

GENERAL CONDITIONS OF DERIVATIVES TRANSACTIONS

1. TERMS AND DEFINITIONS

In these General Conditions of Derivatives Transactions used terms are understood as they are defined in this section; other terms used and written in capitalized letters are understood as they are regulated by the General Rules.

- 1.1. **Close-out Netting** is a procedure in case of the forced execution event in which: 1) obligations of the Parties are deemed immediate and expressed as the obligation to pay an amount corresponding to the current value of obligations, or Financial liabilities are abolished and replaced by the obligation to pay appropriate amount and / or 2) it is estimated of how much the Parties must pay each other according to their financial liabilities, and it is determined which Party, owing larger amount, must pay the difference to the other party.
- 1.2. **General Conditions** are these General Conditions of Derivatives Transactions approved by the Bank, which are provided for the Client under one's request upon the conclusion of the Contract or which can be accessed by the Client on Bank's website www.sb.lt or in units of Bank's client services. General Conditions of Derivatives Transactions shall not be signed between the Parties.
- 1.3. **General Rules** are *General Rules for Provision of Services by Šiaulių Bankas* approved by the Bank, which can be found on the Bank's website www.sb.lt or in units of Bank's client services.
- 1.4. **Banking Day** is any Bank business day on which the Bank, in the course of ordinary activities, performs all payment transactions and provides all services according to the Contract.
- 1.5. **EMIR (European Markets Infrastructure Regulation)** is the Regulation (EU) No. 648/2012 of European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.
- 1.6. **Financial Liabilities** are Liabilities of the Parties arising from the Transactions and / or Contract which entitle the Client to demand the payment of the money and / or provide financial instruments and / or assets associated with such financial instruments.
- 1.7. **Financial Collateral** is the money, deposits or financial instruments that ensure the current or future Financial Liabilities of the Client.
- 1.8. **Unsecured Liabilities** are the difference between the Client's Financial liabilities and Collateral Instruments provided to the Bank by the Client.
- 1.9. **Main Conditions** are the conditions necessary for the conclusion of a separate type of Transactions specified in the Contract, for which the Parties must agree upon the conclusion of the Transaction so that the Transaction would be deemed concluded.
- 1.10. **Replacement Transaction** is the Transaction concluded under the terms and conditions stipulated by the A Contract on the initiative between the Bank and the Client in such case when the Client is the Party that violated the obligations or has been the subject of Forced Execution.
- 1.11. **Approval** is the document prepared by the Bank in which the Parties approve their agreement with all the conditions of the concluded Transaction and which is an integral part of the Contract.
- 1.12. **Event of Forced Execution** is as it is described in item 6.2 of General Conditions.
- 1.13. **Market Price** is a well-established price due to the supply and demand.
- 1.14. **Transaction** is any Transaction specified in the appendices of the Contract, their types and combinations formed through established procedure in execution of the provisions of the Contract.
- 1.15. **Special Conditions** are part of the Contract in which are specified the Parties' requisites and special obligations of the Parties upon the conclusion of Transactions.
- 1.16. **Contract** is the Derivatives Transactions Contract concluded by the Parties with all replacements, appendices as well as Approvals. Contract consists of the Special Conditions and appendices, Approval signed by the Client and the Bank and General Conditions not signed by the Parties.
- 1.17. **Collateral Instruments** are the Financial deposit and other instruments ensuring Client's Financial liabilities appropriate to the Bank specified in the Contract and its appendices.

2. OBJECT OF THE CONTRACT

- 2.1. The Contract regulates the procedure of conclusion and execution of Transactions between the Bank and the Client, responsibility of the Parties for non-performance or inadequate execution of the Transactions and other conditions. The relations between the Parties are also governed by terms and conditions of the description of financial instruments approved and published by the Bank, General Rules, legal acts of the Republic of Lithuania and the custom of concluding and executing such Transactions in the European Union and international financial markets and on the interbank market of the Republic of Lithuania.
- 2.2. Contract sets general essential conditions of the Transaction, and the Parties agree on other essential conditions of the Transaction before concluding the certain Transaction due to which the Parties must agree in accordance with the Contract upon the conclusion.
- 2.3. The conclusion of the Contract does not create obligations to either Party to conclude the certain Transaction, i.e. neither of the Parties are not obliged to conclude the Transaction if the Parties do not agree with the Main Conditions of the Transaction, except cases specified in the Contract, when the Client must conclude and execute the Replacement Transaction upon the request of the Bank.

