

## General terms and conditions of credit and documentary business transactions with business entities (effective date of application: 1 April 2019)

### I. PRELIMINARY PROVISIONS

#### 1. Scope

1. These General terms and conditions of credit and documentary business transactions with business entities (hereinafter referred to as the General Terms and Conditions) constitute part of the Agreement made by and between Raiffeisenbank Austria d.d. (hereinafter referred to as the Bank) and Client, if being expressly referred to in the Agreement.
2. The General Terms and Conditions supplement special agreements made between the Bank and the Client and other contracting parties, as applicable, except for such provisions of the General Terms and Conditions as are expressly excluded from the Agreement.
3. In case of any discrepancy between the General Conditions and provisions of the Agreement, the latter shall prevail.

#### 2. Glossary of terms

Terms referred to herein shall have the following meanings:

1. **Bank** – Raiffeisenbank Austria d.d. Zagreb (Grad Zagreb), Magazinska cesta 69, Republic of Croatia. The Bank is registered in the companies register at the Commercial Court of Zagreb with registration reference number MBS:080002366, OIB: 53056966535.
2. **CRS** (Common Reporting Standard) – common information standard for the automatic exchange of tax and financial account information for taxation purposes with respect to financial assets linked with another state with which the Republic of Croatia has made the automatic data exchange agreement. Automatic data exchange is governed in the Republic of Croatia by the Act on Mutual Administrative Assistance in Tax Matters.
3. **Collateral provider** – a legal or physical person which provides collateral to the Bank as security for payment of amounts payable to the Bank under the Agreement, except the Client, Co-borrower or Joint Surety.
4. **Documentary business** – Bank's business operations related to letters of guarantees, Stand By L/C (SBLC), letters of intent and documentary letters of credit with deferred margin payment (letters of credit).
5. **FATCA** (Foreign Account Tax Compliance Act) – Treaty between the Government of the United States of America and the Government of the Republic of Croatia made for the purpose of improving taxation on the international level and implementing FACTA regulation. FATCA implementation is governed by the Act on Mutual Administrative Assistance in Tax Matters.
6. **Client** – business entity which enters into the Agreement with the Bank as the Client.
7. **Credit business** – credit-related business operations of the Bank.
8. **Non-monetary obligations** – obligations which relate to the performance of other contractual obligations which are not categorized as monetary obligations.
9. **Monetary obligations** – obligations which relate to payment of principal, fees, interest, taxes, duties and other charges in respect of the Agreement.
10. **Facility** – facility issued by the Bank, including specifically: loans, letters of guarantee, SBLC, letters of intent, letters of credit.
11. **Business entity** – companies, institutions, cooperatives, associations, financial institutions, local and regional governments, the Republic of Croatia, government bodies, national administrative bodies, other legal persons, small businesses, family farm businesses, other physical persons performing economic activities or free-lance jobs.
12. **Business day** – any day except any Saturday, any Sunday, and any day which is a legal or national holiday in the Republic of Croatia.
13. **RIR** – reference interest rate is interest rate benchmark as set out in the Agreement, calculated on the European interbank market administered by the European Money Markets Institute or in the Croatian financial market (or any other person which takes over the administration of that rate) for the relevant period as displayed on page EURIBOR01 of the Reuters Screen (or any other replacement Reuters page which displays that rate) or on the appropriate page of such other information which publishes that rate from time to time in place of Reuters. If such page or service cease to be available, the Bank may specify another page or information service providing the relevant rate, as described in the Interest and Fee Calculation Rulebook.
14. **Benchmark Administrator** – natural or legal person having control over the provision of the RIR (benchmark)
15. **Alternative interest rate** – alternative reference rate which the Bank has determined as the applicable rate in the events described in section 25 of these General Terms.

14. **Joint surety** – a physical person which undertakes a joint and several guarantee to the Bank for all monetary obligations under the Agreement and which may provide a joint and several guarantee to the Bank for the performance of the obligations of the Client and/or Co-borrower and/or other joint surety, and for non-monetary obligations agreed in the name of the joint surety.
15. **Co-borrower** – a business entity which is liable to the Bank for all monetary obligations under the Agreement as a joint and several debtor for such obligations, under the same terms and conditions as the Client, and for non-monetary obligations agreed in the name of the joint surety.
16. **Agreement** – agreement on an individual facility, together with any supplements, schedules and annexes thereto.

## **II. COMMON PROVISIONS APPLICABLE TO ALL CREDIT AND DOCUMENTARY BUSINESS TRANSACTIONS**

### **3. Conditions precedent for drawdown/issuance of Facility**

1. Following the execution of the Agreement, but prior to the drawdown/issuance of a Facility (Facility Drawdown) the Bank shall demand that the following conditions be fulfilled:
  - a) the Client's account is not blocked;
  - b) the Client has no overdue unpaid monetary obligations payable to the Bank;
  - c) no event of default from Article 10 of these General Conditions has occurred;
  - d) all conditions set forth in the Agreement have been fulfilled;
  - e) the Bank has been provided with documents, in form and substance satisfactory to it, evidencing that all collaterals required under the Agreement to be created prior to drawdown have been created in favor of the Bank;
  - f) the Client has made available to the Bank a Real Estate Purpose Statement, if a pledge or lien is required by the Agreement to be created on the real estate in favor of the Bank, such Statement/-s being issued by real estate owner in form and substance satisfactory to the Bank, together with such other documents as requested by the Bank;
  - g) the Client has made available to the Bank a Statement of property of registered and non-registered partners /family home assets for the real estate property owned by a physical person, such Statement being issued in form and substance satisfactory to the Bank, if a pledge or lien is required by the Agreement to be created on the respective real estate in favor of the Bank;
  - h) the Client has made available to the Bank a Statement of property of registered and non-registered partners for the movable property owned by a physical person, such Statement being issued in form and substance satisfactory to the Bank if a pledge or lien is required by the Agreement to be created on the respective real estate in favor of the Bank.
2. The Bank has the right, without giving reasons, to enable the drawdown even before any of the conditions set out above are fulfilled. The drawdown before fulfillment of any of the conditions set out above shall not be construed as a waiver by the Bank of the fulfillment of the respective right/-s or any other right under the Agreement, General Conditions and/or regulations.

