

GENERAL TERMS AND CONDITIONS OF GUARANTEE ISSUANCE

1. TERMS AND DEFINITIONS

The terms used in these *General Terms And Conditions Of Guarantee Issuance* are understood as they are defined in this section; the other used and capitalized terms shall be understood as they are regulated by the *General Rules*.

The parties agree that if there are other conditions unidentified in these *General Terms And Conditions Of Guarantee Issuance* or Bank applies the Client different terms than those set in these *General Terms And Conditions Of Guarantee Issuance*, all such conditions are determined in the *Application* or if it is entered into, in the *Loan Agreement* or *Deposit Pledge Agreement*.

1.1. Bank: limited liability public company Šiaulių Bankas, whose details and contact information are specified in the *General Rules*.

1.2. General Terms And Conditions Of Guarantee Issuance: the Bank-approved *General Terms And Conditions Of Guarantee Issuance*, which upon the Client's request are handed in at the time of entering into the *Agreement* and which are available on the Bank's website www.sb.lt or in the Bank's Client service departments. *General Terms And Conditions Of Guarantee Issuance* are not signed by the Parties.

1.3. General rules: Bank-approved *Šiaulių Bankas general service provision rules*, which are available on the Bank's website www.sb.lt or in the Bank's Client service departments.

1.4. The actual Guarantee validity period: the period between the date of issuance the guarantee till the end of the Bank's commitments set in the Guarantee towards the Beneficiary. In the case of term suretyship, the actual validity of the suretyship period shall be the period from the date of suretyship letter issuance till the Bank's commitment expiration date (if the Beneficiary within three (3) months from the suretyship expiry date does not enter claim against the Bank).

1.5. Financial collateral: Guarantee amount and its currency-corresponding amount of money which, in the *contractual* manner, ensuring the proper execution of all his/her/its obligations to the Bank arising out of the *Agreement*, is presented by the Client to the Bank as a financial collateral with the transfer of ownership title.

1.6. Guarantee: Bank's guarantee or fixed-term suretyship, issued on the Client's Application basis. In the case of issuance the Bank's counter-guarantee, the Guarantee also means the Bank-issued counter-guarantee.

1.7. Guarantee validity period: Guarantee validity period, the expiration of which is specified in the Application. If Guarantee validity period expiration specified in the Application is non-business day, Guarantee validity period expiration shall be considered the next business day after the non-business day.

1.8. Guarantee account: account in the Bank, in which all existing and future funds (future income), up to the amount of the Guarantee amount, are presented to the Bank as Financial collateral.

1.9. Beneficiary: the person specified in the Application in whose favour the Guarantee is issued.

1.10. Client: the person having presented the Application.

1.11. Loan Agreement: the loan agreement entered into by the Parties (with all its present and future amendments, supplements and annexes) indicated in the Application.

1.12. Payment rules: Bank-approved *Šiaulių Bankas general rules on the provision of payment services*, which are available on the

Bank's website www.sb.lt and in Bank's Client service departments.

1.13. Service fees: Bank-approved rates of the Bank-provided services and operations, which are published on the Bank's website and/or the Bank's Client service departments / divisions and are applicable to the Client, when the Bank in accordance with the *Agreement* is providing services to the Client or executing under the *Agreement* the obligations or realizing the Bank's rights.

1.14. Application: according to the Bank-submitted form Client's filled guarantee issuance application and/or application for guarantee and/or the Guarantee Issuance Agreement amendment.

1.15. Demand: Beneficiary's written demand, enclosing the documents specified in the Guarantee, to pay the specified amount under the Guarantee. The Beneficiary's written demand to extend the Guarantee validity or pay the specified amount under the Guarantee is also considered the Demand.

1.16. Agreement: the Guarantee issuance agreement entered into by the Parties (with all its present and future amendments, additions and appendices). *Agreement* includes the Client's Application and its annexes, and these *General Terms And Conditions Of Guarantee Issuance* not signed by the Parties.

1.17. Parties: the Client and the Bank, as well as their legal successors.

2. GUARANTEE ISSUANCE TERMS

2.1. The Bank, in accordance with the Application and these *General Terms And Conditions Of Guarantee Issuance*, issues the Guarantee, with the means of which the Bank undertakes to respond to the Beneficiary and pay him/her/it no higher amount than the amount of the Guarantee, if the Client fails to properly fulfil the obligations specified in the Guarantee.

