



## GENERAL CONDITIONS OF GUARANTEE AGREEMENT

**General Conditions of Guarantee Agreement, Principal's Guarantee Application and Application for Amendment to Guarantee (if any) shall be deemed to constitute an integral part of the Guarantee Agreement.**

### 1. DEFINITIONS AND ABBREVIATIONS

1.1. **Bank** shall mean public limited company "Citadele" bankas, company registration number 112021619, located at K. Kalinausko St. 13, LT-03107 Vilnius.

1.2. **Guarantee** shall mean a written document issued by the Bank in favour of the Beneficiary according to the data specified by the latter in the Application Form containing the guarantee amount, the term of the guarantee, the demand procedure and other terms and conditions of the guarantee. For the purposes of this Agreement, references to the Guarantee shall include references to any letter of guarantee and surety bond issued by the Bank.

1.3. **Principal** shall mean a legal or natural person having filed an application for a guarantee who has an account with the Bank.

1.4. **Beneficiary** shall mean a legal or natural person indicated in the Application Form, in whose favour the Bank has issued a guarantee.

1.5. **Application** shall mean the Principal's application for a guarantee. This application shall form an integral part of the Agreement. A standard Application Form provided by the Bank shall be completed and signed by the Principal.

1.6. **Agreement** shall mean the Guarantee Agreement.

1.7. **General Conditions of Agreement** shall mean the General Conditions of Guarantee Agreement.

1.8. **Guarantee amount** shall mean the amount of maximum liability of the Bank to the Beneficiary under the terms and conditions of the Guarantee.

1.9. **Guarantee account** shall mean an account opened with the Bank at the request of the Principal intended to keep the Principal's funds as security for the Principal's performance of its obligations to the Bank under the Agreement. In the event that at the time of filing the application the Principal already has an account with the Bank, in which funds intended to secure the Principal's performance of its obligations to the Bank under any other guarantee agreement are or were deposited, the existing guarantee account shall be continued.

1.10. **Term of Guarantee** shall be a period of time from the issue date until the expiry date (inclusive) of the Guarantee specified in the Application Form.

1.11. **Actual term of Guarantee** shall mean a period of time extending from the issue date of the Guarantee until the date on which the obligations of the Bank to the Beneficiary under the Guarantee shall cease to exist. Should the Principal authorise the Bank to request a guarantee from the Beneficiary's bank, the actual term of the Guarantee shall be a period of time extending from the issue date of the Guarantee until the date on which the obligations of the Bank to the issuing bank shall cease to exist.

1.12. **Demand** shall mean a written demand of the Beneficiary to the Bank to pay under the Guarantee. In the cases provided for in the Agreement, a written Beneficiary's request to extend the term of the Guarantee shall be deemed to be a demand.

## **2. OBLIGATIONS OF THE BANK**

2.1. The Bank shall execute the Guarantee in a standard format letter. If the Principal files an application in conjunction with its own text of the Guarantee, which is acceptable to the Bank, the latter shall issue the Guarantee on the basis of the text provided by the Principal.

2.2. The Bank shall deliver the Guarantee to the Beneficiary in the manner specified in the Application Form. If the above method of delivery is not specified, the Bank shall be entitled to deliver the Guarantee in such a manner as it may elect, and the Principal shall not be entitled to raise any claims to the Bank in connection therewith.

2.3. Upon receipt of a Demand, the Bank shall not later than within 2 (two) banking days deliver a copy of the Demand to the Principal.

2.4. If the Demand is made in accordance with the terms of the Guarantee, the Bank shall pay the Beneficiary the amount specified in the Demand under the terms and conditions of the Guarantee, which in no event shall exceed the Guarantee amount.

2.5. Once the Bank decides to reject or to satisfy, whether in full or in part, the Beneficiary's Demand, it shall notify the Principal to that effect not later than the following business day and specify the payment date.

2.6. Should the Beneficiary present a Demand, which is made in accordance with the terms of the Guarantee, requesting to extend the validity of the Guarantee or to pay under the Guarantee, the Bank shall not later than within two banking days notify the Principal to that effect in writing. The Principal shall reply to the Bank within 3 (three) banking days from receipt of such notice and shall execute an amendment to the Agreement for the extension of the validity of the Guarantee. Should the Principal fail to give its reply within the time limit specified, or the Parties fail to execute a relevant amendment to the Agreement, the Bank shall pay on Demand.

