systematic and comprehensive assessment and pave the way for new improvements to the banking activity risk management, efficacy of internal control systems, assist the Bank in the implementation of its goals, ensuring that internal audit goals are accomplished at minimum cost and internal control functions are implemented effectively.

Activity of the Internal Audit Department is based on the current year's operational plan and the strategic operational plan for 2014-2016 (documents approved by the Internal Audit Committee).

Activity of internal auditors conforms to the principles of:

- **GOOD FAITH**, performing the functions in good faith, diligently, responsibly, in accordance with the laws, avoiding any illegal activities or any actions that could compromise internal auditor's occupation and the Bank, to respect the lawful and ethical goals of the Bank and contribute to their implementation;
- **OBJECTIVITY**, avoiding any activity or relations that are or could be potentially harmful to their impartiality or be in conflict with the Bank's interests, refuse any gifts in order to avoid any prejudice in their professional opinion, and reveal all the relevant facts available to them;
- **CONFIDENTIALITY**, responsibly using and keeping information obtained when performing their functions and avoid using the information for personal gain;
- **COMPETENCE**, providing exclusively those services for which they have the relevant knowledge, skill and experience, providing internal audit services in compliance with international internal audit standards, pursuing constant professional growth, improving the quality and efficacy of services.

The Internal Audit Department is directly accountable to the Internal Audit Committee and reports to it no less than once every quarter of the year.

The goal of the Internal Audit Committee is to monitor the preparation of the Bank's financial statements, the efficacy of the Bank's internal control, risk management and internal audit systems, the processes of external and internal audit performance, to discuss the information submitted by internal audit on the examinations conducted, shortcomings identified and their elimination, the implementation of internal audit operational plans, ensuring the independence of internal audit activity.

The Internal Audit Committee consists of four members, including an independent member of the Bank's Supervisory Council. The functions of the Internal Audit Committee are laid down in the Internal Audit Committee's regulations (approved by the Supervisory Council of the Bank). Once a year the Internal Audit Committee reports on its activity to the Supervisory Council of the Bank.

Prior to the performance of each audit, the representatives of the Internal Audit Department prepare an audit programme that describes the objective, the scope, and the time frame in which the audit is completed. The audit programme is discussed with the director of the Internal Audit Department. In consideration of the comments and suggestions by the Internal Audit Department, the Bank's executives approve the plan of the implementation of recommendations presented in the internal audit report. In view of the significance of the conclusions and recommendations presented in the report, the director of the Internal Audit Department authorises responsible employees to ensure the control (follow-up) of the implementation of the recommendations.

The post-audit follow-up includes the monitoring of the elimination of shortcomings identified by external auditors and the Bank of Lithuania as well as the implementation of recommendations.

The director of the Internal Audit Department informs the Bank's executives on a quarterly basis about the recommendations proposed during inspections and their implementation.

17. EXTERNAL AUDIT

In 2013-2014, the Bank was audited by PricewaterhouseCoopers UAB (head office at J. Jasinskio str. 16B, 01112 Vilnius, phone (8 5) 2392 300, fax (8 5) 2392 301, company registered 29.12.1993 with the registration No UĮ 93-369, company code 111473315). The company was selected after the Board interviewed a number of international audit companies and discussed their offers. The selection of the audit company is based on the reputation risk, the price of service and other factors. On 29 March 2012, the General Shareholders Meeting decided to entrust PricewaterhouseCoopers UAB with the Bank's audit performance, setting the price of service provision at LTL 124,000 (excluding VAT).

On 6 August 2013, the price of service for the audit of 2013 was revised to LTL 189,000 (excluding VAT) by the decision of the Extraordinary Shareholders Meeting, revoking the previous decision of the General Shareholders Meeting. The price increase was due to the positive part of assets of Ūkio Bankas AB taken over by the Bank in 2013 and consequent increase in the scope of the audit.

In 2013, the audit company was paid LTL 60,000 by the Bank for additional consulting services and reports on prudential requirements that were not related to the auditing services. In 2012, the audit company did not receive any additional payment.

18. RELATED PARTY TRANSACTIONS

Members of the Supervisory Council and the Board act in the interest of the Bank and its shareholders and avoid any conflict of interest. Any transactions with the executives of the Bank are concluded in accordance with market conditions. The regulation stipulating the work of the Board provides that a member of the Board must avoid any conduct that could cause a conflict of interest. Prior to starting the term of office as the member of the Board, the candidate must reveal all the information to the Bank that could potentially cause a conflict of interest and keep the relevant information constantly updated. Board members abstain from voting and participating in the Board meeting that addresses a question pertaining to his/her activity in the Board or his/her responsibility as well as issues that could be related to the Board member's interest or cases where the absence of the Board member's impartiality could pose any risk.

Each prospective member of the Supervisory Council must inform the General Shareholders Meeting of any occupation and duties exercised as well as details of how such activity is connected with the Bank or other legal entities involved with the Bank.

In the Bank, transactions with the executives are separated from the rest of the transactions by means of technology and the amounts of such transactions are shown in the explanatory note to the financial statements for 2013.

The Bank follows a conflict of interest policy that establishes the requirements for internal procedures and measures that help identify and manage any circumstances that may give rise to a conflict of interest related to the provision of the banking services and specifies the ways and actions to be followed in case such conflicts arise. The policy applies to all Bank employees and executives, including members of the Board and the Supervisory Council. Apart from other measures described in the policy, the person in charge of performing internal control is also responsible for monitoring those financial transactions that could potentially cause a conflict of interest and

must immediately report of any instances of procedural violations in writing to the Internal Audit Committee and the Board of the Bank.

19. INFORMATION ON ADVERSE TRANSACTIONS

Over the accounting period no adverse transactions were concluded in conflict with the Bank's goals, normal market conditions, interests of the shareholders or other groups of entities, or those that had or could have a negative impact on the Bank's activity or its operational results. Also, no transactions were concluded in relation to conflicts of interest among Bank executives or the interests and (or) duties that controlling shareholders or other related parties have in the Bank.

20. ASSESSMENT OF INTERNAL CONTROL AND RISK MANAGEMENT

The risk management system of the Bank Group consists of the risk management policy of the Bank, individual procedures of the Bank's risk management, the internal control system and internal audit.

In order to avoid conflict of interests, the outlets of the Bank which perform risk management functions are separated from the outlets direct activities of which are related to the occurrence of different types of risks of the Bank.

Since various risks encountered by the Bank are interdependent, their management is made centralised. One of the main tasks of the Bank's Risk Management Committee is the arrangement and coordination of the management system of risks encountered by the Bank.

The risks incurred in the activities of the Bank Group as well as the principles of their management are defined by the Risk Management Policy of the Bank. The Bank distinguishes the following key activity risk areas: concentration risk; credit risk; liquidity risk; operational risk; market risk (interest rate risk, foreign currency risk, securities price risk).

The Bank's Remuneration Policy is an integral part of the Bank's risk management system. The Remuneration Policy is coordinated with the Bank's strategy, the level of assumed risks, the Bank's objectives, values and long-term vision.

Before calculating the internal capital requirement necessary to ensure its stable performance, the Bank performs annual self-assessment. This process allows identifying all the risks faced by the Bank in its activities, defining their level, assessing the impact of the risks on the Bank's income and capital.

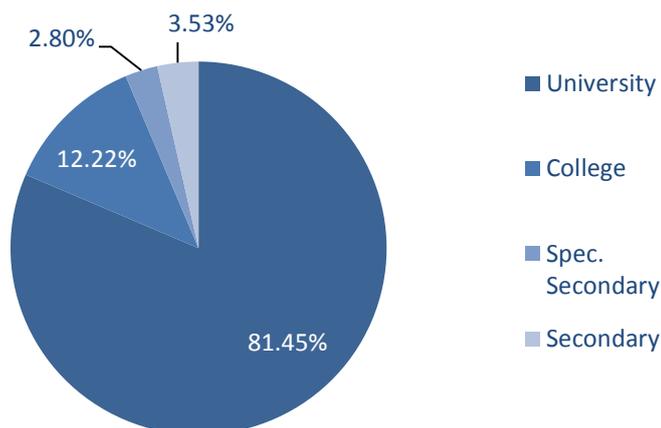
Compliance with and arrangement of the internal control environment as well as its monitoring are considered as one of the integral parts of the Bank's operational risk management process. The Bank's internal control is an integral and continuous part of the daily activities of the Bank. It operates at every level of the Bank's management and processes, its elements are integrated into procedures of each process, regulation and are an integral part of them. The compliance function in the Bank is decentralised, i.e. its individual parts are executed by individual outlets / persons in accordance with the functions assigned to them in their job descriptions, departmental regulations or other internal regulations of the Bank.

The assessment of the Bank Group's internal control system, compliance audit and risk management is performed by the Bank's Internal Audit Department, which informs the Bank's Internal Audit Committee and the Bank's Board regarding the detected shortcomings or violations.

