

## **RULES FOR THE ASSESSMENT OF RELIABILITY OF THE PROJECT OWNERS**

### **1. GENERAL PROVISIONS**

- 1.1. The Rules for the Assessment of Reliability of the Project Owners of Sutelktinio finansavimo platforma PROFITUS UAB (hereinafter referred to as the “**Company**”) (hereinafter referred to as the “**Rules**”) shall establish the requirements and criteria on the basis of which the reliability, reputation and creditworthiness of the project owners are assessed. The terms used herein shall be construed as defined in the Rules and the Republic of Lithuania Law on Crowdfunding.
- 1.2. The Rules shall be drawn up in accordance with the Law on Crowdfunding, the Rules for the Assessment of Acceptability of Financing Transactions of Crowdfunding Platform Operators and the Reliability of the Project Owners and other implementing legal acts. The Company shall certify, implement and support proper and effective measures, processes and methods ensuring compliance with the Rules on a continuous basis.
- 1.3. The Rules shall be binding upon the Company’s employees carrying out assessment and selection of the Projects and Project Owners.

### **2. DEFINITIONS**

- 2.1. Unless the context requires otherwise, for the purposes of these Rules, the capitalised works and expressions shall have the following meanings:
  - 2.1.1. “**Platform**” shall mean an information system administered by crowdfunding operator through which crowdfunding is carried out.
  - 2.1.2. “**Project Owner**” shall mean the person who initiates and announces a project for investors through the Platform.
  - 2.1.3. “**Law**” shall mean the Republic of Lithuania Law on Crowdfunding.
  - 2.1.4. “**LTV**” shall mean the ratio of the credit amount to the value of the mortgaged real property.
  - 2.1.5. “**Reliability Assessment**” shall mean assessment of the reputation of the Project Owner, the provided securities and the creditworthiness of the Project Owner.
  - 2.1.6. “**Member**” shall mean a shareholder, venture of the Project Owner or another person whose directly or indirectly owned voting rights or authorised capital is equal to or exceeds 20 per cent and who may have a direct or indirect decisive impact on the Project Owner.
  - 2.1.7. “**Supervisory Authority**” shall mean the Bank of Lithuania.
  - 2.1.8. “**Project**” shall mean a project prepared for meeting business, professional, scientific, research or other needs, except for consumption, to be published and/or published on the Platform, for the purposes of implementation of which the Project Owner seeks to raise crowdfunding funds.

### **3. RELIABILITY ASSESSMENT PRINCIPLES**

- 3.1. The Company shall adopt necessary measures to avoid use of the Platform for criminal purposes.
- 3.2. The Company shall have an approved Policy on Avoidance and Management of Conflicts of Interest on the basis of which ensuring of objective assessment of the Projects and Project Owners shall be sought in place and shall follow it.
- 3.3. The Company shall adopt necessary measures allowing ensuring that the financing transactions carried out through the Platform and reliability of the Project Owner met the requirements set forth in the legal acts and the internal documents of the Company.
- 3.4. Assessment of the reliability of the Project Owners shall be carried out in terms of the following aspects:

- 3.4.1. the reputation of the Project Owner, manager and members thereof shall be assessed;
- 3.4.2. the creditworthiness of the Project Owner and the provided securities shall be assessed.
- 3.5. The Company shall assess the significant factors which are objectively possible and may have an impact on reliability of the Project Owner taking into account the information provided by the Project Owner and available to the Company.
- 3.6. The Company shall immediately discontinue publication and financing of the Projects the funding of which does not meet the requirements set forth in the legislation and/or internal documents of the Company.

#### **4. CRITERIA AND PROCEDURE FOR ASSESSMENT OF REPUTATION**

- 4.1. Before publication of the Project, the Company shall assess the reputation of the Project Owner, the manager and members thereof.
- 4.2. For the purposes of assessment of the reputation, the Company shall collect data from the Project Owner (data, documents, written explanations) and verify public and/or paid databases accessible to the Company, publicly available and published information on the Project Owner, the manager and members thereof.
- 4.3. The Project Owner shall provide information on himself in the questionnaire submitted when applying for financing of the Project in the Platform. The Company shall also be entitled to request for additional information which was not indicated in the provided questionnaire or written explanations, documents specifying the received information or available information.
- 4.4. For the purposes of assessment of the reputation, it shall be deemed to be good if no evidence supporting contrary information exists and there is no valid reason for doubting the person's reputation.
- 4.5. When assessing the reputation, the following circumstances shall be considered:
  - 4.5.1. conviction for financial crimes, other serious crimes, fraudulent bankruptcy;
  - 4.5.2. performance of creditors' obligations, criminal record etc.;
  - 4.5.3. notoriety and experience in real property development etc.;
  - 4.5.4. published and publicly available information on the reputation of the Project Owner, manager and members thereof;
  - 4.5.5. other criteria which allow deciding on the reliability of the reputation of the Project Owner.
- 4.6. In case of establishing that the Project Owner, the manager/members thereof have been convicted for financial crimes, other serious crimes, fraudulent bankruptcies, their reputation is not reliable, the Company shall refuse to publish the Project in the Platform.
- 4.7. Other particular assessment criteria used by the Company, relevance thereof to assessment of the Project Owner shall constitute confidential information of the Company.
- 4.8. The information, other data received in the course of assessment of the reputation of the Project Owner, the manager and members thereof shall be entered in the Company's assessment algorithm on the basis of the overall results provided through which it shall be determined if the Project shall be published on the Platform and the Project risk category shall be determined.
- 4.9. When assessing the reputation of the Project Owners, the Company shall not verify the information provided by the Project Owners anew unless the Company has reason to doubt the reliability of the provided answers.