### **4. Representations and warranties**

1. The Client and each Co-borrower, as applicable, each represent and warrant herewith that:
  - a) financial statements, information in respect of property, encumbrances on the property, rights and obligations of the Client and Co-borrower and related persons, including other any other data and documents furnished to the Bank by personal delivery and/or by post and/or by electronic mail are complete, true and accurate and no material adverse fact has occurred since the date of making and/or delivery of such reports, data and documents;
  - b) any decisions, licenses, approvals and authorizations required under state and company legislation to enter into and/or execute the Agreement on the part of the Client and Co-borrower are existing, final and in full force and effect and the Client and Co-borrower have full legal capacity to enter into, execute and perform the Agreement;
  - c) no lawsuits, arbitration, legal and/or other proceedings have been initiated or threatened against the Client and/or Co-borrower and neither has any event occurred that may adversely affect the ability to perform obligations under the Agreement;
  - d) The execution or performance of the Agreement do not and will not violate, conflict with or result in a breach of any provision of the Client's and/or Co-borrower's statutes and constitutive documents, any contracts or agreements, applicable statutes, laws or regulations, decisions or rulings made by any courts or state authority, which are applicable to the Client and/or Co-borrower;
  - e) the Agreement and all the contractual implementation documents have been signed by authorized persons of the Client and Co-borrower;

- f) where the Client and/or Co-borrower is a small business, it shall be liable to the Bank for any and all obligations under the Agreement with all of its assets, including the assets which have been contributed into the capital of the company as well as all total assets of the company owner which have not been contributed into the capital. In the case of a joint business, each co-owner of the joint business shall be liable to the Bank for any and all obligations under the Agreement as a joint and several obligor, in accordance of relevant provisions of the Civil Obligations Act which govern joint and several obligations, with both the assets which have been contributed into the capital of the joint business and the total other joint owner's assets which have not been contributed into the capital of the joint business;
  - g) at all times the Bank's claims under the Agreement shall rank at least equally in priority of payment with any unsecured (if the Bank's claims are unsecured) or equally secured (if the Bank's claims are secured) claim of any other creditor of the Client and/or Co-borrower, except for claims preferred solely by operation of mandatory provisions of applicable laws.
2. The above representations and warranties of the Client and Co-borrower shall be complete, accurate and true at all times on each day so long as any actual or contingent liability under the Agreement remains payable.

### **5. Special undertakings**

1. The Client and each Co-borrower, as applicable, each undertake, so long as any obligation shall remain outstanding under the Agreement:
  - a) to continue to perform the registered core business on an ongoing concern basis;
  - b) to notify the Bank of changes of legal representative/-s without delay, and report other changes which are entered in the court register or the register of another competent authority within 3 (three) business days from the date of the respective decision on such change;
  - c) to supply to the Bank all legally required annual reports no later than one month from the expiration date of statutory remittance period for submission of those reports and to supply also such other financial statements, information and business documents as the Bank may reasonably request;
  - d) to supply to the Bank Auditor's reports on business including the notes, no later than one month from the expiration date of statutory remittance period for submission of those reports and notes, if the Client and each Co-borrower are required by law to make such reports;
  - e) to promptly notify the Bank in case events which may adversely affect the Client's and/or Co-borrower's ability to duly execute its obligations under the Agreement have occurred or may occur;
  - f) to promptly notify the Bank of any intention to acquire, sell, encumber or pledge its assets, rights, liabilities (contingent or otherwise), if any such legal transaction may adversely affect its ability to duly discharge its obligations to the Bank under the Agreement or in respect of any other legal grounds.
2. The Client and each Co-borrower, as applicable, each undertake, during the term of the Agreement, to refrain from making payment for any liability arising from any advance, which has been or will be granted to the Client and/or Co-borrower by their owners, without obtaining prior written consent of the Bank, which shall not be unreasonably withheld by the Bank.
3. During the whole term of the Agreement the Client and each Co-borrower, as applicable, each undertake, unless prior written consent has been given by the Bank, to refrain from:
  - a) transferring or assigning rights and/or obligations under and in respect of the Agreement to a third party;
  - b) setting off their obligations under the Agreement against any amount payable to them by the Bank.

**6. Fees payable for facilities:** The Bank shall compute and charge fees at the rates set forth in the Agreement in accordance with the Interest and Fee Calculation Rulebook.

### **7. Collateral**

1. The Bank may stipulate in the Agreement the provision of collateral or security instruments (hereinafter referred to as collateral) for the purpose of securing the performance of obligations under the Agreement, as follows:
  - a) debentures (promissory notes), blank bills of exchange
  - b) bank guarantees, sureties, assignment of claims
  - c) pledge/lien on assets or property, or fiduciary transfer of ownership (real estates, movable property, business stakes, shares, deposits, others),
  - d) life insurance policy, insurance policy for claims, others
  - e) other types or collateral or security instruments in accordance with the Agreement.
2. The Client, Co-borrower, joint surety and/or provider of collateral shall furnish to the Bank collateral and security instruments for payment as set forth in the Agreement and General Terms and Conditions and in separate documents as applicable.

3. The Bank is authorized to initiate the enforcement of collateral and security instruments for the purpose of collecting any amounts due and unpaid under the Agreement. The Bank is authorized to select at its discretion the instruments to be enforced and the order in which the collection will be executed.
4. After the Client has paid all amounts due under the Agreement, the Bank may return debentures/blank bills of exchange if the Bank is requested by the issuer or provider of the instrument, within 30 days from the date of payment of all obligations under the Agreement. Upon expiration of this period, the contracting parties agree that the Bank may void the debentures/blank bills of exchange unless required to do otherwise by mandatory relevant regulations.

#### **8. Real estate insurance policy**

1. If a property insurance policy is stipulated in the Agreement in respect of the real estates on which a pledge/lien is created in favor of the Bank, the Client and the real estate owner undertake jointly and severally to make available to the Bank an insurance policy made by an insurance company satisfactory to the Bank, covering no less than the amount of the new building value of the real estate as presented in the current real estate appraisal report/review (hereinafter NBV), the term of insurance being satisfactory to the Bank and the insurance policy being transferred to the benefit of the Bank.
2. If a multi-year insurance policy is required under the Agreement, the Client and real estate owner shall have a duty, until full satisfaction in whole of obligations under the Agreement:
  - a) to make payment of insurance premium when due;
  - b) to present to the Bank without delay evidence of payment for each premium, unless the Bank requires otherwise by notice in writing;
  - c) to renew the real estate insurance policy, transfer it in favor of the Bank and make it available to the Bank prior to the expiration date of the current insurance policy in the case that the obligations under the Agreement are not performed in whole prior to the expiration of the current insurance policy.
3. If a single-year insurance policy is required under the Agreement, the Client and the real estate owner shall have an obligation, until satisfaction in whole of obligations under the Agreement, each year to renew the real estate insurance policy, transfer it in favor of the Bank and make it available to the Bank, along with the evidence of insurance payment, no later than by the expiration date of the previous insurance policy.
4. Should the real estate for whatever reason not be insured or the insurance not renewed, and the insurance policy not transferred to the benefit of the Bank, the Bank shall make the insurance and/or renew the insurance policy at the Client's expense, and/or demand payment of cash margin coverage amount in accordance with the General Terms and Conditions, and/or terminate the facility, and enforce any collateral which secures payments under the Agreement.

#### **9. Environmental covenant**

1. The Client has a duty, as long as any amounts due and payable under the Agreement remain unpaid and outstanding, to comply with and adhere to any such applicable acts, laws and subordinate legislation, regulations, decisions, instructions, orders and other decrees passed by relevant state government, local or other bodies and authorities, pertaining to environment, health and physical safety protection, as are currently in effect and as will be passed during the term of the Agreement.
2. The Client shall notify the Bank and give reasons in writing of any inability to comply with, or of any breach of the requirements of the regulations and acts referred to previously above.
3. The Client shall align its business operations and comply with the applicable regulations and acts referred to previously above, and eliminate or remedy any breach or violation of relevant requirements within an appropriate period of time.