## **3. OBLIGATIONS OF THE PRINCIPAL**

3.1. The Principal shall indemnify the Bank for any costs that the Bank has sustained or may sustain in connection with the performance of its obligations to the Beneficiary under the Guarantee, and pay to the Bank any bank charges provided for in the Agreement. The Bank shall also be compensated for the amounts paid thereby to the Beneficiary under the Guarantee, charges to other banks, expenses related to legal proceedings, consultancy and legal services and debt collection from the Principal, and any other expenses related to the performance of the Bank under the Guarantee.

3.2. Should the Bank receive a Demand and decide to pay under the Guarantee, it shall be vested with the right to use funds deposited in the Principal's guarantee account in accordance with the procedure set out in the Agreement for payment against the Beneficiary's demand. If, for any reason whatsoever, the Bank is unable to use the funds deposited in the Principal's guarantee account, it shall have the right to request in writing that the Principal pay to the Bank the amount requested from the Bank by the Beneficiary within 7 (seven) calendar days from the date of dispatch of such notice. If the Principal fails to pay the requested amount when due and, as a result, the Bank makes a payment against the Beneficiary's Demand at its own expense, the Principal's obligation to pay the amounts requested by the Bank shall continue in force until full discharge.

3.3. Should the Principal default on its obligations specified in the Agreement, it will irrevocably agree and not object that the Bank shall, without suit, debit any and all Principal's accounts with the Bank or any other known accounts with other banks (on presentation of relevant debit orders) with the amount required or exercise a lien over the collateral specified in Section 5 of the Agreement in accordance with the procedure set forth by law.

3.4. Upon request from the Bank, the Principal shall forthwith provide information about the performance of obligations under the Agreement and all payments related thereto.

#### **4. BANK CHARGES**

4.1. The Principal shall, on the date of issue of the Guarantee, pay to the Bank a fixed guarantee charge specified in the price list of Bank fees and service charges, and any other charges in connection with the issue and any amendment of the terms of the Guarantee and/or with other services of the Bank. The Principal shall pay the above charges as soon as the Bank has provided respective services.

#### **5. PRINCIPAL'S PERFORMANCE SECURITY**

5.1. The Principal shall empower the Bank to debit the Principal's account with the Bank with the guarantee amount and to deposit the same in the guarantee account opened with the Bank in favour of the Principal. If sufficient funds are not available in the Principal's account with the Bank, the Principal shall immediately upon entering into the Agreement, however, not later than the date of issue of the Guarantee, deposit in the guarantee account an amount that shall be equal to the guarantee amount.

5.2. The Principal shall pledge in favour of the Bank its funds deposited in the guarantee account and the right to recover the security deposit from the Bank in order to secure performance under the Agreement. Whereas the above-mentioned funds will be placed at the disposal of the Bank, the collateral agreement shall be concluded in accordance with the provisions of Book IV, Article 209, para. 1 of the Civil Code of the Republic of Lithuania and shall be incorporated into the Agreement from which the main obligation derives. In accordance with the Republic of Lithuania Law on Financial Collateral Arrangements, funds deposited in the guarantee account opened on behalf of the Principal, except for natural persons, shall be deemed to constitute financial collateral used to secure proper performance by the Principal of its obligations to the Bank under the Agreement.

5.3. The Principal hereby represents that it has not pledged, transferred or otherwise encumbered any of the funds deposited in the guarantee account or its right to recover the security deposit from the Bank, and that the funds deposited in the guarantee account are not subject to any attachment, dispute or restriction on disposal, except for the restrictions provided for in the Agreement.

5.4. The Principal herewith restricts its right of possession, use and disposal of the funds offered as collateral. The Principal shall not be entitled to exercise any of its right of possession, use and disposal of the funds deposited in the guarantee account, unless the Bank so consents in writing.

5.5. The Bank shall, in accordance with the procedure laid down by law, enjoy priority over other creditors to satisfy its claims from the collateral funds deposited in the guarantee account. The Agreement shall constitute a prior consent of the Principal to delegate management of the guarantee account (including interest accrued on the guarantee account, if any) to the Bank, i.e. to debit the account with the amount payable by the Principal to the Bank. The above consent may be withdrawn only by a mutual agreement of the Parties made in writing.