3. CONCLUSION OF TRANSACTIONS AND EXECUTION OF OBLIGATIONS

- 3.1. Parties of Transaction are the Bank and the Client and their duly authorized persons. Before concluding the Contract and the Transactions, the Client must provide to the Bank the originals of the documents of the authorized person. The Client must inform the Bank immediately about the change of the authorized persons or the expiration of the term of the authorization by the addresses and contacts indicated in the Contract.
- 3.2. Transactions may be concluded only on Business Day by telephone or in writing or by e-mail indicated in the Contract. At the time of the conclusion of the Contract the Bank and the Client agree on the Main Conditions of Transaction. The Parties may agree that the relevant provisions of the Contract shall not be applied for a certain Transaction or there will be an agreement on their modification or application of new terms.

3.3. The Client agrees that for the purpose of conclusion and / or concluding the Contract by the telephone and / or by e-mail, conversations on the phone and e-mail correspondence may be recorded / stored, and such records will be used as evidence in the event of dispute between the Parties.

3.4. The transaction is deemed to be made by telephone from the moment when the Bank lists all the terms and conditions of the Main Transaction, and the Client declares that he / she agrees to it. The Transactions in writing are considered concluded from the signing of the Approval. Transaction concluded via e-mail is considered concluded upon the Client's declaration that he / she agrees with the Main Conditions of the Transaction provided by the Bank and after the Bank has sent the Approval signed by the Bank to the Client.

3.5. By entering the Transaction by the telephone the Bank sends the Approval to the Client by the end of the Business Day, on which was concluded by the Transaction. The Client signs the Approval and sends it to the Bank no later than by the end of that Business Day to e-mail specified in the Contract or informs the Bank about the discrepancies noted. Of the Transaction is concluded after 4:00 p.m., and the Parties are unable to exchange the Approvals by the end of the term specified in this item, the Bank sends to the Client the Approval of the relevant Transaction no later than by end of the Business Day following the date of the conclusion of the Contract, and the Client receives the Approval immediately, but no later than by the end of the next Business day following the receipt of the Approval, signs it and resends to the Bank and informs the Bank about the discrepancies noted.

3.6. Upon the conclusion of the Transaction by e-mail, the Client signs the Approval and sends it to the Bank no later than by the end of the same Business Day to the e-mail specified in the Contract and informs the Bank about discrepancies noted. If the Transaction is concluded after 4:00 p.m., the Client receives the Approval immediately but no later than by the end of the next Business Day following the receipt of Approval, signs it and resends it to the Bank and informs the Bank about the discrepancies noted.

3.7. If the Client, after receiving the Approval, does not sign and return it to the Bank in accordance with items 3.5-3.6 of the General Conditions or fails to submit reasonable claims regarding the correctness of the Transaction conditions established in the Approval, it is considered that the Client has read the Content of Approval and does not object to it and it is considered that the Client has additionally confirmed the terms of the concluded Transaction.

3.8. By entering into the Transaction by telephone or e-mail, the Client must indicate his / her own, or if the Transaction is concluded by the representative of the Client, the name and surname of representative, the name of legal entity, number of the Contract and, if the Bank requests, to provide any other information or documents necessary to determine the identity. By entering into the Transaction in accordance with the procedure established in the item of Contract for the first time after the day of signing and the receipt of the original document of the authorization authority at the Bank, Client must indicate the ground of representation also.

3.9. The Bank notifies the Client that e-mail is not a secured channel of communication and the Bank is unable to ensure the safety of information being transferred by e-mail. The Bank shall not be liable if the information sent by the Client and / or the Bank shall not be received by the Client and / or the Bank.

3.10. In accordance with the concluded Transaction, the Parties settle on the date of the settlement indicated in the Approval.

3.11. In case the Parties must pay each other several amounts according to one or several Transactions on the same payment day in the same currency the Bank shall automatically count these payable amounts without a separate notification or any other action in accordance with the procedure established by legal acts. The Parties, in case of entering into Transactions, may agree on the non-application of Law of offsetting requirements.

3.12. If the Party is late in paying the other Party any of the payments indicated in the Contract and Transaction within the specified time limits, the other Party shall have the right to demand payment of 0.02 (two hundredths) percent amount of interest for late payments for every day of delay of all outstanding amounts. Payment of interest for late payments shall not release the Party that breached the Transaction from the fulfillment of obligations under the concluded Transaction.