#### **10. Events of default**

1. In any of the events stipulated below in particular the provisions of the Agreement shall be deemed to have been violated by the Client and/or Co-borrower, as applicable:
  - a) failure to pay when due any amount payable under the Agreement;
  - b) failure to perform when due, or failure to comply with, any of the non-monetary obligations towards the Bank under the Agreement;
  - c) violation of obligations towards the Bank under any existing or future credit facility granted by the Bank, or any other legal business with the Bank;
  - d) breach of or default on obligations towards any other creditor, resulting in the claims of such creditor being declared due prior to original maturity;
  - e) provision of information, data or documents which are not complete, accurate, true or up-to-date;
  - f) a petition has been instituted against the Client and/or Co-borrower for initiation of pre-bankruptcy, bankruptcy, liquidation or other proceedings aimed at concluding a settlement arrangement with creditors or at winding up or dissolution of Client and/or Co-borrower;

- g) any situation occurs which, in the Bank's reasonable opinion, may result, or has resulted, in a material adverse change in the business operations, assets, liabilities or financial standing of the Client and/or Co-borrower, or may threaten, or has threatened, the ability of the Client and/or Co-borrower to perform when due its obligations under the Agreement;
- h) statutory changes (acquisition, merger, demerger or reorganization) of the Client and/or Co-borrower have been initiated without the prior written consent of the Bank, which consent shall not be unreasonably withheld by the Bank;
- i) change of ownership structure of the Client and/or Co-borrower;
- j) if for any reason whatsoever, any of the collateral and security instruments provided for herein should become invalid or change value to the extent that the Bank does not reasonably consider them sufficient to secure the amounts payable to the Bank, and such instrument is not replaced, on demand and within an appropriate period given by the Bank, by such other instrument as the Bank considers to be sufficient to secure the amounts payable to the Bank under the Agreement;
- k) the Client and/or Co-borrower becomes insolvent, stops payments or the account of the Client and/or Co-borrower is blocked;
- l) the Bank receives, pursuant to the Act on Enforcement Over Monetary Assets, an order from the Financial Agency, that has been issued on the basis of a payment execution document, requiring the Bank to execute enforcement against funds in the Client's account, to execute outgoing payments from the respective account, to implement a measure to collect against a credit balance in the account, to execute attachment or blockade of the account, or to undertake any other action for the purpose of executing a payment document, in accordance with data specified in the order, and the Bank consequently denies the utilization of the credit facility for that reason.

## **11. Authorization of the Bank**

1. The Client and Co-borrower, as applicable, each authorize the Bank that:
  - a) the collateral and security instruments provided to and received by the Bank under the Agreement and under any annex hereto may be applied by the Bank to collect overdue amounts payable by the Client and/or Co-borrower based on any other legal grounds, regardless of when such claims occurred, except to the extent that this is prevented by mandatory provisions of applicable regulations, and the Client and/or Co-borrower further agree that any amounts collected by the Bank by enforcement against any collateral or security instrument may be applied by the Bank to collect any other amounts payable by the Client and/or Co-borrower which shall be overdue at the time the collateral or security instrument is enforced, the priority of such payments to be determined by the Bank;
  - b) the Bank may collect any overdue unpaid amounts under the Agreement by setting them off against any of the Client's and/or Co-borrower's kuna and FC balances in any accounts kept with the Bank, or by setting them off against any other counterclaim that the Client and/or Co-borrower may have against the Bank, without seeking special consent or permission from the Client and/or Co-borrower, with subsequent notice thereof being given to the Client and/or Co-borrower;
  - c) in respect of any amounts due and payable under the Agreement the Bank may, without seeking any further consent or permission from the Principal, submit to the payment institution operating the Client's and/or Co-borrower's account an order to collect the amount owed, by debiting any or all of the Client's and/or Co-borrower's accounts, in keeping with applicable regulations which govern domestic payment transactions;
  - d) the Bank may assign or transfer, in whole or in part, its claims and rights under and in respect of the Agreement, including any and all security instruments and collateral, to a third party without seeking the Client's and/or Co-borrower's prior consent for such transfer or assignment.

## **12. Banking secret and disclosure of information**

1. Any information, data, facts and circumstances that have become known by the Bank in the course or as a result of performing services to the Client and executing transactions with an individual Client shall be protected by the Bank as banking secret.
2. All signatories to the Agreement undertake to preserve confidentiality of all information from and in respect of the Agreement and to treat the Agreement and any related document by taking precaution so as to prevent it from being disclosed or made available to third parties.
3. The information that has become available to or known by the Bank in the course of or as a result of performing services to the Clients shall be collected, managed, processed and used by the Bank in its business records and the Bank undertakes to treat such information in keeping with its legal duty to maintain confidentiality of information.
4. Data which are considered to be banking secret shall be communicated by the Bank to third persons only if expressly permitted and/or required by applicable mandatory regulations, and such disclosure shall only be

made specifically to such persons, government bodies and public administrative bodies and institutions in respect of which the banking secret duty is waived, in accordance with the provisions of such relevant regulations and with the provisions of the Credit Institutions Act.

5. The Bank may disclose or make available information which is considered to be banking secret, with the Client's prior written consent, only to such third parties and only with regards to information, facts and circumstances in respect of which the Client has expressly given written consent.
6. The Client and Co-borrower, as applicable, each agrees that the Bank may forward information and documents in respect of the Agreement, the Client, the Co-borrower, their connected persons and relevant documents to the central database of the Raiffeisen Group in Croatia and abroad and the Client and Co-borrower also agree that all members of the Raiffeisen Group shall have access to and use any such information, and the Bank shall keep such information confidential.
7. The Client and Co-borrower, as applicable, each agrees that the Bank may forward data and documentation to other third parties for the purpose of executing its rights and obligations under the Agreement, including any Annex thereto and any relevant supporting document, and forward data to legal persons founded with the purpose of collecting and providing information in respect of the total amount, type and existence of any default on contractual obligations by customers which have a business relationship with the Bank.
8. The Bank shall request the recipients and users of such information and data to act in accordance with the applicable legal duties concerning the protection of banking secret and data protection requirements and to refrain from disclosing such information and data to third parties, except in cases governed by the law.
9. Personal data of all signatories to the Agreement, who are physical persons (hereinafter referred to as the Respondents) shall be collected and processed by the Bank in keeping with applicable regulations which govern the personal data protection. Information on the rights and obligations in respect of the gathering and processing of personal data, purpose and legal grounds for processing, as well as information on rights and obligations of Respondents, information on security and protection measures applied on personal data being processed, including any other information that the Bank as the Controller is required to provide to Respondents, are listed in the "Personal Data Handling Rules of Raiffeisenbank Austria d.d." (hereinafter referred to as the Rules), which are available on the official web page of the Bank [www.rba.hr](http://www.rba.hr), and in branch offices of the Bank. By signing the Agreement and acceptance of the General Conditions Respondents acknowledge that the Bank has furnished to them all such information in the Rules.
10. The Bank may terminate the Agreement with immediate effect also in the event that the Client fails upon demand by the Bank to provide the requested data and documents necessary for the purpose of identifying the Client's beneficial owners in keeping with the Anti Money Laundering and Counter Terrorist Financing Act and for the purpose of identifying tax residence status, and to provide statements, authorizations and other forms required for CRS (Common Reporting Standards) and FATCA (Foreign Account Tax Compliance Act) purposes.

