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# PRESOV REGIONAL INFRASTRUCTURE II

## Finance Contract

*between the*

European Investment Bank

*and*

Prešovský samosprávny kraj

Luxembourg, 18 December 2014

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**THIS CONTRACT IS MADE BETWEEN:**

The European Investment Bank having its seat at 98 - 100 boulevard Konrad Adenauer, L-2950 Luxembourg, Luxembourg, represented by Mr László Baranyay, Vice President,

(the "**Bank**")

of the first part, and

Prešovský samosprávny kraj, having its address at Prešovský samosprávny kraj, Námestie mieru č. 2, 080 01 Prešov, Slovak Republic, for which acts externally MUDr. Peter Chudík, President of Prešovský samosprávny kraj (in Slovak: *predseda Prešovského samosprávneho kraja*),

(the "**Borrower**")

of the second part.

## WHEREAS:

(1) The Borrower has stated that it is undertaking an operation to support, facilitate and accelerate the implementation of investment schemes prepared by the Borrower, its budgetary organisations (in Slovak: *rozpočtová organizácia*) and its contributory organisations (in Slovak: *príspevková organizácia*), which will be co-financed with EU grant support from regional or national programmes and from the Borrower's own budget, with the main focus in the areas of public infrastructure and services, including roads, education, social care and cultural facilities (each hereafter called a "**Sub-Project**" and together, the "**Project**"), as more particularly described in the technical description set out in Schedule A hereto (hereafter called the "**Technical Description**"). The applicable eligibility criteria as well as the allocation procedures for the Sub-Projects are subject to certain conditions as set out in this Contract. All Sub-Projects will be located in Prešov Region, the Slovak Republic. The Sub-Projects will be implemented by the Borrower, its budgetary organisations (in Slovak: *rozpočtová organizácia*) and its contributory organisations (in Slovak: *príspevková organizácia*), and may be implemented by other entities such as local authorities, public institutions, non-profit organisations and private companies (each hereafter called a "**Final Beneficiary**" and together "**Final Beneficiaries**").

(2) The total cost of the Project, as estimated by the Bank, is EUR 70,000,000 (seventy million euros) and the Borrower has stated that it intends to finance the Project as follows:

Source	Amount (EUR m)
Credit from the Bank	25
EU grants	15
Other (including own funds)	30
TOTAL	70

(3) In order to fulfil the financing plan set out in Recital (2), the Borrower has requested from the Bank a credit of EUR 25,000,000 (twenty-five million euros).

(4) The Bank considering that the financing of the Project falls within the scope of its functions, and having regard to the statements and facts cited in these Recitals, has decided to give effect to the Borrower's request providing to it a credit in an amount of EUR 25,000,000 (twenty-five million euros) under this Finance Contract (the "**Contract**"); provided that the amount of the Bank loan shall not, in any case, exceed 50% (fifty *per cent*) of the total cost of the Project set out in Recital (2).

(5) The Assembly (in Slovak: *zastupiteľstvo*) of the Borrower has authorised the borrowing of the sum of EUR 25,000,000 (twenty-five million euros) represented by this credit on the terms and conditions set out in this Contract; the authorisation referred to in this Recital is attached as Annex I.

(6) On 29 October 2014 the Slovak Republic confirmed in writing that the present operation is submitted to the Bank with its agreement.

(7) The Statute of the Bank provides that the Bank shall ensure that its funds are used as rationally as possible in the interests of the European Union; and, accordingly, the terms and conditions of the Bank's loan operations must be consistent with relevant policies of the European Union.

(8) The financing of the Project includes certain state subsidies or grants and the provision of such funds has been duly authorised and will be provided in compliance with all relevant legislation of the European Union.

(9) The Bank considers that access to information plays an essential role in the reduction of environmental and social risks, including human rights violations, linked to the projects it finances and has therefore established its Transparency policy, the purpose of which is to enhance the accountability of the EIB Group towards its stakeholders and the citizens of the European Union in general.

(10) The processing of personal data shall be carried out by the Bank in accordance with applicable European Union legislation on the protection of individuals with regard to the processing of personal data by the European Union institutions and bodies and on the free movement of such data.

**NOW THEREFORE** it is hereby agreed as follows:

## **INTERPRETATION AND DEFINITIONS**

### **(a) Interpretation**

In this Contract:

- (i) References to Articles, Recitals, Schedules and Annexes are, save if explicitly stipulated otherwise, references respectively to articles of, and recitals, schedules and annexes to this Contract.
- (ii) References to a provision of law are references to that provision as amended or re-enacted.
- (iii) References to any other agreement or instrument are references to that other agreement or instrument as amended, novated, supplemented, extended or restated.

### **(b) Definitions**

In this Contract:

**“Acceptance Deadline”** for a notice means:

- (a) 16h00 Luxembourg time on the day of delivery, if the notice is delivered by 14h00 Luxembourg time on a Business Day; or
- (b) 11h00 Luxembourg time on the next following day which is a Business Day, if the notice is delivered after 14h00 Luxembourg time on any such day or is delivered on a day which is not a Business Day.

**“Affected Guarantor”** has the meaning given to it in Article 7.04C.

**“Allocation”** or **“Allocations”** means applying the proceeds of the Loan to the financing of eligible Sub-Projects undertaken by the Borrower.

**“Allocation Procedure”** means the procedure set up in Article 1.09A.

**“Allocation Request”** is the request submitted to the Bank pursuant to Article 1.09A.

**“Authorisation”** means an authorisation, permit, consent, approval, resolution, licence, exemption, filing, notarisatioon or registration.

**“Business Day”** means a day (other than a Saturday or Sunday) on which the Bank and commercial banks are open for general business in Luxembourg.

**“Change-of-Law Event”** has the meaning given to it in Article 4.03A(3).

**“Contract”** has the meaning given to it in Recital (4).

**“Credit”** has the meaning given to it in Article 1.01.

**“Criminal Offence”** means any of the following criminal offences as applicable: fraud, corruption, coercion, collusion, obstruction, money laundering, financing of terrorism.

**“Deferral Indemnity”** means an indemnity calculated on the amount of disbursement deferred or suspended at the percentage rate (if higher than zero) by which:

- the interest rate net of the Margin that would have been applicable to such amount had it been disbursed to the Borrower on the Scheduled Disbursement Date

exceeds

- the Relevant Interbank Rate (one month rate) less 0.125% (12.5 basis points), unless this value is less than zero, in which case it will be set at zero.

Such indemnity shall accrue from the Scheduled Disbursement Date to the Disbursement Date or, as the case may be, until the date of cancellation of the Notified Tranche in accordance with this Contract.

**“Disbursement Date”** means the date on which actual disbursement of a Tranche is made by the Bank.

**“Disbursement Notice”** means a notice from the Bank to the Borrower pursuant to and in accordance with Article 1.02C.

**“Disbursement Request”** means a notice substantially in the form set out in Schedule C.1.

**“Disruption Event”** means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with this Contract; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of either the Bank or the Borrower, preventing that party:
  - (i) from performing its payment obligations under this Contract; or
  - (ii) from communicating with other parties,

and which disruption (in either such case as per (a) or (b) above) is not caused by, and is beyond the control of, the party whose operations are disrupted.

**“Environment”** means the following, in so far as they affect human health and social well-being:

- (a) fauna and flora;
- (b) soil, water, air, climate and the landscape; and
- (c) cultural heritage and the built environment,

and includes, without limitation, occupational and community health and safety.

**“Environmental Approval”** means any Authorisation required by Environmental Law.

**“Environmental Claim”** means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

**“Environmental Law”** means:

- (a) European Union law, including principles and standards;
- (b) the laws and regulations of the Slovak Republic; and
- (c) applicable international treaties,

of which a principal objective is the preservation, protection or improvement of the Environment.

**“EURIBOR”** has the meaning given to it in Schedule B.

**“EUR”** or **“euro”** mean the lawful currency of the Member States of the European Union which adopt or have adopted it as their currency in accordance with the relevant provisions of the Treaty on European Union and the Treaty on the Functioning of the European Union or their succeeding treaties.

**“Event of Default”** means any of the circumstances, events or occurrences specified in Article 10.01.

**“Final Availability Date”** means the date falling 3 (three) years after the date of this Contract.

**“Final Beneficiary”** has the meaning given to it in Recital (1).

**“Fixed Rate”** means an annual interest rate determined by the Bank in accordance with the applicable principles from time to time laid down by the governing bodies of the Bank for loans made at a fixed rate of interest, denominated in the currency of the Tranche and bearing equivalent terms for the repayment of capital and the payment of interest. Fixed Rate shall include the Margin.

**“Fixed Rate Tranche”** means a Tranche on which Fixed Rate is applied.

**“Floating Rate”** means a fixed-spread floating interest rate, that is to say an annual interest rate determined by the Bank for each successive Floating Rate Reference Period equal to the Relevant Interbank Rate plus the Spread.

**“Floating Rate Reference Period”** means each period from one Payment Date to the next relevant Payment Date; the first Floating Rate Reference Period shall commence on the date of disbursement of the Tranche.

**“Floating Rate Tranche”** means a Tranche on which Floating Rate is applied.

**“GAAP”** means generally accepted accounting principles in the Slovak Republic, including IFRS.

**“IFRS”** means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

**“Indemnifiable Prepayment Event”** means a Prepayment Event other than those specified in paragraphs 4.03A(2) or 4.03A(4).

**“Interest Revision/Conversion”** means the determination of new financial conditions relative to the interest rate, specifically the same interest rate basis (“revision”) or a different interest rate basis (“conversion”) which can be offered for the remaining term of a Tranche or until a next Interest Revision/Conversion Date, if any, for an amount which, at the proposed Interest Revision/Conversion Date, is not less than EUR 10,000,000 (ten million euros) or the equivalent thereof.

**“Interest Revision/Conversion Date”** means the date, which shall be a Payment Date, specified by the Bank pursuant to Article 1.02B in the Disbursement Notice or pursuant to Article 3 and Schedule D.

**“Interest Revision/Conversion Proposal”** means a proposal made by the Bank under Schedule D.

**“Interest Revision/Conversion Request”** means a written notice from the Borrower, delivered at least 75 (seventy-five) days before an Interest Revision/Conversion Date, requesting the Bank to submit to it an Interest Revision/Conversion Proposal. The Interest Revision/Conversion Request shall also specify:

- (a) Payment Dates chosen in accordance with the provisions of Article 3.01;
- (b) the preferred repayment schedule chosen in accordance with Article 4.01; and
- (c) any further Interest Revision/Conversion Date chosen in accordance with Article 3.01.

**“Loan”** means the aggregate amount of Tranches disbursed from time to time by the Bank under this Contract.

**“Margin”** means the component of the rate of interest quantified in Article 3.01.

**“Market Disruption Event”** means any of the following circumstances:

- (a) there are, in the opinion of the Bank, events or circumstances adversely affecting the Bank’s access to its sources of funding;
- (b) in the opinion of the Bank, funds are not available from its ordinary sources of funding in order to adequately fund a Tranche in the relevant currency and/or for the relevant maturity and/or in relation to the reimbursement profile of such Tranche;
- (c) in relation to a Tranche in respect of which interest is or would be payable at Floating Rate:
  - (A) the cost to the Bank of obtaining funds from its sources of funding, as determined by the Bank, for a period equal to the Floating Rate Reference Period of such Tranche (i.e. in the money market) would be in excess of the applicable Relevant Interbank Rate;or
  - (B) the Bank determines that adequate and fair means do not exist for ascertaining the applicable Relevant Interbank Rate for the relevant currency of such Tranche or it is not possible to determine the Relevant Interbank Rate in accordance with the definition contained in Schedule B.

**“Material Adverse Change”** means, any event or change of condition, which, in the opinion of the Bank has a material adverse effect on:

- (a) the ability of the Borrower to perform its obligations under this Contract;



- (b) the operations, property, condition (financial or otherwise) or prospects of the Borrower; or
- (c) the validity or enforceability of, or the effectiveness or ranking of, or the value of any security granted to the Bank, or the rights or remedies of the Bank under this Contract.

