



## GENERAL TERMS AND CONDITIONS FOR DOCUMENTARY CREDIT ISSUANCE

### 1. TERMS AND DEFINITIONS

The terms used in the General Terms and Conditions for Documentary Credit Issuance shall be understood as they are defined in this Chapter; other terms used and capitalized shall be understood as they are governed by the General Rules or the Payment Rules.

The Parties agree that if there are other conditions not specified in these General Terms and Conditions for Documentary Credit Issuance or the Bank applies different conditions to the Applicant than those set forth in these General Terms and Conditions for Documentary Credit Issuance, all such conditions shall be specified in the Application or in Loan Agreement, if concluded.

**1.1. Credit Account:** an account opened with the Bank on the basis of the Applicant's Application, in which all current and future funds are submitted to the Bank as Financial Collateral.

**1.2. Credit amount:** the maximum amount that the Bank undertakes to pay to the Beneficiary under the conditions specified in the Credit.

**1.3. Personal Data Protection Rules:** the Personal data protection rules of Šiaulių bankas approved by the Bank, which are available on the Bank's website or in the Bank's customer service units, and at the request of the Applicant, the Bank will issue a paper copy of these rules free of charge.

**1.4. The Bank:** a limited liability public company Šiaulių bankas, the details and contacts of which are specified in the General Rules.

**1.5. General Terms and Conditions for Documentary Credit Issuance:** these General Terms and Conditions for Documentary Credit Issuance, which at request of the Applicant are given to him at the time of concluding the Agreement and which are available on the Bank's website [www.sb.lt](http://www.sb.lt) or in the Bank's customer service units. The General Terms and Conditions for Documentary Credit Issuance are not signed by the Parties.

**1.6. General Rules:** the General rules for the provision of Šiaulių bankas services approved by the Bank, which are available on the Bank's website [www.sb.lt](http://www.sb.lt) or at the Bank's customer service units, and at the request of the Applicant, the Bank will issue a paper copy of these rules free of charge.

**1.7. Documentary Credit (the Credit):** a unilateral irrevocable obligation of the Bank to pay the amount of the Credit to the Beneficiary, if the Beneficiary within the Credit validity submits documents complying with the terms and conditions of the Credit.

**1.8. The actual term of validity of the Credit:** the period from the date of issue of the Credit until the date of expiry of the Bank's obligations specified in the Credit. If the Credit is available with another bank by payment or negotiation at sight, the actual term of validity of the Credit is the period from the date of issue of the Credit until the Credit expiry date specified in the Application plus 15 (fifteen) calendar days. If the Letter of Credit is available by deferring payment term, the actual term of validity of the Credit shall be the period from the date of issue of the Credit until the latest possible date of payment.

**1.9. Financial Collateral:** the amount of current and future funds in the Credit Account, which ensures the fulfilment of all the Applicant's obligations to the Bank arising from the Agreement and which the Applicant submits to the Bank as financial collateral in accordance with the procedure established in the Agreement or which the Bank deposits from the loan funds granted to the Applicant by the Loan Agreement in accordance with the procedure and cases established in the Agreement and the Loan Agreement.

**1.10. Beneficiary:** the person specified in the Application in whose favour the Credit is issued.

**1.11. Loan Agreement:** a loan agreement concluded by the Parties (with all its current and future amendments, supplements and annexes) specified in the Application.

**1.12. Payment Rules:** the Rules for the provision of payment services of Šiaulių bankas approved by the Bank, which are available on the Bank's website [www.sb.lt](http://www.sb.lt) or at the Bank's customer service units, and at the request of the Applicant, the Bank will issue a paper copy of these rules free of charge.

**1.13. Applicant:** the person who submitted the Application.

**1.14. Service Fees:** the fees for services provided and transactions performed by the Bank approved by the Bank and published on the

Bank's website [www.sb.lt](http://www.sb.lt) and (or) in the Bank's customer service units and applied to the Applicant, while the Bank is providing services to the Applicant under the Agreement or fulfilling the obligations assumed by the Bank or realizing the Bank's rights.

**1.15. Advising Bank:** an intermediary bank, the services of which the Bank uses when advising a Credit to the Beneficiary.