**13. Payment of dues:** Any sum due to be paid on a day which is not a business day shall be due and paid on the immediately following business day.

**14. Expenses:** Any expenses related to the execution of the Agreement and exertion of the Bank's rights by obtaining, enforcing and returning the collateral and security instruments stipulated in the Agreement and by executing seizure, foreclosure, bankruptcy and pre-bankruptcy settlement procedures, such expenses including public notary fees and expenses, Registry Service fees and expenses, costs of judicial proceedings, court expenses and duties, costs of representation and attorney fees, dunning letter fees, and others shall be paid by the Client, unless otherwise stipulated in the relevant enforceable court ruling.

**15. Additional actual costs and costs of fund transfer services:** Any additional actual costs that the Bank may have in rendering the services under the Agreement and any fund transfer fees for outgoing international remittances shall be paid by the Client.

**16. Default interest:** If the Client defaults on payment when due of any monetary payment obligation and/or if the Bank is called to effect, and effects, payment under the issued facility, the Bank shall calculate and charge, starting from the first day, statutory default interest at the rate set out in the Agreement, except to the extent that this is prevented by mandatory provisions of legal regulations.

**17. Delivery of notices and calculation statements**

1. The Bank shall deliver interest and fee calculation statements, payment notices and other communications under the Agreement to the Client in accordance with its capabilities, through RBA iDirekt service.
2. If the Client has not subscribed to RBA iDirekt service, the Bank shall deliver notices and calculation statements by mail.

## **18. Communications**

1. The Bank, Client and Co-borrower, if applicable, shall transmit and serve mutual communications by way of electronic mail, or ordinary postal service or by registered mail with return receipt (or through an authorized postal services provider) or by personal delivery, addressed to the contact details provided in the Agreement or in the Communication Authorization Statement.
2. Communication with the Client will take place also through the RBA iDIREKT service or RBA mBIZ service, if the Bank's technical capabilities permit so.
3. If certain written notices and communications are required under the Agreement or the General Conditions or any mandatory regulations to be delivered by registered mail with return receipt or by personal delivery or in any other manner or to any other address, in that case the Bank or the Client and Co-borrower, if applicable, shall perform the delivery of any such notices and communications in the manner described in the General Condition, or in the Agreement or in mandatory regulations for the specific type of written notices and communications.
4. Written notices and communications transmitted by electronic mail shall be deemed to have been served at the moment when its Delivery Receipt is registered on the server which is used for transmission of such messages.
5. Personal delivery shall be deemed to be performed the moment the written notice or communication is handed to the person stated in the contact details, with simultaneous confirmation of receipt by the designated contact person, or by handing over the written notice or communication to the mail registry office of the respective contractual party, the delivery receipt being issued immediately.
6. Any such written notice or communication may be delivered also through a combination of the above described methods, in which case, for the purpose of proving the dispatch, it will suffice that it is sent successfully through only one of the methods, unless required otherwise in these General Conditions or in the Agreement.
7. Written notices or communications can be served or delivered also to the contractual parties, in addition to being delivered to the persons stated in the contact details.

## **19. Risks**

1. The Client has been warned by the Bank about all effects that this legal transaction may have on the Client and its financial situation, and advised, which the Client hereby expressly acknowledges and confirms, in consideration of all information, explanations and warnings given by the Bank about the risks and effects that this legal transaction may have on the Client and its financial situation, to seek advice from appropriate expert advisors for the purpose of an independent expert assessment as to whether this legal transaction is effectively aligned with the Client's requirements and financial and other capabilities.
2. **Risk of electronic delivery of Requests:** If the Client places, modifies or revokes Requests electronically, the Client shall take necessary precaution measures so as to prevent misuse or errors in the transmission. The Bank shall not be held accountable for any misuse or for errors in the transmission of messages which are used to place, modify or revoke Requests electronically, except to the extent that the Bank is proved to have acted intentionally purposely or in gross negligence. The Bank shall not be accountable for being unable to place, modify or revoke Requests by electronic means due to malfunction of telecommunication devices, malfunction of telecommunication lines or any other event beyond control of the Bank. The Bank shall not be accountable for any damage or loss arising from the theft of the Client's identity during message transmission. The client is aware that the Bank uses systems for protection and system verification of all messages and that delivery of messages may consequently be rejected or delayed.
3. **Foreign exchange risk:** Foreign Exchange Risk (Currency Risk) can occur when the liability under Agreement is calculated by applying the exchange rate for kuna (hereinafter: kuna or HRK or HRK) in relation to the foreign currency (foreign currency index). The foreign currency may appreciate or depreciate in future in comparison to its present value in relation to HRK. The exposure to the currency risk may result in losses or gains due to the change of inter-currency relations of individual currencies. In the foreign exchange market in the Republic of Croatia the exchange rate of the kuna is formed exclusively in relation to the euro (EUR/HRK), so the exchange rate risk of the kuna against the euro (EUR/HRK) results from the appreciation or depreciation in the currency pair EUR/HRK which is affected by market supply and demand. As part of its monetary policy the CNB is presently pursuing an exchange rate policy aimed at maintaining stability of the nominal exchange rate of the kuna against the euro (through foreign exchange interventions and/or administrative measures) so the exchange rate risk of EUR/HRK is considered to be lower than the exchange rate risk of the kuna against other currencies. The Bank has no obligation to notify the Client and/or the counterparty of any change of the CNB exchange rate policy. Other exchange rates, such as the price of HRK versus the U.S. dollar (USD) or Swiss franc CHF, are formed indirectly and it is the market fluctuations in international foreign exchange markets too, besides changes in the EUR/HRK exchange rate, that have a crucial impact on the currency risk, as quotations for international convertible currencies or convertible

currency pairs, such as the euro versus the U.S. dollar (EUR/USD) or the Swiss franc versus the euro (EUR/CHF), are exclusively governed by global supply and demand without the CNB's influence. The exchange rate of the kuna against other currencies is therefore more volatile and exposed to a greater fluctuation risk than the EUR/HRK currency pair is.