**“Maturity Date”** means the last repayment date of a Tranche specified pursuant to Article 4.01(b)(iv).

**“Notified Tranche”** means a Tranche in respect of which the Bank has issued a Disbursement Notice.

**“Payment Date”** means the annual, semi-annual or quarterly dates specified in the Disbursement Notice until the Interest Revision/Conversion Date, if any, or the Maturity Date, save that, in case any such date is not a Relevant Business Day, it means:

- (a) for a Fixed Rate Tranche, the following Relevant Business Day, without adjustment to the interest due under Article 3.01; and
- (b) for a Floating Rate Tranche, the next day, if any, of that calendar month that is a Relevant Business Day or, failing that, the nearest preceding day that is a Relevant Business Day, in all cases with corresponding adjustment to the interest due under Article 3.01.

**“Prepayment Amount”** means the amount of a Tranche to be prepaid by the Borrower in accordance with Article 4.02A.

**“Prepayment Date”** means the date, which shall be a Payment Date, on which the Borrower proposes to effect prepayment of a Prepayment Amount.

**“Prepayment Event”** means any of the events described in Article 4.03A.

**“Prepayment Indemnity”** means in respect of any principal amount to be prepaid or cancelled, the amount communicated by the Bank to the Borrower as the present value (as of the Prepayment Date) of the excess, if any, of:

- (a) the interest net of the Margin that would accrue thereafter on the Prepayment Amount over the period from the Prepayment Date to the Interest Revision/Conversion Date, if any, or the Maturity Date, if it were not prepaid; over
- (b) the interest that would so accrue over that period, if it were calculated at the Redeployment Rate, less 0.15% (fifteen basis points).

The said present value shall be calculated at a discount rate equal to the Redeployment Rate, applied as of each relevant Payment Date.

**“Prepayment Notice”** means a written notice from the Bank to the Borrower in accordance with Article 4.02C.

**“Prepayment Request”** means a written request from the Borrower to the Bank to prepay all or part of the Loan, in accordance with Article 4.02A.

**“Project”** has the meaning given to it in Recital (1).

**“Qualifying Guarantor”** has the meaning given to it in Article 7.04(B).

**“Redeployment Rate”** means the Fixed Rate excluding the Margin in effect on the day of the indemnity calculation for fixed-rate loans denominated in the same currency and which shall have the same terms for the payment of interest and the same repayment profile to the Interest Revision/Conversion Date, if any, or the Maturity Date as the Tranche in respect of which a prepayment is proposed or requested to be made. For those cases where the period is shorter than 48 months the most closely corresponding money market rate equivalent will be used, that is the Relevant Interbank Rate minus 0.125% (12.5 basis points) for periods of up to 12 (twelve) months. For periods falling between 12 and 48 months as the case may be, the bid point on the swap rates as published by Reuters for the related currency and observed by the Bank at the time of calculation will apply.

**“Regions Act”** means the Act of the Slovak Republic No. 302/2001 Coll., on the Government of Higher Territorial Units (Act on Regional Autonomy), as amended.

**“Relevant Business Day”** means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 (TARGET2) is open for the settlement of payments in EUR.

**“Relevant Interbank Rate”** means EURIBOR.

**“Scheduled Disbursement Date”** means the date on which a Tranche is scheduled to be disbursed in accordance with Article 1.02B.

**“Security”** means any mortgage, pledge, lien, charge, assignment, hypothecation, or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

**“Spread”** means the fixed spread to the Relevant Interbank Rate (being either plus or minus) determined by the Bank including the Margin and notified to the Borrower in the relevant Disbursement Notice or Interest Revision/Conversion Proposal.

**“Sub-Project”** has the meaning given to it in Recital (1).

**“Tax”** means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

**“Technical Description”** has the meaning given to it in Recital (1).

**“Tranche”** means each disbursement made or to be made under this Contract. In case no Disbursement Notice has been delivered, Tranche shall mean a Tranche as requested under Article 1.02B.

**ARTICLE 1**  
**Credit and Disbursements**

**1.01 Amount of Credit**

By this Contract the Bank establishes in favour of the Borrower, and the Borrower accepts, the credit in an amount of EUR 25,000,000 (twenty-five million euros) for the financing of the Project (the “Credit”).

**1.02 Disbursement procedure**

**1.02A Tranches**

The Bank shall disburse the Credit in up to 5 (five) Tranches. The amount of each Tranche, if not being the undrawn balance of the Credit, shall be in a minimum amount of EUR 5,000,000 (five million euros).

**1.02B Disbursement Request**

(a) The Borrower may present to the Bank a Disbursement Request for the disbursement of a Tranche, such Disbursement Request to be received at the latest 15 (fifteen) days before the Final Availability Date. The Disbursement Request shall be in the form set out in Schedule C.1 and shall specify:

- (i) the amount and currency of the Tranche;
- (ii) the preferred disbursement date for the Tranche; such preferred disbursement date must be a Relevant Business Day falling at least 15 (fifteen) days after the date of the Disbursement Request and, in any event, on or before the Final Availability Date, it being understood that notwithstanding the Final Availability Date the Bank may disburse the Tranche up to 4 (four) calendar months from the date of the Disbursement Request;
- (iii) whether the Tranche is a Fixed Rate Tranche or a Floating Rate Tranche, each pursuant to the relevant provisions of Article 3.01;
- (iv) the preferred interest payment periodicity for the Tranche, chosen in accordance with Article 3.01;
- (v) the preferred terms for repayment of principal for the Tranche, chosen in accordance with Article 4.01;
- (vi) the preferred first and last dates for repayment of principal for the Tranche;
- (vii) the Borrower's choice of Interest Revision/Conversion Date, if any, for the Tranche; and
- (viii) the IBAN code (or appropriate format in line with local banking practice) and SWIFT BIC of the bank account to which disbursement of the Tranche should be made in accordance with Article 1.02D.

(b) If the Bank, following a request by the Borrower, has provided the Borrower, before the submission of the Disbursement Request, with a non-binding fixed interest rate or spread quotation to be applicable to the Tranche, the Borrower may also at its discretion specify in the Disbursement Request such quotation, that is to say:

- (i) in the case of a Fixed Rate Tranche, the aforementioned fixed interest rate previously quoted by the Bank; or
- (ii) in the case of a Floating Rate Tranche, the aforementioned spread previously quoted by the Bank,

applicable to the Tranche until the Maturity Date or until the Interest Revision/Conversion Date, if any.

(c) Each Disbursement Request shall be accompanied by evidence of the authority of the person or persons authorised to sign it and the specimen signature of such person or persons.

(d) Subject to Article 1.02C(b), each Disbursement Request is irrevocable.

**1.02C Disbursement Notice**

- (a) Not less than 10 (ten) days before the proposed Scheduled Disbursement Date of a Tranche the Bank shall, if the Disbursement Request conforms to this Article 1.02, deliver to the Borrower a Disbursement Notice which shall specify:
- (i) the currency, and amount of the Tranche;
  - (ii) the Scheduled Disbursement Date;
  - (iii) the interest rate basis for the Tranche, being: (i) a Fixed Rate Tranche; or (ii) a Floating Rate Tranche all pursuant to the relevant provisions of Article 3.01;
  - (iv) the first interest Payment Date and the periodicity for the payment of interest for the Tranche;
  - (v) the terms for repayment of principal for the Tranche;
  - (vi) the first and last dates for repayment of principal for the Tranche;
  - (vii) the applicable Payment Dates for the Tranche;
  - (viii) the Interest Revision/Conversion Date, if requested by the Borrower, for the Tranche; and
  - (ix) for a Fixed Rate Tranche the Fixed Rate and for a Floating Rate Tranche the Spread applicable to the Tranche until the Interest Revision/Conversion Date, if any or until the Maturity Date.
- (b) If one or more of the elements specified in the Disbursement Notice does not reflect the corresponding element, if any, in the Disbursement Request, the Borrower may following receipt of the Disbursement Notice revoke the Disbursement Request by written notice to the Bank to be received no later than 12h00 Luxembourg time on the next Business Day and thereupon the Disbursement Request and the Disbursement Notice shall be of no effect. If the Borrower has not revoked in writing the Disbursement Request within such period, the Borrower will be deemed to have accepted all elements specified in the Disbursement Notice.
- (c) If the Borrower has presented to the Bank a Disbursement Request in which the Borrower has not specified the fixed interest rate or spread as set out in Article 1.02B(b), the Borrower will be deemed to have agreed in advance to the Fixed Rate or Spread as subsequently specified in the Disbursement Notice.

**1.02D Disbursement Account**

Disbursement shall be made to the account of the Borrower as the Borrower shall notify in writing to the Bank not later than 10 (ten) days before the Scheduled Disbursement Date (with IBAN code or with the appropriate format in line with local banking practice).

Only one account may be specified for each Tranche.

**1.03 Currency of disbursement**

The Bank shall disburse each Tranche in EUR.

**1.04 Conditions of disbursement**

**1.04A First Tranche**

The disbursement of the first Tranche under Article 1.02 is conditional upon receipt by the Bank, in form and substance satisfactory to it, on or before the date falling 5 (five) Business Days before the Scheduled Disbursement Date, of the following documents or evidence:

- (a) evidence that the execution of this Contract by the Borrower has been duly authorised and that the person or persons signing the Contract on behalf of the Borrower is/are duly authorised to do so together with the specimen signature of each such person or persons;
- (b) evidence that the Borrower has obtained all necessary Authorisations required in connection with this Contract and the Project;

- (c) a legal opinion from an internal or an external legal advisor of the Borrower on the due execution of this Contract by the Borrower and on its enforceability in the Slovak Republic, such opinion substantially in the form annexed hereto as Annex II;
- (d) evidence of compliance by the Borrower with the financial covenants pursuant to Article 6.08;
- (e) evidence that the amount requested to be disbursed does not exceed EUR 8,300,000 (eight million three hundred thousand euros), and
- (f) the Bank being at all times satisfied that the Allocation procedure under Article 1.09 and Schedule A.3 is met.

**1.04B Second and Subsequent Tranches**

The disbursement of the second and any subsequent Tranche is also conditional upon receipt by the Bank, in form and substance satisfactory to it, on or before the date falling 5 (five) Business Days before the Scheduled Disbursement Date for the proposed Tranche, of the following documents or evidence:

- (a) the Bank being at all times satisfied that aggregated disbursements represent a reasonable proportion of Allocations (and satisfy the Allocation procedure under Article 1.09 and Schedule A.3) it being understood that Allocations, at any time prior to the completion of the Project, may be reasonably lower than aggregated disbursements while at the time of the Project completion Allocations must coincide with aggregated disbursements, and
- (b) the sum of all amounts disbursed under this Contract does not exceed the sum of all Allocations by more than 30% of the Credit.

**1.04C All Tranches**

The disbursement of each Tranche under Article 1.02, including the first, is subject to the following conditions:

- (a) that the Bank has received, in form and substance satisfactory to it, on or before the date falling 5 (five) Business Days before the Scheduled Disbursement Date for the proposed Tranche, the following documents or evidence:
  - (i) a certificate from the Borrower in the form of Schedule E, signed by an authorised representative of the Borrower and dated no earlier than the date falling 15 (fifteen) days before the Scheduled Disbursement Date;
  - (ii) a copy of any other authorisation or other document, opinion or assurance which the Bank has notified the Borrower is necessary or desirable in connection with the entry into and performance of, and the transactions contemplated by, this Contract or the validity and enforceability of the same;
- (b) that on the Disbursement Date for the proposed Tranche:
  - (i) the representations and warranties which are repeated pursuant to Article 6.11 are correct in all respects; and
  - (ii) no event or circumstance which constitutes or would with the passage of time or giving of notice under this Contract constitute:
    - (aa) an Event of Default; or
    - (bb) a Prepayment Event;
 has occurred and is continuing unremedied or unwaived or would result from the disbursement of the proposed Tranche.

**1.05 Deferment of disbursement**

**1.05A Grounds for deferment**

Upon the written request of the Borrower, the Bank shall defer the disbursement of any Notified Tranche in whole or in part to a date specified by the Borrower being a date falling not later than 6 (six) months from its Scheduled Disbursement Date and not later than 60 days prior to the first repayment date of the Tranche indicated in the Disbursement Notice. In such case, the Borrower shall pay the Deferment Indemnity calculated on the amount of disbursement deferred.

Any request for deferment shall have effect in respect of a Tranche only if it is made at least 5 (five) Business Days before its Scheduled Disbursement Date.