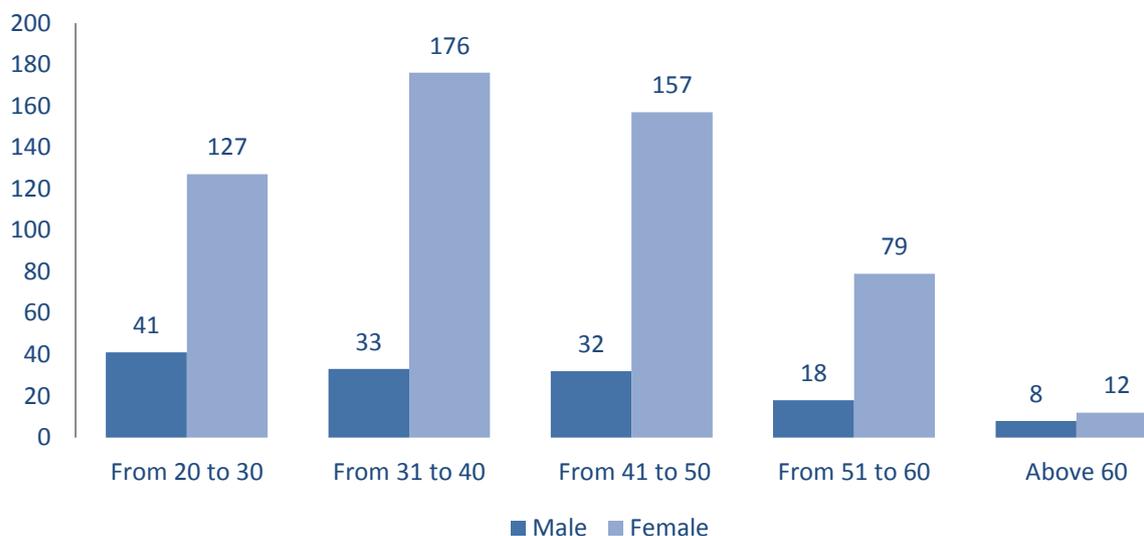
21. EMPLOYEES

As of December 31, 2013 the Bank employed 680 staff members. In comparison with 2012, the number of employees in the Bank increased by 41 % over the accounting year. The increase of the number of employees was driven by the takeover of part of liabilities and assets of the bank Ūkio Bankas. At the end of the reporting period the enterprises of the Bank Group employed 761 staff members.

The structure of the Bank employees' education in terms of their level of education, as of December 31, 2013:



The structure of the Bank employees in terms of their age and gender, as of December 31, 2013:



PERSONNEL STRATEGY

To create environment that allows attracting and selecting professional and loyal employees who deliver the best results.

THE TEAM OF THE BANK'S EMPLOYEES

The takeover of part of liabilities and assets of Ūkio Bankas and the obligation to society regarding the opening 25 former outlets of Ūkio Bankas in the shortest time possible has mobilised all employees of the Bank towards a common goal. The employees of the Bank demonstrated their focus, discipline and ability to master new services and IT systems within a very short time-frame, which in turn ensured professional service of customers both of the Bank and the former Ūkio Bankas.

RELATIONS WITH EMPLOYEES

The Bank fosters long-term employment relations with its employees.

TRAINING OF EMPLOYEES

With the purpose of expertly and efficiently training the new personnel who started working at the Bank in 2013, a new employees training project was implemented throughout the first half of the accounting year. Each customer service outlet selected competent and communicative employees-supervisors of the Bank who are the best capable of fulfilling the Bank's objectives. Specialists from the Bank's centre outlets prepared special training programmes for them. The supervisors give the new employees of the Bank trainings and consultations at their workplace and help them to address difficult work situations.

In the second half of 2013, over 300 customer service specialists of the Bank took part in the Active Sales seminars given by external consultants. The training imparted not only theoretical knowledge but also valuable guidance on the formation of practical skills needed for daily work. With the purpose of developing greater responsibility in senior specialists for the sales results of an outlet, more active involvement and help to their colleagues, senior specialists additionally had the topics on teamwork coordination, mentoring and teamwork efficiency in their training programme.

In accordance with the specificities of their work, the management of the Bank and outlets took part in the Project Management seminar and events.

MOTIVATION

The Bank Group applies various motivation measures to stimulate the employees. The employees receive bonuses on a quarterly basis for the implementation of targets set by the Bank and individual outlets as well as for individual goals. Each year the Bank holds traditional election of the Person of the Year as well as sports and leisure event of the Bank in summer. Careful treatment of the staff, their insurance against the accidents, preventive healthcare, payouts in case of accident in the employee's family, presents on personal occasions, bonuses to the employees with the longest work experience on the occasion of the Bank's birthday and gym memberships are the additional benefits provided by the Bank to its employees.

Average monthly salary of the relevant employee group before taxes:

Employee group	2009		2010		2011		2012		2013	
	Average number of employees	Average monthly salary in LTL	Average number of employees	Average monthly salary in LTL	Average number of employees	Average monthly salary in LTL	Average number of employees	Average monthly salary in LTL	Average number of employees	Average monthly salary in LTL
Management	8	17 106	8	14 910	12	23 568	11	24 207	11	29 228
Workers	454	1 980	441	1 967	418	2 476	411	2 780	609	2 925

THE BANK DOES NOT HAVE AGREEMENTS WITH THE EMPLOYEES FORESEEING COMPENSATIONS in cases of their resignation or dismissal without reasonable grounds or in case their capacities would be cancelled due to changes in the Bank's control.

THE BANK ALSO IS NOT THE PARTY OF MATERIAL AGREEMENTS which would become effective, would be amended or terminated due to changes in the Bank's control.

22. REMUNERATION POLICY

The information is prepared and published implementing the requirements set by the cl. 25 of the resolution No. 03-175 dated December 10, 2009 of the Board of the Bank of Lithuania on Amending the Minimal Requirements

for Employee Remuneration Policies in Credit Institutions. The Bank acts in compliance with the Remuneration Policy approved by the Supervisory Council of the Bank on May 2, 2013.

RELATION BETWEEN REMUNERATION AND OPERATING RESULTS

The Bank uses the following elements of the remuneration system:

- the fixed remuneration agreed upon in the labour contract;
- the variable remuneration (quarterly bonuses to employees and annual premiums to employees in the position which can have a significant impact on the risks assumed by the Bank);
- single time payouts / allowances (payouts not relating to the Bank's results);
- other benefits.

Alongside with other factors (the specifics of the labour market and sector, employee's professional qualification, experience, etc.), the principles of remuneration establishment are also related with the employee's performance results. It means that the annual performance evaluation of the employee is taken into consideration while establishing individual salaries and amounts of the variable remuneration. The variable remuneration depends on the achievements of the Bank, also the Bank's outlet where the person is employed as well as on the achievement of his/her personal objectives.

The variable remuneration can be paid to all employees of the Bank, however, the provisions applicable to the positions which might have a significant impact on the risks accepted by the Bank, in all cases must comply with the principles of the payment of the variable remuneration set by the Remuneration policy: a share of the variable remuneration is paid in the form of the Bank's financial instruments (the Bank's shares) and the payment of the variable remuneration is subject to deferment.

THE CRITERIA FOR ASSESSMENT OF PERFORMANCE RESULTS, CORRECTION OF REMUNERATION IN COMPLIANCE WITH THE RISKS, CRITERIA OF REMUNERATION ASSIGNMENT AND DEFERMENT PRINCIPLES

While assessing the achievement of the set out objectives, the quantitative and qualitative criteria are taken into consideration. While evaluating the employee's achievements, not only the achievement level of the set out personal objectives, financial results of the outlet but also non-financial/non-quantitative contribution, i.e. relations with customers, colleagues, compliance with the standards, implementation of the internal regulations, policies and procedures, proactiveness, responsibility, improvement of activities, etc are taken into consideration.

In compliance with the requirements set out the Bank of Lithuania, the Remuneration Policy provides the list of employees whose professional performance may have a significant impact on the risks assumed by the Bank. As of December 31, 2013, a total of 21 employees of the Bank and 26 employees of the Bank's financial group were included into the mentioned category (as of December 31, 2012, also 21 employees of the Bank and 26 employees of the Bank's financial group).

The variable remuneration can be decreased or not paid if the Bank's performance results do not comply with the indicators foreseen in the strategy or in case when the Bank is operating at a loss.

The deferred and retained share of the variable remuneration is corrected (decreased) in cases when the Board of the Bank or the Bank's supervisory authority determines any of the following events:

- The Bank's financial position is not sustainable (the conclusion that the Bank faces liquidity problems or there is a real threat that it might face liquidity problems or will become insolvent) *or*;
- if after paying out the accrued Fund of the Variable Remuneration, the Bank's financial position becomes unsustainable, *or*,
- in case of other material events causing threats to the continuity of the Bank's activities (big loss is incurred, the Bank fails in meeting the prudential requirements set by the Bank of Lithuania, etc.)

Given the possible risks related to the assessed annual results of the employee whose professional performance may have a significant impact on the risks assumed by the Bank, payment of not less than 40 % of the variable remuneration is subject to 3 (three) years of deferment, paying it out in equal shares. 50 % of the variable

remuneration which is paid out immediately and of the deferred remuneration is paid in the form of the Bank's shares, which are subject to three-month period of transfer restriction.

THE CRITERIA OF ASSESSMENT OF PERFORMANCE RESULTS WHICH SERVE AS THE BASIS FOR THE RIGHT TO THE BANK'S SHARES, FINANCIAL INSTRUMENTS RELATING TO THE SHARES, OTHER INTEGRAL PARTS OF THE VARIABLE REMUNERATION

The right to the Bank's shares as a share of the variable remuneration is based on the same criteria of the assessment of the performance as to the monetary share.

THE PROCESS OF DECISION-MAKING, DEFINING AND REVIEWING THE POLICY PRINCIPLES, INCLUDING THE INFORMATION ON THE REMUNERATION COMMITTEE (COMPOSITION AND AUTHORISATIONS), EXTERNAL CONSULTANTS IF THE SERVICES OF THE LATTER HAD BEEN USED WHILE PREPARING THE POLICY

The Remuneration Policy is reviewed annually. The suggestions regarding the principles of remuneration are submitted by the Remuneration Committee. The Remuneration Policy is approved by the Supervisory Council of the Bank, while the Board of the Bank bears responsibility for its implementation. The services of external consultants have not been used while preparing the Remuneration Policy.