**1.16. Application** - Applicant's Documentary Credit Issuance Application and (or) Application for Documentary Credit and / or Documentary Credit Issuance Agreement Amendment, completed in accordance with the form provided by the Bank.

**1.17. Agreement:** a Documentary Credit Issuance Agreement concluded by the Parties (with all its current and future amendments, supplements and annexes). The Agreement consists of the Application submitted by the Applicant and its annexes and these General Terms and Conditions for Documentary Credit Issuance, General Rules, Personal Data Protection Rules and Payment Rules which are not signed by the Parties.

**1.18. Parties:** the Applicant and the Bank, as well as the legal successors of their rights and obligations.

### 2. CONDITIONS FOR CREDIT ISSUANCE

**2.1.** The Bank issues and manages the Credit, amends the Credit if the terms and conditions of the Credit do not contradict the provisions of the Agreement and are otherwise acceptable to the Bank, acting in accordance with the "Uniform Customs and Practice for Documentary Credits" of the International Chamber of Commerce, valid at the time of issuance of the Credit, laws and other legal acts of the Republic of Lithuania, the Agreement, Service Fees, when all of the following conditions are properly met:

**2.1.1.** the Applicant has paid to the Bank all fees related to the issuance of the Credit, amendment;

**2.1.2.** the Applicant has submitted to the Bank a Financial Collateral (if the Credit is issued by providing a Financial Collateral) and (or) other performane security measures of the Agreement and / or the Loan Agreement specified in the Application and / or the Loan Agreement;

**2.1.3.** other agreements concluded between the Bank or the Bank Group companies and the Applicant or the Applicant group companies are duly executed, including this Agreement and the Loan Agreement;

**2.1.4.** the Applicant, the Beneficiary and / or the Beneficiary's bank are not subject to financial sanctions of the European Union, the United Nations Security Council, the Republic of Lithuania and / or other states or international organizations.

**2.2.** The Credit shall be deemed issued from the moment when the Bank sends the Credit to the Advising bank by an authenticated SWIFT message. If the Credit cannot be advised through the Advising bank specified in the Application, the Bank has the right to choose another Advising bank at its own discretion.

### 3. PAYMENT UNDER CREDIT AND OTHER FEES

**3.1.** The Bank will pay the amount of the Credit upon receipt of documents complying with the terms of the Credit or a reimbursement claim from the nominated bank under the Credit. The Applicant undertakes to pay to the Bank the amount payable to the Bank under the Credit no later than the day of payment and to reimburse all other expenses incurred or may be incurred by the Bank in fulfilling its obligations to the Beneficiary under the Credit as well as to pay to the Bank the fees specified in the Service Fees. Reimbursable expenses to the Bank include fees of other banks and other expenses of the Bank related to legal proceedings, services of consultants, lawyers, debt collection from the Applicant, and all other expenses related to the performance of the Bank's obligations under the Credit.

*Commission for the issuance of a Credit*

**3.2.** The Applicant undertakes to pay to the Bank the commission fee for the issuance of the Credit specified in the Service Fees on the day of issuance of the Credit.

**3.3.** The Applicant undertakes to pay another commission fee specified in the Service Fees / Loan Agreement related to the issuance of the Credit, amendment and (or) other related Bank services, commissions of other banks if the Beneficiary refuses to pay it, even if otherwise is specified in the Credit. This commission fee must be paid

by the Applicant immediately upon the provision of the respective service by the Bank, and at the request of the Bank - in advance, until the date of provision of the respective service, unless otherwise provided in the said agreements and reimburse all costs incurred by the Bank.

#### *Default interest and fines*

**3.4.** The Applicant who has missed the payment deadlines must pay 0.1 (one tenth) percent to the Bank for each overdue calendar day from the amount for which payment is overdue.

**3.5.** If the Applicant fails to perform or improperly performs the non-financial obligations provided for in the Agreement, the Bank shall have the right to unilaterally impose on the Applicant a fine not exceeding 2% of the Credit amount, taking into account the consequences of the violation (s). The Applicant must pay the fine within the term set by the Bank.