If for a Notified Tranche any of the conditions referred to in Article 1.04 is not fulfilled as at the specified date and at the Scheduled Disbursement Date (or the date expected for disbursement in case of a previous deferment), disbursement will be deferred to a date agreed between the Bank and the Borrower falling not earlier than 5 (five) Business Days following the fulfilment of all conditions of disbursement (without prejudice to the right of the Bank to suspend and/or cancel the undisbursed portion of the Credit in whole or in part pursuant to Article 1.06B). In such case, the Borrower shall pay the Deferment Indemnity calculated on the amount of disbursement deferred.

**1.05B Cancellation of a disbursement deferred by 6 (six) months**

The Bank may, by notice in writing to the Borrower, cancel a disbursement which has been deferred under Article 1.05A by more than 6 (six) months in aggregate. The cancelled amount shall remain available for disbursement under Article 1.02.

**1.06 Cancellation and suspension**

**1.06A Borrower's right to cancel**

The Borrower may at any time by notice in writing to the Bank cancel, in whole or in part and with immediate effect, the undisbursed portion of the Credit. However, the notice shall have no effect in respect of (i) a Notified Tranche which has a Scheduled Disbursement Date falling within 5 (five) Business Days of the date of the notice or (ii) a Tranche in respect of which a Disbursement Request has been submitted but no Disbursement Notice has been issued.

**1.06B Bank's right to suspend and cancel**

- (a) The Bank may, by notice in writing to the Borrower, suspend and/or cancel the undisbursed portion of the Credit in whole or in part at any time and with immediate effect upon the occurrence of a Prepayment Event or an Event of Default or an event or circumstance which would with the passage of time or giving of notice under this Contract constitute a Prepayment Event or an Event of Default.
- (b) The Bank may also suspend the portion of the Credit in respect of which it has not issued a Disbursement Notice with immediate effect in the case that a Market Disruption Event occurs.
- (c) Any suspension shall continue until the Bank ends the suspension or cancels the suspended amount.

**1.06C Indemnity for suspension and cancellation of a Tranche**

**1.06C(1) SUSPENSION**

If the Bank suspends a Notified Tranche, whether upon an Indemnifiable Prepayment Event or an Event of Default, the Borrower shall pay to the Bank the Deferment Indemnity calculated on the amount of disbursement suspended.

**1.06C(2) CANCELLATION**

If pursuant to Article 1.06A, the Borrower cancels:

- (a) a Fixed Rate Tranche which is a Notified Tranche, it shall indemnify the Bank under Article 4.02B;

- (b) a Floating Rate Tranche which is a Notified Tranche or any part of the Credit other than a Notified Tranche, no indemnity is payable.

If the Bank cancels

- (i) a Fixed Rate Tranche which is a Notified Tranche upon an Indemnifiable Prepayment Event or pursuant to Article 1.05B, the Borrower shall pay to the Bank the Prepayment Indemnity; or
- (ii) a Notified Tranche upon an Event of Default, the Borrower shall indemnify the Bank under Article 10.03.

Save in these cases, no indemnity is payable upon cancellation of a Tranche by the Bank.

The indemnity shall be calculated as if the cancelled amount had been disbursed and repaid on the Scheduled Disbursement Date or, to the extent that the disbursement of the Tranche is currently deferred or suspended, on the date of the cancellation notice.

#### **1.07 Cancellation after expiry of the Credit**

On the day following the Final Availability Date, and unless otherwise specifically agreed to in writing by the Bank, the part of the Credit in respect of which no Disbursement Request has been made in accordance with Article 1.02B shall be automatically cancelled, without any notice being served by the Bank to the Borrower and without liability arising on the part of either party.

#### **1.08 Sums due under Article 1**

Sums due under Articles 1.05 and 1.06 shall be payable in EUR. They shall be payable within 15 (fifteen) days of the Borrower's receipt of the Bank's demand or within any longer period specified in the Bank's demand.

#### **1.09 Allocation**

##### **1.09A Allocation Request**

Between the date hereof and 31 December 2019 the Borrower may submit to the Bank a request for allocation (the "**Allocation Request**").

The Loan may solely be allocated to Sub-Projects identified as eligible for financing in the Technical Description and Schedule A.3. In order for a Sub-Project to qualify for financing hereunder, (a) the Borrower must comply with the allocation procedure under this Article 1.09 and Schedule A.3, (b) the Borrower must comply with allocation undertakings under this Article 1.09A and Schedule A.3, and (c) the Sub-Projects must meet the specific eligibility criteria as set-out in this Contract (in particular, but not limited to, in Schedule A.3).

##### **1.09B Allocation Letter**

The Bank shall have full discretion whether or not to approve the Allocation Request so submitted following such examination of the Sub-Projects as it deems necessary and shall, in the event of confirmation/approval, issue a letter of allocation, informing the Borrower of its confirmation/approval of the Sub-Projects submitted and of the amount in EUR allocated to such Sub-Project. In the event the Bank does not approve a submitted Allocation Request, the Bank shall inform the Borrower thereof.

The Bank may by notice to the Borrower amend the Allocation procedure as described in this Article 1.09 and Schedule A.3 to bring it into line with the Bank's policy on framework loans or reflect the results of the review of the implementation capacity and performance. In such case, the Bank shall inform the Borrower thereof and the Borrower shall promptly adapt its internal allocation procedures accordingly.

#### **1.10 Reallocation Procedure**

##### **1.10A Reallocation at the request of the Borrower**

The Borrower may by request in writing to the Bank, which shall include reasons thereof, and 31 December 2019, propose to reallocate in accordance with Article 1.09 and Schedule A.3 any part of the Loan which has been allocated but not spent by the Borrower on a Sub-Project or made available in full, directly or indirectly, by the Borrower to the relevant Final Beneficiaries.

The Bank may, at its discretion, accept the Borrower's proposal for reallocation and reallocate any portion of the Loan in accordance with the provisions of Article 1.09 and Schedule A.3.

If the reallocation is not possible or possible only in part, the Borrower shall prepay immediately to the Bank the part of the Loan which has been disbursed by the Bank subject to the original Allocation, together with accrued interest on the prepaid amount and compensation, if any, calculated in accordance with Article 4.02.

**1.10B Reallocation at the request of the Bank**

The Borrower shall propose to reallocate any part of the Loan which has been allocated, in accordance with the procedures described in Article 1.09 and Schedule A.3, in relation to a Sub-Project if such Sub-Project, in the opinion of the Bank, is ineligible for financing by the Bank under the Bank's Statute, policies or guidelines or under Article 309 of the Treaty on the Functioning of the European Union. If within the timeframe provided for in the Bank's written request the Borrower fails to replace such Sub-Project, the Borrower shall repay all or part of the Loan in accordance with Article 10.01A.

**ARTICLE 2**

**The Loan**

**2.01 Amount of Loan**

The Loan shall comprise the aggregate amount of Tranches disbursed by the Bank under this Contract, as confirmed by the Bank pursuant to Article 2.03.

**2.02 Currency of repayment, interest and other charges**

Interest, repayments and other charges payable in respect of each Tranche shall be made by the Borrower in the currency in which the Tranche is disbursed.

Any other payment shall be made in the currency specified by the Bank having regard to the currency of the expenditure to be reimbursed by means of that payment.

**2.03 Confirmation by the Bank**

Within 10 (ten) days after disbursement of each Tranche, the Bank shall deliver to the Borrower the amortisation table referred to in Article 4.01, if appropriate, showing the Disbursement Date, currency, the amount disbursed, the repayment terms and the interest rate of and for that Tranche.

**ARTICLE 3**

**Interest**

**3.01 Rate of interest**

For the purposes of this Contract "Margin" means 4 basis points (0.04%).

Fixed Rates and Spreads are available for periods of not less than 4 (four) years.

**3.01A Fixed Rate Tranches**

The Borrower shall pay interest on the outstanding balance of each Fixed Rate Tranche at the Fixed Rate quarterly, semi-annually or annually in arrears on the relevant Payment Dates as specified in the Disbursement Notice, commencing on the first such Payment Date following the Disbursement Date of the Tranche. If the period from the Disbursement Date to the first Payment Date is 15 (fifteen) days or less then the payment of interest accrued during such period shall be postponed to the following Payment Date.

Interest shall be calculated on the basis of Article 5.01(a).



### 3.01B **Floating Rate Tranches**

The Borrower shall pay interest on the outstanding balance of each Floating Rate Tranche at the Floating Rate quarterly, semi-annually or annually in arrears on the relevant Payment Dates, as specified in the Disbursement Notice commencing on the first such Payment Date following the Disbursement Date of the Tranche. If the period from the Disbursement Date to the first Payment Date is 15 (fifteen) days or less then the payment of interest accrued during such period shall be postponed to the following Payment Date.

The Bank shall notify the Floating Rate to the Borrower within 10 (ten) days following the commencement of each Floating Rate Reference Period.

If pursuant to Articles 1.05 and 1.06 disbursement of any Floating Rate Tranche takes place after the Scheduled Disbursement Date the Relevant Interbank Rate applicable to the first Floating Rate Reference Period shall apply as though the disbursement had been made on the Scheduled Disbursement Date.

Interest shall be calculated in respect of each Floating Rate Reference Period on the basis of Article 5.01(b). If the Floating Rate for any Floating Rate Reference Period is below zero, it will be set at zero.

### 3.01C **Revision or Conversion of Tranches**

Where the Borrower exercises an option to revise or convert the interest rate basis of a Tranche, it shall, from the effective Interest Revision/Conversion Date (in accordance with the procedure set out in Schedule D) pay interest at a rate determined in accordance with the provisions of Schedule D.

### 3.02 **Interest on overdue sums**

Without prejudice to Article 10 and by way of exception to Article 3.01, if the Borrower fails to pay any amount payable by it under the Contract on its due date, interest shall accrue (subject to mandatory provisions of the applicable laws, including Article 1154 of the Luxembourg Civil Code) on any overdue amount payable under the terms of this Contract from the due date to the date of actual payment at an annual rate equal to:

- (i) for overdue sums related to Floating Rate Tranches, the applicable Floating Rate plus 2% (200 basis points);
- (ii) for overdue sums related to Fixed Rate Tranches, the higher of (a) the applicable Fixed Rate plus 2% (200 basis points) or (b) the Relevant Interbank Rate plus 2% (200 basis points);
- (iii) for overdue sums other than under (i) or (ii) above, the Relevant Interbank Rate plus 2% (200 basis points)

and shall be payable in accordance with the demand of the Bank. For the purpose of determining the Relevant Interbank Rate in relation to this Article 3.02, the relevant periods within the meaning of Schedule B shall be successive periods of one month commencing on the due date.

If the overdue sum is in a currency other than the currency of the Loan, the following rate per annum shall apply, namely the relevant interbank rate that is generally retained by the Bank for transactions in that currency plus 2% (200 basis points), calculated in accordance with the market practice for such rate.

### 3.03 **Market Disruption Event**

If at any time (i) from the issuance by the Bank of the Disbursement Notice in respect of a Tranche, and (ii) until the date falling thirty (30) calendar days prior to the Scheduled Disbursement Date, a Market Disruption Event occurs, the Bank may notify to the Borrower that this clause has come into effect. In such case, the following rules shall apply:

The rate of interest applicable to such Notified Tranche until the Maturity Date or the Interest Revision/Conversion Date if any, shall be the percentage rate per annum which is the sum of:

- the Margin and

- the rate (expressed as a percentage rate per annum) which is determined by the Bank to be the all-inclusive cost to the Bank for the funding of the relevant Tranche based upon the then applicable internally generated Bank reference rate or an alternative rate determination method reasonably determined by the Bank. The Borrower shall have the right to refuse in writing such disbursement within the deadline specified in the notification and shall bear charges incurred as a result, if any, in which case the Bank shall not effect the disbursement and the corresponding Credit shall remain available for disbursement under Article 1.02B. If the Borrower does not refuse the disbursement in time, the parties agree that the disbursement and the conditions thereof shall be fully binding for both parties.

In each case the Spread or Fixed Rate previously notified by the Bank in the Disbursement Notice shall no longer be applicable.