The composition of the Remuneration Committee was approved by the Supervisory Council of the Bank on May 2, 2013. The Remuneration Committee is authorised to the following:

- competently and independently evaluate the variable remuneration principles which are a part of the Remuneration Policy,
- supervise the variable remuneration of the management personnel responsible for the risk management and control of compliance,
- prepare draft resolutions on the variable remuneration which are subject to the adoption by the Bank's Supervisory Council, taking into account the long-term objectives of the Bank's shareholders and investors,
- provide proposals on the principles of the variable remuneration and creation and application of the models of calculation,
- perform other functions needed for improvement, assessment and supervision of the Remuneration Policy of the Bank and its efficiency.

THE GENERAL QUANTITATIVE INFORMATION ABOUT REMUNERATION IN TERMS OF BUSINESS AREAS

No business areas are distinguished within the Bank.

THE GENERAL QUANTITATIVE INFORMATION ABOUT REMUNERATION TO EMPLOYEES, DISTINGUISHING THE MANAGEMENT OF THE BANK. THE TOTAL AMOUNTS OF THE FIXED AND VARIABLE REMUNERATION AND THE NUMBER OF RECIPIENTS

The Bank's data (thousand, LTL):

2012	Fixed share of remuneration	Variable share of remuneration	Number of recipients
Management (Board members)	2 010	258	7
Employees	13 916	2 029	423
Total:	15 926	2 287	430
2013	Fiksuotoji atlygio dalis	Kintamoji atlygio dalis	Gavėjų skaičius
Management (Board members)	2 462	323	7
Employees	21 012	2 338	613
Total:	23 474	2 661	620

The Financial Group's data (thousand, LTL):

2012	Fixed share of remuneration	Variable share of remuneration	Number of recipients
Management (Board members)	2 413	292	12
Employees	14 954	2 118	459
Total:	17 367	2 410	471
2013	Fiksuotoji atlygio dalis	Kintamoji atlygio dalis	Gavėjų skaičius
Management (Board members)	2 889	387	12
Employees	22 141	2 430	651
Total:	25 030	2 817	663

THE AMOUNTS OF THE VARIABLE REMUNERATION DIVIDED INTO MONETARY PAYOUTS, PENSION CONTRIBUTIONS, THE BANK'S SHARES, FINANCIAL INSTRUMENTS RELATING TO THE SHARES, OTHER FINANCIAL OR NON-MONETARY INSTRUMENTS FOR 2012

The Bank's data:

Shares of the variable remuneration:	
Monetary payouts	396 thousand LTL
The Bank's shares	486 thousand units
Pension contributions	-
Financial instruments relating to the shares	-
Other financial or non-monetary instruments	-

The Financial Group's data:

Shares of the variable remuneration:	
Monetary payouts	441 thousand LTL
The Bank's shares	541 thousand units
Pension contributions	-
Financial instruments relating to the shares	-
Other financial or non-monetary instruments	-

THE AMOUNTS OF OUTSTANDING DEFERRED VARIABLE REMUNERATION FOR 2012, DIVIDED INTO PARTS ASSIGNED AND NON-ASSIGNED TO THE EMPLOYEES

The Bank's data:

The deferred share of the variable remuneration	
Monetary payouts	158 thousand LTL
In shares	194 thousand units

The Financial Group's data:

The deferred share of the variable remuneration	
Monetary payouts	176 thousand LTL
In shares	216 thousand units

THE AMOUNTS OF THE DEFERRED VARIABLE REMUNERATION ASSIGNED OVER THE FINANCIAL YEAR, PAID OUT AND CORRECTED IN ACCORDANCE WITH THE PERFORMANCE RESULTS

Not paid.

THE AMOUNT AND NUMBER OF RECIPIENTS OF THE GUARANTEED VARIABLE REMUNERATION AS FORESEEN BY THE NEW AGREEMENTS AND PAYMENTS RELATING TO THE TERMINATION OF THE AGREEMENT OVER THE FINANCIAL YEAR

The guaranteed variable remuneration is not foreseen.

ASSIGNMENT OF PAYMENTS RELATING TO THE TERMINATION OF THE AGREEMENTS OVER THE FINANCIAL YEAR, THE NUMBER OF RECIPIENTS AND THE BIGGEST AMOUNT ASSIGNED PER PERSON

In 2013, the Bank did not terminate any labour contract with the management of the Bank.

THE REASONS AND CRITERIA OF ASSIGNMENT OF THE SHARE OF THE VARIABLE REMUNERATION AND ALL THE OTHER BENEFITS RECEIVED NOT IN CASH

Following the requirements set by the Bank of Lithuania and the Remuneration Policy, the non-cash variable remuneration can be assigned only in the form of the Bank's shares and only to those Bank's employees whose professional activities can have a significant impact on the risks assumed by the Bank.

OTHER INFORMATION WHICH, IN THE BANK'S OPINION, IS SIGNIFICANT

The outstanding amounts of the deferred share of the variable remuneration, divided into assigned and non-assigned shares to the employees; the amounts of the deferred variable remuneration assigned over the financial year, paid out and corrected in accordance with the results of performance are disclosed after their payment, i.e. after the general meeting of the Bank's shareholders together with the interim report for the year 2014.

23. MEMBERS OF THE COMMITTEES OF THE BANK, AREAS OF THEIR ACTIVITIES

The Loan, Internal Audit, Risk Management and Remuneration Committees are formed within the Bank. The functions, procedures of formation and the policy of activities of these committees are established by the legal acts of the Republic of Lithuania, legal acts of the Bank of Lithuania as well as provisions of the relevant committee, approved by the Board of the Bank and the Supervisory Council of the Bank.

- The Loan Committee is engaged in the analysis of loan application documents, decisions regarding granting of loans and amendment of their terms, assessment of risks of loans, proposals regarding loan granting, improvement of loan administration procedures and other functions foreseen by its provisions.
- The Internal Audit Committee decides on matters related to the strengthening of the Bank's internal control system and improvement of the internal audit division work, also guarantees the independency of the activities of the internal audit division, coordinates the distribution of the audit areas covered by internal and external auditors, considers other matters foreseen by the legal acts of the supervisory authority and provisions of the Internal Audit Committee. The composition, competences and arrangement of activities of the internal Audit Committee are defined by the Bank's Supervisory Council in compliance with the laws and the legal acts of the supervisory authority.
- The Risk Management Committee performs the functions relating to the efficiency of the Bank's activities, taking into consideration the acceptable risk parameters and integrating the management of the interest rates, capital and liquidity and performs other functions foreseen by its provisions.
- The Remuneration Committee evaluates the variable remuneration policy, practice and incentives created in order to manage the risks assumed by the Bank, its capital and liquidity, supervises the variable remuneration of the employees responsible for risk management and control of compliance, prepares draft resolutions regarding the variable remunerations and performs other functions foreseen by its provisions.

Data of the members of the committees as of December 31, 2013:

Full name	Beginning / end of tenure	Share of capital under the right of ownership, %	Job
Internal Audit Committee			
Ramunė Vilija Zabulienė	29/03/2012 / 2016	0.00	Public body ArsDomina VšĮ
Sigitas Baguckas	29/03/2012 / 2016	0.65	Namų Statyba, UAB
Vytautas Junevičius	29/03/2012 / 2016	0.13	Company Group Alita, AB
Rimantas Purtulis	29/03/2012 / 2016	0.10	Registered individual activity under a business certificate of the resident of Lithuania
Risk Management Committee			
Donatas Savickas	29/05/2012 / constantly operating	0.11	Šiaulių Bankas AB
Jolanta Dūdaitė	29/05/2012 / constantly operating	0.00	Šiaulių Bankas AB
Pranas Gedgaudas	29/05/2012 / constantly operating	0.01	Šiaulių Bankas AB
Morena Liachauskienė	29/05/2012 / constantly operating	0.00	Šiaulių Bankas AB
Vytautas Sinius	29/05/2012 / constantly operating	0.08	Šiaulių Bankas AB
Loan Committee			
Vytautas Sinius	27/03/2012 / constantly operating	0.08	Šiaulių Bankas AB
Edas Mirijauskas	27/03/2012 / constantly operating	0.01	Šiaulių Bankas AB
Danutė Gaubienė	27/03/2012 / constantly operating	< 0.01	Šiaulių Bankas AB
Daiva Kiburienė	27/03/2012 / constantly operating	0.07	Šiaulių Bankas AB
Aurelija Pociūtė	27/03/2012 / constantly operating	< 0.01	Šiaulių Bankas AB
Giedrius Sarapinas	27/03/2012 / constantly operating	0.01	Šiaulių Bankas AB
Donatas Savickas	27/03/2012 / constantly operating	0.11	Šiaulių Bankas AB

Remuneration Committee			
Gintaras Kateiva	02/05/2013 / constantly operating	6.24	Litagra UAB
Živilė Skibarkienė	09/05/2011 / constantly operating	0.06	Šiaulių Bankas AB
Pranas Gedgaudas	13/08/2012 / constantly operating	0.01	Šiaulių Bankas AB
Gintaras Kateiva	02/05/2013 / constantly operating	0.24	Litagra UAB

24. MANAGEMENT BODIES OF THE BANK

The management bodies of the Bank are as follows: the general meeting of shareholders of the Bank, the Supervisory Council of the Bank, the Board of the Bank and the chief executive officer (the head of the Bank).

THE GENERAL MEETING OF SHAREHOLDERS OF THE BANK is convened annually, not later than three months after the end of the financial year. The convening right of the meeting is held by the Board of the Bank, the Supervisory Council of the Bank, shareholders with 1/10 of all votes. The Law on Companies establishes circumstances in which the general meeting of shareholders can be convened by other persons as well.