#### **5. CRITERIA AND PROCEDURE FOR ASSESSMENT OF THE CREDITWORTHINESS OF THE PROJECT OWNERS, SECURITIES**

- 5.1. Before publishing the Project on the Company's Platform, the Company shall assess the creditworthiness of the Project Owner including the financial situation of the Project Owner, assessment of the Project and the securities.
- 5.2. For the purposes of assessment of the creditworthiness, the Company shall collect data from the Project Owner (data, documents, written explanations) and verify public and/or paid databases, publicly available and published information.
- 5.3. As a rule, the Project Owner shall provide information in the questionnaire which shall be submitted when applying for financing of the Project on the Platform. The Company shall also be entitled to request for additional information which is not indicated in the submitted questionnaire.
- 5.4. For the purposes of assessment of the creditworthiness of the Project Owner, the Company shall:
  - 5.4.1. collect information on the financial situation of the Project Owner including information on the property, equity, liabilities, profitability thereof etc.;
  - 5.4.2. assess the provided securities (mortgaged property, guarantor etc.);
  - 5.4.3. assess the period of activity of the Project Owner, assessments available in the databases;
  - 5.4.4. assess the very Project, its reasonableness, the part in the Project Owner's activities;
  - 5.4.5. assess the mortgaged property, value thereof, degree of mortgage, liquidity and residual value thereof etc.;
  - 5.4.6. make sure that no bankruptcy proceedings have been instituted against the Project Owner, managers, members thereof.

## 6. CREDITWORTHINESS ASSESSMENT ALGORITHM

- 6.1. The Company shall individually assess each Project Owner, guarantors or sureties, securities: assessment of the creditworthiness shall be carried out in an expert manner using the unique creditworthiness assessment algorithm created by the Company.
- 6.2. The creditworthiness assessment algorithm shall include confidential information and the Company's commercial secret; thus, the principle of running of the algorithm shall not be published.
- 6.3. The Company shall select the Projects published on the Platform according to the Project Owner creditworthiness risk category which shall be established after entering the data provided for herein in the used unique creditworthiness assessment algorithm.
- 6.4. The Company shall classify the creditworthiness risk of the Project Owners into categories A+, A, A-, B+, B, B-, C+, C, C-, D.
- 6.5. The Company shall establish the following requirements for the Projects published on the Platform:

Seq. No	Condition	Set amount
1.	LTV	max. 70 %
2.	Maximum duration of the credit agreement	36 months
3.	Project category set by the Company	Project categories from A+ to C-
4.	Financed amount	Up to EUR 5 million

## 7. REFUSAL TO PUBLISH THE PROJECT

- 7.1. The Company shall refuse to publish the Project on the Platform if:

- 7.1.1. the Project Owner does not meet the criteria for assessment of the reputation and creditworthiness of the Project Owners;
- 7.1.2. the Project does not satisfy the requirements provided for in paragraph 6.5 hereof;
- 7.1.3. the Company lacks information for carrying out the assessments described herein;
- 7.1.4. if the information available to the Company constitutes grounds for believing that publication of the Project on the Company's Platform would create a risk to the funders' interests;
- 7.1.5. for other overriding reasons established by the Company.

7.2. In any case, the Company shall not be obliged to publish the Project on the Platform.

## **8. FINAL PROVISIONS**

- 8.1. These Rules shall come into force from the date of approval thereof and may be annulled or amended only by an order of the manager of the Company.
- 8.2. The liability for implementation of and compliance with these Rules shall fall within the manager of the Company or an authorised person thereof.
- 8.3. The Company shall be obliged to store the information, data and documents collected (assessed) during the creditworthiness assessment for 10 years from the date of performance of the obligations under the financing transaction unless the legal acts governing legal protection of personal data and storage of documents provide for a longer period of storage of documents.