## **ARTICLE 4**

### **Repayment**

#### **4.01 Normal repayment**

##### **Repayment by instalments**

- (a) The Borrower shall repay each Tranche by instalments on the Payment Dates specified in the relevant Disbursement Notice in accordance with the terms of the amortisation table delivered pursuant to Article 2.03.
- (b) Each amortisation table shall be drawn up on the basis that:
  - (i) in the case of a Fixed Rate Tranche without an Interest Revision/Conversion Date, repayment shall be made annually, semi-annually or quarterly by equal instalments of principal or constant instalments of principal and interest;
  - (ii) in the case of a Fixed Rate Tranche with an Interest Revision/Conversion Date or a Floating Rate Tranche, repayment shall be made by equal annual, semi-annual or quarterly instalments of principal;
  - (iii) the first repayment date of each Tranche shall be a Payment Date falling not earlier than 60 days from the Scheduled Disbursement Date and not later than the first Payment Date immediately following the 4<sup>th</sup> (fourth) anniversary of the Scheduled Disbursement Date of the Tranche; and
  - (iv) the last repayment date of each Tranche shall be a Payment Date falling not earlier than 4 (four) years and not later than 25 (twenty five) years from the Scheduled Disbursement Date.

#### **4.02 Voluntary prepayment**

##### **4.02A Prepayment option**

Subject to Articles 4.02B, 4.02C and 4.04, the Borrower may prepay all or part of any Tranche, together with accrued interest and indemnities if any, upon giving a Prepayment Request with at least 1 (one) month's prior notice specifying (i) the Prepayment Amount, (ii) the Prepayment Date, (iii) if applicable, the choice of application method of the Prepayment amount in line with Article 5.05C(i) and (iv) the contract number ("FI nr") mentioned on the cover page of this Contract.

Subject to Article 4.02C the Prepayment Request shall be binding and irrevocable.

##### **4.02B Prepayment indemnity**

###### **4.02B(1) FIXED RATE TRANCHE**

Subject to Article 4.02B(3) below, if the Borrower prepays a Fixed Rate Tranche, the Borrower shall pay to the Bank on the Prepayment Date the Prepayment Indemnity in respect of the Fixed Rate Tranche which is being prepaid.

#### 4.02B(2) FLOATING RATE TRANCHE

Subject to Article 4.02B(3) below, the Borrower may prepay a Floating Rate Tranche without indemnity on any relevant Payment Date.

4.02B(3) Unless the Borrower has accepted in writing a Fixed Rate in respect of an Interest Revision/Conversion Proposal pursuant to Schedule D, prepayment of a Tranche on its Interest Revision/Conversion Date as accepted under Article 1.02C, or in accordance with Schedule C1 or D, as the case may be, may be effected without indemnity.

#### 4.02C **Prepayment mechanics**

Upon presentation by the Borrower to the Bank of a Prepayment Request, the Bank shall issue a Prepayment Notice to the Borrower, not later than 15 (fifteen) days prior to the Prepayment Date. The Prepayment Notice shall specify the Prepayment Amount, the accrued interest due thereon, the Prepayment Indemnity payable under Article 4.02B or, as the case may be, that no indemnity is due, the method of application of the Prepayment Amount and the Acceptance Deadline.

If the Borrower accepts the Prepayment Notice no later than by the Acceptance Deadline, it shall effect the prepayment. In any other case, the Borrower may not effect the prepayment.

The Borrower shall accompany the prepayment by the payment of accrued interest and indemnity, if any, due on the Prepayment Amount, as specified in the Prepayment Notice.

### 4.03 **Compulsory prepayment**

#### 4.03A **Prepayment Events**

##### 4.03A(1) PROJECT COST REDUCTION

If the total cost of the Project falls below the figure stated in Recital (2) so that the amount of the Credit exceeds 50% (fifty per cent) of such total cost, the Bank may forthwith, by notice to the Borrower, cancel the undisbursed portion of the Credit and/or demand prepayment of the Loan up to the amount by which the Credit exceeds 50% (fifty per cent) of the total cost of the Project. The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date being a date falling not less than 30 (thirty) days from the date of the demand.

##### 4.03A(2) *PARI PASSU* TO NON-EIB FINANCING

If the Borrower voluntarily prepays (for the avoidance of doubt, prepayment shall include a repurchase or cancellation where applicable) a part or the whole of any Non-EIB Financing and such prepayment is not made out of the proceeds of a loan or other indebtedness having a term at least equal to the unexpired term of the Non-EIB Financing prepaid the Bank may, by notice to the Borrower, cancel the undisbursed portion of the Credit and demand prepayment of the Loan. The proportion of the Loan that the Bank may require to be prepaid shall be the same as the proportion that the prepaid amount of the Non-EIB Financing bears to the aggregate outstanding amount of all Non-EIB Financing.

The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date being a date falling not less than 30 (thirty) days from the date of the demand.

For the purposes of this Article, "**Non-EIB Financing**" includes any loan (save for the Loan and any other direct loans from the Bank to the Borrower), credit bond or other form of financial indebtedness or any obligation for the payment or repayment of money originally granted to the Borrower for a term of more than 5 (five) years.

##### 4.03A(3) CHANGE OF LAW

The Borrower shall promptly inform the Bank if a Change-of-Law Event has occurred or is likely to occur. In such case, or if the Bank has cause to believe that a Change-of-Law Event has occurred or is about to occur, the Bank may request that the Borrower consult with it. Such consultation shall take place within 30 (thirty) days from the date of the Bank's request. If, after the lapse of 30 (thirty) days from the date of such request for consultation the Bank is of the opinion that the effects of the Change-of-Law Event cannot be mitigated to its satisfaction, the Bank may by notice to the Borrower, cancel the undisbursed portion of the Credit and demand prepayment of the Loan, together with accrued interest and all other amounts accrued or outstanding under this Contract.

The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date being a date falling not less than 30 (thirty) days from the date of the demand.

For the purposes of this Article “**Change-of-Law Event**” means the enactment, promulgation, execution or ratification of or any change in or amendment to any law, rule or regulation (or in the application or official interpretation of any law, rule or regulation) that occurs after the date of this Contract and which, in the opinion of the Bank, would impair the Borrower's ability to perform its obligations under this Contract.

#### 4.03A(4) **ILLEGALITY**

If it becomes unlawful in any applicable jurisdiction for the Bank to perform any of its obligations as contemplated in this Contract or to fund or maintain the Loan, the Bank shall promptly notify the Borrower and may immediately (i) suspend or cancel the undisbursed portion of the Credit and/or (ii) demand prepayment of the Loan, together with accrued interest and all other amounts accrued or outstanding under this Contract on the date indicated by the Bank in its notice to the Borrower.

#### 4.03B **Prepayment mechanics**

Any sum demanded by the Bank pursuant to Article 4.03A, together with any interest or other amounts accrued or outstanding under this Contract including, without limitation, any indemnity due under Article 4.03C and Article 4.04, shall be paid on the date indicated by the Bank in its notice of demand.

#### 4.03C **Prepayment indemnity**

In the case of an Indemnifiable Prepayment Event, the indemnity, if any, shall be determined in accordance with Article 4.02B.

#### 4.04 **General**

A repaid or prepaid amount may not be reborrowed. This Article 4 shall not prejudice Article 10.

If the Borrower prepays a Tranche on a date other than a relevant Payment Date, the Borrower shall indemnify the Bank in such amount as the Bank shall certify is required to compensate it for receipt of funds otherwise than on a relevant Payment Date.

## **ARTICLE 5**

### **Payments**

#### 5.01 **Day count convention**

Any amount due by way of interest, indemnity or fee from the Borrower under this Contract, and calculated in respect of a fraction of a year, shall be determined on the following respective conventions:

- (a) in respect of interest and indemnities due under a Fixed Rate Tranche, a year of 360 (three hundred and sixty) days and a month of 30 (thirty) days;
- (b) in respect of interest and indemnities due under a Floating Rate Tranche, a year of 360 (three hundred and sixty) days and the number of days elapsed;
- (c) in respect of fees, a year of 360 (three hundred and sixty) days and the number of days elapsed.

#### 5.02 **Time and place of payment**

Unless otherwise specified in this Contract or in the Bank's demand, all sums other than sums of interest, indemnity and principal are payable within 15 (fifteen) days of the Borrower's receipt of the Bank's demand.

Each sum payable by the Borrower under this Contract shall be paid to the relevant account notified by the Bank to the Borrower. The Bank shall notify the account not less than 15 (fifteen) days before the due date for the first payment by the Borrower and shall notify any change of account not less than 15 (fifteen) days before the date of the first payment to which the change applies. This period of notice does not apply in the case of payment under Article 10.

The Borrower shall indicate in each payment made hereunder the contract number ("FI nr") found on the cover page of this Contract.

A sum due from the Borrower shall be deemed paid when the Bank receives it.

Any disbursements by and payments to the Bank under this Contract shall be made using account(s) acceptable to the Bank. For the avoidance of doubt, any account in the name of the Borrower held with a duly authorised financial institution in the jurisdiction where the Borrower is incorporated or where the Project is undertaken is deemed acceptable to the Bank.

**5.03 No set-off by the Borrower**

All payments to be made by the Borrower under this Contract shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

**5.04 Disruption to Payment Systems**

If either the Bank determines (in its discretion) that a Disruption Event has occurred or the Bank is notified by the Borrower that a Disruption Event has occurred:

- (a) the Bank may, and shall if requested to do so by the Borrower, consult with the Borrower with a view to agreeing with the Borrower such changes to the operation or administration of the Contract as the Bank may deem necessary in the circumstances;
- (b) the Bank shall not be obliged to consult with the Borrower in relation to any changes mentioned in paragraph (a) if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes; and
- (c) the Bank shall not be liable for any damages, costs or losses whatsoever arising as a result of a Disruption Event or for taking or not taking any action pursuant to or in connection with this Article 5.04.

**5.05 Application of sums received**

(a) General

Sums received from the Borrower shall only discharge its payment obligations if received in accordance with the terms of this Contract.

(b) Partial payments

If the Bank receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under this Contract, the Bank shall apply that payment:

- (i) first, in or towards payment pro rata of any unpaid fees, costs, indemnities and expenses due under this Contract;
- (ii) secondly, in or towards payment of any accrued interest due but unpaid under this Contract;
- (iii) thirdly, in or towards payment of any principal due but unpaid under this Contract; and
- (iv) fourthly, in or towards payment of any other sum due but unpaid under this Contract.

(c) Allocation of sums related to Tranches

(i) In case of:

- a partial voluntary prepayment of a Tranche that is subject to a repayment in several instalments, the Prepayment Amount shall be applied pro rata to each outstanding instalment, or, at the request of the Borrower, in inverse order of maturity,

- a partial compulsory prepayment of a Tranche that is subject to a repayment in several instalments, the Prepayment Amount shall be applied in reduction of the outstanding instalments in inverse order of maturity.
- (ii) Sums received by the Bank following a demand under Article 10.01 and applied to a Tranche, shall reduce the outstanding instalments in inverse order of maturity. The Bank may apply sums received between Tranches at its discretion.
- (iii) In case of receipt of sums which cannot be identified as applicable to a specific Tranche, and on which there is no agreement between the Bank and the Borrower on their application, the Bank may apply these between Tranches at its discretion.

## **ARTICLE 6**

### **Borrower undertakings and representations**

The undertakings in this Article 6 remain in force from the date of this Contract for so long as any amount is outstanding under this Contract or the Credit is in force.

#### *A. Project undertakings*

#### **6.01 Use of Loan and availability of other funds**

The Borrower shall use all amounts borrowed by it under the Loan for the execution of the Project.

The Borrower shall ensure that it has available to it the other funds listed in Recital (2) and that such funds are expended, to the extent required, on the financing of the Project.

#### **6.02 Completion of Project**

The Borrower shall carry out the Project in accordance with the Technical Description as may be modified from time to time with the approval of the Bank, and complete it by the final date specified therein.

#### **6.03 Increased cost of Project**

If the total cost of the Project exceeds the estimated figure set out in Recital (2), the Borrower shall obtain the finance to fund the excess cost without recourse to the Bank, so as to enable the Project to be completed in accordance with the Technical Description. The plans for funding the excess cost shall be communicated to the Bank without delay.