The general meeting of shareholders is arranged, voting is held and resolutions are made in accordance with the procedures established by the Law on Companies. In cases when the meeting cannot take place due to the absence of a quorum (more than ½ of all votes), the general meeting of shareholders will be re-convened where only the agenda from the failed meeting is valid.

Exclusively the general meeting of shareholders:

- amends the Charter of the Bank, except in cases provided by the laws,
- amends the head office of the Bank,
- elects members to the Supervisory Council of the Bank,
- recalls the Supervisory Council of the Bank or its members,
- elects and recalls an audit company to audit the annual financial statements, sets the terms of payment for audit services,
- approves the set of annual financial statements of the Bank,
- establishes the class, number, par value and minimum issue price of the shares issued by the Bank,
- decides on:
 - issuing of convertible bonds,
 - cancellation of the preference right to purchase shares or convertible bonds of the Bank of a given emission to all of the shareholders,
 - conversion of the Bank's shares of one class into another, approval of the share conversion procedures,
 - allocation of profit (loss),
 - making, use, reduction and cancellation of reserves,
 - increase of authorised capital,
 - reduction of authorised capital, except the cases provided by the laws,
 - purchase by the Bank of own shares,
 - reorganisation or demerge of the Bank, approving terms of such reorganisation or demerge,
 - restructuring of the Bank,
 - liquidation of the Bank, cancellation of liquidation of the Bank, except the cases provided by the laws,
- selects and cancels the Bank's liquidator, except the cases provided by the laws.

The general meetings of shareholders of the Bank are always attended by the chairman of the Board of the Bank, the chief executive officer of the Bank, the chief financial officer of the Bank and other responsible persons.

THE SUPERVISORY COUNCIL OF THE BANK is a collegial body supervising the activities of the Bank. The Supervisory Council is chaired by its chairman. The eight-member Supervisory Council of the Bank is elected by the general meeting of shareholders for a term of four years. Members to the Supervisory Council are proposed to the meeting by the initiators of the meeting or shareholders owning 1/20 shares of the Bank. Candidates are proposed ahead of the meeting or during the meeting. Every candidate to the Supervisory Council of the Bank must inform the meeting where and what job he/she has, how his/her other activities are related to the Bank and to other legal persons related to the Bank. While electing members to the Supervisory Council, every shareholder has the number of votes equal to the product of the number of votes that he/she is entitled to by shares owned by him/her multiplied by the number of the members of the Supervisory Council to be elected. Shareholders distribute these votes at their discretion by voting for a single candidate or for several candidates. Candidates who receive the biggest number of votes are elected. One independent member has been elected to the Supervisory Council of this tenure. In accordance with the Bank's Charter the number of tenures of the Supervisory Council's member is not limited.

The Supervisory Council:

- elects members of the Board of the Bank and removes them from their office, makes recommendations to the Board regarding the candidature for the chairman of the Board. Advance approval of the Supervisory Council must be obtained before establishing the salaries of the Board members who hold other positions in the Bank, the chief executive officer of the Bank and his deputies, as well as other terms of labour contract. If the Bank operates at a loss, the Supervisory Council must consider the suitability of the Board members for their positions,
- elects members of the Internal Audit Committee,
- supervises the activities of the Board and the chief executive officer of the Bank,
- supervises the implementation of business plans of the Bank, analyses the Bank's income and expenses, own investments and capital adequacy issues,
- adopts the work regulation of the Supervisory Council,
- approves business plans of the Bank and annual budget,
- approves any type of policies related to the Bank's activities, including the risk management policy,
- approves the business strategy of every entity controlled by the Bank,
- ensures effective internal control system in the Bank,
- makes proposals and comments to the general meeting of shareholders on the Bank's strategy, the set of the Bank's annual financial statements, the draft of the profit (loss) distribution and the report on the Bank's activities, as well as activities of the Board and the chief executive officer of the Bank,
- approves Loan Granting Policy and sets procedures of borrowing, which is subject to Supervisory Council's approval,
- makes proposals to the Board and the chief executive officer of the Bank to cancel their resolutions that contradict the laws and other legal acts, the Bank's Charter or resolutions of the general meeting of shareholders,
- sets the list of transactions and resolutions for making or implementation of which the management bodies of the Bank must obtain the Supervisory Council's approval,
- makes decisions assigned to the Supervisory Council's competence in accordance with the procedures, approved by the Council; such procedures must be adopted by the Supervisory Council in accordance with the laws, the Bank's Charter and resolutions of the general meeting of shareholders,
- considers and decides on other matters which are subject to consideration or solution by the Supervisory Council, as provided for in the laws and the Bank's Charter, also in the resolutions adopted by the general meeting of shareholders.

A total of nine meetings of the Bank's Supervisory Council took place in 2013. None of the members of the Supervisory Council missed more than half of the meetings over the accounting period.

THE BOARD OF THE BANK is a collegial management body of the Bank, consisting of eight members. The Board manages the Bank, handles its matters and under the laws is responsible for the execution of the Bank's financial services. Procedures of the Board's work are set by the Board's work regulations. The Board is elected by the Supervisory Council of the Bank for a term of four years.

The Board considers and approves:

- the consolidated annual report of the Bank,
- the structure of the Bank management and positions and posts in which persons are employed through competitions,
- regulations of the branches, representative offices and other separate outlets of the Bank,
- procedures of the Bank's loan granting, following the Loan Granting Policy approved by the Supervisory Council of the Bank,
- procedures of issuing the Bank's guarantees, sureties and assumption of other liabilities,
- procedures of writing-off of the loans and other debentures,
- regulations of the Loan Committee and Risk Management Committee of the Bank,
- the Board elects (appoints) and removes from office the chief executive officer of the Bank and his deputies. The Board establishes the salary and other terms of labour contract with the chief executive officer of the Bank, approves his staff regulations, induces and imposes sanctions to the chief executive officer,
- the Board establishes the information to be considered commercial secret of the Bank and confidential information.

The Board adopts:

- decisions on the Bank becoming the incorporator, member of other legal entities,
- decisions on opening branches, representative offices and other separate outlets of the Bank as well as on termination of their activities,
- decisions on the investment, transfer or lease of long-term assets the book value whereof amounts to over 1/20 of the Bank's authorised capital (calculating separately for each kind of transaction),
- decisions on the mortgage or hypothecation of long-term assets the book value whereof amounts to over 1/20 of the Bank's authorised capital (a gross aggregate transaction is calculated),
- 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 authorised capital,
- decisions on the acquisition of long-term assets the price whereof exceeds 1/20 of the Bank's authorised capital,
- decisions on issuing of non-convertible bonds,
- the Board's work regulation,
- decisions on other matters the Board has to consider or solve under the laws and the Charter of the Bank.

The Board establishes:

- terms for the shares issue of the Bank,
- procedures for issue of the bonds of the Bank. When the general meeting of shareholders adopts a resolution regarding the issuing of convertible bonds, the Board is entitled to set additional terms of issuing and to approve bond subscription agreements, signed by the chief executive officer of the Bank or his authorised person,
- procedures and cases of employment in the Bank when the employees are engaged with the Board's approval.

The Board analyses and evaluates the material submitted by the chief executive officer of the Bank on:

- implementation of the Bank's strategy,
- arrangement of the Bank's activities,
- financial position of the Bank,
- results of economic activities, income and expenditure estimates, stock-taking data and other records of changes in assets.

The Board also analyses, assesses the Bank's set of annual financial statements and draft of the profit (loss) allocation and submits them to the Supervisory Council of the Bank and the general meeting of shareholders, also solves other matters of the Bank's activities if they are out of the other managing bodies' competence under the laws of the Republic of Lithuania or the Charter of the Bank.

The Board is responsible for convening and holding the general meetings of shareholders in due time.

CHIEF EXECUTIVE OFFICER OF THE BANK arranges everyday activities of the Bank and performs actions needed to perform his functions, to implement the decisions of the Bank's bodies and to ensure the Bank's activities.

Chief executive officer of the Bank:

- arranges everyday activities of the Bank,
- employs and dismisses employees, concludes job contracts with them and terminates them, induces them and imposes sanctions (the chief executive officer of the Bank is entitled to authorise another employee of the Bank to perform actions listed therein),
- without special authorisation represents the Bank in its relations with other entities, in court and arbitration,
- grants and cancels authorisations to represent the Bank and procurations,
- issues orders,
- performs other actions needed to perform his functions, implement decisions of the Bank's bodies and ensure the Bank's activities.

Chief executive officer of the Bank is responsible for:

- arrangement of the Bank's activity and implementation of its objectives,
- making of the set of annual financial statements and preparation of the Bank's annual report,
- making of a contract with a audit company,
- delivery of information and documents to the general meeting of shareholders, the Supervisory Council of the Bank and the Board of the Bank in the cases provided for by the laws or upon request,
- delivery of the Bank's documents and data to the custodian of the Register of the Legal Entities,
- delivery of the documents to the Bank of Lithuania and the Central Securities Depository of Lithuania,
- publication of the information, as prescribed by the laws and other legal acts, in the sources stated in the Charter of the Bank,
- information delivery to shareholders,
- execution of other duties, as prescribed by the laws, the Charter of the Bank and staff regulations of the chief executive officer of the Bank.

The chief executive officer of the Bank acts on the Bank's behalf and is entitled to make transactions at his sole discretion, except for the exceptions stated in the Charter of the Bank or the resolutions of the bodies of the Bank.

25. MEMBERS OF THE COLLEGIAL BODIES OF THE BANK

THE SUPERVISORY COUNCIL OF THE BANK:



Arvydas Salda

A member of the Supervisory Council of Šiaulių Bankas AB since 1991, chairman of the Supervisory Council since 1999.