3.13. All payments related to the submission, supplement, refund, execution of the Transaction, termination and / or Close-out Netting of the Financial Deposit shall be made by the Client to the account specified by the Bank and, if the Bank does not specify such information, the Client shall accumulate the amounts payable in the Client's account with the Bank and give the Bank the possibility to write off the said amounts of money. The Client ensures that the funds accumulated in the Client's account are not seized, pledged and / or otherwise disposed of by this money (except for the pledge or restriction on the Bank's behalf), and the Bank would be able to debit the Bank's amount from the Client's account.

3.14. The Bank pays payments to the Client's account specified in the Contract with the Bank.

4. THE LIMIT SET AND COLLATERAL INSTRUMENTS

4.1. A limit of total amount of Transactions may be set to the Client by unilateral decision of the Bank. The Bank shall have the right to determine, change and eliminate for the Client the limit of an overall amount of all Client's Transactions by unilateral decision, which the Client must not exceed upon conclusion of Transactions. By entering into every Transaction the Client is entitled to address the Bank and find out the size of the limit determined for him / her and undertakes not to exceed it, and in case of exceeding it to take all legal actions in order to eliminate this breach of the Contract;

4.2. Appropriate fulfillment of Client's obligations to the Bank may be ensured by the Collateral instruments provided by the Client and / or third parties in accordance with the procedure established in the Contract and its Annexes.

4.3. In opinion of the Bank, in the event of an increase of the risk that the Client shall not fulfill one's obligations, and / or if the ratio of the Financial liabilities and Collateral Instruments exceeds the amount specified in the Contract (if this ratio is specified), the Bank may be able to demand to increase the value of Collateral Instruments submitted to the Bank, and the Client undertakes to fulfill the Bank's instruction but no later than by the end of the next Business day from the Bank's notification about the circumstances arising in this term.

5. OTHER RIGHTS AND OBLIGATIONS OF THE PARTIES

5.1. The Client grants the Bank the right without the separate instruction and consent of the Client, without warning and at its discretion to write off all payable funds to the Bank by the Client in accordance with the Contract according to debit transfers from all bank accounts of the Client opened in all credit institutions operating in the Republic of Lithuania. This Client's consent is irrevocable and is valid in writing off the funds several times.

5.2. By debiting the funds from the Client's bank accounts, the Bank has the right to change the foreign currency in the Client's bank account (in case there are several currencies, first are changed US dollars and another currency at the discretion of the Bank) into euros according to the currency exchange rate of the non-cash (currency) currency in force at the Bank.

5.3. The Client undertakes to submit all documents reasonably requested by the Bank related to the Client's economic and financial activity.

5.4. The Parties undertake to submit, within the reasonable time, all known information about the events or circumstances that have or may have the negative impact on the Parties' ability to meet their obligations under the Contract in a timely and appropriate manner.

5.5. Hereinafter the items 5.6-5.10 of General Conditions are applied in case the Client concludes non-OTC derivatives as it is determined in EMIR and related legal acts.

5.6. The Bank, in accordance with the requirements of EMIR, shall initiate the consolidation of profile of Transactions with the Client. In this regard, the Bank shall send the Client the report confirming the value of Transactions concluded and valid with the Bank and value of collateral submitted to the Bank (if the collateral was submitted). In case the Client has objections to the information specified in such approval, the Client undertakes to notify the Bank about it within 5 (five) business days after the receipt of approval. If the Client does not notify the Bank within 5 (five) business days from the receipt of approval that the data specified in it does not correspond to the calculations made by the Client, it shall be considered that the Client agreed with the information provided in the Contract and it shall be considered that profile of Transactions is consolidated.

5.7. If the Client in accordance with the requirements of EMIR has to acquire the Legal Entity Identifier or perform other actions, the Client has to acquire Legal Entity Identifier or perform other action in times and taking into account the requirements of EMIR.

5.8. The Client authorizes the Bank on behalf of the Client provide information for the trade repository selected by the Bank about all OTC transactions, changes made to them and Transactions terminated by the Client about which the Client should notify the trade repository himself in accordance with the EMIR. The Client undertakes to provide the Bank with all and correct data, including but not limited to the valid LEI code required for the Transaction Information. If the Client does not provide the Bank with all and correct data necessary for the Transaction to provide information, the Bank shall not provide information to the trade repository on behalf of the Client and the Client must submit such Transaction information in accordance with the requirements of the EMIR and related legal acts.

5.9. If the information on the Transactions is incorrect during the submission of the Transactions, the Parties agree to take all appropriate measures in good faith to correct such error within a reasonable period and to provide new or amended information on the Transactions.

