

## **GUARANTEE AGREEMENT**

**between**

**GOVERNMENT OF THE REPUBLIC OF LITHUANIA**

**and**

**NORDIC INVESTMENT BANK**

**relating to environmental investment loans and environmental investment guarantees in accordance with Sections 7 and 9 of the Statutes pertaining to the Agreement concerning the Nordic Investment Bank, signed on 11 February 2004 between the Kingdom of Denmark, the Republic of Estonia, the Republic of Finland, the Republic of Iceland, the Republic of Latvia, the Republic of Lithuania, the Kingdom of Norway and the Kingdom of Sweden.**

**WHEREAS** the Nordic Investment Bank (the "Bank") has in 1996 established an environmental investment loan facility ("MIL Facility") for the purpose of providing loans and guarantees for projects with positive environmental impacts within the Bank's neighbouring region;

**WHEREAS** the Bank makes environmental investment loans ("MIL Loans") and issues guarantees for environmental investment loans ("MIL Guarantees") for environmental investments in the neighbouring region of the Member countries of the Bank pursuant to Sections 7 and 9 of the Statutes of the Bank and whereas the Member countries of the Bank shall cover all such MIL Loans and MIL Guarantees by guarantees (each a "Guarantee") as set forth in Article 1 below;

**WHEREAS** the Government of the Republic of Lithuania (the "Guarantor") has previously signed a bilateral MIL guarantee agreement with the Bank on 28 December 2004;

**WHEREAS** the Board of Governors of the Bank has on 7 September 2016 decided to align and adjust the Member country shares of the Bank's authorised capital and the shares of the Guarantees and, as a result of this alignment and adjustment, new bilateral MIL guarantee agreements between the Member countries and the Bank shall be entered into;

**WHEREAS** the Guarantor has, following respective national procedures concluded as of 19 April 2017, decided to issue a Guarantee in favour of the Bank in relation to the MIL Loans and MIL Guarantees;

**WHEREAS** the Kingdom of Denmark, the Republic of Estonia, the Republic of Finland, the Republic of Iceland, the Republic of Latvia, the Kingdom of Norway and the Kingdom of Sweden (the "Other Guarantors" or, together with the Guarantor the "Guarantors") have decided to issue corresponding guarantees in favour of the Bank;

**NOW THEREFORE** the undersigned parties have entered into the following guarantee agreement (the "Guarantee Agreement"):

## **Article 1**

### **Scope of the Guarantee**

- 1.1. The Guarantee shall cover all loans designated by the Bank as MIL Loans and all guarantees designated by the Bank as MIL Guarantees in accordance with Section 9 of the Statutes of the Bank. The Guarantee shall cover all MIL Loans, which are outstanding from time to time and all MIL Guarantees in force from time to time.
- 1.2. The Guarantor guarantees on demand and jointly and severally with the Other Guarantors, to the Bank the due and punctual observance and performance of each borrower of its financial obligations under the relevant MIL Loan, including interest for delay and legal fees and other costs in connection with enforcing the Bank's claims against the borrower, as well as the Bank's financial obligations under the MIL Guarantees on the following terms:
  - (i) The aggregate amount of the liability of the Guarantors shall be limited to the aggregate amount of the Bank's outstanding claims in relation to MIL Loans and MIL Guarantees from time to time;
  - (ii) The maximum total liability of the Guarantors and the MIL Facility amounts to three hundred million euros (EUR 300,000,000).<sup>1</sup> The aggregate amount of the liability of the

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<sup>1</sup> At the date of signing of this Guarantee Agreement, the currently outstanding guarantee amount under the MIL Facility is two hundred sixty-six million one hundred ninety thousand nine hundred sixty euros and ninety-nine cents (EUR 266,190,960.99).

Guarantor shall not exceed five million eight hundred fifty-one thousand four hundred six euros and ninety-two cents (EUR 5,851,406.92).<sup>2</sup> The liability of the Guarantor shall be successively decreased by the payments made by the Guarantor to the Bank under this Guarantee Agreement and shall correspondingly be successively increased if any funds are recovered from the borrower on a defaulted MIL Loan or MIL Guarantee back to the Guarantors.

## **Article 2**

### **Performance of the Guarantee**

- 2.1. The Bank may demand performance under this Guarantee Agreement if the borrower has failed to perform all or part of the obligations guaranteed under Article 1 above or if the Bank has received a demand for payment under a MIL Guarantee.
- 2.2. The Bank may also demand performance under this Guarantee Agreement if a payment made by the borrower is not at the free disposal of the Bank.
- 2.3. The Bank may not demand payment under this Guarantee Agreement without simultaneously demanding payment by the Other Guarantors.
- 2.4. The payment by the Guarantor shall be made within two (2) months from the Bank's demand.
- 2.5. Should the borrower fail to meet its obligations under a MIL Loan, or should the Bank receive a demand for payment under a MIL Guarantee (see Article 2.1. and 2.2. above), the Bank shall make its best efforts to recover the due and payable amounts.
- 2.6. The administration of MIL Loans and MIL Guarantees in cases in which the Guarantor has made a payment to the Bank under this Guarantee Agreement shall be subject to the provisions in Article 5 below.
- 2.7. This Guarantee Agreement shall remain in force until the aggregate amount guaranteed has been paid in full, or all MIL Loans have been repaid in full and all MIL Guarantees have lapsed or for some other reason ceased to be in force

<sup>2</sup> At the date of signing of this Guarantee Agreement, the currently outstanding guarantee amounts of the Guarantors' shares of the MIL Facility are as follows:

Denmark	EUR	56,078,768.73	(app. 21.07%)
Estonia	EUR	2,438,075.24	(app. 0.92%)
Finland	EUR	47,160,499.42	(app. 17.72%)
Iceland	EUR	2,517,010.12	(app. 0.95%)
Latvia	EUR	3,557,044.24	(app. 1.34%)
Lithuania	EUR	5,191,972.10	(app. 1.95%)
Norway	EUR	57,243,887.05	(app. 21.50%)
Sweden	EUR	92,003,704.08	(app. 34.56%)
Total	EUR	266,190,960.99	(100.00 %)

Up to date figures of the Guarantors' shares are found at NIB's website, <http://www.nib.int/MIL>.