Education:

Kaunas Polytechnic Institute, Vilnius University, applied mathematics.

Work experience:

a consultant of Šiaulių banko turto fondas UAB since 2004.



Sigitas Baguckas

Deputy chairman of the Supervisory Council of Šiaulių bankas AB since 2000, a member of the Council since 1991.

Education:

Vilnius Civil Engineering Institute, engineer-constructor.

Work experience:

Director of Namų Statyba UAB until 2007, a procurist since 2007.



Gintaras Kateiva

A member of the Supervisory Council of Šiaulių Bankas AB since 2008.

Education:

Vilnius Pedagogical Institute, teacher.

Work experience:

An advisor of the director of Litagros Chemija UAB (currently – Litagra) until 2005, chairman of the Board since 2005, director of Litagros Prekyba UAB until 2008.



Vigintas Butkus

A member of the Supervisory Council of Šiaulių Bankas AB since 2004.

Education:

Marijampolė School of Culture, director.

Work experience:

Director of Mintaka UAB since 2000, director of trading house Aiva UAB since 2002.



Vytautas Junevičius

A member of the Supervisory Council of Šiaulių Bankas AB since 2006.

Education:

Kaunas Polytechnic Institute, engineer-economist.

Vilnius University, expert of international economic relations.

Work experience:

CEO of Alita AB until 2009, the advisor of the CEO of the company group Alita AB from 2009 to 2011.



Peter Reiniger

A member of the Supervisory Council of Šiaulių Bankas AB since 2011.

Education:

Technical University of Budapest, engineer-mechanic, engineer of production organisation.

Work experience:

Director of the Business Group of EBRD until 2010, the managing director since 2010, the chief advisor of Executive Committee since 2011.



Ramunė Vilija Zabulienė

Independent member of Supervisory Council of Šiaulių Bankas AB since May of 2012.

Education:

Vilnius University, engineer-economist.

Work experience:

Member of the Board of the Bank of Lithuania, deputy chairperson of the Board until 2011. Director of public body ArsDomina VšĮ since 2012.



Alexander Saveliev

A member of the Supervisory Council of Šiaulių Bankas AB from August of 2013 to February of 2014.

Work experience:

Senior banker at EBRD, a consultant of Megabank of Ukraine, a member of the Supervisory Council and chairman of the Strategy Development Committee.

THE BOARD OF THE BANK:



Algirdas Butkus

Chairman of the Board of Šiaulių Bankas AB.

Education:

Kaunas Polytechnic Institute, MA of economy.

Work experience:

Chairman of the Board and CEO of Šiaulių Bankas AB from 1999 to February of 2011, the deputy CEO since February of 2011.



Vytautas Sinius

A member of the Board of Šiaulių Bankas AB, head of the Corporate Banking Division, CEO from February 1, 2014.

Education:

Vilnius Higher School of Economics, a bank officer. Vilnius University, BA of economy. Vytautas Magnus University, MA of business administration and management.

Work experience:

Director of the Retail Banking Division of SEB AB from 2006 to 2010, head of the Corporate Banking Division of Šiaulių Bankas AB since 2011.



Donatas Savickas

A member of the Board of Šiaulių Bankas AB, deputy CEO, head of the Finance and Risk Management Division.

Education:

Vilnius University, MA of economy. Vytautas Magnus University, MA of business administration and management.

Work experience:

Deputy chairman of the Board of Šiaulių Bankas AB since 1995, deputy CEO, head of the Finance and Credit Division since 2005, head of the Finance and Risk Management Division since 2011.



Daiva Kiburienė

A member of the Board of Šiaulių Bankas AB, deputy CEO, head of Šiauliai region.

Education:

Vilnius University, MA of economy. Vytautas Magnus University, MA of business administration and management.

Work experience:

Deputy chairperson of the Board of Šiaulių Bankas AB since 1998, deputy CEO, head of the Corporate and Retail Banking Division since 2005, head of Šiauliai region since 2011.



Vita Adomaitytė

A member of the Board of Šiaulių Bankas AB, chief financial officer, head of the Accounting and Reporting Division.

Education:

Vilnius University, MA of finance and credit.

Work experience:

Chief financial officer of Šiaulių Bankas AB since 2002, head of the Accounting and Reporting Division since 2005.



Jonas Bartkus

A member of the Board of Šiaulių Bankas AB, head of the IT Division.

Education:

Vilnius University, MA of mathematics.

Work experience:

Head of the Computerisation Department of Šiaulių Bankas AB since 2001, head of the Business Development Division since 2005, head of the IT Division since 2011.



Audrius Žiugžda

Deputy chairman of the Board of Šiaulių Bankas AB, CEO until January 31, 2014.

Education:

Vytautas Magnus University, MA of business administration and management.

Work experience:

Chairman of the Board and president of SEB AB from 2006 to 2009, advisor of CEO of TEO LT AB from 2010 to 2011, CEO of Šiaulių Bankas since February of 2011.

Full name	Beginning / end of tenure	A share of capital under the right of ownership, %	A share of votes together with related persons, %
Arvydas Salda	beginning 29/03/2012 / end 2016	2.59	42.93
Sigitas Baguckas	beginning 29/03/2012 / end 2016	0.65	42.93
Vigintas Butkus	beginning 29/03/2012 / end 2016	0.13	42.93
Vytautas Junevičius	beginning 29/03/2012 / end 2016	0.13	42.93
Peter Reiniger	beginning 29/03/2012 / end 2016	—	—
Gintaras Kateiva	beginning 29/03/2012 / end 2016	6.24	42.93
Ramunė Vilija Zabulienė	beginning 04/05/2012 / end 2016	—	—
Alexander Saveliev	beginning 06/08/2013 / end 2016	—	—
Algirdas Butkus	beginning 29/03/2012 / end 2016	3.83	42.93
Audrius Žiugžda	beginning 29/03/2012 / end 2016	0.59	42.93
Donatas Savickas	beginning 29/03/2012 / end 2016	0.11	42.93
Vita Adomaitytė	beginning 29/03/2012 / end 2016	0.03	42.93
Daiva Kiburienė	beginning 29/03/2012 / end 2016	0.07	42.93
Vytautas Sinius	beginning 29/03/2012 / end 2016	0.08	42.93

The information regarding the participation of members of the collegial bodies and the chief financial officer in activities and capital of other enterprises is provided in the table below:

Full name	Participation in activities of other enterprises (company name, position)	Participation in capital of other enterprises (percentage in capital exceeding 5 %)
Arvydas Salda	Member of the Board of Klaipėdos LEZ valdymo bendrovė UAB Consultant at Šiaulių banko turto fondas UAB	—
Sigitas Baguckas	Procurist of Namų Statyba UAB	Namų Statyba UAB – 47.12 %
Vigintas Butkus	Director of trading house Aiva UAB Director of Mintaka UAB	Aiva UAB – 9.25 % Mintaka UAB – 9.80 %
Vytautas Junevičius	Senior advisor of Company Group Alita AB, member of the Supervisory Council. Chairman of the Board of Anykščių Vynas AB	Company Group Alita AB – 14.48 %
Gintaras Kateiva	Director General of Litagra UAB, chairman of the Board. Director of Litagros Mažmena UAB	Litagra UAB – 36.95 %
Ramunė Vilija Zabulienė	Director of public body ArsDomina VšĮ	Abiotek UAB – 50.00 %
Peter Reiniger	Chief advisor to the first deputy president and the Executive Committee	—
Algirdas Butkus	—	Trading house Aiva UAB – 66.35 % Visnorus UAB – 48.94 % Mintaka UAB – 68.08 %
Donatas Savickas	—	—
Audrius Žiugžda	Member of the Council of Vytautas Magnus University Member of the Board of Limarko laivininkystės kompanija AB	—
Vita Adomaitytė	—	—
Daiva Kiburienė	Chairperson of the Board of Kėdainių oda UAB	—
Vytautas Sinius	—	Public body Sporto Šaltinis VšĮ – 33.33 %
Jonas Bartkus	—	—

Total amounts of funds calculated over 2013 and average sizes per member of the collegial body as well as provided guarantees:

Members of management bodies	Number of persons	Total calculated amounts, LTL	Average sizes, LTL	Assets transferred, LTL	Guarantees provided, LTL
Members of the Council of the Bank	7	106 320	15 189	0	0
Members of the Board of the Bank	7	2 784 691	397 811	0	0
Chief executive officer and chief financial officer	2	756 484	378 242	0	0

Loans granted to members of the Supervisory Council and the Board of the Bank as of December 31, 2013:

Members of management bodies	Loans granted, thousand LTL
Members of the Supervisory Council of the Bank	5 283
Members of the Board of the Bank	990
Total:	6 273

26. DATA ON THE PUBLICLY DISCLOSED INFORMATION

The following information was publicly disclosed over 2013:

- 14/01/2013 – the calendar of the Bank's information to be announced to investors
- 11/02/2013 – pre-audited activity result of the Bank and the Bank Group for 2012
- 12/02/2013 – report on the assets in the bank Ūkio Bankas AB
- 12/02/2013 – information of the resolutions by the Board of the Bank and the Supervisory Council of the Bank
- 13/02/2013 – report on the signed letter of intent on negotiations with the temporary administrator of Ūkio Bankas AB
- 13/02/2013 – report of the European Bank for Reconstruction and Development
- 15/02/2013 – information on the application submitted to the Competition Council
- 19/02/2013 – Decision of the Board of the Bank of Lithuania on the transfer of the assets, rights, transactions and liabilities of Ūkio Bankas AB
- 20/02/2013 – interim information for 12 months of 2012
- 23/02/2013 – agreement on the takeover of the assets, transactions, rights and liabilities of Ūkio bankas AB is signed
- 23/02/2013 – agreement on subordinated loan is signed
- 25/02/2013 – report on the takeover of the assets, transactions, rights and liabilities of Ūkio bankas AB
- 28/02/2013 – information on the conditions of the takeover of the assets, transactions, rights and liabilities of Ūkio bankas AB
- 04/03/2013 – information to shareholders of Invalda AB whose securities accounts were with Ūkio Bankas AB
- 04/03/2013 – documents on the transfer of the assets and liabilities of Ūkio Bankas are signed
- 07/03/2013 – convocation of the ordinary general meeting of shareholders of the Bank
- 07/03/2013 – draft resolutions prepared by the Board of the Bank for the ordinary general meeting of shareholders to be held on 28/03/2013
- 08/03/2013 – corrected draft resolutions prepared by the Board of the Bank for the ordinary general meeting of shareholders to be held on 28/03/2013 (corrected annex to the notification);
- 20/03/2013 – report on the transfer and trade of securities of customers
- 21/03/2013 – rating granted by a rating agency

- 28/03/2013 – resolutions of the ordinary general meeting of shareholders of the Bank held on 28/03/2013
- 29/03/2013 – annual report
- 19/04/2013 – pre-audited activity result for the first quarter of 2013 of the Bank and the Bank Group
- 26/04/2013 – information on dividend payment policy
- 29/04/2013 – report regarding concluded transactions relating to payment of the variable remuneration in form of the Bank's shares
- 02/05/2013 – completion act to the agreement on the transfer of the assets and liabilities of Ūkio Bankas AB is signed
- 17/05/2013 – interim information for three months of 2013
- 04/06/2013 – registration of the amended Charter of the Bank after the increase of the authorised capital
- 15/07/2013 – convocation of the extraordinary general meeting of shareholders of the Bank and report on the draft resolutions prepared by the Board of the Bank
- 19/07/2013 – pre-audited operating results of the Bank and the Bank Group for six months of 2013
- 06/08/2013 – resolutions of the extraordinary general meeting of shareholders of the Bank
- 20/08/2013 – interim information for six months
- 11/10/2013 – information on the received assessment report of assets and liabilities
- 18/10/2013 – pre-audited operating result of the Bank and the Bank Group for nine months of 2013
- 20/11/2013 – interim information for nine months
- 20/11/2013 – notification regarding the deprivation of voting rights
- 16/12/2013 – report on the resignation of Chief Executive Officer Audrius Žiugžda
- 23/12/2013 – report on the replacement of Audrius Žiugžda with Vytautas Sinius in the position of the chief executive officer
- 23/12/2013 – the calendar of information to be announced to investors in 2014
- Reports regarding the transactions with the Bank's shares entered by the Bank's management.

In accordance with the procedures set by the Articles of Association of the Bank and the legal acts of the Republic of Lithuania all material events are made public in the Central regulated information base and on the Bank's website at www.sb.lt. Reports on the meetings of shareholders are additionally announced in the daily Lietuvos Rytas.

27. PROCEDURES OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Articles of Association of the Bank may be amended only by a resolution of the general meeting of shareholders with 2/3 majority of votes, except exclusive cases defined by the law.

28. INFORMATION REGARDING THE COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Bank operates in compliance with the many standards set in the Corporate Governance Code. Information about the Bank's compliance with particular articles of the Corporate Governance Code is provided in the annex to the present report together with the set of financial statements of 2013 and is also made available on the website of the Bank at www.sb.lt.

Chief Executive Officer



Vytautas Sinius

6 March 2014.

ŠIAULIŲ BANKAS AB

Report on the compliance with the Governance Code for the companies listed on the NASDAQ OMX AB Vilnius

Šiaulių bankas AB, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and 24.5 clause of the listed rules on NASDAQ OMX AB Vilnius, discloses its compliance with the Governance Code, approved by the NASDAQ OMX AB Vilnius for the companies which securities are traded on the regulated market, and its specific provisions.

PRINCIPLES/ RECOMMENDATIONS	YES / NO / NOT APPLICABLE	COMMENTARY
<i>Principle I: Basic Provisions</i> The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes/No	General purposes of the Bank, in attaining of which the Bank fulfils its mission, and the main business areas, aiming at exceptional competence, as well as plans are publicly declared in the Bank's notifications and are placed on the website of the Bank.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	
1.4. A company's supervisory and management bodies should ensure that the rights and interests not only of the company's shareholders but also of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	The rights and interest of the shareholders, employees, clients and other entities related to the bank's activities are respected; the bank works in compliance with requirements set by the Labour Code as well as with the provisions stated in the agreements between clients and suppliers.
<i>Principle II: The corporate governance framework</i> The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	Yes	The Bank's bodies include a general shareholders' meeting, the Bank's Supervisory Council, the Bank's Board and the chief executive officer.



<p>2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.</p>	Yes	<p>The Board performs the function of the Bank's management and bears responsibility for the performance of the Bank, while the supervision of the management bodies falls on the Bank's Supervisory Council.</p>
<p>2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.</p>	Not applicable	<p>Both bodies are formed at the Bank - the Bank's Supervisory Council and the Bank's Board.</p>
<p>2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.</p>	Yes	<p>The Supervisory Council is set up at the Bank. The candidates to the Supervisory Council are elected and the votes for them are given in compliance with procedures defined in the law. The right of small shareholders to have their own representative is not suppressed.</p>
<p>2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.</p>	Yes	<p>The Bank's Board consists of 7 members; the Supervisory Council consists of 8 members. Taking into consideration the Bank's size, scope of activities and the number of shareholders such number of members is the most optimal. Each member has one vote while the bodies are making decisions.</p>
<p>2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.</p>	Yes	<p>The term of tenure of the Bank's Board and Supervisory Council members is 4 years. According to the Bank's Charter members of management and supervisory bodies can be re-elect for the next tenure. Only the body of the Bank who elected a member of Supervisory council or a member of the Board can remove them.</p>
<p>2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to depart from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.</p>	Yes	<p>The Chairman of Supervisory Council have never been the Bank's chief executive officer, previous and current positions do not constitute a barrier for the implementation of independent and impartial supervision.</p>



<p><i>Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting</i> The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.</p>		
<p>3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.</p>	<p>Yes</p>	<p>General Shareholders' Meeting shall elect a Supervisory Council. Candidates to the Supervisory Council are proposed; voting is held by following the procedures set in the laws. The election procedure of the Supervisory Council member applied by the Bank established in the Law on Companies of the Republic of Lithuania is favorable for the combination of minority shareholders to elect their representative to the Council.</p>
<p>3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.</p>	<p>Yes/No</p>	<p>Information on the candidates to the Supervisory Council is provided before the shareholders' meeting if the members are suggested in advance. During the meeting the members to the Supervisory Council introduce information on them required by laws and answer the shareholders' questions before voting. Eligibility of the member to be elected to the Supervisory Council is assessed by the Bank of Lithuania. The Bank's annual and interim reports include the updated information on the collegial bodies' members' education, professional experience and current position.</p>
<p>3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.</p>	<p>Yes/No</p>	<p>While electing the members of the Supervisory Council, their particular competences relevant to his/her service are disclosed. The Bank supposes that it is suffice to meet the standards and provisions set in the Acts of Law of the Republic of Lithuania including the requirement approved by the resolutions of the Bank of Lithuania which indicates that people who are being elected and assigned into senior management have to receive the permission from the Bank of Lithuania to be appointed to the relevant positions.</p>
<p>3.4 In order to maintain a proper balance in terms of the current qualifications possessed by the members of collegial body, the collegial body should determine its desired composition with regard to the company's structure and activities, and evaluate this periodically. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration determination policy.</p>	<p>Yes/No</p>	<p>With regard to the fact that all the members of the collegial body receive licenses of the Bank of Lithuania to hold positions, it is considered that they possess necessary knowledge of and experience to properly implement the tasks. The members of the audit committee have knowledge in field of finance; an independent member is competent in the field of audit. The director of the Bank's Personnel department, who has knowledge and experience in the salary establishment policy, is a member of the Remuneration Committee</p>

<p>3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.</p>	<p>Yes/No</p>	<p>New members shall meet with their duties, the Bank and its activity. Annual verification is not performed subject to the condition that persons participating in the activity of the Bank and other organizations have sufficient knowledge and skills.</p>
<p>3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent members.</p>	<p>Yes</p>	<p>Performing their duties the members of the Supervisory Council seek avoiding the conflict of interests. The shareholders offering the candidates to the Supervisory Council and voting for them have their own opinion concerning which candidates will represent their interest in the Council best. There is 1 independent member in the Supervisory Council.</p>
<p>3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following:</p> <ol style="list-style-type: none"> 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); 5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group; 6) He/she is not and has not been, during the last three years, partner or employee of the current or former 	<p>Yes</p>	

<p>external audit company of the company or associated company;</p> <p>7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies;</p> <p>8) He/she has not been in the position of a member of the collegial body for over than 12 years;</p> <p>9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.</p>		
<p>3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.</p>		
<p>3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.</p>	Yes	While electing the independent member of the Council, he has been considered as independent. The Bank's annual report also contained information stating that the member of the Supervisory Council is independent.
<p>3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.</p>	Not applicable	The independent member of the Council meets all criteria of independence.
<p>3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds. The general shareholders' meeting should approve the amount of such remuneration.</p>	Yes/No	The bank has concluded the agreement with the independent Council member foreseeing the remuneration form the Bank's funds, however, according to the Law on Companies the confirmation of the size of the remuneration by the shareholders' meeting is not subject to the competence of the meeting.