5.6. If in accordance with the terms and conditions of the Agreement the Bank is bound to pay the guarantee amount or a part thereof to the Beneficiary, the Bank shall be irrevocably authorised by the Principal to pay the respective amount to the Beneficiary from the collateral deposit held in the guarantee account. The Principal hereby also irrevocably authorises the Bank to forthwith debit the guarantee account, in the manner it may elect, with the amount of interest, penalties, other payments and, if applicable, any losses.

5.7. In the event that a balance of funds remains in the guarantee account after the Bank has made a payment on Demand and the Principal has fully settled accounts with the Bank under the Agreement, the balance shall be transferred to the Principal's account with the Bank.

5.8. Should the Principal fail to indemnify the Bank for the amount (or a part thereof) paid by the Bank under the Guarantee and/or any other costs specified in the Agreement, the Principal shall be liable to pay to the Bank default interest of 0.09% on the amount due and outstanding for each day of delay.

#### **6. REPRESENTATIONS AND WARRANTIES OF THE PRINCIPAL**

6.1. The Principal hereby represents and warrants as follows:

6.1.1. there is no controversy or dispute between the Principal and the Beneficiary over the execution and/or performance of the underlying transaction or obligation;

6.1.2. there are no circumstances preventing performance or proper performance of the Principal's obligations to the Beneficiary under the transaction or other obligation;

6.1.3. information and documents provided to the Bank are correct and authentic;

6.1.4. the Principal is not a party to any legal proceedings that may materially affect the financial standing of the Principal;

6.1.5. neither execution of the Agreement, nor performance thereunder is inconsistent with, or infringes any decision, order, regulation or any other binding instruction imposed thereon by any court, public or municipal authorities, which is binding upon and applicable to the Principal, or any contract, agreement or any other binding instrument to which the Principal is a party, or provisions of an applicable law;

6.1.6. the Principal has obtained all consents and permits, whether of a general nature or from its creditors or otherwise, as may be required for the purposes of the Agreement, specified in the legal acts, the Articles of Association of the Principal and other agreements to which it is a party, and that the Principal's contracting representative has been duly authorised for that purpose;

6.1.7. none of the warranties or representations set out herein are such as to contain any concealed circumstances or facts, which concealment would render any representation or warranty false or misleading in any material respect;

6.1.8. the Principal consents that public agencies and authorities shall provide information to the Bank about the performance of the underlying obligations to the above authorities secured by and specified in the Guarantee.

6.2. If the Principal is unable to confirm that the representations and warranties set out in the Agreement are true, it shall notify the Bank to that effect in writing prior to the date of execution of the Agreement. If following the conclusion of the Agreement the Principal discovers any circumstances that are inconsistent with the representations and warranties of the Principal, it shall without delay notify the Bank to that effect in writing.

## **7. RESPONSIBILITIES OF THE PARTIES**

7.1. The Principal shall indemnify the Bank for any loss resulting from the Principal's default on, or improper performance under the Agreement, or the Principal is guilty of any misrepresentation in respect of its warranties and representations.

7.2. Upon signing the Agreement, the Principal irrevocably consents that the Bank shall debit any and all accounts held in the Principal's name with the Bank with funds payable to the Bank under the Agreement. The Parties hereto represent that on the due date of payment funds shall be deemed to belong to the Bank.

7.3. Upon signing the Agreement, the Principal irrevocably agrees that, on receipt of debit orders or any other payment instruments from the Bank, any credit institution incorporated in the Republic of Lithuania will debit the Principal's accounts maintained with such credit institutions with the amount payable under the Agreement and transfer the funds to the Bank. The above Principal's consent shall be deemed to constitute a basis for multiple payments against debit orders issued by the Bank in accordance with the Law on Payments of the Republic of Lithuania. This Agreement shall constitute an unconditional and irrevocable consent by the Principal that the Bank shall receive any required information about the Principal's accounts in other credit institutions and funds deposited therein.

7.4. When debiting the Principal's accounts, the Bank shall have the right to convert foreign currency deposited in the Principal's accounts to litas or any other foreign currency at a buy rate established by the Bank for that day. The Bank shall have the right to convert litas deposited in the Principal's account to a respective foreign currency at a sell rate established by the Bank for that day.