**3.6.** The payment of default interest and / or fines does not release the Applicant from the performance of contractual obligations and does not entitle the Applicant to demand deferment of the deadlines for performance of obligations under the Agreement.

**3.7.** In the event that the Applicant fails to pay in due time any amounts payable by the Applicant specified in the Agreement / Service Fees / Loan Agreement or the Bank's notice, including the fine, the Bank shall unilaterally, without separate instruction of the Applicant, debit such amounts from the account specified in the Applicant's Application with the Bank. If there are insufficient funds in this account to debit the amounts payable under the Agreement, the Applicant agrees that the respective amounts may be debited from other Applicant's accounts with the Bank without a separate instruction and consent of the Applicant.

**3.8.** If the currency of amounts of money payable to the Bank or other banks and the funds in the Applicant's account with the Bank differ, the Bank shall debit the amount of funds in any of the Applicant's accounts with the Bank required to cover the amounts due to the Bank or other banks using the exchange rate set by the Bank on the day of debiting.

## **4. RIGHTS AND OBLIGATIONS OF THE BANK**

**4.1.** The Bank has the right to refuse to issue the Credit if it turns out that bankruptcy proceedings have been initiated or decision to initiate bankruptcy proceedings has been made against the Applicant and / or persons who have provided performance security measures under the Agreement or the Loan Agreement, or the Applicant and / or the person providing performance security measures under the Agreement or the Loan Agreement undergo restructuring or a decision has been made on restructuring, the Applicant and / or the person providing performance security measures under the Agreement or the Loan Agreement is being liquidated, merged, divided or reorganized or a decision has been made on the liquidation, merger division or reorganization of the Applicant and / or the person providing performance security measures under the Agreement or the Loan Agreement.

**4.2.** The Bank, having received the documents under the Credit, which do not comply with the terms and conditions of the Credit, has the right to apply to the Applicant for consent to pay under such documents. In case of nonreceipt of the Applicant's consent to pay according to such documents, the Bank has the right to return the documents to the party who presented them. The Bank administers the documents acting in accordance with the instructions of the party that presented the documents. The Bank also has the right not to pay for the documents presented under the Credit that do not comply with the terms and conditions of the Credit, even upon consent of the Applicant.

**4.3.** The Bank has the right to consider the documents presented by authenticated telecommunication means (SWIFT system, etc.) as original.

**4.4.** The Bank undertakes:

**4.4.1.** when issuing the Credit, to comply with the conditions specified in the Applicant's Application;

**4.4.2.** to indemnify the Applicant for direct losses incurred by the Applicant due to the Bank's improper performance of terms and conditions of the Credit.

**4.5.** The Bank, without further informing the Applicant, has the right to disclose the Applicant's personal data (name, surname, personal identification number, contact and other data required for the provision of the service) to third parties, including persons registered in foreign countries, for the execution of the Agreement.

**4.6.** The Bank has the right to transfer all or part of the Bank's rights and / or obligations arising from the Agreement to other persons. The Applicant shall be informed in writing about the performed transfer of rights and / or obligations.

**4.7.** The Bank has the right to provide the information available to the Bank about the Applicant to other persons in the cases provided for in the laws of the Republic of Lithuania, as well as in cases when the

Applicant fails to perform or improperly performs the obligations provided for in the Agreement.

## **5. RIGHTS AND OBLIGATIONS OF THE APPLICANT**

**5.1.** The Applicant undertakes:

**5.1.1.** to perform all obligations under the Agreement properly and in a timely manner;

**5.1.2.** upon learning of the circumstances that contradict the statements and assurances of the Applicant, immediately to inform the Bank thereof in writing;

**5.1.3.** upon the Bank's request, the Applicant undertakes to immediately provide all information and (or) documents related to the Credit and (or) performance of the Agreement, the Beneficiary and / or the Applicant;

**5.1.4.** no later than within 5 (five) business days from the day of occurrence of the following circumstances, to inform the Bank in writing about:

**5.1.4.1.** decisions regarding the liquidation, reorganization of the Applicant (merger or division of companies, change of the type or status of the company), restructuring, initiation of bankruptcy proceedings against the Applicant or initiation of out-of-court bankruptcy proceedings;

**5.1.4.2.** the changed Applicant's Articles of Association, name, registered office address and other requisites of the Applicant, the changed manager of the Applicant or other members of the Applicant's management bodies (Board, Supervisory Board), the composition of the Applicant's participants (shareholders, members, stakeholders, etc.);

**5.1.4.3.** sanctions imposed or intended to be applied to the Applicant by state administration or law enforcement institutions, which deprive or restrict the Applicant's rights in economic and commercial activities, restrict the disposal of the Applicant's property.