<p><i>Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting</i> The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring of the company's management bodies and protection of interests of all the company's shareholders.</p>		
<p>4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance</p>	Yes	<p>The Supervisory Council performs all the control and monitoring functions within its competence assigned by the company regarding the management performance. The Supervisory Council shall submit its responses and offers to each General Shareholders' Meeting.</p>
<p>4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).</p>	Yes	<p>The members of the Supervisory Council act in good faith with regard to the Bank and according to the interest of the Bank and its shareholders but not of their own one or of the third parties trying to maintain their independence while making decisions. The independence of the members was not assessed.</p>
<p>4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.</p>	Yes	<p>The members of the Supervisory Council actively participate in the meetings and devote sufficient time to properly perform his duties as a member of the collegial body. The Bank does not provide information to its shareholders regarding the members' participation in meetings during the last financial year.</p>
<p>4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.</p>	Yes	
<p>4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.</p>	Yes/No	<p>All the transactions between the Bank and shareholders as well as between supervisory and managing members are concluded according standard conditions performing usual banking activities. Not all transactions of the Bank are approved by the collegial body. The Bank's Supervisory Council defines a list of transactions and resolutions the formation and implementation of which are subject to the Supervisory Council's approval.</p>



<p>4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using their services with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that they would not at the same time advise the affiliated company, executive director or members of management body.</p>	<p>Yes</p>	<p>The work and decisions of the Supervisory Council are not influenced by people who elected the members of this body. The members of the Supervisory Council have a right to receive the information and documents necessary for appropriate performance of their duties through the Bank's Board and Chief Executive Officer.</p>
<p>4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.</p>	<p>Yes/No</p>	<p>The Bank has formed the Audit Committee with an independent member as well as the Remuneration Committee. The Nomination Committee is not formed. The functions of this committee are performed by the Supervisory Council itself.</p>
<p>4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should act independently and based on integrity when exercising its functions as well as present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.</p>	<p>Yes</p>	



<p>4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to refresh membership and that undue reliance is not placed on particular individuals.</p>	<p>Yes/No</p>	<p>The Audit Committee consists of 4 members. It has an independent Council member. The Remuneration Committee consists of 4 members, the Chairman of the Committee is the member of the Bank's Supervisory Council, other members – the Bank's employees. The Nomination Committee is not formed.</p>
<p>4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.</p>	<p>Yes/No</p>	<p>The authority delegated to the Audit Committee as well as its accounting are set in the Committee's provisions approved by the Supervisory Council. The Bank announces the information on the activity's purposes as well as work directions of the Audit Committee in the Prospects of securities issue. This information as well as number of held meetings of Committee and the Committee's members' participation there is not provided in the annual report. The functions of the Remuneration Committee are defined by the Remuneration Policy approved by the Bank Board, Supervisory Council and the regulations of the Remuneration Committee. The Supervisory Council bears responsibility for the establishment of the principles of the Remuneration Committee and models of variable remuneration calculations. Information regarding the functions of the Remuneration Committee, composition of the Remuneration and Audit committees are declared in the Bank's annual report. However, information regarding the number of committee meetings and participation of the committee members herein is not declared there.</p>
<p>4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.</p>	<p>Yes</p>	<p>Other members of the management bodies who are not Committee's members participate in the meetings in case the Committee invites.</p>



<p>4.12. Nomination Committee.</p> <p>4.12.1. Key functions of the nomination committee should be the following:</p> <ol style="list-style-type: none"> 1) Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; 2) Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; 3) Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; 4) Properly consider issues related to succession planning; 5) Review the policy of the management bodies for selection and appointment of senior management. 	<p>No</p>	<p>There is no Nomination Committee at the Bank. The Supervisory Council itself performs the activity attributed to this Committee.</p>
<p>4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.</p>	<p>No</p>	<p>There is no Nomination Committee at the Bank. The Supervisory Council itself performs the activity attributed to this Committee.</p>
<p>4.13. Remuneration Committee.</p> <p>4.13.1. Key functions of the remuneration committee should be the following:</p> <ol style="list-style-type: none"> 1) Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; 2) Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; 3) Ensure that remuneration of individual executive directors and the member of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company; 4) Periodically review the remuneration policy (as well as the policy regarding share-based remuneration) 	<p>Yes/No</p>	<p>The Remuneration Committee at the Bank evaluates the principles of the variable remuneration, supervises the variable remunerations of managing employees responsible for risk management and control of compliance, prepares draft resolutions regarding variable remunerations which are approved by the Supervisory Council taking into consideration the long-term goals of the Bank's shareholders and investors. The Remuneration Policy is reviewed by the Supervisory Council at least once a year. The official salaries of the employees and senior managers are established or approved by the Bank's CEO, Board and Supervisory Council in accordance with the competence.</p>



<p>for executive directors or members of management body, and its implementation;</p> <ol style="list-style-type: none"> 5) Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; 6) Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); 7) Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. 		
<p>4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should:</p> <ol style="list-style-type: none"> 1) Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; 2) Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; 3) Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. <p>4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.</p>	Yes	
<p>4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general shareholders' meeting for this purpose.</p>	Yes/No	Information regarding the functions of the Remuneration Committee is published in annual reports and not accounted for during meetings of shareholders.
<p>4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following:</p> <ol style="list-style-type: none"> 1) Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); 2) At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; 3) Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; 4) Make recommendations to the collegial body related with selection, appointment, reappointment and 	Yes	The Audit Committee in the Bank consists of 4 members among who is the independent Council member.



<p>removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations;</p> <p>5) Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee;</p> <p>6) Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter.</p> <p>4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.</p> <p>4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.</p>		
<p>4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.</p> <p>4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.</p> <p>4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.</p>	<p>Yes</p>	



<p>4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.</p>	<p>Yes</p>	
<p>4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.</p>	<p>No/Yes</p>	<p>The Bank does not have practice of assessment of the Supervisory Council's performance and making it public. Information about the internal organization of Supervisory Council (chairman, deputy and members) is announced on the website of the Bank, annual and interim reports.</p>
<p><i>Principle V: The working procedure of the company's collegial bodies</i> The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.</p>		
<p>5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.</p>	<p>Yes</p>	<p>The Supervisory Council is chaired by the Chairman of the Supervisory Council, the Bank's Board is chaired by the Chairman of the Bank's Board. These persons are responsible for the proper convocation of the meeting of relevant collegial body and its handling.</p>
<p>5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month</p>	<p>Yes</p>	<p>The Meetings of the Supervisory Council are carried not less than 4 times a year. The interval between two meetings cannot be longer than 4 months. The Meetings of the Bank's Board are carried not less than once a month.</p>
<p>5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.</p>	<p>Yes</p>	

<p>5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.</p>	<p>Yes</p>	
<p><i>Principle VI: The equitable treatment of shareholders and shareholder rights</i> The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.</p>		
<p>6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.</p>	<p>Yes</p>	<p>The ordinary registered shares that comprise the Bank's authorized capital grant the same rights all their holders.</p>
<p>6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares</p>	<p>Yes</p>	<p>The rights provided by the newly issued shares are described in the Securities prospects.</p>
<p>6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.</p>	<p>No/Yes</p>	<p>The decisions regarding the long-term assets the balance value of which exceeds 1/20 of the Bank's authorized capital, purchase, pledge or hypothec as well as liabilities of other persons the amount of which exceeds 1/20 of the Bank's authorized capital are made by the Bank's Board. Shareholders are aware of important transactions by the Bank's announcement on stock events.</p>
<p>6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders.</p>	<p>Yes</p>	
<p>6.5. If is possible, in order to ensure the foreigners the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting, including decisions projects of the meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.</p>	<p>Yes</p>	



<p>6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.</p>	<p>Yes</p>	<p>The Bank's shareholders may participate in the general shareholders' meeting in person or through their representative. The voting is possible by filling the general voting bulletin.</p>
<p>6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies by providing opportunity to the shareholders to vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially foreigners, with the opportunity to watch shareholder meetings by means of modern technologies.</p>	<p>No</p>	<p>The Bank is not ready and does not suppose it is necessary to use the modern technologies in voting processes by allowing the shareholders to vote in general meetings via terminal equipment of telecommunications. Foreigner's shareholders participate in the meeting via their representatives, the voting instructions to whom usually provide with the SWIFT notifications.</p>
<p><i>Principle VII: The avoidance of conflicts of interest and their disclosure</i> The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.</p>		
<p>7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.</p>	<p>Yes</p>	
<p>7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.</p>	<p>Yes</p>	
<p>7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.</p>	<p>Yes</p>	<p>All the transactions with the members of the Bank's bodies are concluded in usual (standard) conditions. Information to the shareholders is provided in annual and interim reports.</p>
<p>7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.</p>	<p>Yes</p>	