#### **6.04 Procurement procedure**

The Borrower undertakes to, and shall procure that the Final Beneficiary will, purchase equipment, secure services and order works for the Project (a) in so far as they apply to it or to the Project, in accordance with European Union law in general and in particular with the relevant European Union Directives and (b) in so far as European Union Directives do not apply, by procurement procedures which, to the satisfaction of the Bank, respect the criteria of economy and efficiency and, in case of public contracts, the principles of transparency, equal treatment and non-discrimination on the basis of nationality.

#### **6.05 Continuing Project undertakings**

The Borrower shall and shall procure that the Final Beneficiaries will:

- (a) **Maintenance:** maintain, repair, overhaul and renew all property forming part of the Project as required to keep it in good working order;
- (b) **Project assets:** unless the Bank shall have given its prior consent in writing retain title to and possession of all or substantially all the assets comprising the Project or, as appropriate, replace and renew such assets and maintain the Project in substantially continuous operation in accordance with its original purpose; provided that the Bank may withhold its consent only where the proposed action would prejudice the Bank's interests as lender to the Borrower or would render the Project ineligible for financing by the Bank under its Statute or under Article 309 of the Treaty on the Functioning of the European Union;

- (c) **Insurance:** insure all works and property forming part of the Project with first class insurance companies in accordance with the most comprehensive relevant industry practice;
- (d) **Rights and Permits:** maintain in force all rights of way or use and all Authorisations necessary for the execution and operation of the Project; and
- (e) **Environment:**
  - (i) implement and operate the Project in compliance with Environmental Law;
  - (ii) obtain and maintain requisite Environmental Approvals for the Project;
  - (iii) comply with any such Environmental Approvals;
  - (iv) not use the Bank's funding of the Sub-Projects that require an EIA or biodiversity assessment according to EU and national law without/prior to receiving the consent from the competent authority, and the Non-Technical Summary of the EIA having been made available to the public and provided to the Bank; and
  - (v) obtain and provide to the Bank Form A and B as set out in Annex III, or its equivalent, before using the Loan to fund any Sub-Project.
- (f) **Integrity:**
  - (i) take, within a reasonable timeframe, appropriate measures in respect of any member of its or the Final Beneficiary's governing bodies who has been convicted by a final and irrevocable court ruling of a Criminal Offence perpetrated in the course of the exercise of his/her professional duties, in order to ensure that such member is excluded from any Borrower's or the Final Beneficiary's, as the case may be, activity in relation to the Loan or the Project,
  - (ii) to the extent permitted by law, inform the Bank (in respect of the Borrower) or the Borrower (in respect of the Final Beneficiary) of any litigation, arbitration, administrative proceedings or investigation carried out by a court, administration or similar public authority, which is current, imminent or pending against any Final Beneficiary, or its controlling entities or members of its management or administrative bodies in connection with Criminal Offences related to the Loan or the Project, and
  - (iii) undertake in the finance agreement made between the Borrower and the Final Beneficiary in respect of any funds provided under this Contract, related to the Loan or the Project, that the Final Beneficiary immediately informs the Borrower of any investigations concerning the integrity of the members of a Final Beneficiary's management or administrative body.
- (g) **Integrity Audit Rights:** ensure that all contracts under the Project to be procured after the date of signature of this Contract in accordance with European Union Directives on procurement provide for:
  - (i) the requirement that the relevant contractor promptly informs the Bank of a genuine allegation, complaint or information with regard to Criminal Offences related to the Project;
  - (ii) the requirement that the relevant contractor keeps books and records of all financial transactions and expenditures in connection with the Project; and
  - (iii) the Bank's right, in relation to an alleged Criminal Offence, to review the books and records of the relevant contractor in relation to the Project and to take copies of documents to the extent permitted by law.
- (h) **Other undertakings:**
  - (i) store, maintain and update the relevant documentation including:
    1. for Sub-Projects requiring an EIA, environmental studies related to EIA, the Non-Technical Summaries of EIAs, and Nature/Biodiversity Assessments or equivalent documents supporting the compliance with the EU Habitats and Birds Directives;

2. for Sub-Projects not requiring an EIA, either a reasoned statement from the competent authority as to why an EIA is not necessary or a statement from the Borrower explaining why the Sub-Project in question falls outside the scope of the EU EIA Directive.
- (ii) ensure that there is no double-financing of the Sub-Projects with other European Investment Bank's loans with the same Borrower;
- (iii) ensure that Non-Technical Summaries of the EIAs, if EIA is required for any Sub-Project, are made available to the public;
- (iv) ensure that an EIA for all Sub-Projects that are expected to have a significant impact on the environment, according to the definitions and criteria contained in the relevant EU Directives is carried out.

*B. General undertakings*

**6.06 Disposal of assets**

- (a) Except as provided below, the Borrower shall not either in a single transaction or in a series of transactions whether related or not and whether voluntarily or involuntarily dispose of any part of its assets.
- (b) Paragraph (a) above does not apply to any disposal of assets for fair market value and at arm's length:
  - (i) where the higher of the market value or consideration (when aggregated with the higher of the market value or consideration for any other sale, lease, transfer or other disposal, other than any permitted disposal under paragraph (ii) below) does not exceed EUR 500,000 (five hundred thousand euros) (or its equivalent in another currency or currencies) in any financial year, provided that the value or consideration of disposals of assets shall not, during the life of the Loan, exceed EUR 14,000,000 (fourteen million euros) (or its equivalent in another currency or currencies) in aggregate less the book value of all permitted Security established by the Borrower in accordance with Article 7.01(b) ; or
  - (ii) made with the prior written consent of the Bank,

in each case other than assets forming part of the Project pursuant to Article 6.05(b) and all shares in entities holding assets forming part of the Project which may not be disposed of.

For the purposes of this Article, “**dispose**” and “**disposal**” includes any act effecting sale, transfer, lease or other disposal.

**6.07 Compliance with laws**

The Borrower shall, and shall procure that the Final Beneficiaries will, comply in all respects with all laws and regulations to which it or the Project is subject.

**6.08 Financial Covenants**

So long as the Loan is outstanding, the Borrower shall maintain a sound financial situation and, in particular, shall maintain for each financial year:

- (i) a ratio of no more than 70% of Total Debt to Annual Operating Revenues;
- (ii) a ratio of no more than 15% of Annual Debt Service Obligations to Annual Operating Revenues; and
- (iii) a ratio of no less than 150% of Gross Operating Surplus to interest payments.

The ratios under (i) to (iii) above for the preceding financial year shall be calculated based on the audited consolidated budget statements of the Borrower at the end of the respective financial year. Pro-forma calculations of the ratios under (i) to (iii) above for the following year shall be made based on the pro-forma consolidated budget statements.



The terms used in this Article 6.08 shall have the following meanings

**“Annual Operating Revenues”** means the aggregate of the Borrower’s:

- (a) tax revenues;
- (b) non-tax revenues;
- (c) operating subsidies, and
- (d) transfers from own funds (if any).

**“Total Debt”** means the aggregate of the total outstanding financial indebtedness of the Borrower including any guarantee granted by the Borrower in relation to the financial indebtedness of any third party.

**“Annual Debt Service Obligations”** means the aggregate annual amount of the Borrower’s:

- (a) principal repayments on the Borrower’s Total Debt, and
- (b) interest payments and other similar charges on the Borrower’s Total Debt.

**“Gross Operating Surplus”** means the aggregate of the Borrower’s Annual Operating Revenues minus the Borrower’s operating expenditures before interest payments and other similar charges on financial indebtedness.

#### **6.09 Financial projections model**

The Borrower shall establish, in agreement with the Bank and for the purpose of monitoring future fulfilment of the financial covenants under Article 6.08, a financial projections model which shall be based on its historical annual budget statements, the budget for the current financial year and the annual budget projections for the following three financial years (as provided by the Borrower to the Bank under Article 8.02).

So long as the Loan is outstanding, the Borrower shall provide to the Bank annually, without undue delay after the approval of its budget for the following financial year but in any case by 30 June of such following year, the relevant financial projections derived from such model. The Borrower shall update the relevant financial projections every time when any of the ratios under Article 6.08 indent (i) to (iii) could be deteriorated and provide such up-dated financial projections to the Bank without undue delay.

#### **6.10 Books and records**

The Borrower shall, and shall procure that the Final Beneficiaries will, ensure that it and the Final Beneficiaries (as applicable) has kept and will continue to keep proper books and records of account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Borrower and the Final Beneficiaries, respectively, including expenditures in connection with the Project, in accordance with GAAP as in effect from time to time.

#### **6.11 General Representations and Warranties**

The Borrower represents and warrants to the Bank that:

- (a) it is validly existing as an autonomy region (in Slovak: *samosprávny kraj*) under the laws of the Slovak Republic and it has power to carry on its business as it is now being conducted and to own its property and other assets;
- (b) it has the power to execute, deliver and perform its obligations under this Contract and all necessary action has been taken to authorise the execution, delivery and performance of the same by it;
- (c) the acceptance of the Credit and the execution of this Contract was approved by the Assembly (in Slovak: *zastupiteľstvo*) of the Prešov Region on 9 December 2014 in its 8<sup>th</sup> meeting, by Resolution No. 130/2014, in accordance with Section 11(2)(e) of the Regions Act;
- (d) this Contract constitutes its legally valid, binding and enforceable obligations;

- (e) the execution and delivery of, the performance of its obligations under and compliance with the provisions of this Contract do not and will not:
  - (i) contravene or conflict with any applicable law, statute, rule or regulation, or any judgement, decree or permit to which it is subject, and
  - (ii) contravene or conflict with any agreement or other instrument binding upon it which might reasonably be expected to have a material adverse effect on its ability to perform its obligations under this Contract;
- (f) the latest available annual budget statement and related documents of the Borrower reviewed by the external auditors, have been prepared on a basis consistent with previous years and have been found by the external auditors in its revision or other report as representing a true and fair view of the results of its operations for that year and accurately disclose or reserve against all the liabilities (actual or contingent) of the Borrower;
- (g) there has been no Material Adverse Change since 29 October 2014;
- (h) no event or circumstance which constitutes an Event of Default has occurred and is continuing unremedied or unwaived;
- (i) no litigation, arbitration, administrative proceedings or investigation is current or is threatened or pending before any court, arbitral body or agency which has resulted or if adversely determined is reasonably likely to result in a Material Adverse Change, nor is there subsisting against it any unsatisfied judgement or award;
- (j) it has obtained all necessary Authorisations in connection with this Contract and in order to lawfully comply with its obligations hereunder, and the Project and all such Authorisations are in full force and effect and admissible in evidence;
- (k) at the date of this Contract, no Security (other than allowed under Article 7.01(b)) exists over its assets;
- (l) its payment obligations under this Contract rank not less than *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations under any of its debt instruments except for obligations mandatorily preferred by law applying to companies generally;
- (m) it is in compliance with Article 6.05(e) and no Environmental Claim has been commenced or is threatened against it or the Final Beneficiary;
- (n) it is in compliance with all undertakings under this Article 6;
- (o) no Loss of Rating clause or financial covenants concluded with any other creditor of the Borrower are more restrictive than the ones contained in the Contract;
- (p) no funds invested in the Project by the Borrower or by the Final Beneficiary are of illicit origin, including products of money laundering or linked to the financing of terrorism. The Borrower shall promptly inform the Bank if at any time it becomes aware of the illicit origin of any such funds.

The representations and warranties set out above shall survive the execution of this Contract and are deemed repeated on each date of Disbursement Request, the Scheduled Disbursement Date, the Disbursement Date and on each Payment Date.

## **ARTICLE 7**

### **Security**

#### **7.01 Negative Pledge**

- (a) So long as any part of the Loan remains outstanding, the Borrower shall not create or permit to subsist any Security on, or with respect to, any of its present or future activity, undertaking, assets or revenues.
- (b) Paragraph (a) above does not apply to any Security, listed below:
  - (i) any Security securing financial indebtedness up to a maximum aggregate amount of 4/1000 (0.4%) of the Borrower's consolidated total assets;
  - (ii) any Security on land or other assets, where such encumbrance secures only any credit obtained to finance it;
  - (iii) any Security created to secure any credit granted for a term of a less than twelve (12) months; or
  - (iv) any Security created pursuant to mandatory provisions of law.

#### **7.02 Pari passu ranking**

The Borrower shall ensure that its payment obligations under this Contract rank, and will rank, not less than *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations under any of its debt instruments except for obligations mandatorily preferred by law applying to companies generally.