**5.2.** The Applicant certifies and ensures that:

**5.2.1.** there are no disagreements or disputes between the Applicant and the Beneficiary regarding the conclusion and / or performance of the transaction or obligation under which the Credit is issued, there are no circumstances due to which the Applicant's obligations to the Beneficiary under the transaction or other obligation may not be fulfilled or improperly performed;

**5.2.2.** the information and documents provided to the Bank are correct and true;

**5.2.3.** the Applicant's representative, having submitted the Application, acts in accordance with the powers granted to him, the conclusion of the Agreement does not contradict the laws, the Applicant's Articles of Association, other founding documents, regulations of management bodies and other regulatory enactments, the obligations assumed by the Applicant under the agreements concluded with third parties, all necessary permits, consents and authorizations of the Applicant's management bodies, state institutions or other persons to conclude the Agreement have also been obtained;

**5.2.4.** the Applicant has all the necessary permits and licenses necessary for the performance of the Applicant's activities;

**5.2.5.** the Applicant is not subject to legal proceedings in court or arbitration and the Applicant is not aware of any litigation in which the decision may adversely affect the Applicant's financial condition and business or the Applicant's ability to properly perform its obligations under the Agreement, and there is no reason to believe that such disputes or proceedings may arise in the future;

**5.2.6.** when the Applicant nominates in the Application another bank under to honour or negotiate under the Credit, understands the risk related to the granting of authorization to another bank to decide on the payment of the Credit under it;

**5.2.7.** the Applicant's representative signing the Application undertakes to take the consequences to the Bank in case the Agreement is contested due to the fact that it was concluded in violation of the competence of the Applicant's management bodies, exceeding the granted powers or contradicting the Applicant's objectives;

**5.2.8.** in the event that for any reason the Bank is unable to use the Financial Collateral and (or) other performance security measures specified in the Application and the Applicant fails to pay the amounts due to the Bank, after payment for the documents presented under the Credit or received reimbursement claim from the nominated Bank under the Credit on its own account, the obligation to pay amounts claimed by the Bank shall remain until it is fully settled;

**5.2.9.** grants the Bank the right to deposit the funds intended for the payment of the Credit in another bank without separate notification and / or consent of the Applicant, ensuring the execution of the Credit, the Applicant assumes full responsibility against the Bank for depositing funds in another bank, their use and loss;

**5.2.10.** assumes the potential risk of disclosure of confidential information to third parties, which may arise from sending information related to the issuance of the Credit by e-mail, if the Applicant has

indicated in the Application that he agrees to receive such information by e-mail.

**5.3.** Without the written permission of the Bank, the Applicant shall not have the right to transfer its obligations and / or rights under the Agreement to the third parties.

## **6. APPLICANT'S PERFORMANCE SECURITY**

**6.1.** The fulfilment of the Applicant's obligations arising from the Agreement is secured by the Financial Collateral, unless the Parties agree otherwise in the Application.

**6.2.** The Application entitles the Bank, upon concluding the Agreement, to debit the amount of money specified in the Application from the Applicant's account (s) with the Bank and transfer it to the Credit account opened in the Applicant's name with the Bank. If there is insufficient money in the Applicant's account (s) with the Bank, the Applicant undertakes to immediately, but not later than before the issuance of the Credit, pay into his bank account (s) the amount specified in the Application. If the currency of the Credit and the funds in the Applicant's account with the Bank specified in the Application differ, the Bank shall debit the amount of funds in any of the Applicant's accounts with the Bank specified in the Application using the exchange rate set by the Bank on the day of debiting.