<p><i>Principle VIII: Company's remuneration policy</i> Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.</p>		
<p>8.1. A company should make a public report of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration report should be published as a part of the company's annual statement as well as posted on the company's website.</p>	Yes/No	<p>The report of the Remuneration policy is prepared according to the requirements set by the resolution of the Board of the Bank of Lithuania. Information regarding implementation of the Remuneration policy is provided in the annual report and interim reports in the scope set by the valid requirements.</p>
<p>8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.</p>	Yes	<p>The Remuneration Policy report provides data about all employees and management, distinguishing the shares of the fixed and variable remuneration.</p>
<p>8.3. Remuneration statement should leastwise include the following information:</p> <ol style="list-style-type: none"> 1) Explanation of the relative importance of the variable and non-variable components of directors' remuneration; 2) Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; 3) An explanation how the choice of the activities' results evaluation criteria contributes to the long-term interests of the company; 4) An explanation of the methods, applied in order to determine whether the activities' results evaluation criteria have been fulfilled; 5) Sufficient information on provision periods with regard to variable components of remuneration; 6) Sufficient information on the linkage between the remuneration and activity's results; 7) The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 8) Sufficient information on the policy regarding termination payments; 9) Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13; 10) Sufficient information on retention of shares after vesting, as referred to in point 8.15 of this Code; 11) Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; 12) A description of the main characteristics of supplementary pension or early retirement schemes for directors. 13) The remuneration report can not contain confidential information in a commercial view. 	Yes/No	<p>The Remuneration Policy report is prepared according to the requirements set by the resolutions of the Board of the Bank of Lithuania, therefore, not all clauses specified in this Code are described. Considering the possible risks related to the evaluated annual results of the employee whose professional activities might have significant impact on the risks accepted by the Bank not less than 40 per cent of the variable remuneration is subject to 3 years of grace period paying in equal portions. Calculating the variable remuneration the performance results of the employee for the period not less than three years is taken into consideration. 50 per cent of variable remuneration paid immediately and deferred are foreseen to be paid in bank's shares with a 3 month grace period to the right of transfer. Referring to the Remuneration Policy approved by the Board, the variable remuneration including the deferred portion is paid only in case of sustainable financial status of the bank. The cases when the variable remuneration can be corrected (reduced) are specified in the Bank's internal procedures.</p>
<p>8.4. Remuneration report should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.</p>	No	<p>The report of the Remuneration policy is not prepared in compliance with the scope defined in the present clause.</p>

<p>8.5. Remuneration report should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year.</p> <p>8.5.1. The following remuneration and/or emoluments-related information should be disclosed:</p> <ol style="list-style-type: none"> 1) The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; 2) The remuneration and advantages received from any undertaking belonging to the same group; 3) The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; 4) If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; 5) Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; 6) Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. <p>8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed:</p> <ol style="list-style-type: none"> 1) The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; 2) The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; 3) The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; 4) All changes in the terms and conditions of existing share options occurring during the coming financial year. 	<p>No</p>	<p>According to the requirements set by the Bank of Lithuania the report reveals the average sizes of the remuneration. Other information defined in this documents is not published.</p>
<p>8.5.3. The following supplementary pension schemes-related information should be disclosed:</p> <ol style="list-style-type: none"> 1) When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; 2) When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. <p>8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.</p>	<p>No</p>	<p>According to the requirements set by the Bank of Lithuania the report reveals the average sizes of the remuneration. Other information defined in this documents is not published.</p>
<p>8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component of remuneration. The non-variable component of remuneration should be sufficient to allow the company not to pay variable components of</p>	<p>Yes</p>	<p>There are no particular limits set to the variable remuneration; however, it is underlined that it must not amount to a share of remuneration that would prompt an employee to disregard the long-term</p>



remuneration when activity's results evaluation criteria are not met.		objectives of the bank. Each year the principles of establishment of the variable remuneration, corresponding to the business objectives, strategy, long-term objectives of the Bank and fostering reliable and efficient risk management, are prepared. The variable remuneration is paid only in case of sustainable financial status of the bank.
8.7. Award of variable components of remuneration should be subject to predetermined and measurable activity's results evaluation criteria.	Yes	The amount of the variable remuneration is based on the general evaluation of the employee's, outlet's or bank's activity result.
8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.	Yes	The deferred portion of the variable remuneration applicable to the employees is not less than 40 per cent.
8.9. Contractual arrangements with executive or members of management bodies should include provision which permits the company to reclaim variable components of remuneration that was awarded on the basis of data which subsequently proved to be manifestly misstated.	No	The Remuneration policy foresees the review of the assignment of the differed portion of the variable remuneration and to pay it only in case the set goals and the results of the bank meet the goals set in the strategy.
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.	Not applicable	No principles of termination payments are foreseen by the Remuneration policy.
8.11. Termination payments should not be paid if the termination is due to inadequate activity's results	Not applicable	See section 8.10
8.12. The information on preparatory and decision-making processes, during which a remuneration policy of directors is being established, should also be disclosed. Information should include data, if applicable, on authorization and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	Yes/No	The official salaries of the employees and senior managers are established or approved by the Bank's CEO, Board and Supervisory Council in accordance with the competence. The principles of the variable remuneration are supervised and assessed by the Remuneration Committee which prepares draft resolutions regarding variable remunerations and submits them to the Supervisory for approval. If the services of the external consultant were used they would be specified in the report of the Remuneration Policy.
8.13. Shares should not vest for at least three years after their award in case the remuneration is share-based.	Yes/No	As foreseen by the Remuneration Policy not less than 40 per cent of the variable remuneration is subject to 3 years of grace period. 50 per cent of variable remuneration paid immediately and deferred are foreseen to be paid in bank's shares with a 3 month grace period to the right of transfer.



<p>8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable activity's results evaluated criteria.</p>	Yes/No	<p>Share options or any other right to acquire shares or to be remunerated on the basis of share price movements are not foreseen by the Remuneration Policy. 50 per cent of variable remuneration paid immediately and deferred are foreseen to be paid in bank's shares with a 3 month grace period to the right of transfer. The Remuneration policy foresees the review of the assignment of the differed portion of the variable remuneration and to pay it only in case the set goals and the results of the bank meet the goals set in the strategy.</p>
<p>8.15. After vesting, directors should retain a particular number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).</p>	No	<p>The share transfer is limited for a period of 3 month. No restrictions are foreseen after this period.</p>
<p>8.16. Remuneration of non-executive or supervisory directors should not include share options.</p>	Not applicable	<p>The members of the Supervisory Council are not subject to any form of remuneration.</p>
<p>8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general shareholders' meetings and make considered use of their votes regarding directors' remuneration.</p>	No	<p>The meeting for the work in the Supervisory Council can allocate to the Council members annual bonuses (tantiemes). Determination of the remunerations for the members of the Board under the structure of the bank's bodies is not the priority of the shareholders' meeting.</p>
<p>8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.</p>	No	<p>The Remuneration Policy and its implementation are the prerogative of the Remuneration Committee and the Council of the Bank. Therefore, the voting does not take place in the shareholders' meeting.</p>
<p>8.19. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.</p>	No	<p>See section 8.17.</p>
<p>8.20. The following issues should be subject to approval by the shareholders' annual general meeting:</p> <ol style="list-style-type: none"> 1) Grant of share-based schemes, including share options, to directors; 2) Determination of maximum number of shares and main conditions of share granting; 3) The term within which options can be exercised; 4) The conditions for any subsequent change in the 	No	<p>See section 8.17.</p>

<p>exercise of the options, if permissible by law; 5) All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.</p>		
<p>8.21. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.</p>	<p>Not applicable</p>	<p>Share options or any other right to acquire shares without remuneration on the basis of share price movements are not foreseen by the Remuneration Policy.</p>
<p>8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.</p>	<p>Not applicable</p>	<p>Employees of the bank or subsidiaries are not remunerated for the work with shares or share options or the other rights to acquire shares.</p>
<p>8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.</p>	<p>Not applicable</p>	<p>See section 8.17.</p>
<p>Principle IX: The role of stakeholders in corporate governance The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.</p>		
<p>9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.</p>	<p>Yes</p>	<p>The interest holders' rights are respected. The Bank obeys the agreements with the suppliers, creditors, and clients. The relations with employees are regulated by the labour contracts. The employees can provide offers in the filed improvement of work conditions. The Bank's employees participate in the Bank's authorized capital.</p>
<p>9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.</p>	<p>Yes</p>	



<p>9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.</p>	<p>Yes</p>	
<p><i>Principle X: Information disclosure and transparency</i> The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.</p>		
<p>10.1. The company should disclose information on: 1) The financial and operating results of the company; 2) Company objectives; 3) Persons holding by the right of ownership or in control of a block of shares in the company; 4) Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; 5) Material foreseeable risk factors; 6) Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; 7) Material issues regarding employees and other stakeholders; 8) Governance structures and strategy. This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.</p>	<p>Yes</p>	<p>The information disclosed in this section is submitted in annual and interim reports, in prospectus of securities issue and in the website of the Bank.</p>
<p>10.2. It is recommended to disclose the consolidated results of the whole group to which the company belongs when information specified in item 1 of Recommendation 10.1 is under disclosure.</p>	<p>Yes</p>	
<p>10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.</p>	<p>Yes/No</p>	<p>The information regarding the professional experience of the Supervisory Council and the Bank Board, and capacities taken in other companies is provided in the Annual Reports of the Bank and is available on the bank's website. The information regarding received remuneration of the particular person is not published. The information regarding income in average values is published in the Annual Report of the Bank.</p>
<p>10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.</p>	<p>Yes</p>	
<p>10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.</p>	<p>Yes</p>	



<p>10.6. Channels for disseminating information should provide for fair, timely and cost-efficient or in cases provided by the legal acts free of charge access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.</p>	<p>Yes</p>	
<p>10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.</p>	<p>Yes</p>	
<p>Principle XI: The selection of the company's auditor The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.</p>		
<p>11.1. An annual audit of the company's financial reports and annual reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements</p>	<p>Yes</p>	
<p>11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.</p>	<p>Yes</p>	<p>The candidate for the Bank's audit agency is provided by the Bank's Board to the General Shareholders' Meeting in compliance with the results of audit agency review. The opinion of the Supervisory Council regarding the audit agency is provided during the Meeting.</p>
<p>11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.</p>	<p>Not applicable</p>	<p>In 2013, the bank paid an audit company 60,000 LTL for additional consultations and confirmation of statements on prudential requirements.</p>

Chief Executive Officer

Vytautas Sinius

6 March 2014.