

GUARANTEE AGREEMENT

between

GOVERNMENT OF THE REPUBLIC OF LITHUANIA

and

NORDIC INVESTMENT BANK

relating to project investment loans and project investment guarantees in accordance with Sections 7 and 8 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 1982 established a project investment loan facility (“PIL Facility”) for the purpose of providing loans and guarantees for projects that promoted Nordic cooperation in project export, primarily to developing economies;

WHEREAS the Bank makes project investment loans (“PIL Loans”) and issues guarantees for project investment loans (“PIL Guarantees”) for investments outside the Member countries of the Bank pursuant to Sections 7 and 8 of the Statutes of the Bank and whereas the Member countries of the Bank shall cover all such PIL Loans and PIL 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 PIL 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 PIL 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 PIL Loans and PIL 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 PIL Loans and all guarantees designated by the Bank as PIL Guarantees in accordance with Section 8 of the Statutes of the Bank. The Guarantee shall cover all PIL Loans, which are outstanding from time to time and all PIL 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 PIL 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 PIL Guarantees on the following terms:
 - (i) The aggregate amount of the liability of the Guarantors shall be limited to the aggregate amount of ninety (90) per cent of the Bank's claims in relation to PIL Loans and PIL Guarantees outstanding from time to time;
 - (ii) The Bank shall bear a risk of at least ten (10) per cent in connection with PIL Loans and the beneficiary under the PIL Guarantees shall bear an excess risk of at least ten (10) per cent in connection with PIL Guarantees;

(iii) The maximum total liability of the Guarantors amounts to one billion eight hundred million euros (EUR 1,800,000,000) and the total PIL Facility to four billion euros (EUR 4,000,000,000). The aggregate amount of the liability of the Guarantor shall not exceed thirty-five million one hundred eight thousand four hundred forty-one euros and fifty cents (EUR 35,108,441.50).¹ 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 PIL Loan or PIL Guarantee back to the Guarantors.

1.3. The Bank may in any particular case at its sole discretion decide to cover a larger portion than ten (10) per cent of any amount due and outstanding in relation to a PIL Loan or a portion of its liability in connection with a PIL Guarantee by making use of available funds allocated to a special credit risk fund (the "Fund") for PIL Loans and PIL Guarantees, in accordance with Section 8 of the Statutes of the Bank, to which Fund the Bank makes allocations to the extent the Bank deems necessary.²

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 PIL 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 PIL Loan, or should the Bank receive a demand for payment under a PIL 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 PIL Loans and PIL 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.

¹ The aggregate amounts of the Guarantors' shares of the PIL Facility are as follows:

Denmark	EUR	379,208,156.95	(app. 21.07%)
Estonia	EUR	16,486,417.94	(app. 0.92%)
Finland	EUR	318,902,259.64	(app. 17.72%)
Iceland	EUR	17,020,180.58	(app. 0.95%)
Latvia	EUR	24,052,956.61	(app. 1.34%)
Lithuania	EUR	35,108,441.50	(app. 1.95%)
Norway	EUR	387,086,760.23	(app. 21.50%)
Sweden	EUR	622,134,826.57	(app. 34.56%)
Total	EUR	1,800,000,000	(100.00%)

² According to a resolution by the Board of Directors of the Bank on 19 December 2003, which entered into force as of 1 July 2004, the Bank will assume one hundred (100) per cent of any losses under individual PIL Loans or PIL Guarantees, up to the amount at any given time available in the Fund. Only thereafter would the Bank be entitled to call on the Guarantees in accordance with Article 2.

2.7. This Guarantee Agreement shall remain in force until the aggregate amount guaranteed has been paid in full or all PIL Loans have been repaid in full and all PIL Guarantees have lapsed or for some other reason ceased to be in force.

Article 3

The administration of PIL Loans and PIL Guarantees

- 3.1. The Bank shall as of 31 December and 31 August each year report to the Guarantor the amounts outstanding under the PIL Loans and the amounts guaranteed under the PIL Guarantees. The report shall include a short assessment by the Bank of the borrower's ability to repay the PIL 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 PIL Loan, or of any occurrence or circumstance which may cause an obligation for the Bank to make a payment under a PIL Guarantee.
- 3.3. The Bank shall, in addition to the above, furnish the Guarantor with any requested information regarding the PIL Loans and PIL Guarantees.
- 3.4. The Bank shall administer each PIL Loan and PIL 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.

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 PIL Loan or PIL 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 PIL Loans and PIL 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 PIL Loans or, as the case may be, PIL 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

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

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 PIL Loans and PIL Guarantees and signed by the Guarantor on 28 December 2004 and the Bank on 29 December 2004, shall be replaced by this Guarantee Agreement.

Vilnius, 24 April 2017

Helsinki, 29 April 2017

**GOVERNMENT OF THE
REPUBLIC OF LITHUANIA**

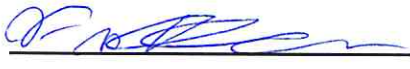


Finansų ministras
Vilnius Šapoka

NORDIC INVESTMENT BANK



Henrik Normann
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