2.2. The Bank, by adopting a positive decision, issues, extends, and (or) increases the Guarantee, if all the conditions listed below are properly fulfilled:

2.2.1. The Client has submitted to the Bank duly completed and signed Application;

2.2.2. The Client has paid to the Bank all the fees associated with issuance of the Guarantee, its extension and (or) increase;

2.2.3. The Client has submitted to the Bank a financial collateral (except the case when the financial collateral amount is transferred to the Guarantee account by the Beneficiary, in which case the Guarantee shall enter into force no earlier than the financial collateral is submitted) (if the Guarantee is provided by submitting the financial collateral) and (or) other *Agreement* performance security measures specified in the Application;

2.2.4. Other agreements between the Bank or Bank group companies and Client or Client's group companies, including this *Agreement* are properly carried out;

2.3. The Bank issues Guarantee by itself or, if the Client in the Application authorizes the Bank to request another bank to issue Guarantee upon the Bank-issued counter-guarantee, directs another bank to issue the Guarantee. In this case, Demand constitutes the Guarantee-issuing bank's written demand enclosing the documents specified in the Guarantee, to pay the specified amount under the counter-guarantee or extend the counter-guarantee validity period or to pay under the counter-guarantee and the actual Guarantee validity period

shall be the period from the Bank's counter-guarantee issuance date till the date of expiration of the Bank's liabilities towards the Guarantee-issuing bank.

2.4. The Bank delivers the issued Guarantee in the manner specified in the Application, and if in the Application this manner has not been specified, the Bank is entitled to deliver the Guarantee by its own means. If the Guarantee cannot be advised through the bank specified in the Application, the Bank has the right to choose another bank for advice of the Guarantee.

2.5. The Bank will pay to the Beneficiary when the Beneficiary during the Guarantee validity period (in the case of term suretyship, when the creditor within three (3) months from the expiry of the suretyship term expresses the Bank the claim for payment under the suretyship) presents the Bank the Demand, corresponding to the Guarantee conditions and other necessary documents specified in the Guarantee.

2.6. After the Bank receives the Demand and informs about it the Client, the Client shall promptly, but no later than on the next business day, pay the Bank the amount requested by Beneficiary in the required currency, by accumulating it in its Bank account. This amount shall be debited by the Bank and transferred to the Beneficiary. If the Client failed to accumulate the required amount timely, the Bank is entitled to debit the required amount from Client's all accounts at the Bank, to use the Financial collateral and (or) other security means provided for in the *Agreement*.

3. FEES

Guarantee issuance fees

3.1. The Client obliges, on the Guarantee issuance day, to pay to the Bank the fee in accordance with the *Service fees* set for the Guarantee issuance.

3.2. The fee for the Guarantee issuance is calculated from the amount of the Guarantee, assuming that the year consists of 360 days and the month consists of the number of calendar days. The fee for the Guarantee issuance is calculated from the date of the Guarantee issuance until the end of actual Guarantee validity period.

3.3. The Client undertakes to pay other fees as per *Service fees* / Loan Agreement / Deposit Pledge Agreement associated with the Guarantee issuance, amendment and (or) other related Banking services. These charges shall be paid by the Client immediately after the Bank provides relevant service, and, at the Bank's request, in good time before the relevant service provision date if the said agreements provide nothing otherwise, and to cover all the costs incurred by the Bank.

3.4. In case if the Client fails to pay the payables as per *Agreement* / *Service fees* / Loan Agreement / Deposit Pledge Agreement or Bank notice, including the payment of the fine, the Bank has the right to unilaterally write off such amounts from any of the Client's Bank account (s).

3.5. If currencies of the amounts payable to the Bank or other Banks and the Client's account in Bank are different, the Bank debits the funds amount from any Client's account in the Bank required to be paid to the Bank or other Banks to cover the payables, applying the Bank-set currency exchange rate on the writing-off day.

Fines and penalties

3.5. If the Client misses payment deadlines, he/she/it shall, for each calendar day of delay, pay to the Bank 0.1 (one-tenth) per cent fine on the amount with missed payment deadline.

3.6. If the Client does not perform or improper performs the non-financial liabilities provided for in the *Agreement*, the Bank

has the right to apply the Client the fine amounting EUR 300 (three hundred euros), which is to be paid by the Client within 5 (five) days from the receipt of the Bank's demand. The fine may be applied in the case of repeated violations of the *Agreement* by the Client.

3.7. Payment of the interest and (or) fines does not release the Client from performance of contractual obligations and does not give the Client the right to request postponement of execution of the obligations under the *Agreement* terms.