#### **7.03 Clauses by inclusion**

If the Borrower concludes with any other financial creditor a financing agreement that includes a loss-of-rating clause or a covenant or other provision regarding its financial ratios, if applicable, that is not provided for in this Contract or is more favourable to the relevant financial creditor than any equivalent provision of this Contract is to the Bank, the Borrower shall promptly inform the Bank and shall provide a copy of the more favourable provision to the Bank. The Bank may request that the Borrower promptly executes an agreement to amend this Contract so as to provide for an equivalent provision in favour of the Bank.

#### **7.04 Substitution with Guarantee or Cash Collateral**

##### **7.04A Alternative Security**

If, at any time while the Loan is outstanding, the Borrower is in breach of Article 6.08 (*Financial Covenants*), then the Bank may request the Borrower to consult it within 15 (fifteen days) from the date of the Bank's request at the venue specified in the request.

By a notice delivered to the Borrower not earlier than 16 (sixteen) or later than 30 (thirty) days from the date of such request, the Bank may demand that, within a period specified in such notice, the Borrower:

- (a) shall provide the Bank with a duly issued guarantee (herein the "**Guarantee**") whereby the guarantor (the "**Guarantor**") or guarantors (the "**Guarantors**") unconditionally guarantee the due performance of the Borrower's financial obligations under this Contract. Any such Guarantor shall be a Qualifying Guarantor; or
- (b) shall make, with a bank approved by the Bank, a cash collateral deposit in EUR, as specified by the Bank in its notice, charged in favour of the Bank on such terms as the Bank may reasonably require, as security for the Borrower's financial obligations under this Contract; or
- (c) shall execute other security offering protection in manner, form and substance acceptable to the Bank.

If none of the foregoing actions is taken within the period specified by the Bank in its relevant notice and to its satisfaction, the Borrower shall, upon demand by the Bank, immediately prepay to the Bank the outstanding Loan together with all unpaid interest accrued to the date of prepayment on the amount prepaid, a compensation, if any, calculated in accordance with Article 4.02B and any other sums then payable under this Contract on the amount prepaid.

The provisions of this Article 7.04A shall not in any way limit or restrict the right of the Bank to demand repayment of the Loan pursuant to Article 10.

The non-exercise by the Bank of the right to demand the issuance of the Guarantee, or to demand the making of a cash collateral deposit or the execution of other security shall not be deemed to be a waiver of the Bank's right hereunder.

#### 7.04B **Qualifying Guarantor**

For the purposes of this Article, "**Qualifying Guarantor**" means a bank or other financial institution that satisfies one of the following conditions:

- (a) at the time of issue of the Guarantee, or, as the case may be, at the time it accedes to the Guarantee:
  - (i) each credit rating that it holds is not lower than:
    - 1) BBB+, where the rating is assigned by Standard and Poor's Financial Services LLC or its successor;
    - 2) Baa1, where the rating is assigned by Moody's Investors Service, Inc. or its successor; and
    - 3) BBB+, where the rating is assigned by Fitch Ratings Limited or its successor;
  - and
  - (ii) such bank or other financial institution is in other respects acceptable to the Bank;
- or
- (b) is accepted by the Bank by notice in writing, with a copy to the Borrower, subject to (i) the conditions the Bank may in its discretion deem appropriate, (ii) the acceptance of the terms of notice by the Guarantor and (iii) acknowledgement by the Borrower.

#### 7.04C **Loss of qualifying status**

If, in respect of any Guarantor:

- (a) any credit rating is lower than the respective credit rating specified in Article 7.04B(a)(i); or
  - (b) all of the credit ratings of two or more rating agencies specified under Article 7.04B(a)(i) cease to be published; or
  - (c) in the opinion of the Bank such Guarantor has suffered a material adverse change since becoming a Guarantor or has failed to comply with any condition specified in the Bank's notice of acceptance delivered under Article 7.04B(b); or
  - (d) its obligations under the Guarantee cease to be valid, legal and enforceable,
- (the Guarantor affected by any such event being defined herein as the "**Affected Guarantor**") the Bank may at any time thereafter demand that the Borrower shall, within a period of time specified in the Bank's notice, either:
- (aa) procure the replacement of the Affected Guarantor by a Qualifying Guarantor; or
  - (bb) save in the case of paragraph (d) of this Article 7.04C procure that the Affected Guarantor either: (i) provides cash collateral in favour of the Bank, which collateral shall be acceptable to the Bank and be executed on such terms as the Bank may reasonably require, as security for the Affected Guarantor's obligations under the Guarantee; or (ii) provides other security offering protection in manner, form and substance acceptable to the Bank; or
  - (cc) provide other security offering protection in manner, form and substance acceptable to the Bank.

If none of the foregoing actions is taken within the aforementioned period and to the satisfaction of the Bank, the Borrower shall, upon demand by the Bank, immediately prepay to the Bank an amount equal to the aggregate of (a) the amount of the Loan outstanding, (b) unpaid interest accrued to the date of prepayment on the amount prepaid, (c) the amount of an indemnity calculated in accordance with Article 4.02B and (d) any other sum then payable under this Contract in respect of the amount prepaid.

The non-exercise by the Bank of the right to demand substitution of the Affected Guarantor, the delivery of collateral or the execution of other security shall not be deemed to be a waiver of any of the Bank's rights or remedies under this Contract

**7.04D Guarantor Default Event**

If an event of the nature described in any of Article 10.01A(c) to (l) inclusive occurs to any Guarantor, the Borrower shall replace such Guarantor with a Qualifying Guarantor. If the Borrower fails to demonstrate to the Bank, promptly upon the latter's request, that it has a reasonable prospect of replacing the Guarantor or if, in any case, the Borrower does not, following demand by the Bank, replace the Guarantor, within 30 (thirty) days of the date when the said event occurred, the Bank may require the Borrower to prepay immediately all or part of an amount equal to the sum of (a) the amount of the Loan outstanding, (b) unpaid interest accrued to the date of prepayment on the amount prepaid, (c) the amount of an indemnity calculated in accordance with Article 4.02B and (d) any other sum then payable under this Contract in respect of the amount prepaid.

**ARTICLE 8**

**Information and Visits**

**8.01 Information concerning the Project and Final Beneficiaries**

The Borrower shall:

- (a) deliver to the Bank:
  - (i) the information in content and in form, and at the times, specified in Schedules A.2 and A.3 or otherwise as agreed from time to time by the parties to this Contract; and
  - (ii) any such information or further document concerning the financing, procurement, implementation, operation and environmental matters of or for the Project as the Bank may require within a reasonable time;

provided always that if such information or document is not delivered to the Bank on time, and the Borrower does not rectify the omission within time set by the Bank in writing, the Bank may remedy the deficiency, to the extent feasible, by employing its own staff or a consultant or any other third party, at the Borrower's expense and the Borrower shall provide such persons with all assistance necessary for the purpose;

- (b) submit for the approval of the Bank without delay any material change to the Project, also taking into account the disclosures made to the Bank in connection with the Project prior to the signing of this Contract, in respect of, inter alia, the price, design, plans, timetable or to the expenditure programme or financing plan for the Project;
- (c) promptly inform the Bank of:
  - (i) any action or protest initiated or any objection raised by any third party or any genuine complaint received by the Borrower (or any Final Beneficiary) or any Environmental Claim that is commenced, pending or threatened against it or any Final Beneficiary with regard to environmental or other matters affecting the Project;
  - (ii) any fact or event known to the Borrower, which may substantially prejudice or affect the conditions of execution or operation of the Project;

- (iii) a genuine allegation, complaint or information with regard to Criminal Offences related to the Project;
  - (iv) any non-compliance by it or any Final Beneficiary with any applicable Environmental Law;
  - (v) any suspension, revocation or modification of any Environmental Approval, and
  - (vi) any measure taken by the Final Beneficiary pursuant to Article 6.05(f) of this Contract;
- and set out the action to be taken with respect to such matters;
- (d) deliver to the Bank, in form and substance satisfactory to the Bank:
    - (i) annual Project progress reports during Project implementation in the form specified in Schedules A.2 and A.3;
    - (ii) annually and with each Allocation Request, a list of Sub-Projects allocated with updated information on each Sub-Project in the form and substance as set out in Schedule A.3; and
    - (iii) a Project completion report in the form specified in Schedules A.2 and A.3.
  - (e) provide to the Bank, if so requested:
    - (i) a certificate of its insurers showing fulfilment of the requirements of Article 6.05(c);
    - (ii) annually, a list of policies in force covering the insured property forming part of the Project, together with confirmation of payment of the current premiums, and
    - (iii) the documents specified in Article 6.05(g)(i) and all information requested regarding these documents within 10 (ten) Business Days from receipt of the request from the Bank.

## **8.02 Information concerning the Borrower**

The Borrower shall:

- (a) deliver to the Bank:
  - (i) each year as soon as they become available and in any event within 7 (seven) months after the end of each financial year, a copy of a summary of the executed annual budget statement and related documents at the end of and for that financial year of the Borrower, together with the related report from the external auditors and a summary balance sheet and profit and loss account, at the end of and for that financial year, for the Borrower's budgetary organisations (in Slovak: *rozpočtová organizácia*) and contributory organisations (in Slovak: *príspevková organizácia*) together with a confirmation, in form and substance satisfactory to the Bank, from the external auditors confirming compliance by the Borrower with the financial covenants pursuant to Article 6.08 including evidence of such compliance and related calculations;
  - (ii) at the Bank's request, a copy of the full version of said annual budget statement;
  - (iii) as soon as available and in any event prior to 31 March of the relevant financial year, a copy of the annual budget for such financial year, as approved by the Borrower's Assembly (in Slovak: *zastupiteľstvo*) or, if not approved, deliver to the Bank, prior to 31 March of the relevant financial year, a copy of a pro-forma annual budget for that financial year and a copy of the approved annual budget prior to 30 June of the relevant financial year;
  - (iv) no later than on 15 December each year, its annual budget projections including capital expenditures and investment plan for each of the following three years;
  - (v) from time to time, such further information on its general financial situation as the Bank may reasonably require, and

- (iv) submit with each budget statement delivered under Article 8.02(a)(i) a certificate by its external auditors declaring compliance of the Borrower's obligations under Article 6.08 as at 31 December of the preceding year, starting with 31 December 2014; such certification shall include the computations necessary to demonstrate said compliance, in a form satisfactory to the Bank;
- (b) ensure that its accounting records fully reflect the operations relating to the financing, execution and operation of the Project; and
- (c) inform the Bank immediately of:
  - (i) any change in the laws or regulatory environment in the Slovak Republic or any change in the Borrower's activities, which may affect its ability to complete the Project or service the Loan;
  - (ii) any fact which obliges it to prepay any financial indebtedness or any European Union funding;
  - (iii) any event or decision that constitutes or may result in a Prepayment Event;
  - (iv) any intention on its part to grant any security over any of its assets in favour of a third party;
  - (v) any event or decision that constitutes or may result in the events described in Article 7.03 (*Clauses by inclusion*);
  - (vi) any intention on its part to relinquish ownership of any material component of the Project;
  - (vii) any fact or event that is reasonably likely to prevent the substantial fulfilment of any obligation of the Borrower under this Contract;
  - (viii) any event listed in Article 10.01 having occurred or being threatened or anticipated;
  - (ix) any investigations concerning the integrity of the members of the Borrower's or any Final Beneficiary's management or administrative body; or
  - (x) to the extent permitted by law, any litigation, arbitration, administrative proceedings or investigation carried out by a court, administration or similar public authority, which is current, imminent or pending against the Borrower or any Final Beneficiary, or its controlling entities or members of its management or administrative bodies in connection with Criminal Offences related to the Loan or the Project;
  - (xi) any measure taken by the Borrower pursuant to Article 6.05(f) of this Contract;
  - (xii) any litigation, arbitration or administrative proceedings or investigation which is current, threatened or pending and which might if adversely determined result in a Material Adverse Change, and
  - (xiii) any event or decision that constitutes or may result in the events described in Article 10.01A (f) through (h).