**6.3.** The Applicant, ensuring the proper performance of its obligations arising from the Agreement, shall pledge Financial Collateral in favour of the Bank under this Agreement under the conditions set forth in this Clause. The Parties expressly agree that:

**6.3.1.** if the Applicant is a legal entity, by agreement of the Parties, this Agreement is also a financial collateral agreement with the transfer of ownership to the Bank, as provided for in the Law on Financial Collateral Agreements of the Republic of Lithuania (the FUSI). Upon concluding the Agreement, the Applicant transfers to the Bank the current and future funds in the Credit account, which under the FUSI are considered as financial collateral to ensure proper performance of all Applicant's financial obligations under the Agreement (e.g. payment of the Credit amount, fees, penalties and losses). In the event of the occurrence and / or continuation of any of the enforcement events, as well as in other cases established by the laws of the Republic of Lithuania, the Bank's obligation to return the Financial Collateral (funds in the Credit Account) to the Applicant shall terminate. By agreement of the Parties, an event of enforcement is non-performance of any financial obligations of the Applicant to the Bank under the Agreement, initiation of bankruptcy proceedings against the Applicant, initiation of restructuring, reorganization, transformation or liquidation proceedings without prior consent of the Bank, seizure of Applicant's assets, seizure of the funds in the Bank as well as any other event which provides for the failure of the Applicant to fulfil its obligations under the Agreement;

**6.3.2.** if the Applicant is a natural person, this Agreement is also a maximum pledge agreement by which the Financial Collateral is pledged in favour of the Bank by transferring the Financial Collateral (Financial Collateral and claim rights to the Financial Collateral) to the Bank in accordance with the Civil Code of the Republic of Lithuania and ensures the proper fulfilment of all the Applicant's (debtor's) property obligations arising under the Agreement (Credit amount (maximum amount specified in the Application), fees (amounts specified in the Service Fees) and other fees specified in the Agreement to the Bank. The due date shall be the date specified in Clause 3.1 of the General Terms and Conditions for Documentary Credit Issuance. By signing the Agreement, the Applicant (collateral provider) transfers the collateral to the Bank (creditor) as the collateral holder, and the Agreement is also an act of transferring the collateral to the Bank. By signing the Agreement, the Applicant agrees that the Bank will manage the Financial Collateral until all the Applicant's obligations under the Agreement have been fulfilled. The Financial Collateral shall also ensure the indemnification of penalties and losses incurred due to improper performance or non-performance of the obligation under the Agreement. The Parties agree to secure penalties and losses with a maximum pledge, the maximum amount of which is 30% of the issued Credit, but no less than EUR 10,000. The date for fixing the amount of debt is not set. If the Applicant misses the term of performance of the obligation, the Bank has the right, from the date of non-performance / improper performance of the obligation, to use the Financial Collateral for the proper performance of the debt obligation arising under the Agreement;

**6.3.3.** during the term of the Agreement, the Applicant shall not have the right to dispose of the Financial Collateral or the claim rights related to the return of the Financial Collateral. The Applicant and its successors shall not have the right to demand that the Bank return the Financial Collateral to the Applicant or its successors until the Applicant has fulfilled all its obligations under the Agreement; the Applicant declares that the Bank has the right to manage the Credit account and the Financial Collateral in case the Applicant fails to fulfil its

obligations under the Agreement until the Applicant's obligations under the Agreement are covered and / or use the Financial Collateral to cover indebtedness under the Agreement at any time.

**6.4.** The Bank has the right to satisfy its claims from the Financial Collateral in accordance with the procedure established by legal acts before other creditors of the Applicant.

**6.5.** The Applicant declares that the Financial Collateral and the Applicant's right to demand the Bank to return the Financial Collateral have not been pledged, transferred or otherwise restricted to anyone, there are no arrests, disputes or prohibitions on disposing of the Financial Collateral. The Applicant undertakes to reimburse the Bank for all its expenses and losses if it turns out that the statements set forth in this clause do not correspond to reality.

**6.6.** The Agreement is the Applicant's prior consent, which may not be revoked without the written agreement of both Parties, to transfer to the Bank the Credit Account and the Financial Collateral, which entitles the Bank to debit the Credit Account and use it to pay under the Credit or other obligations of the Applicant (including unpaid fees, interest, penalties) to the Bank in accordance with the Agreement.