4. BANK'S RIGHTS AND OBLIGATIONS

4.1. The Bank has the right to refuse to issue the Guarantee, if it appears that:

4.1.1. For the Bank, Guarantee text, Beneficiary, other Bank specified by the Client is unacceptable;

4.1.2. The Client and (or) the Beneficiary is subject, and (or) are to be applied the financial sanctions of the European Union, the United Nations Security Council, the Republic of Lithuania and (or) other states or international organizations;

4.1.3. Client is in Bankruptcy or the decision for Client's Bankruptcy has been adopted, the Client is restructured or there is the decision on the restructuring, the Client is liquidated, merged, divided or transformed, or there is a decision on the liquidation, merging, division or reorganization of the Client;

4.1.4. The Client does not fulfil and (or) improperly fulfils his/her/its obligations to the Bank under the agreements with the Bank and (or) the Bank's subsidiaries, and (or) other financial institutions, and (or) third parties;

4.2. The Bank, upon receipt of the Demand, which does not meet the conditions set out in the Guarantee, has the right to ask for the Client's consent to pay according to such Demand. The Bank also has the right to reject the Demand which does not meet the Guarantee conditions even if the Client's consent is received.

4.3. The Bank has the right to deem the documents submitted via authentic means of telecommunications (SWIFT and so on) the originals.

4.4. The Bank undertakes:

4.4.1. When issuing the Guarantee, to respect the conditions specified in the Client's Application;

4.4.2. After receiving the Demand, immediately notify the Client and provide him/her/it with the copy of such Demand;

4.4.3. To check the received Demand and other documents required under the terms of the Guarantee, and to determine their compliance with the conditions of the Guarantee;

4.4.4. Immediately following the decision to satisfy or reject the Demand, to report it to the Client.

4.4.5. After receipt from the Beneficiary the Guarantee conditions-satisfying requirement to extend the Guarantee validity or to pay under the Guarantee, the Bank shall notify the Client. Client shall promptly, but no later than within 2 (two) business days after receipt of the notification of the Bank, provide the Bank with an application for Guarantee amendment regarding Guarantee extension, or inform the Bank in writing that the Guarantee term will not be extended. If the Bank, within the specified time limit gets no Client's response, or if Parties do not make an appropriate *Agreement* amendment, the Bank shall pay as requested.

5. CLIENT'S RIGHTS AND OBLIGATIONS

5.1. Client shall:

5.1.1. Properly and timely execute the commitments taken by the *Agreement*;

5.1.2. No later than on the date of the Guarantee issuance or other costs suffering day to compensate the Bank for all costs it incurred or may incur when paying under the Guarantee. The refundable Bank charges include the amounts payable to the Beneficiary and other Banks under the Guarantee and (or) already paid amounts, other (including foreign) Bank fees and other Bank costs associated with legal proceedings, consultants, legal services, debt collection from the Client, litigation costs and other losses that may occur due to foreign law or jurisdiction application on the Guarantee when the Bank's and Beneficiary's and (or) other persons' disputes related to Guarantee are tried by foreign courts or other dispute resolution institutions and all other costs related to execution of the Bank's obligations under the Guarantee;

5.1.3. During the *Agreement* period to comply with regulatory requirements of the Republic of Lithuania;

5.1.4. After learning about the circumstances in contrary to the Client's representations and warranties, immediately inform the Bank in writing;

5.1.5. Not make any claims to the Bank for the implementation of the Guarantee provisions under the relevant applicable law of another country, at the Client's request issuing the Guarantee, which is subject to foreign law or a foreign jurisdiction in foreign courts and other dispute settlement institutions;

5.1.6. Upon the Bank's request, Client shall promptly provide all information and (or) documents relating to the Guarantee and (or) execution of the *Agreement*, the Beneficiary and (or) Client;

5.1.7. No later than within five (5) business days in writing notify the Bank about:

5.1.7.1. Solutions for Client's liquidation, reorganization (by merger or division of companies, changing the type or status of the company), restructuring, bankruptcy case instituting to the Client or non-judicial bankruptcy proceedings initiation;

5.1.7.2. Amendment in the Client's articles of association, name, domicile address and other details of the Client, the change in Client's head or members of other management bodies (the board, the supervisory board), composition of the Client's participants (shareholders, members, partakers, etc.);

5.1.7.3. The sanctions already applied or to be applied by public administration and law enforcement agencies on the Client, which deprive or restrict the Client's rights in the economic-commercial activities, limit disposal of Client's assets;

5.2. The Client acknowledges and ensures that:

5.2.1. Between the Client and the Beneficiary, there are no disputes or disagreements regarding establishing and (or) execution of the transaction or obligation, for which the Guarantee is issued, there are no circumstances that could prevent from execution or cause improper execution of the Client's commitments to the Beneficiary under such transaction or other obligation;

