

# Description of the general conditions of the deposit certificates issuance No.45 (LTL)

This Description presents information about the Deposit Certificates issued by the Public Limited Liability Company Bank SNORAS, risks associated with them, conditions and parameters of the specific emissions. Information about the issuer, his activity, financial status and other aspects is presented in the Bank's financial accountabilities and annual reports.

You can familiarize yourself with all documents in Brokerage Department of the Public Limited Liability Company Bank SNORAS (A. Vivulskio str.7) as well as on the website [www.snoras.lt](http://www.snoras.lt).

The Public Limited Liability Company Bank SNORAS in this Description can also be referred to as the Bank or the Issuer.

## DEPOSIT CERTIFICATE

The Public Limited Liability Company Bank SNORAS continues to distribute via the entire network of Bank SNORAS the money market financial instrument DEPOSIT CERTIFICATE, which has analogues in the Lithuanian market of financial instruments, however, is widely offered by foreign banks.

A deposit certificate, on the basis of the definition provided in LR Civil Code, is a written bank certificate about the monetary funds deposit, which entitles the depositor, after the established term expires, to regain the deposit and the interest.

- The deposit certificate is a simple saving/investment product.
- The deposit certificate resembles a liquid term deposit.
- The deposit certificate guarantees a fixed yield because the interest rate is known beforehand.
- The deposit certificate allows to choose the currency (LTL or EUR).
- The deposit certificate is a liquid product because the Bank undertakes to buy it entirely or partially prior to its redemption date.
- The deposit certificate guarantees a fixed revenue even if you do not keep it until the redemption date, i.e. if the investor keeps the deposit certificate for at least a month and sells it to the Bank, the Bank pays to the investor the deposit certificate value as well as the accrued interest.
- The deposit certificate can be presented or otherwise transferred to another legal or natural person.
- The deposit certificate interest is not taxable by the Residential Income Tax irrespective of the term of its keeping.

THE DEPOSIT CERTIFICATE IS NOT AN OBJECT OF DEPOSIT INSURANCE.

THE DEPOSIT CERTIFICATE IS DESIGNATED FOR PERSONS SEEKING TO RECEIVE A FIXED RETURN AND FOR WHOM THE LIQUIDITY OF THEIR INVESTMENT IS IMPORTANT.

## DEPOSIT CERTIFICATE ISSUER

Issuer's name:	Public Limited Liability Company Bank SNORAS
Date and place of incorporation:	17 <sup>th</sup> March 1992, Bank of Lithuania
Company (register) code:	112025973
Seat address:	A. Vivulskio str. 7, LT-03221 Vilnius
The right whereby the Issuer operates:	The right of the Republic of Lithuania
Phone numbers:	(8 5) 239 22 39
Fax numbers:	(8 5) 232 73 00
E-mail address:	info@snoras.com
Website:	www.snoras.lt
Authorized capital:	411 922 567 Lt, registered on 28 <sup>th</sup> October 2008
Credit rating (according to Fitch Ratings):	B+ Long-term Default; B Short-term Default; Stable outlook

The Public Limited Liability Company Bank SNORAS during seventeen years of its activity became one of the largest Lithuanian banks. Having the most expansive and modern territorial customer service network in the country, ten regional branches of the Bank, thirteen branch outlets, 230 territorial divisions and 337 ATMs, AB Bank SNORAS successfully consolidates its positions in the market of Lithuanian retail banking. Over 1000 employees work in the Bank who provide services to 1.1 million clients of the Bank from Lithuania and other countries worldwide.

The Public Limited Liability Company Bank SNORAS has its branches in Estonia and Latvia as well as representative offices in the United Kingdom, in the Kingdom of Belgium, Czech Republic, Ukraine and Belarus. To AB Bank SNORAS belongs the controlling block of shares of "Latvijas Krajbanka" which is the oldest Latvian bank having the largest network.

On 31 March 2010, AB bank SNORAS was the third Lithuanian bank according to the amount of the accumulated deposits (LTL 5.27 billion), the fourth according to the shareholders' property (LTL 509 million) and the fifth according to the managed assets (LTL 6.7 billion).

During the first quarter of 2010, AB Bank SNORAS, according to the unaudited data, earned LTL 4.12 million net profit.