4. **Variable interest rate risk:** Prior to entering into the Agreement the Bank had provided to the Client information, clarifications and warnings that variable-rate credit facilities expose the Client to the risk of interest rate changes. The probability of interest rate change increases the longer the loan repayment period is. The risk of change of agreed interest rates results from variable parameters in interest rate formation. A variable parameter may shift upward and downward resulting in a change of the interest rate. Reference rate is a parameter achieved in a particular money market for a particular currency in a defined period (for instance, ZIBOR, EURIBOR, LIBOR, or other). As a consequence of market trend movements, changes can occur in the ratios of supply and demand for cash in a particular financial market. The money supply and demand may also be affected by changes of monetary and fiscal policies, changes in the liquidity of financial market participants and their expectations, investors' perception of risk, as well as disturbances in the international financial market. Changes of reference rates result from movements in the money supply and demand in the reference market, as well as from changes of expectations. Measures imposed by the CNB have no impact on fluctuations of reference rates in the international markets (for instance, Euribor, Libor, or others).

**20. Taxes and other duties:** The Client shall make payments of the principal, interest, fees and expenses, without retention or deduction of any existing or future taxes, tax advances or any duties. If such retention or deduction is required to be made by law, the Client shall pay to the Bank such additional amounts as are necessary so that the Bank can receive the full amount of principal, interest, fees and expenses that it would have received if no such retention or deduction had been made.

**21. Legal dispute, jurisdiction:** Any dispute shall be submitted for resolution to the Court of Zagreb. The Agreement is governed by Croatian law with the exception of the conflict of law provisions.

### III. ADDITIONAL PROVISIONS APPLICABLE TO LOANS

**22. Loans:** Under a loan agreement the Bank undertakes to make available to the Client a certain sum of money in accordance with the agreed upon terms and conditions, and the Client undertakes to make payments of agreed upon interest and fees and to repay the drawn amounts as and when due and to perform other obligations in accordance with the Agreement.

#### **23. Loan drawdown**

1. The loan shall be drawn upon fulfillment of conditions precedent set forth in the Agreement within 30 days as of the Agreement date, in accordance with the lending capacity of the Bank, unless otherwise stipulated in the Agreement.
2. Loan shall be drawn in the currency in which it is approved.
3. Loan shall be utilized in one lump sum by being disbursed to the Client's account maintained with the Bank, unless otherwise stipulated in the Agreement.
4. Failure by the Client to draw the loan in whole or in part during the drawdown period shall be construed as waiver by the Client to draw the loan in whole or part of the loan.
5. During the availability/draw period of the revolving loan, upon repayment of an individual tranche the Client shall have the right to redraw the tranche provided that the total balance of outstanding unpaid tranches shall not exceed the principal balance of the revolving loan from which tranches are drawn and that there are no overdue amounts payable in respect of the tranche/-s drawn.

#### **24. Drawdown for authorized overdraft of transaction account**

1. The loan-authorized overdraft of transaction account shall be drawn as of the Agreement date, however not before all conditions precedent under the Agreement have been fulfilled, in accordance with the lending capacity of the Bank, and no later than the day which precedes the repayment due date.
2. Drawdown end date for authorized overdraft shall be any day which precedes the loan repayment due date of the authorized overdraft as set out in the Agreement.
3. If the due date stated in the Agreement is not a business day, then the due date shall be the immediately following business day.
4. The available loan balance to be drawn is stated in the Transaction Account Statement.
5. During the drawdown/utilization period the Bank is authorized, at its discretion, to reject the drawdown of such loan, when the Bank receives an order from the Financial Agency (FINA), in keeping with the provisions

of the Act on the implementation of the enforcement of monetary assets, submitted on the basis of a payment request document requiring the Bank to execute seizure against financial assets in the Borrower's account, to execute payments to the debit of the respective account, to implement a measure to collect against a credit balance in the account, to execute attachment or blockade of the account, or to undertake any other action for the purpose of executing a payment request document in accordance with data stated in FINA's order.

6. In the case that on the date of entering into the Agreement the Client also uses a loan-authorized overdraft that had previously been granted in the same transaction account (hereinafter referred to as the previously approved loan), the Client's right to utilize under the previously approved loan shall terminate upon fulfillment of one of the following events whichever is earlier:
  - a) expiration of the agreed drawdown/utilization period for the previously approved loan, or
  - b) fulfilment of conditions precedent for utilization of the new loan-authorized overdraft under the Agreement, or
  - c) the first utilization of the new loan-authorized overdraft.

If the event referred to in point a) occurs, all obligations payable under the earlier loan shall be paid as and when due as has been agreed for the previously approved loan. Should the events referred to in points b) or c) occur, any obligations under the previously approved loan which do not exceed the amount of the new loan-authorized overdraft, net of fees, shall be paid by applying the new loan-authorized overdraft, and any difference which may exceed the principal balance of the new loan-authorized overdraft shall be advanced by the Client to the Bank before the drawdown of the new loan-authorized overdraft under the Agreement.

7. The Client authorizes the Bank to provide the Transaction Account Statement to the Client upon transaction, as long as any obligations under the Agreement exist, regardless of how it is already agreed in the agreement on RBA transaction account, which the Client is obliged to regulate before entering into the Agreement.

## **25. Interest**

1. Regular interest is interest which accrues and is charged on the loan principal until maturity at the rate set forth in the Agreement.
2. Regular interest is paid in time intervals and according to the method set forth in the Agreement.
3. Interest is calculated by proportional interest method.
4. For the loan-authorized overdraft of transaction account regular interest shall accrue for each interest period, by debiting the Client's transaction account, and the last amount of regular interest shall be due for payment at final maturity of the loan principal.
5. Regular interest for the loan-authorized overdraft of transaction account shall be payable on the last day of each interest period, except in the case of a two-week interest calculation period when interest will be payable monthly, on the last day of each month and on the due date of loan principal, unless stipulated otherwise in the Agreement.
6. The Interest and Fee Calculation Rules, as amended or supplemented henceforth from time to time, shall apply to the calculation of interest.
7. In the event that:
  - a) the methodology, formula or other means of determining the RIR has materially changed;
  - b) the Benchmark Administrator or its supervisor announces that:
    - A. the administrator is insolvent or information is published in any notice of filing of or filed with a court, tribunal or any other competent body, stock exchange, regular authority or similar judicial, administrative or regulatory authority, which reasonably confirms that the administrator is insolvent,
    - B. the administrator has ceased or will cease to provide the RIR permanently and at that time there is no successor administrator to continue to provide the reference rate,
    - C. RIR has been or will be discontinued, or
    - D. RIR may no longer be used; or
  - c) the Benchmark Administrator determines that the RIR should be calculated in accordance with its reduced submissions or other contingency or fallback policies or arrangements for the recovery or continuation of provision of the rate, and either the circumstances leading to such determination are not (in the opinion of the Bank) temporary or the RIR is calculated in accordance with any such policy or arrangement for a period no less than 60 days; or
  - d) in the opinion of the Bank, RIR is no longer appropriate for the purposes of calculating the interest under the Agreement, the Bank shall notify the Client thereof and determine a new RIR („Alternative interest rate“) according to the following rules:
    - A. The Alternative interest rate will be the benchmark rate which the competent

authority will determine, in accordance with published applicable rules, regardless of the intention of the contracting parties, as a replacement RIR

B. If the competent authority does not determine the replacement reference rate, the Bank will determine as the alternative rate a rate which is, according to the methodology, formula or means of calculating the rate, as close as possible to the RIR;

C. If the Alternative interest rate cannot be determined by applying any of the methods described in items A and B, the Bank shall use as the alternative benchmark such other rate which is an arithmetic mean of the rate quotations for deposits in the currency of the agreement for a term comparable to the relevant Reference period, which have been offered to the Bank by three leading commercial banks active in the reference interbank market;

D. If the Alternative interest rate cannot be determined by applying any of the methods described in items A, B and C, then the Bank shall use as the Alternative reference rate the rate at which the Bank usually obtains funding.