### **8.03 Visits by the Bank**

The Borrower shall allow, and shall procure that the Final Beneficiaries allow, persons designated by the Bank, as well as persons designated by other institutions or bodies of the European Union when so required by the relevant mandatory provisions of European Union law:

- (a) to visit the sites, installations and works comprising the Project;
- (b) to interview representatives of the Borrower and/or the Final Beneficiary, and not obstruct contacts with any other person involved in or affected by the Project; and
- (c) to review the Borrower's and/or the Final Beneficiary's books and records in relation to the execution of the Project and to be able to take copies of related documents to the extent permitted by the law.

The Borrower shall provide the Bank, or ensure that the Bank is provided, with all necessary assistance for the purposes described in this Article.

The Borrower acknowledges that the Bank may be obliged to communicate information relating to the Borrower, the Final Beneficiaries and the Project to any competent institution or body of the European Union in accordance with the relevant mandatory provisions of European Union law.

**8.04 Language**

Documents, evidence, notices and communications provided or made by the Borrower pursuant to this Contract shall be provided in the English language or with an English translation, if not otherwise agreed between the Bank and the Borrower.

**ARTICLE 9**

**Charges and expenses**

**9.01 Taxes, duties and fees**

The Borrower shall pay all Taxes, duties, fees and other impositions of whatsoever nature, including stamp duty and registration fees, arising out of the execution or implementation of this Contract or any related document and in the creation, perfection, registration or enforcement of any security for the Loan to the extent applicable.

The Borrower shall pay all principal, interest, indemnities and other amounts due under this Contract gross without deduction of any national or local impositions whatsoever; provided that, if the Borrower is obliged to make any such deduction, it will gross up the payment to the Bank so that after deduction, the net amount received by the Bank is equivalent to the sum due.

**9.02 Other charges**

The Borrower shall bear all charges and expenses, including professional, banking or exchange charges incurred in connection with the preparation, execution, implementation, enforcement and termination of this Contract and/or the Guarantee (if any) or any related document, any amendment, supplement or waiver in respect of this Contract and/or the Guarantee (if any), if any, or any related document, and in the amendment, creation, management, enforcement and realisation of the Guarantee (if any) and/or any security for the Loan.

**9.03 Increased costs, indemnity and set-off**

- (a) The Borrower shall pay to the Bank any sums or expenses incurred or suffered by the Bank as a consequence of the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or compliance with any law or regulation made after the date of signature of this Contract, in accordance with or as a result of which (i) the Bank is obliged to incur additional costs in order to fund or perform its obligations under this Contract, or (ii) any amount owed to the Bank under this Contract or the financial income resulting from the granting of the Credit or the Loan by the Bank to the Borrower is reduced or eliminated.
- (b) Without prejudice to any other rights of the Bank under this Contract or under any applicable law, the Borrower shall indemnify and hold the Bank harmless from and against any loss incurred as a result of any payment or partial discharge that takes place in a manner other than as expressly set out in this Contract.
- (c) The Bank may set off any matured obligation due from the Borrower under this Contract (to the extent beneficially owned by the Bank) against any obligation (whether or not matured) owed by the Bank to the Borrower regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Bank may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. If either obligation is unliquidated or unascertained, the Bank may set off in an amount estimated by it in good faith to be the amount of that obligation.



**ARTICLE 10**  
**Events of Default**

**10.01 Right to demand repayment**

The Borrower shall repay all or part of the Loan (as requested by the Bank) forthwith, together with accrued interest and all other accrued or outstanding amounts under this Contract, upon written demand being made by the Bank in accordance with the following provisions.

**10.01A Immediate demand**

The Bank may make such demand immediately:

- (a) if the Borrower does not pay on the due date any amount payable pursuant to this Contract at the place and in the currency in which it is expressed to be payable, unless (i) its failure to pay is caused by an administrative or technical error or a Disruption Event and (ii) payment is made within 3 Business Days of its due date;
- (b) if any information or document given to the Bank by or on behalf of the Borrower or any representation, warranty or statement made or deemed to be made by the Borrower in or pursuant to this Contract is or proves to have been incorrect, incomplete or misleading in any material respect;
- (c) if, following any default of the Borrower in relation to any loan, or any obligation arising out of any financial transaction, other than the Loan,
  - (i) the Borrower is required or is capable of being required or will, following expiry of any applicable contractual grace period, be required or be capable of being required to prepay, discharge, close out or terminate ahead of maturity such other loan or obligation; or
  - (ii) any financial commitment for such other loan or obligation is cancelled or suspended;
- (d) if the Borrower is unable to pay its debts as they fall due, or suspends its debts, or makes or seeks to make a composition with its creditors;
- (e) if any action, legal proceedings or other procedure or step is taken in relation to the suspension of payments, a moratorium of any indebtedness, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) or any analogous procedure or step is taken in any jurisdiction or an order is made or an effective resolution is passed for the winding up of the Borrower, or if the Borrower takes steps towards a substantial reduction in its assets, is declared insolvent or ceases or resolves to cease to carry on the whole or any substantial part of its activities;
- (f) if the Borrower has multiple creditors and has due and payable monetary obligations overdue for more than 30 (thirty) days, and: (i) it has suspended payments under a substantial portion of its payments obligations, or (ii) is in default in the payment of its payment obligation for more than 3 (three) months past its due date, or (iii) it is impossible to satisfy certain due and payable obligations of the debtor by an enforcement of a decision or by execution;
- (g) if the Borrower has multiple creditors and the sum of its payables exceeds the value of its assets, while when determining the value of the Borrower's assets, a further management of such assets, or the Borrower's further operations, is taken into account;
- (h) if it is justified to assume with a view to all circumstance of the case that the Borrower would be unable to satisfy a substantial portion of its payment obligations in a due and timely manner;
- (i) if an encumbrancer takes possession of, or a receiver, liquidator, administrator, administrative receiver or similar officer is appointed, whether by a court of competent jurisdiction or by any competent administrative authority or by any person, of or over, any part of the business or assets of the Borrower or any property forming part of the Project;

- (j) if the Borrower defaults in the performance of any obligation in respect of any other loan made to it from the resources of the Bank or the European Union;
- (k) if any distress, execution, sequestration or other process is levied or enforced upon the property of the Borrower or any property forming part of the Project and is not discharged or stayed within 14 (fourteen) days;
- (l) if a Material Adverse Change occurs, as compared with the Borrower's condition at the date of this Contract; or
- (m) if it is or becomes unlawful for the Borrower to perform any of its obligations under this Contract or this Contract is not effective in accordance with its terms or is alleged by the Borrower to be ineffective in accordance with its terms.

**10.01B Demand after notice to remedy**

The Bank may also make such demand:

- (a) if the Borrower fails to comply with any obligation under this Contract not being an obligation mentioned in Article 10.01A; or
- (b) if any fact stated in the Recitals materially alters and is not restored and if the alteration either prejudices the interests of the Bank as lender to the Borrower or adversely affects the implementation or operation of the Project,

unless the non-compliance or circumstance giving rise to the non-compliance is capable of remedy and is remedied within a period of time specified in a notice served by the Bank on the Borrower.

**10.02 Other rights at law**

Article 10.01 shall not restrict any other right of the Bank at law to require prepayment of the Loan.

**10.03 Indemnity**

**10.03A Fixed Rate Tranches**

In case of demand under Article 10.01 in respect of any Fixed Rate Tranche, the Borrower shall pay to the Bank the amount demanded together with the Prepayment Indemnity on any amount of principal due to be prepaid. Such Prepayment Indemnity shall accrue from the due date for payment specified in the Bank's notice of demand and be calculated on the basis that prepayment is effected on the date so specified.

**10.03B Floating Rate Tranches**

In case of demand under Article 10.01 in respect of any Floating Rate Tranche, the Borrower shall pay to the Bank the amount demanded together with a sum equal to the present value of 0.15% (fifteen basis points) per annum calculated and accruing on the amount of principal due to be prepaid in the same manner as interest would have been calculated and would have accrued, if that amount had remained outstanding according to the original amortisation schedule of the Tranche, until the Interest Revision/Conversion Date, if any, or the Maturity Date.

The value shall be calculated at a discount rate equal to the Redeployment Rate applied as of each relevant Payment Date.

**10.03C General**

Amounts due by the Borrower pursuant to this Article 10.03 shall be payable on the date of prepayment specified in the Bank's demand.

**10.04 Non-Waiver**

No failure or delay or single or partial exercise by the Bank in exercising any of its rights or remedies under this Contract shall be construed as a waiver of such right or remedy. The rights and remedies provided in this Contract are cumulative and not exclusive of any rights or remedies provided by law.

## **ARTICLE 11**

### **Law and jurisdiction, miscellaneous**

#### **11.01 Governing Law**

This Contract and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, Luxembourg law.

#### **11.02 Jurisdiction**

The parties hereby submit to the jurisdiction of the Courts of the District of Luxembourg City.

A decision of such courts given pursuant to this Article 11.02 shall be binding on the parties. The Borrower hereby waives any immunity it may enjoy from the execution of such decision.

#### **11.03 Place of performance**

Unless otherwise specifically agreed by the Bank in writing, the place of performance under this Contract, shall be the seat of the Bank.

#### **11.04 Evidence of sums due**

In any legal action arising out of this Contract the certificate of the Bank as to any amount or rate due to the Bank under this Contract shall, in the absence of manifest error, be prima facie evidence of such amount or rate.

#### **11.05 Entire Agreement**

This Contract constitutes the entire agreement between the Bank and the Borrower in relation to the provision of the Credit hereunder, and supersedes any previous agreement, whether express or implied, on the same matter.

#### **11.06 Invalidity**

If at any time any term of this Contract is or becomes illegal, invalid or unenforceable in any respect, or this Contract is or becomes ineffective in any respect, under the laws of any jurisdiction, such illegality, invalidity, unenforceability or ineffectiveness shall not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other term of this Contract or the effectiveness in any other respect of this Contract in that jurisdiction; or
- (b) the legality, validity or enforceability in other jurisdictions of that or any other term of this Contract or the effectiveness of this Contract under the laws of such other jurisdictions.

#### **11.07 Amendments**

Any amendment to this Contract shall be made in writing and shall be signed by the parties hereto.

#### **11.08 Counterparts**

This Contract may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument.

#### **11.09 Compliance with the Regions Act**

Pursuant to the Regions Act, the Borrower confirms that it has fulfilled all conditions, including without limitation, any publications, if required, and obtained all approvals and/or consents required for the execution and validity of this Contract according to the Regions Act and other mandatory provisions of law in order for this Contract to become valid and effective.

## **ARTICLE 12**

### **Final clauses**

#### **12.01 Notices to either party**

Notices and other communications given under this Contract addressed to either party to this Contract shall be made to the address or facsimile number as set out below, or to such other address or facsimile number as a party previously notifies to the other in writing:

For the Bank

Attention: Ops – Lending Operations in Central Europe

98 - 100 boulevard Konrad Adenauer  
L-2950 Luxembourg

Facsimile no: + 352 4379 67196

For the Borrower

Attention: Head of the Finance Department

Námestie mieru č. 2  
080 01 Prešov  
Slovak Republic

Facsimile no.: + 421 51 7081 200

#### **12.02 Form of notice**

Any notice or other communication given under this Contract must be in writing.

Notices and other communications, for which fixed periods are laid down in this Contract or which themselves fix periods binding on the addressee, may be made by hand delivery, registered letter or facsimile. Such notices and communications shall be deemed to have been received by the other party on the date of delivery in relation to a hand-delivered or registered letter or on receipt of transmission in relation to a facsimile.

Other notices and communications may be made by hand delivery, registered letter or facsimile or, to the extent agreed by the parties by written agreement, by email or other electronic communication.

Without affecting the validity of any notice delivered by facsimile according to the paragraphs above, a copy of each notice delivered by facsimile shall also be sent by letter to the relevant party on the next following Business Day at the latest.

Notices issued by the Borrower pursuant to any provision of this Contract shall, where required by the Bank, be delivered to the Bank together with satisfactory evidence of the authority of the person or persons authorised to sign such notice on behalf of the Borrower and the authenticated specimen signature of such person or persons.

#### **12.03 Changes to parties**

The Borrower may not assign or transfer any of its rights or obligations under this Contract without the prior written consent of the Bank.

The Bank may assign all or part of its rights and benefits or transfer (by way of novation, sub-participation or otherwise) all or part of its rights, benefits and obligations under this Contract.