The main indicators of the Bank activity:

	2008	2009	2010 I qtr
Assets, LTL mln.	5 694,7	6 342,6	6 695,6
Liabilities, LTL mln.	5 199,5	5 837,6	6 186,4
Own capital, LTL mln.	495,1	505,0	509,1
Profit, LTL mln.	22,0	8,69	4,12

## PARAMETERS OF THE DEPOSIT CERTIFICATES EMISSION NO.45 (LTL)

1. Issuer	Public Limited Liability Company Bank SNORAS
2. Name of emission	Deposit certificates emission No.45 (LTL)
3. Emission issuance currency	LTL
4. Distribution period	From 12-07-2010 till 18-07-2010 (inclusive)
5. Minimal investment amount	100 LTL
6. Total emission value	Up to 41 500 000 LTL
7. Purchase price	A deposit certificate exceeding the value of LTL 100 can be acquired for any amount, by rounding it up to LTL 1.
8. Payment procedure	The money for the acquired deposit certificate must be transferred into the investor's Bank account indicated in the agreement on the deposit certificate acquisition, on the day of signing the agreement on the deposit certificate acquisition. Upon failure to execute this condition, all liabilities under the agreement on the deposit certificate acquisition shall be deemed expired.
9. Deposit certificates effective date	19-07-2010
10. Deposit certificates redemption date	21-07-2011
11. Emission duration	367 days
12. Calculation procedure of redemption price	$K = 1 + r \times \frac{d}{365}, \text{ where:}$ <p>K – deposit certificate redemption price;  r – interest rate indicated in clause 13;  d – emission duration (number of days).</p> <p>Redemption price is calculated for one unit of the deposit certificate, i.e. LTL 1, by rounding it up to six digits after the comma. The obtained number is multiplied by the deposit certificate value which the Investor has and, on the basis of the general rules of arithmetic, is rounded up to two digits after the comma.</p>
13. Annual interest norm	4.50 per cent
14. Distributor(-s)	Public Limited Liability Company Bank SNORAS A. Vivulskio str. 7, LT-03221 Vilnius Tel. (8~5) 232 7212, (8 5) 232 7223
15. Transfer during secondary turnover	Applicable
15.1. Transfer dates	The issuer shall undertake to purchase the deposit certificate indicated by the Investor or part of it on any business day prior to the deposit certificate redemption date. The deposit certificate or part of it intended for sale as well as the interest accrued prior to the date of submitting the sale assignment to the Bank shall be transferred into the Investor's account indicated in the deposit certificate purchase agreement on the following day after submitting the assignment.
15.2. Calculation procedure of transfer price	
15.2.1. By selling before 18-08-2010	$K_i = N, \text{ where:}$ <p>K<sub>i</sub> – the premature sale price of the deposit certificate to the Bank;</p>

15.2.2. By selling since 18-08-2010 (inclusive)	<p>N – deposit certificate value or part of it.</p> $K_i = 1 + r \times \frac{d - 30}{365}$ <p>, where:</p> <p>K<sub>i</sub> – the premature sale price of the deposit certificate to the Bank;</p> <p>r – interest rate specified in clause 13;</p> <p>d – number of days from the date indicated in clause 9 till the date of submitting the order of premature sale of the deposit certificate to the Bank.</p> <p>The premature sale price is calculated for one unit of the deposit certificate, i.e. LTL 1, by rounding it up to six digits after the comma. The obtained number is multiplied by the investor's desired value of selling the deposit certificate and, on the basis of the general rules of arithmetic, is rounded up to two digits after the comma.</p>
16. Calculation agent	<p>Public Limited Liability Company Bank SNORAS A. Vivulskio str. 7, LT-03221 Vilnius (8 5) 232 7212, (8 5) 232 7223</p>
17. Settlement mediator	<p>Public Limited Liability Company Bank SNORAS A. Vivulskio str. 7, LT-03221 Vilnius (8 5) 232 7212, (8 5) 232 7223</p>
18. Deposit certificate accounts manager	<p>Public Limited Liability Company Bank SNORAS A. Vivulskio str. 7, LT-03221 Vilnius (8 5) 232 7212, (8 5) 232 7223</p>

AB Bank SNORAS  
Director of Investment Business Division

Remigijus Bartaska

## THE INVESTOR, BEFORE ACQUIRING THE DEPOSIT CERTIFICATE, MUST FAMILIARIZE WITH AND ASSESS THE RISKS ASSOCIATED WITH THE INVESTMENT AND ITS ISSUER.

### THE RISK FACTORS RELATED TO ACQUISITION OF DEPOSIT CERTIFICATES

Settlement risk. Investors, while acquiring the deposit certificates issued according to this Description, shall assume the risk that the Bank under the established terms and conditions may not make settlement with the owners of the deposit certificates.

Besides, a deposit certificate is not a deposit insurance object.