Alternative reference rate shall preserve the economics of the transaction financed in accordance with these General Terms or under the Agreement, and take into account the then prevailing market practice, and, for the avoidance of doubt, it may provide for the use of a replacement benchmark and include the margin adjustment to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one contracting party to another as a result of the application of such replacement benchmark.

## **26. Termination of loan agreement**

1. In case of breach or violation of any obligation under the Agreement, the Bank shall be entitled to cancel the Agreement, declare the facility to be due and payable prior to its originally stated term of maturity, and enforce any and all collateral and security instruments provided and received under the Agreement.
2. If the breach or violation relate solely to a non-monetary obligation under the Agreement, the Bank may grant an additional remedy period to discharge such obligation, and, in case the obligation should still not be discharged during the remedy period, the Bank may terminate the Agreement.
3. Upon termination any amounts which are or will be owed by the Client to the Bank, including the principal, interest, fees, charges and other costs, shall become immediately due and payable, and the Bank has the right to exert and activate any collateral and security instrument to collect. The Bank shall terminate the Agreement by giving a written termination notice.
4. The termination notice shall be dispatched to the Client and Co-borrower, as applicable, by registered mail with return receipt to their respective addresses given initially in the Agreement or to such other address as the Client and/or Co-borrower subsequently expressly provided to the Bank by written notice of a change of address. Such termination notice shall take immediate effect as of the moment it is dispatched, regardless of whether it has been successfully delivered or not, unless stated otherwise in the termination notice itself. The termination notice served to the Client shall render due and payable the total amount owed to the Bank by the Co-borrower, as applicable, too.

## **IV. COMMON PROVISIONS FOR DOCUMENTARY BUSINESS**

### **27. Exchange rate applicable for fee calculation:**

1. All fees payable in respect of facilities indexed to foreign currency shall be translated into HRK by applying the middle rate of exchange quoted by the Bank on the calculation date.
2. All fees payable in respect of foreign currency denominated facilities shall be translated into HRK by applying the selling rate of exchange quoted by the Bank on the calculation date.
3. The exchange rate applicable to fees in respect of letters of credit are defined in Article 54 of the General Terms and Conditions.

### **28. Fund transfer costs**

1. Fund transfer costs shall be calculated and charged by debiting the Client's transaction account.
2. When the account is to be debited in HRK, the equivalent of the agreed currency shall be calculated at the selling rate of exchange quoted by the Bank on the date of charge.
3. When the account is to be debited in foreign currency, the foreign currency amount shall be converted to HRK at the buying rate of exchange quoted by the Bank on the date of charge.
4. When the account is to be debited in a foreign currency other than the currency of the actual cost, the conversion shall be made on the basis of the buying and selling rate of exchange quoted by the Bank on the date of charge.

5. The Client authorizes the Bank to charge the Client's transaction account for any foreign bank costs whereby the charges in the currency of the actual cost shall have priority.
6. Fund transfer costs in respect of letters of credit are defined in Article 15 of the General Terms and Conditions.

### **29. Payment of cash cover amount**

1. In case of violation of any obligation under the Agreement, the Bank may request the Client and/or Co-borrower to immediately make payment of a non-interest bearing cash cover amount into the account of the Bank in a sum equivalent to the amount of the issued guarantee/SBLC/letter of intent/letter of credit (increased by the amount of applicable secondary claims) as security for payment of any amounts due under the Agreement, and the Client and/or Co-borrower shall immediately comply with such request, otherwise the Bank shall be entitled to enforce any collateral and security instrument provided for under the Agreement and/or these General Conditions for the purpose of collecting the cash cover amount.
2. If the violation relates solely to a non-monetary obligation under the Agreement, the Bank may give a remedy period to perform the respective obligation, and, unless the obligation is performed during the subsequent remedy period, the Bank may demand payment of the cash cover amount.
3. The Bank shall request payment of cash cover amount by written notice.
4. The notice shall be served to the Client and Co-borrower, as applicable, by registered mail with return receipt at their respective addresses given initially in the Agreement or to such other address as the Client and/or Co-borrower subsequently expressly provided to the Bank by written notice of a change of address. Such notice shall take immediate effect as of the moment it is dispatched, regardless of whether it has been successfully delivered or not, unless stated otherwise in the notice itself.

## **V. ADDITIONAL PROVISIONS APPLICABLE TO GUARANTEES**

**30. Guarantee:** Under a guarantee agreement, the Bank undertakes to issue upon the Client's demand a bank guarantee in accordance with the agreed terms and conditions, and the Client undertakes to make payments of the agreed upon fees and fund transfer costs and to perform other obligations set out in the Agreement.

### **31. Issuance of guarantees**

1. The Bank shall issue the guarantee according to the standard text used in the Bank, as a first-demand guarantee and with non-transferability clause, or according to a different template provided by the Client as part of supporting documents if and as satisfactory to the Bank.
2. If the Bank requests modification of the proposed text of the Guarantee, the Bank and the Client shall agree on the final version prior to issuance of the Guarantee.
3. The Bank may decline to issue a letter of guarantee according to the delivered proposed template without providing the explanation or reasons for rejecting the requested wording of the Guarantee.
4. The Bank may decline to issue a guarantee for which the validity term is not set on a specific date.

### **32. Client's obligations in respect of the letter of guarantee**

1. For each requested guarantee the Client shall provide additional supporting documents required by the Bank to issue the guarantee. Supporting documents for the purpose of the Agreement shall include any relevant document that governs legal relationship between the Client and its counterparty, or the Client's obligation that is the subject matter of the guarantee.
2. The Client shall promptly notify the Bank of any subsequent modifications pertaining to any obligation secured by the guarantee. The Client shall not accept any such modifications without the Bank's prior consent, regardless of whether or not such modifications affect the obligations of the Bank.
3. In cases when a guarantee is issued without the validity term set on a specific calendar date, the Client shall remain liable to the Bank until such a time that the Bank has received a notification, in the form and substance satisfactory to the Bank, from the guarantee beneficiary releasing the Bank from any and all obligations under the guarantee. If the Bank is not released from all obligations under the guarantee as stated previously herein by the expiration date of the validity term stated in the Agreement, the Bank shall have the right to request the Client to provide additional security which shall be valid until such a time that the guarantee beneficiary has released the Bank from any and all obligations under the respective guarantee. The guarantee fee shall be calculated and charged until such a time that the Bank has been released from all obligations under the guarantee as stated previously herein.
4. When a counter-guarantee is issued, the validity term of the guarantee stated in the Agreement shall be the expected term, and the Client shall remain liable to the Bank until such a time that the Bank has received a notification, in the form and substance satisfactory to the Bank, from the counter-guarantee beneficiary releasing the Bank from any and all obligations under the counter-guarantee. Unless the Bank is released from

all obligations under the counter-guarantee as stated previously herein by the expiration date of the expected validity term stated in the Agreement, the Bank shall have the right to request the Client to provide additional security which shall be valid until such a time that the counter-guarantee beneficiary has released the Bank from any and all obligations under the respective counter-guarantee. The counter-guarantee fee shall be calculated and charged until such a time that the Bank has been released from any and all obligations under the counter-guarantee as stated previously herein.