5.10. If the Client i) does not acquire Legal Entity Identifier (LEI) or does not perform other actions as it is requested by EMIR, or ii) does not provide to the Bank all and correct data necessary in order to provide information on Transactions (or provides incorrect or misleading information), or iii) does not take reasonable measures to correct the errors in reports of Transactions, Bank has the right at its discretion to refuse to conclude the Transaction with the Client, to refuse to provide information on the Client's behalf about the Transactions (in this case the Client must provide the information of Transactions himself), to immediately terminate all Transactions and the Contract or, necessary actions and make the necessary changes necessary to correct the errors caused by the specified circumstances.

6. TERMINATION OF AGREEMENTS AND TRANSACTIONS. FINAL INVESTMENT

6.1. Either Party has the right to unilaterally or without having to address the court to terminate the Contract by giving notice to the other Party at least 14 (fourteen) calendar days before the date of termination of the desired Contract if all obligations of the Parties under the Transactions concluded in accordance with the Contract are fulfilled. The date of termination of the Contract may only be the Business Day.

6.2. Any of the events listed below in this section is considered as an Event of Enforcement:

6.2.1. The party improperly performs its payment obligations under the Contract and / or the Transactions and does not remedy it within 1 (one) Business Day upon request;

6.2.2. The other Party's approvals and / or guarantees under the Contract are substantially incorrect or the Party has provided false or misleading information or provided material information to the other Party;

6.2.3. There are *force majeure* circumstances that prevent the Parties from performing / accepting payments and / or performing other essential obligations under the Contract and / or any Transaction or imposing such obligations becomes impossible or unenforceable;

6.2.4. The other party suspends its obligations under the Contract for any reason;

6.2.5. At the written request of the Bank and / or persons related thereto, the Client does not fulfill his payment obligations under other agreements;

6.2.6. The Bank becomes aware that the Client has not fully or partially withdrawn or delayed payment, does not pay penalties and / or interest owed to other financial institutions for similar services;

6.2.7. It becomes known to the Bank that the Client has not fully or partially withdrawn or is late in settlement, avoids payment of default and / or interest for omitting the payment period to third parties (except as specified in clause 6.2.6 of the General Conditions), which threatens to further the Client's obligations under the Contract and / or Transactions for execution;

6.2.8. The Client refuses to submit the documents reasonably requested by the Bank related to the Client's activities, the conclusion of the Transactions;

6.2.9. The Client is liquidated, restructured, reorganized, goes bankrupt or, in the opinion of the Bank, is sufficient reason to assume that one of these processes will be initiated;

6.2.10. The Client refuses to approve any concluded Transaction in accordance with the procedure established by the Contract;

6.2.11. The negative information about the Client's reputation is revealed and, in the opinion of the Bank, it will have a material adverse effect on the performance of the Contract or the Transaction;

6.2.12. any Client's account at the Bank, funds or other assets or part thereof are arrested or other restrictions on disposal or other assets in accordance with the laws of the Republic of Lithuania are established and, in the opinion of the Bank, compromises the proper performance of the Client's obligations under the Contract or the Transaction;

6.2.13. if (i) due to legislative changes or other reasons, the execution of the Contract or the Transaction becomes unlawful, or (ii) in accordance with applicable law, any provision of the Contract or the Transaction becomes unlawful or unenforceable;

6.2.14. It becomes known to the Bank that the Client has not provided information that any other event that could have a material adverse effect on the Client's ability to fulfill its obligations under the Contract (for example, actions of public authorities, sanctions imposed,

significant losses incurred, judicial, administrative or other disputes or processes, etc.) or other circumstances which, in the opinion of the Bank, may be substantially negatively affected by the Client's ability to properly fulfill his obligations.

6.3. In the event of Forced Execution, in the cases provided for in Clauses 6.2.1-6.2.4 of the General Conditions, any Party, and in the cases provided for in clauses 6.2.5-6.2.14 of the General Conditions, the Bank shall have the right, unilaterally and without recourse to the court, to terminate the Transaction(s) and adjust the final netting.

6.4. The Bank terminates the Transaction(s) and applies the Close-out Netting unilaterally without going to court and without notifying the Client without prior notice. In order to terminate the Transaction(s) and apply the Close-out Netting, the Client must inform the Bank about the planned termination of the relevant Transaction(s) and the Application of the Close-out Netting no later than 2 (two) Business Days within the terms specified in the Contract. The Client must indicate the basis for termination and the day on which the Transaction expires (but in any case, this date cannot be later than 7 (Seventh) Business Day after the dispatch of the notice). In any case, the Business Transaction can only be a Business Day.