5.2.2. The information and documents provided to the Bank are accurate and true;

5.2.3. The Client's representative, who has submitted the Application, shall act in accordance with his/her/its mandate, the *Agreement* conclusion does not contradict with the laws, Client's articles of association, other founding documents, the management bodies regulations and other statutory requirements, obligations assumed by the Client with the third parties under the agreements, also that all the necessary permits, consents, authorizations necessary for conclusion of the *Agreement* from Client's management bodies, public authorities or others have been obtained;

5.2.4. The Client has all the necessary permits and licenses necessary for the Client's activities;

5.2.5. On the day of signing the *Agreement* the Client is not instituted the case and the Client does not know about preparation of instituting the same in the court or arbitration, in which the decision could have a negative impact on the Client's financial position and business or Client's ability to properly carry out 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. He/she/it is familiar with the provisions of the Guarantee text provided to the Bank and fully understands and perceives the risks and possible legal consequences if they result from the Client-provided Guarantee text content, takes full responsibility for the Guarantee text and will not make any claim to the Bank regarding execution of such Guarantee provisions;

5.2.7. If the Client in the Application authorizes the Bank to request another Bank to issue the Guarantee against the Bank's counter-guarantee, understands the risks associated with the mandate to decide on the validity of the Guarantee and the payment under it granting to such other Bank;

5.2.8. Client's representative, by signing the Application, undertakes to answer against the Bank if the *Agreement* will be challenged on the ground that it was made in violation of the Client's governing bodies competence, exceeded the powers conferred or is in contrary to the Client's purposes;

5.2.9. In the event that for any reason the Bank cannot use the financial collateral and (or) other collaterals specified in the Application, the Client shall within 2 (two) business days from the date of dispatch of such claim, to pay the Bank the amount required from the Bank by Beneficiary. If the Client fails to pay timely the required amount and the Bank pays according to Beneficiary's Request from the Bank's own account, the Client's obligation to pay the Bank-required amounts remains until it is completely executed.

6. SECURING THE CLIENT'S OBLIGATIONS EXECUTION

6.1. Execution of the Client's obligations arising from the *Agreement* is ensured by financial collateral, unless the Parties agree otherwise in the Application.

6.2. The Application gives the Bank the right, after entering into the *Agreement*, to write-off the amount of money specified in the Application from the Client's account (s) with the Bank and to transfer it to the Guarantee account opened in the Bank on behalf of the Client. If the Client's Bank account (s) contains not enough money, the Client shall immediately, but no later than before Guarantee issuance, pay into his/her/its account (s) with the Bank the amount specified in the Application. If currency in the Guarantee and currency specified in the Application and Client's accounts in Bank differ, the Bank debits from the Client's any account at Bank the amount of funds specified in the Application applying the Bank's currency exchange rate set for the day of debiting.

6.3. The Client, ensuring proper execution of his/her/its obligations arising from the *Agreement*, with the means of this *Agreement*, pledges to the Bank the financial collateral under the conditions set in this paragraph. The Parties expressly agree that:

6.3.1. If the Client is a legal entity, by agreement of the Parties, this *Agreement* is also the financial collateral arrangement with the transfer of ownership right to the Bank, as provided for in the Law on Financial Collateral Arrangements (the LFCA) of the Republic of Lithuania. Financial collateral ensures all Client's

payment (financial) obligations to the Bank under the *Agreement*. During the *Agreement* period the Client has no right to dispose of financial collateral and undertakes to compensate the Bank for any losses related to his/her/its default. In implementing the financial collateral ownership right, the Bank shall be entitled to apply directly to any person with the requirements relating to financial collateral, including the requirement to return the financial collateral to the Bank. In the case of occurrence and (or) persistence of any of the enforcement event, as well as in other statutory cases of the Republic of Lithuania, the Bank immediately unilaterally realizes the financial collateral and immediately satisfies its claim from the financial collateral in priority to other creditors taking over the ownership of the financial collateral (funds) and has the right to apply the final relief as it is provided for in LFCA. The enforcement event, as it is considered by the Parties, is financial default, bankruptcy institution against the Client, restructuring, reorganization, transformation or liquidation procedure initiation without prior consent of the Bank, the Client's property arrest, arrest of funds in Bank or other restriction of their legal disposal, as well as any other event letting to predict that the Client fails to meet its *Agreement* obligations;