5. If the Agreement states that the guarantee amount shall be increased for the sum of other claims specified in the guarantee, the respective guarantee shall also secure additional claims such as applicable fees, exchange rate differences, regular interest, default interest, legal costs, attorney costs and/or other additional claims expressly stated in the guarantee.

**33. Revocation:** In case of default on any obligation under the Agreement, the Bank shall be authorized, without seeking the Client's consent, to revoke the guarantee, if the guarantee is revocable. If the guarantee is revoked, the Client shall remain liable to the Bank until such a time that the Bank is fully released of all obligations under the guarantee.

#### **34. Claim under guarantee**

1. The contracting parties hereto agree that the claim under guarantee shall occur upon payment demand made by the Beneficiary to the Bank. Regardless of whether or not the Bank's guarantee is on first demand, the Bank shall not be obliged to verify the genuineness of the Beneficiary's claims as to the fulfilment of payment terms and conditions.
2. If the Bank's guarantee states that the Beneficiary must deliver other documents in addition to the payment demand, the Bank shall only establish the formal identity of the received documents, and shall not be required to verify the genuineness of the documents in whole or in part, the authenticity of signatures on the document or the authority for issuance of and signing on the documents.

#### **35. Payment under guarantee**

1. If the Bank is called upon to pay any sums under the issued guarantee, the Bank shall make the payment in accordance with the obligation under the guarantee.
2. The Bank shall establish the justification of the payment demand based exclusively on the terms and conditions set out in the guarantee, without verifying the legal grounds of the Beneficiary's demand.
3. In order to effect the payment, the Bank shall not require prior consent of the Client.

#### **36. Cash margin payment for FC guarantee**

1. If a foreign currency denominated guarantee is issued, and the Bank receives a payment demand in respect of such guarantee, the Client shall immediately upon the Bank's first demand, deposit a cash margin coverage, either in foreign currency or equivalent value calculated in HRK at the selling rate of exchange quoted by the Bank on the margin payment date.
2. The Client shall also be charged for any exchange rate differences that may arise in the period between the cash margin payment date and the date of actual payment to the beneficiary.
3. If the Client fails to pay such exchange rate difference on the date of international payment of due amount, the Bank shall charge default interest on the outstanding unpaid amount of the exchange rate difference.

#### **37. Right of recourse**

1. If the Bank makes any payment under the issued guarantee with its own funds, the Client shall compensate the Bank for any sums so paid under the guarantee, including any applicable interest, fees and other costs and expenses.
2. The amount paid by the Bank under an FC guarantee shall be compensated by the Client to the Bank in foreign currency or in HRK equivalent calculated at the selling rate of exchange quoted by the Bank on the payment date.
3. In respect of any amount paid by the Bank under the issued guarantee, the Bank shall calculate and charge default interest starting from the first day.
4. If the issued guarantee specifies the requirement for the Bank to make payment under the guarantee on the date of receipt by the Bank of the payment demand or on the immediately following day after the receipt of the payment demand, and if the Beneficiary calls upon the Bank to pay default interest accrued from the date of receipt by the Bank of the payment demand under the Guarantee up until the date of payment by the Bank under the Guarantee, the Client shall compensate the Bank for any sum of default interest paid in such manner.
5. If the guarantee is governed by foreign law, the Client shall indemnify the Bank for any difference, shortage, loss and damage arising from the application of the foreign law.

6. If the Bank issues a guarantee upon demand of the Client and on behalf of a third party, and is called upon to honor the issued guarantee, the Client shall enter into an agreement with the third party to regulate their mutual business relationship with respect to the international credit transaction in accordance with the terms and conditions laid down in the Foreign Exchange Operations Act and in other applicable bylaws and regulations.

## **VI. ADDITIONAL PROVISIONS APPLICABLE TO SBLC**

**38. SBLC:** Under an SBLC agreement, the Bank undertakes to issue upon the Client's demand an SBLC in accordance with the agreed terms and conditions, and the Client undertakes to make payments of the agreed upon fees and to perform obligations which are guaranteed by the issued SBLC, along with other agreed terms and conditions.

### **39. Issuance of SBLC:**

1. The Bank shall issue the SBLC according to the standard text used in the Bank or according to a different template provided by the Client as part of supporting documents if and as satisfactory to the Bank.
2. If the Bank requests modification of the proposed text of the SBLC, the Bank shall agree on the wording with the Client prior to the issuance of the SBLC.
3. The Bank may decline to open the SBLC according to the provided template and shall not be required to provide the reasons for rejecting the proposed text of the requested SBLC.
4. The Bank may decline to issue an SBLC for which the validity term is not set on a specific date.

**40. Supporting documents:** For every requested SBLC the Client shall make available documents the Bank requires to open the SBLC. The required supporting documents for the purpose of the Agreement shall be any and all relevant documents that govern the legal relationship between the Client and the counterparty, or the Client's obligation which is guaranteed.

### **41. Obligations of the Client**

1. The Client undertakes to perform the obligation secured by the SBLC as and when due in accordance with the agreed terms and conditions.
2. The Client shall promptly notify the Bank of any subsequent modifications pertaining to any obligation secured by the SBLC.
3. The Client shall not accept any such modifications without the Bank's prior consent, regardless of whether or not such modifications affect the obligations of the Bank.

### **42. Payment under SBLC**

1. If the Bank is called upon to pay any sums under the SBLC, the Bank shall make the payment in accordance with the obligation under the SBLC.
2. The Bank shall assess the justification of the payment demand under SBLC based exclusively on the terms and conditions set out in the SBLC, without verifying the legal grounds of the Beneficiary's demand.
3. In order to effect the payment, the Bank shall not require prior consent of the Client.

### **43. Payment of cash margin coverage**

1. If the Bank receives a payment demand, the Client shall, upon the Bank's first demand, pay a cash margin coverage, either in foreign currency or the equivalent amount in local currency.
2. If the Client pays the cash margin in the local currency equivalent of the agreed foreign currency amount, the margin amount shall be calculated at the selling rate of exchange quoted by the Bank as at payment date. The Client shall be also charged for exchange rate differences that may arise in the period between the cash margin payment date and the date of international payment of due amount.
3. If the Client fails to pay such exchange rate difference on the date of international payment of due amount, the Bank shall charge default interest on the outstanding unpaid amount of the exchange rate difference.