6.5. The Bank, upon receipt of the Client's notice, or on its own initiative implementing the Close-out Netting:

6.5.1. Calculate the payable amounts in connection with the termination of the Transaction(s) and the application of the Close-out Netting;

6.5.2. The Bank will convert the payable amounts into the currency chosen by the Bank on a commercially reasonable exchange rate; and

6.5.3. No later than next Business Day after the application of the Close-out Netting, the Client will submit in writing a notice regarding the payable amount related to the termination of the Transaction(s) and the Party having the obligation to pay this amount.

6.6. If after executing the Close-out Netting the Bank has the obligation to pay the amount related to the termination of the Transaction, the Bank shall have the right, in accordance with the procedure established by the law, to count this amount with the offsetting payments of the Client arising from any other obligations of the Client to the Bank, including obligations not related to this Contract and / or its basis concluded Transactions. In this case, the Bank informs the Client about the set-off made on the basis of which the Client's liabilities to the Bank have decreased and after the remaining payable amount.

6.7. By applying the Close-out Netting, the amount payable in connection with the Termination is calculated by including and evaluating the present value of the Financial Liabilities arising from the terminated Transaction(s), which also includes the Parties' holdings or potential losses, costs or profit that the Parties have experienced / received or may incur / for the termination of the Replacement Transaction, the amounts payable by the Parties under the Transaction(s) that should have been paid or should be paid before the date of termination of the Transaction(s), provided that all the conditions for payment of such amounts are met.

6.8. The Bank may use any useful information, including, but not limited to, the relevant interest rates, prices, profitability, profitability curves and other information required for the calculation of the value of the relevant Transaction published in generally recognized financial information sources for the calculation of the payable related to each terminated Transaction.

7. FINAL PROVISIONS

7.1. Until the signing of the Contract and not concluded between the Parties, the Transactions from the date of conclusion of the Contract are governed by the Contract.

7.2. The Contract is concluded, interpreted and all disputes related to it are resolved in accordance with the procedure established by legal acts of the Republic of Lithuania. If certain issues related to the conclusion and / or execution of the Contract and / or Transactions are not regulated in the Contract and / or the Transactions, such issues shall be resolved in accordance with the procedure established by legal acts of the Republic of Lithuania and in accordance with the relevant international banking and capital market standards.

7.3. All disputes, disagreements or claims arising out of or relating to the Contract and / or Transactions, their violation, termination or validity are finally settled by arbitration in Vilnius Commercial Arbitration Court in accordance with Arbitration Rules of Vilnius Commercial Arbitration Court. The number of arbitrators will be three. Arbitration court hearings will be held in Vilnius, Lithuania. The arbitration process will be delivered in Lithuanian language.

7.4. Disclosure of information and / or data, including, but not limited to, Transactions and their terms and conditions to third parties to the extent required by the EMIR and related legislation will not be considered a breach by the Parties of their obligations under the Contract, the Transactions, the General Rules and / or legal acts.

7.5. In case of contradictions / inconsistencies between the General Conditions and Special Conditions, the provisions of Special Conditions shall be followed, in the event of conflicts / inconsistencies between the Special Conditions, the provisions of General Conditions and the Approval, the provisions of the Approval shall be followed. The titles of the articles of the Contract do not affect the interpretation of the provisions of the Approval.

7.6. In the event that predetermined unknown Market prices are determined in accordance with the Contract and / or a particular Transaction, and such prices cannot be determined on a date agreed by the Parties for any reason, they will be determined on the nearest Business Day in accordance with relevant international market standards (agreements).

7.7. In the event that predetermined market prices are determined in accordance with the Contract and / or a particular Transaction and the person who publishes such prices makes mistakes which are subsequently corrected by replacing the previously published data, the Parties shall, on the same day as they become aware of such corrections, must pay each other the difference between the amount resulting from the application of the wrong and fair price.

7.8. If any clause in the Contract contradicts the laws of the Republic of Lithuania or other normative acts, the Parties undertake to immediately change the condition which has the closest legal meaning to the applicable law in force in the Republic of Lithuania or other normative acts.

7.9. The Bank has the right to unilaterally change the General Conditions and documents relating to the Contract. The amendments shall be announced – published on the Bank's website no later than 30 (thirty) calendar days before their entry into force. If within 30 (thirty) calendar days after the date of publication of the information the Client does not submit a written request to terminate the Contract and / or continues to enter into Transactions, it is considered that the Parties have agreed on the new terms.