6.3.2. If the Client is a natural person, this *Agreement* is at the same time the agreement for maximal collateral, with the means of which the financial collateral is pledged in favour of the Bank, by transferring the financial collateral (financial collateral and the claim rights towards the financial collateral) to the Bank, in accordance with the provisions of the Lithuanian Civil Code. During the *Agreement* period, the Client has no right to dispose of financial collateral and undertakes to compensate the Bank for any losses related to the default. In implementing the financial collateral ownership right the Bank shall be entitled to apply directly to any person with the requirements relating to financial collateral, including the requirement to return the financial collateral to the Bank. Financial collateral ensures also indemnification of the penalties and losses resulting from failure to fulfil or improper fulfilment of the obligation under the *Agreement*. The Parties agree to secure the penalties and damages with the maximum size of 30 per cent of the Guarantee amount, but no less than EUR 9,000. Debt-size fixing date is undetermined.

6.3.3. The Client with the means of this *Agreement* transfers to the Bank all rights in relation to financial collateral and financial collateral possession. The Client declares that the Bank has the right to manage the Guarantee account and financial collateral in the case if the Client fails to fulfil his/her/its obligations under the *Agreement*, till the Client's obligations under the *Agreement* are covered, and (or) use the financial collateral to cover the debt under the *Agreement* at any moment of debt occurring.

6.4. The Client declares that financial collateral has not been pledged, transferred or otherwise restrained, there are no arrests, disputes or restrictions on disposal of the financial collateral. The Client shall reimburse the Bank for all its costs and losses, if it turns out that the claims set out in this paragraph do not correspond to reality. The Client during validity of the *Agreement* does not have the right to dispose of the financial collateral or the claim rights in relation to financial collateral. The Client and his/her/its successors have no right to require the Bank to reimburse the Client or his/her/its successors the funds pledged under the *Agreement* as long as the Client has not fulfilled all his/her/its obligations under the *Agreement*.

6.5. At maturity of actual Guarantee validity period, the Bank, being sure that the Demand has not been received, all of the

Bank's obligations under the Guarantee have expired and the Client properly fulfilled all his/her/its obligations under the *Agreement*, within 2 (two) business days returns the financial collateral to the Client's account with the Bank or to another account specified by the Client in writing and closes the Guarantee account.

6.6. If, for the reasons beyond the Bank, the Bank cannot, or there is a possibility that it will not be able to write off the financial collateral in the Guarantee account to cover payables to the Bank or other Banks, the Client must immediately pay the payables to the Bank or other Banks to the Bank-specified Bank account. In this case, it is considered that the Client's payables under the *Agreement* have been paid to the Bank from the date of payment of the cash funds into the Bank-specified account.

7. LIABILITY OF THE PARTIES

7.1. The Client must compensate all losses incurred by the Bank due to the Client's outstanding or inadequately fulfilled obligations under the *Agreement*, as well as due to the fact that the Client's statements and representations are untrue.

7.2. The Bank is not responsible for the form, content, accuracy, authenticity, and legal validity of the documents submitted under the Guarantee.

7.3. The Bank is not responsible for the consequences if after payment according to the Demand it turns out that persons who signed the Demand were not authorized to do so. The Bank does not check authenticity of the signatures and stamps of the persons who sign the Demand.

7.4. The Bank is not responsible for the consequences if (counter) Guarantee issuing Bank or other Banks improperly fulfil their obligations under the terms of the Guarantee, regardless of whether the (counter) Guarantee issuing / Guarantee advising Bank was selected by the Bank or the Client.

7.5. The Bank is not responsible for the consequences if the Guarantee documents are damaged or lost when sending them by post, courier or other transfer, are illegible due to postal or telecommunications problems, sent late or not transmit and (or) for the errors in the making translation of the documents into another language or interpretation of technical terms.

7.6. The Bank, when using other Banks' services, performing Client's orders, does this on Client's account and risk.

8. FINAL PROVISIONS

8.1. The *Agreement* shall enter into force after the Bank signs the Application and be valid until complete fulfilment of all obligations of the Client to the Bank under the *Agreement*.

8.2. In the case if the provisions of the *General Terms and Conditions of Guarantee Issuance* are in contrary to the conditions laid down in the Application, the conditions specified in the Application shall prevail.

8.3. The *Agreement* has been executed in accordance with the laws of the Republic of Lithuania. All disputes arising between the Parties concerning the performance of the *Agreement* shall be resolved by negotiations. If the Parties fail to agree, disputes shall be settled according to the laws of the Republic of Lithuania. In case of differences between the texts in Lithuanian and English, the Lithuanian text shall prevail.