### **44. Right of recourse**

1. If the Bank makes any payment under the issued SBLC with its own funds, the Client shall compensate the Bank for any sums so paid, in foreign currency or in HRK equivalent at the selling rate of exchange quoted by the Bank on the payment date, including any applicable interest, fees and other costs and charges.
2. In respect of any amount paid by the Bank under the issued SBLC, the Bank shall calculate and charge default interest starting from the first day.
3. If the Bank is required to make payment under the SBLC on the date of receipt by the Bank of the payment demand or on the immediately following day after the receipt of the payment demand, and if the SBLC

Beneficiary calls upon the Bank to pay default interest which accrued starting from the date of receipt by the Bank of the payment demand under the SBLC until the date of payment by the Bank under the under the SBLC, the Client shall compensate the Bank for any sum of default interest paid in such manner.

4. If the SBLC is governed by foreign law, the Client shall indemnify the Bank for any shortage, loss and damage arising from the application of the foreign law.
5. If the Bank issues an SBLC on demand of the Client and on behalf of a third party, and is called upon to honour the issued SBLC, the Client shall enter into an agreement with the third party to regulate their mutual business relationship with respect to the international credit transaction in the manner and within the timeframe as laid down in the Foreign Exchange Operations Act and in relevant bylaws and regulations.

## **VII. ADDITIONAL PROVISIONS APPLICABLE TO LETTERS OF INTENT**

**45. Letter of intent:** Under an agreement on issuance of letter of intent, the Bank undertakes to issue upon the Client's demand a letter of intent in accordance with the agreed terms and conditions, and the Client undertakes to make payments of the agreed upon fees and to perform other agreed terms and conditions.

### **46. Issuance of letter of intent**

1. The Bank shall issue the letter of intent according to the standard text used in the Bank or according to a different template provided by the Client as part of supporting documents if and as satisfactory to the Bank.
2. If the Bank requests modification of the proposed text of the letter of intent, the Bank shall agree on the wording with the Client prior to the issuance.
3. The Bank may decline to issue a letter of intent according to the provided template and shall not be required to provide the reasons for rejecting the proposed text.

**47. Supporting documents:** For every requested letter of intent the Client shall make available documents the Bank requires to open the letter of intent. The required supporting documents for the purpose of the Agreement shall be any and all relevant documents that govern the legal relationship between the Client and the counterparty, or the Client's obligation which is guaranteed.

**48. Obligations of the Client:** The Client undertakes to pay any amount claimed by the Bank in respect of the letter of intent together with applicable secondary claims.

## **VIII. ADDITIONAL PROVISIONS APPLICABLE TO LETTERS OF CREDIT**

**49. Letter of credit (LoC):** Under a letter of credit agreement, the Bank undertakes upon the Client's demand to open a documentary letter of credit with deferred margin payment for the beneficiary on conditions set out in the Request and in accordance with the agreed upon terms, and the Client undertakes to make payment to the Bank of agreed fees, to pay the letter of credit cash margin and to perform other agreed terms and conditions.

**50. Request for letter of credit:** The Client shall serve to the Bank a Request to open a documentary letter of credit - "Request 15" form prior to the opening or modification of the letter of credit.

**51. Supporting documents:** For every requested Letter of Credit the Client shall provide additional supporting documents required by the Bank to open the Letter of Credit. The supporting required documents for the purpose of the Agreement shall include any relevant documents that govern the legal relationship between the Client and its counterparty, or the Client's obligation which is the subject matter of the Letter of Credit.

**52. Text of letter of credit:** The contractual parties agree that the Bank shall open letters of credit in accordance with SWIFT standards and with the text being satisfactory to the Bank, by applying Uniform Rules of International Chamber of Commerce of Paris (currently UCP-600). If the submitted Letter of Credit Request states any terms and conditions which are contradictory or incorrect and therefore unsatisfactory to the Bank, the Client undertakes to confirm in writing any subsequent modifications of the conditions for the submitted letter of credit request. The Bank shall not be required to provide any explanation for non-acceptance of the text of the letter of credit applied for. In any case, a precondition for the opening of the letter of credit is that the Client and the Bank shall have agreed on the terms and conditions of the letter of credit.

### **53. Cash margin coverage**

1. The Client shall pay the LoC cash margin amount to the Bank, either in foreign currency or in the local currency equivalent at the selling rate of exchange quoted by the Bank on the margin payment date, on the day the Bank is called upon to perform the obligation under the Letter of credit.

2. By signing the Agreement the Client irrevocably authorizes the Bank to debit its transaction account, whereby the debits to the account in the currency of the letter of credit shall have priority, on the due date for performance of the Bank's obligation under the letter of credit, and the respective notification shall have been given to the Client. In case the account is charged in the local currency, the equivalent amount of the agreed currency shall be calculated by applying the selling rate of exchange quoted by the Bank on the debit date. In case the account is debited in foreign currency other than the currency of the letter of credit, the foreign currency sum shall be converted to HRK by applying the buying rate of exchange quoted by the Bank on the debit date.

**54. Exchange rate applicable to letters of credit:** All fees payable in respect of the letter of credit shall be calculated in the HRK equivalent at the middle rate of exchange quoted by the Bank on the calculation date.

**55. Fees and fund transfer costs**

1. Fees and fund transfer costs shall be calculated and charged by debiting the Client's transaction account.
2. When the account is to be debited in foreign currency, the foreign currency amount shall be converted to HRK at the buying rate of exchange quoted by the Bank on the date of charge.
3. When the account is to be debited in the local currency, the equivalent of the agreed currency shall be calculated at the selling rate of exchange quoted by the Bank on the date of charge.
4. When the account is to be debited in a foreign currency other than the currency of the actual cost, the conversion shall be made on the basis of the buying and selling rate of exchange quoted by the Bank on the date of charge.
5. The Client authorizes the Bank to debit its transaction account for any foreign bank costs whereby the charge in the currency of the actual cost shall have priority.

**56. Right of recourse**

1. If the Bank makes any payment under the opened LoC with its own funds, the Client shall compensate the Bank for any sums so paid, in foreign currency or in HRK equivalent at the selling rate of exchange quoted by the Bank on the payment date, including any applicable interest, fees and other costs and charges.
2. In respect of any amount so paid by the Bank under the opened LoC, the Bank shall calculate and charge default interest starting from the first day.
3. If the Bank opens a letter of credit on demand of the Client on behalf of a third party, and the Bank is called upon to pay, and makes the payment, under the opened letter of credit, the Client and the third party shall enter into an agreement to define their mutual business relationship and obligations in respect of the international credit transaction in accordance with the terms and conditions laid down in the Foreign Exchange Operations Act and in other applicable bylaws and regulations.

## IX. FINAL PROVISIONS

**57. Publication:** The General Conditions are published on the official web site of the Bank: [www.rba.hr](http://www.rba.hr).

**58. Effective date:** The General Conditions shall take effect as of 1 April 2019.