**6.7.** Upon expiry of the actual term of validity of the Credit, the Bank, ascertained that all obligations of the Bank under the Credit have expired and the Applicant has duly fulfilled all its obligations under the Agreement, returns the balance of Financial Collateral to the Applicant's account with the Bank or another account specified by the Applicant and closes the Credit account.

**6.8.** If for reasons beyond the Bank's control the Bank is unable or unlikely to be able to debit the Financial Collateral in the Credit Account and / or use other performance security means specified in the Application to cover amounts due to the Bank or other banks, the Applicant must immediately pay the amounts due to the Bank or other banks into the Bank account specified by the Bank. In this case, the amounts payable by the Applicant under the Agreement shall be deemed to have been paid to the Bank from the date of deposit of the funds to the account specified by the Bank.

## **7. RESPONSIBILITY OF THE PARTIES**

**7.1.** The Applicant must indemnify for all losses incurred by the Bank due to the Applicant's unfulfilled or improperly fulfilled obligations under the Agreement, as well as due to the fact that the Applicant's statements and assurances do not correspond to reality.

**7.2.** The Bank is not responsible for the form, sufficiency, accuracy, genuineness, legal effect, statements made in the documents presented to it under the Credit.

**7.3.** The Bank shall not be liable for the consequences if other banks do not properly perform their obligations under the terms of the Credit, regardless of whether another bank has been selected by the Bank or the Applicant.

**7.4.** The Bank shall not be liable for the consequences if the documents under Credit are damaged or lost by sending them by post, courier or otherwise delivered, due to postal or telecommunication failures become illegible, sent late or not transmitted at all, and / or for errors in translating documents into another language or interpreting technical terms.

**7.5.** The Bank, using the services of other banks following the Applicant's instructions, does so at the Applicant's expense and risk.

## **8. FINAL PROVISIONS**

**8.1.** The Agreement shall enter into force upon signature of the Application by the Bank and shall remain in force until all obligations of the Applicant to the Bank under the Agreement have been fully fulfilled. The terms of the Agreement may be amended or supplemented only by written agreement of the Parties.

**8.2.** In the event that the conditions set forth in the General Terms and Conditions for Documentary Credit Issuance conflict with the terms and conditions of the Application, the conditions specified in the Application shall apply.

**8.3.** The Agreement is concluded in accordance with the laws of the Republic of Lithuania. All disputes arising between the Parties regarding the implementation of the Agreement shall be settled through negotiations. If the parties do not agree, disputes shall be settled in accordance with the procedure established by the laws of the Republic of Lithuania.

**8.4.** The Agreement is made in two original copies of equal legal force: one for each Party, except for the cases when the Agreement is signed by the parties with qualified electronic signatures. In the event that the Agreement is concluded in Lithuanian and a foreign language, in case of discrepancies between the texts of the Agreement in different languages or in case of disagreements regarding the understanding of the texts of the Agreement in different languages, the Lithuanian text of the Agreement shall prevail.

**8.5.** If the legal addresses, bank account numbers and / or other details of the Parties change, the Parties must immediately, but no later than within 5 (five) business days inform each other. A Party that fails to comply with this requirement may not make claims or retaliation that the actions of the other Party performed according to the last details known to it do not comply with the terms of the Agreement or that it has not received notifications sent according to those details.

**8.6.** All notices shall be delivered to each other upon signature, by post, e-mail or fax, unless otherwise specified in the Agreement. The Applicant shall be deemed to have received the documents sent by post to the last address of the Applicant known to the Bank on the 5<sup>th</sup> (fifth) calendar day following the day when the Bank delivered the documents sent to the Applicant to the postal service provider. Notices sent by fax or e-mail shall be deemed to have been received on the day of their dispatch or, if it was not a business day, on the next business day. In the case of serving upon signature, on the day when the Applicant receives the information provided to him at his address and signs that he has received it. The Bank also has the right to submit notices, reports or other correspondence to the Applicant in the Bank's Internet Bank.

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