Legal and tax risk. After the legal acts, related to deposit certificates, or the state tax policy change, the attractiveness of the deposit certificates issued according to this Description for all or individual investors' groups may change.

### RISKS RELATED TO THE BANK ACTIVITY

Credit risk – it is risk to incur losses due to the clients' and the Bank counteragents' failure to execute the financial obligations to the Bank. Credit risk is the most significant in the risk system of the Bank. Credit risk is managed by performing a thorough risk analysis before issuing credits as well as by carrying out monitoring after their issuance, analysing and controlling concentration risk, setting up the credit risk restricting limits as well as controlling their compliance. Credit risk is also partially managed by requiring collaterals and guarantees and/or pledges of natural and legal entities.

Liquidity risk – it is risk that the Bank will be unable to find sufficient funds in order to execute the obligations, related to the deposits redemption and financial instruments, including also deposit certificates, upon expiration of their term. Seeking to manage liquidity risk, the Bank daily monitors the future probable monetary flows from the clients and banking activity, which is part of the process of managing the assets/obligations. The Board of the Bank shall set up limits for the funds proportion of the minimally continuing term so that the funds would be sufficient to pay out deposits and it shall also set up the minimal level of the interbanking and other debt liabilities, which would be covered by the funds if the requirements would unexpectedly increase for executing the Bank's obligations.

Financial market risk – it is risk that the Bank will incur losses due to unfavourable financial market changes (interest rates, currency rates or prices of equity securities, etc.). The interest rate risk is the most significant type. It is the risk of fluctuations of the interest rates valid in the market, which influences the financial status of the Group and the Bank as well as monetary flows. These fluctuations can increase the interest margin, however, due to unexpected changes it may diminish, and because of this it may bring about losses. The Board of the Bank shall set up limits, defining the interest rate discrepancy level in case of reappraisal of financial instruments, which may become necessary. The risk of the issuer's foreign currency rate is related to fluctuations of the foreign currency rates which influence the financial status of the Group and the Bank as well as monetary flows.

Operational risk – it is risk to incur direct or indirect losses due to improper or non-functioning internal processes, systems, technologies, employees' actions or external factors. The constituent part of the operational risk is legal risk – it is risk to incur losses due to the current or previous rights of the Bank arising from failure to execute agreements or other contracts, cases or laws.

Currency risk – the Bank assumes the currency risk due to constantly changing foreign currency rates, which influences the financial status and monetary flows. The Board of the Bank determines open positions of the general and individual currency as well as the currency purchase limits for overnight and one-day transactions, which are revised every day.

Technical and technological factors of risk – it is a physical and moral wear of the main means, a problem of standardization, etc. This type of risk operates indirectly: the modern banking technologies require expenses for acquiring and renewing the Bank buildings, equipment and other assets. It reduces the Bank's profit.

High competition – the Bank, while executing its activity, faces high competition within the country. After Lithuania joined the European Union, it is much easier for new large commercial banks operating in Europe to come into the country and in the future they can take advantage of it. The current and future competitors may take active actions seeking to occupy as large market share as possible by reducing the prices of their services, by using the wide international network, larger lending possibilities as well as modern technologies to offer more advanced commercial banking services. There are no guarantees that in such case the Issuer will be able to successfully compete, while the reduced demand for his services can make a considerable negative impact on the Bank's business, financial status and the activity results as well as the ability to make settlement with his creditors.

Dependence on the main managers – the Issuer's ability to implement and maintain the growth strategy is mainly conditioned by his managers' experience and knowledge. However, there are no guarantees that all main employees of the Bank will continue working in the Bank in the future. Losing such employees or the Issuer's inability to hire new employees, who have appropriate competence and experience, can make a negative impact on the Bank's activity prospects and the financial status.

Risk of rapid growth – as the Bank rapidly expands, its activity may become more complex and problems of management and activity resources may arise. Desiring to ensure the activity efficiency in the period of fast growth, large management resources and procedures as well as activity improvement may be needed. If the Issuer's resources are insufficient to ensure the growth speed, it may negatively influence the entire activity of the Issuer as well as his ability to make payments for the securities.

Risk related to the pledged assets and their value – the Issuer faces risk that the value of the assets pledged to him, whereby the loans are ensured, can be determined incorrectly and it does not reflect the selling price of these assets, which is the largest sum that the Issuer could get from realizing these assets. Therefore, evaluation of certain pledged assets can be outdated and not correspond to the real value. The assets pledged longer time ago may have lost demand in the market and therefore as collateral they may be worthless. Since some loans are ensured by real estate, the market changes may influence reduction of value of these assets. Any reduction of value of the assets pledged to the Bank may influence the safety means applied by the Bank against the loan forfeiture, whereas inability to fully redeem the issued loans may make an impact on its financial results.