7.5. The Bank shall be liable for non-performance or improper performance of the Agreement in the manner prescribed by the laws of the Republic of Lithuania.

7.6. The Bank shall not assume liability or responsibility for the form, sufficiency, accuracy, genuineness, falsification or legal effect of any document presented to it or for the general and/or particular statements made therein, nor for the good faith or acts or omissions of any person whomsoever.

7.7. The Bank shall not assume no liability for errors in translation or interpretation of technical terms and reserve the right to transmit Guarantee texts or any part thereof to the Beneficiary without translating them.

7.8. The Bank shall not assume no liability or responsibility for the consequences arising out of delay and/or loss in transmit of any messages, letters, demands or documents, or for delay, mutilation or other errors arising in the transmission of any telecommunication.

7.9. The Bank shall not assume no liability or responsibility for any consequences if after payment on Demand it transpires that the demand was signed by a person not authorised for that purpose. The Bank shall not verify authenticity of signatures on the Demand either, unless otherwise provided for in the Guarantee.

7.10. The Bank shall not assume no liability or responsibility for any consequences arising out of the interruption of banking business by acts of God, riots, civil commotions, insurrections, wars or any other causes beyond their control or by strikes, lock-outs or industrial actions of whatever nature (*force majeure*).

7.11. The Bank utilising the services of another party for the purpose of giving effect to the instructions of the Principal do so for the account and at the risk of the Principal. The Bank shall not assume no liability or responsibility should the instructions the Bank transmit not be carried out even if the Bank have itself taken the initiative in the choice of such other party.

7.12. If the Principal provides its own text of the Guarantee, it shall assure the Bank that it is familiar with and fully understands the provisions of the Guarantee. The Principal is aware of the risk and likely legal effects in case they arise from the purport of the text of the Guarantee provided by the Principal. The Principal shall assume full responsibility for anything contained in the Guarantee and shall not raise any claims to the Bank in connection with the performance of such provisions.

7.13. The Principal hereby represents and warrants that it is aware of the risk and legal effects that may arise under the Guarantee governed by foreign law, issued to the Principal at its own request. The Principal shall bear all the risk and liability in connection with the application of foreign law in respect of the Guarantee and shall not raise any claims to the Bank in connection with performance under the Guarantee that is governed by foreign law.

## **8. FINAL PROVISIONS**

8.1. Either Party shall send notices to the other Party to the address and by fax number specified in the Application Form, or to such other address (or fax number) that one Party has notified to the other Party in writing. The requirement for service of a written notice contained in the Agreement shall be deemed complied with if notices have been given by personal delivery, by registered mail or sent by facsimile transmission. Notices sent by facsimile transmission shall be deemed served on the same day if given to the other Party on a business day before 17.00, and notices given to the other Party on a business day after 17.00 or on a non-business day shall be deemed served on the following working day. Notices sent by facsimile transmission shall be forthwith sent by registered mail.

8.2. Either Party shall notify any changes to its legal details to the other Party. In the event that either Party fails to satisfy the above requirement, it shall not be entitled to raise any claims or objections to the other Party that any action for which it used the last-known details is inconsistent with the terms and conditions of the Agreement, or that it failed to receive notices that were sent by the Bank to such last-known address.

8.3. Either Party shall not assign its rights and obligations hereunder to any third party, unless the other Party so consents in writing.

8.4. The Agreement shall be governed by the law of the Republic of Lithuania. Any dispute between the Parties shall be settled before court in accordance with the procedure prescribed by the laws of the Republic of Lithuania.

8.5. If upon the Principal's request the Bank issues a Guarantee that is governed by foreign law, the Principal's obligations to the Bank under the Agreement shall cease to continue in force only when the Bank is fully satisfied that the Principal's obligations covered by the Guarantee have been discharged in full.

8.6. The Agreement shall take effect upon presentation by the Principal of a signed Application Form together with the text of the Guarantee (if the Application Form specifies that the text of the Guarantee is provided by the Principal) and the Bank signs the Application.

8.7. In the event of conflict between the provisions of the General Conditions and the Application Form, the provisions of the Application Form shall prevail.

8.8. In the event of conflict between the provisions of the Agreement and those of the credit line agreement, the provisions of the credit line agreement shall prevail.