### **Article 3**

#### **The administration of MIL Loans and MIL Guarantees**

- 3.1. The Bank shall as of 31 December and 31 August each year report to the Guarantor the amounts outstanding under the MIL Loans and the amounts guaranteed under the MIL Guarantees. The report shall include a short assessment by the Bank of the borrower's ability to repay the MIL Loan, information on any requests for deferring or rescheduling of a payment of principal and/or interest and the status of such requests as well as information on delayed payments (excluding technical delays).
- 3.2. The Bank shall, in addition to the above, without unreasonable delay inform the Guarantor of any circumstance which in the opinion of the Bank may adversely affect the borrower's ability to pay interest on, or make repayments of, principal on any MIL Loan, or of any occurrence or circumstance which may cause an obligation for the Bank to make a payment under a MIL Guarantee.
- 3.3. The Bank shall, in addition to the above, furnish the Guarantor with any requested information regarding the MIL Loans and MIL Guarantees.
- 3.4. The Bank shall administer each MIL Loan and MIL Guarantee in accordance with generally accepted banking principles.
- 3.5. The obligations and liabilities of the Guarantor shall in no way whatsoever be affected by any failure on the Bank's behalf in complying with the provisions of this Article 3.

### **Article 4**

#### **Assignment**

- 4.1. The Bank shall not without the prior consent of the Guarantor assign or pledge its rights under this Guarantee Agreement.

### **Article 5**

#### **Transfer of rights**

- 5.1. To the extent the Guarantor has made a payment to the Bank under this Guarantee Agreement, the Guarantor shall acquire all corresponding rights of the Bank, including the right to any security for such MIL Loan or MIL Guarantee, as the case may be.
- 5.2. Should the Guarantor assume any of the Bank's rights in the manner described above, the Bank shall on request furnish the Guarantor with certified copies of all documents concerning the appropriate MIL Loans and MIL Guarantees.
- 5.3. If the Guarantor has assumed the rights of the Bank, the Bank shall at the request of the Guarantor enter into an agreement with the Guarantor regarding the administration and collection of payments under the appropriate MIL Loans or, as the case may be, MIL Guarantees.

## **Article 6**

### **Amendments**

6.1. This Guarantee Agreement may be amended. Any amendments to this Guarantee Agreement shall be made in writing and accepted and signed by the authorised representatives of both parties.

## **Article 7**

### **Notices**

7.1. Notices in connection with this Guarantee Agreement shall be sent to the Guarantor and/or the Bank, as the case may be, under the following addresses:

The Guarantor:

Government of the Republic of Lithuania  
Gedimino pr. 11  
LT-01103 Vilnius  
Lithuania

E-mail: [finmin@finmin.lt](mailto:finmin@finmin.lt)

The Bank:

Nordic Investment Bank  
Legal Department  
Att: General Counsel  
P.O. Box 249, Fabianinkatu 34  
FI-00171 Helsinki  
Finland

E-mail: [heikki.cantell@nib.int](mailto:heikki.cantell@nib.int)

## **Article 8**

### **Dispute resolution**

8.1. Any dispute, controversy or claim arising out of or relating to the interpretation, application or performance of this Guarantee Agreement, including its existence, validity or termination, which is not settled by negotiation or other agreed mode of settlement within sixty (60) days, shall be settled by final and binding arbitration in accordance with the Permanent Court of Arbitration Optional Rules for Arbitration involving International Organizations and States, as in effect on the date of this Guarantee Agreement.

8.2. The number of arbitrators shall be three (3). Each party shall, as set out in detail in the arbitration rules referred to in Article 8.1. above, appoint one (1) arbitrator and the two (2) so appointed arbitrators shall appoint the third arbitrator who shall act as the presiding arbitrator of the tribunal. In case of failure to appoint (an) arbitrator(s) in the afore described manner, the appointing authority shall be the President of the International Court of Justice.

8.3. The language to be used in the arbitral proceedings shall be English.

## **Article 9**

### **Entry into Force**

9.1. This Guarantee Agreement shall enter into force when all Guarantee Agreements with the Other Guarantors have been duly signed and executed.

9.2. Upon entry into force of this Guarantee Agreement, the previous guarantee agreement, issued by the Guarantor in favour of the Bank in relation to MIL Loans and MIL Guarantees and signed by the Guarantor on 28 December 2004 and by the Bank on 29 December 2004 shall be replaced by this Guarantee Agreement.

Vilnius, 24 April 2017


**GOVERNMENT OF THE  
REPUBLIC OF LITHUANIA**


  
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*Finansų ministras*  
**Vilius Šapoka**

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Helsinki, 19 April 2017

**NORDIC INVESTMENT BANK**

  
\_\_\_\_\_  
Henrik Normann  
President and CEO

  
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Vera-Maria Lehtonen  
Chief Counsel  
Head of Administrative Legal Affairs