Lawsuits to the Bank – until now award of large sums from the Issuer has been avoided. However, we can't help assessing the threat that the Issuer in the future may be involved in long and costly legal proceedings which may influence the Bank's financial status and the activity stability.

## DEPOSIT CERTIFICATE DISTRIBUTION PLACES

Deposit certificates, during the distribution period indicated in the Description, can be acquired in all AB Bank SNORAS mini-banks, branches and branch outlets whose addresses and work schedules are indicated on AB Bank SNORAS website ([www.snoras.lt](http://www.snoras.lt)).

Additional information is provided in Bank SNORAS Brokerage Department (A.Vivulskio str. 7, Vilnius, on Monday – Thursday – 8:00-17:00, Friday – 8:00-15:45) as well as in the branches and in the branch outlets:

Name	Address	Work schedule
AB Bank SNORAS Alytus Branch	Pulko str. 14/1, Alytus	Monday-Thursday – 8:00-18:00 Friday – 8:00-17:00 Saturday – 8:00-13:00
AB Bank SNORAS Kaunas Branch	K.Donelaičio str. 76, Kaunas	Monday-Friday – 8:00-18:00
AB Bank SNORAS Klaipėda Branch	Liepų str. 50, Klaipėda	Monday-Friday – 8:00-18:00
AB Bank SNORAS Marijampolė Branch	J.Basanavičiaus a. 15, Marijampolė	Monday-Friday – 8:00-18:00 Saturday – 9:00-13:00
AB Bank SNORAS Mažeikiai Branch	Laisvės str. 13, Mažeikiai	Monday-Friday – 8:00-18:00 Saturday – 8:00-14:00
AB Bank SNORAS Panevėžys Branch	Smėlynės str. 2c, Panevėžys	Monday-Thursday – 8:00-18:00 Friday – 8:00-17:00
AB Bank SNORAS Šiauliai Branch	Tilžės str. 170, Šiauliai	Monday-Friday – 8:00-18:00
AB Bank SNORAS Tauragė Branch	Vytauto str. 60, Tauragė	Monday-Friday – 8:00-17:00 Saturday – 9:00-12:00
AB Bank SNORAS Utena Branch	Maironio str. 12, Utenos	Monday-Friday – 8:00-18:00
AB Bank SNORAS Vilnius Branch	A.Vivulskio str. 7, Vilnius	Monday-Thursday – 8:00-19:00 Friday – 8:00-18:00
AB Bank SNORAS Druskininkai division	Vilniaus al. 13, Druskininkai	Monday-Friday – 9:00-18:00 Saturday-Sunday – 10:00-15:00
AB Bank SNORAS Industry division	Taikos pr. 88A, Kaunas	Monday-Friday – 8:00-18:00 Saturday – 9:00-14:00
AB Bank SNORAS H.Manto division	H.Manto str. 9, Klaipėda	Monday-Friday – 8:00-18:00
AB Bank SNORAS Kupiškis division	Gedimino str. 27, Kupiškis	Monday-Friday – 8:00-17:30 Saturday – 8:00-13:00
AB Bank SNORAS Telšiai division	Kęstučio str. 1A, Telšiai	Monday-Friday – 8:00-18:00 Saturday – 8:30-12:30
AB Bank SNORAS Raseiniai division	Maironio str.2, Raseiniai	Monday-Friday – 8:00-17:00
AB Bank SNORAS Visaginas division	Visagino str. 8, Visaginas	Monday-Friday – 9:00-18:00
AB Bank SNORAS Šiauliai Akropolis division	Aido str.8, Šiauliai	Monday-Sunday – 9:00-21:00
AB Bank SNORAS Švenčionys division	Vilniaus str. 3/2, Švenčionys	Monday-Friday – 8:00-17:00
AB Bank SNORAS Fabijoniškės division	Ukmergės str. 369, Vilnius	Monday-Friday – 9:00-19:30 Saturday – 9:00-16:00 Sunday – 9:00-14:00
AB Bank SNORAS Goštauto division	Goštauto str. 40, Vilnius	Monday-Friday – 8:30-17:30
AB Bank SNORAS Gedimino division	Gedimino pr. 2, Vilnius	Monday-Friday – 8:00-18:00 Saturday – 9:00-14:00
AB Bank SNORAS Centre division	Gedimino pr. 26, Vilnius	Monday-Friday – 9:00-18:00