**12.04 Recitals, Schedules and Annexes**

The Recitals and following Schedules form part of this Contract:

Schedule A	Technical Description and Reporting
Schedule B	Definition of EURIBOR
Schedule C	Forms for Borrower
Schedule D	Interest Rate Revision and Conversion

The following Annexes are attached hereto:

Annex I	Resolution of Assembly of the Borrower and Authorisation of Signatory
Annex II	Form of Legal Opinion

**IN WITNESS WHEREOF** the parties hereto have caused this Contract to be executed in 4 (four) originals in the English language and have respectively caused Mr Július Kišš, Legal Counsel, on behalf of the Bank, and Ms Mária Lukačíková, Lawyer , on behalf of the Borrower, to initial each page of this Contract on their behalf.

In Luxembourg, this 18 December 2014

The acceptance of the Credit and the execution of this Contract was approved by the Assembly (in Slovak: *zastupiteľstvo*) of the Prešov Region on 9 December 2014 in its 8<sup>th</sup> meeting, by Resolution No. 130/2014, in accordance with Section 11(2)(e) of the Regions Act. The Contract is supplied with affidavit (in Slovak: *doložka*) confirming the Borrower's fulfilment of all legal requirements under Slovak law with regard to the validity of this Contract.

Signed for and on behalf of  
EUROPEAN INVESTMENT BANK

Signed for and on behalf of  
PREŠOVSKÝ SAMOSPRÁVNÝ KRAJ

László Baranyay, v. r.  
Vice President

Peter Chudík, v. r.  
President  
(in Slovak: *predseda*)

## Project Specification and Reporting

### A.1. TECHNICAL DESCRIPTION

#### A.1.1. Purpose, Location

The Project represents a standard regional framework loan to Presov Region, a self-governing region in Eastern Slovakia which will finance primarily investments in public infrastructure and services, including roads, education, social care and cultural facilities that are included in the Region's current development plan. Priority will be given to investments which qualify for EU funds, though eligible schemes financed through the Region's own budget will also be in the Project. Presov Region is currently classified by the EU as "less developed region", as a result all investments are eligible under the Bank's Cohesion Priority Regions objective.

#### A.1.2. Description

Key sectors	Type of schemes
Transport (roads)	<ul style="list-style-type: none"> <li>• 2<sup>nd</sup> and 3<sup>rd</sup> Class roads (improvements, reconstruction, re-paving, widening, intersections, selective extensions), safety measures, transport accessibility</li> </ul>
Education Social care, culture, heritage and tourism	<ul style="list-style-type: none"> <li>• Enhancement of the quality of the facilities (constructions, reconstructions, upgrade)</li> <li>• Restructuring, renewal and upgrade of the infrastructure (for avoidance of doubt, this also includes cycling paths)</li> <li>• Extensions of existing or construction of new buildings</li> <li>• Improvements in security of property</li> <li>• Renovations or rehabilitation of public spaces (parks, squares)</li> </ul>
Energy savings in public buildings	<ul style="list-style-type: none"> <li>• Energy saving measures (insulation, windows replacement, heating system, water pipes), ELENA</li> </ul>
Environment	<ul style="list-style-type: none"> <li>• Investments tackling or preventing effects of flood</li> </ul>

#### A.1.3 Calendar

The Project will be implemented in the 2014-2019 period (completion date, allocation and reallocation deadline: 31 December 2019).

#### A. 1.4 General Provisions

General provisions concerning the technical and operational conditions under which the Loan will be used are set out in Schedule A.3.

#### A.1.5 Allocation Procedure

The Allocation Procedure to be followed under this Contract is set out in Schedule A.3.

## A.2. PROJECT INFORMATION TO BE SENT TO THE BANK AND METHOD OF TRANSMISSION

### 1. Dispatch of information: designation of the persons responsible

The information below has to be sent to the Bank under the responsibility of:

	Financial contact
Institution	Presov Region
Contact person	Mária HOLÍKOVÁ
Title	Head of Department
Function / Department	Finance Department
Address	Námestie mieru 2, 080 01 Prešov
Phone	+421 51 7081 202
Fax	+421 51 7081 200
Email	maria.holikova@vucpo.sk

The above-mentioned contact persons are the responsible contact for the time being.

The Borrower shall inform the Bank immediately in case of any change.

### 2. Information on specific subjects

The Borrower shall deliver to the Bank the following information at the latest by the deadline indicated below.

Document / information	Deadline
Finalised version of the Regional Development Strategy 2015-2020 ( <i>PHSR PSK</i> )	When available, on 31 December 2015 at the latest

### 3. Information on the project's implementation

The Borrower shall deliver to the Bank the following information on project progress during implementation at the latest by the deadline indicated below.

Document / information	Deadline	Frequency of reporting
Project Progress Report - <i>A brief update on the technical description, explaining the reasons for significant changes vs. initial scope;</i> - <i>Update on the date of completion of each of the main project's components, explaining reasons for any possible delay;</i> - <i>Update on the cost of the project, explaining reasons for any possible cost increases vs. initial budgeted cost;</i> - <i>A description of any major issue with impact on the environment;</i> - <i>Update on procurement procedures (outside EU);</i> - <i>Update on the project's demand or usage and comments;</i> - <i>Any significant issue that has occurred and any significant risk that may affect the project's operation;</i> - <i>Any legal action concerning the project that may be on-going.</i>	30 June	Annually for the previous year

4. Information on the end of works and first year of operation

The Borrower shall deliver to the Bank the following information on project completion and initial operation at the latest by the deadline indicated below.

Document / information	Date of delivery to the Bank
Project Completion Report, including: <ul style="list-style-type: none"> <li>- A brief description of the technical characteristics of the project as completed, explaining the reasons for any significant change;</li> <li>- The date of completion of each of the main project's components, explaining reasons for any possible delay;</li> <li>- The final cost of the project, explaining reasons for any possible cost increases vs. initial budgeted cost;</li> <li>- The number of new jobs created by the project: both jobs during implementation and permanent new jobs created;</li> <li>- A description of any major issue with impact on the environment;</li> <li>- Update on procurement procedures (outside EU);</li> <li>- Update on the project's demand or usage and comments;</li> <li>- Any significant issue that has occurred and any significant risk that may affect the project's operation;</li> <li>- Any legal action concerning the project that may be on-going.</li> <li>- Update of the actual values for the set <b>indicators</b> of the project (see below).</li> </ul>	31 March 2021
<b>Language of reports</b>	English (when available)

Expected results	Units	Baseline	Expected value at PCR	Actual value at PCR
Project Investment Cost	EUR m		70.00	
Start of Works			01.01.2015	
End of Works			31.12.2019	
Climate Action indicator details	10.00% Mitigation - Energy Efficiency (transversal)			

**Core result indicators**

Employment during construction	Person Years		2100	
Employment – additional direct jobs during operation	FTE			
Energy – efficiencies realised	Energy saved in MWh			



**Outputs**

Length of roads built or upgraded	Lane x Km	
Number of bridges built or upgraded	no.	
Investments in roads and bridges built or upgraded	EUR m	
<i>Investments in composite facilities of that:</i>		
Investments in school facilities	no. of facilities	
Investments in school facilities	EUR m	
Investments in social care facilities	no. of facilities	
Investments in social care facilities	EUR m	
Investments in facilities – energy savings	no.	
Investments in facilities – energy savings	EUR m	
Investments in cultural/tourism facilities	no. of facilities	
Investments in cultural/tourism facilities	EUR m	
Investments in environmental improvements	no.	
Investments in environmental improvements	EUR m	

**Outcomes**

Number of children impacted by school improvements	No.	
Population affected by the renewed social care infrastructure	No.	

### A.3. PRACTICAL PROVISIONS

#### A.3.1 General Provisions

- The loan amount across the set of schemes financed does not exceed either 50% of the total project investment cost or 100% of the cost of the eligible investment components, whichever is the lower.
- The total project investment cost includes (non-exhaustive list): land and buildings acquired for the purpose of rehabilitation, studies and engineering, civil works, equipment and installation, non-recoverable VAT, technical and price contingencies.
- The non-eligible investment components comprise: recoverable VAT and other taxes and duties, land acquisition, purchase of buildings, (routine) maintenance, repairs and other operating costs, acquisition of second-hand assets, interest during construction, purchase of licences for the use of non-generated public resources (e.g. telecom licences), patents, brands and trademarks. Purely financial transactions are also not eligible.
- All schemes must comply with EU environmental and social protocols, procurement and state aid regulations, as well as the principles and standards embodied in the EIB's Environmental and Social Policy Statement.

#### A.3.2 Allocation procedure

The Bank funds will be allocated to the schemes in the Multi-annual Financial Forecast with procedures modulated according to the scheme size and in line with applicable framework loan procedures:

- a) Eligible schemes with an investment cost below EUR 25m are selected by the Promoter. The choices are subject to ex-post confirmation of eligibility by the Bank's services. The Promoter is to submit an allocation request in a form required by the Bank (as defined in A.1.6).
- b) Eligible schemes with a cost between EUR 25m and EUR 50m are submitted ex-ante to the Bank for approval before funding, using a template as defined in A.1.7 or a feasibility study. The Bank keeps the right to ask for additional information; partial or in-depth appraisal of the scheme will be undertaken, if judged necessary.
- c) Eligible schemes with a cost above EUR 50m (unlikely) are to be treated, in principle, like separate loans and appraised separately by the Bank's services. Schemes will be subject to approval before disbursement of the Bank's funds to the Promoter. The Promoter shall provide documentation requested by the Bank, at its discretion, as individually indicated by the Bank to the Promoter.
- d) The Promoter should provide together with an allocation request the following documentation supporting environmental compliance of the schemes concerned:
  - for schemes requiring an EIA, either the Non-Technical Summary of the EIA or a link to a public version of the Non-Technical Summary of the EIA, together with a copy of the relevant consent showing that public consultation has been performed and its results taken into consideration. The Promoter shall not commit any EIB funds against schemes that require an EIA assessment according to EU and national law without receiving consent from the competent authority.
  - for schemes subject to assessment, but without significant impact, potential or likely, on a conservation site (Natura 2000 or otherwise), a declaration from the Competent Authority that the schemes are in compliance with EU Habitats and Birds Directives (either Forms A as per Annex A.1.8 or its equivalent or a simplified declaration /A list of schemes signed by the Competent Authority certifying that none of the schemes has any significant impact on any protected site/). The Promoter shall not commit any EIB funds against schemes that require a biodiversity assessment according to EU and national law without receiving consent from the competent authority.
  - for schemes with a significant impact, potential or likely, on a conservation site, Form B as per Annex A.1.8 - or its equivalent - has to be signed by the Competent Authority and submitted to the Bank together with the opinion of the European Commission (if required by the Article 6(4) of the Habitats Directive).
- e) The Promoter shall store and maintain updated the relevant documents (including environmental studies related to EIA, the Non-Technical Summaries of EIAs, and Nature/Biodiversity Assessments or equivalent documents supporting the compliance with the EU Habitats and Birds Directives) to be provided to the Bank upon request. In case the EIB requires such documentation, the Promoter shall promptly provide all the requested documents.

### A.3.3 Allocation table

Allocation number : .....  
 Number of schemes : .....  
 Date of allocation request : .....

Currency: EUR '000

EIB scheme no.	Sector	Co-financing programme (regional, EU funded OP, ...)	Sub-project identification no.	Sub-project title	Brief sub-project description (location, purpose, beneficiary, technological phases, technical issues, quantification of output)	Location (town, locality)	Total costs		EU grant support		Presov Region's contribution		Other resources		Implementation - plan (duration of works)		EIA required	Natura 2000	Public procurement	Comments, remarks	
							Plan	Update	Plan	Update	Plan	Update	Plan	Update	Start (mm/yyyy)	End (mm/yyyy)					
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	
<b>Category A - EU cofinanced projects</b>																					
<b>Category A - Total</b>																					
<b>Category B - Own regional projects</b>																					
<b>Category B - Total</b>																					
<b>Allocation No. .... Total</b>																					
											of that EIB's contribution										
											Total Project Cost of that EIB		0		0						
											EIB loan/ total Project Cost		0,00%		0,00%						
											EIB allocation / EIB loan		0,00%		0,00%						

**Explanatory notes:**

- (1) Sequential no. which will be given by the EIB in the allocation letter.
- (2) Identification of a co-financing programme, whether regional, national, EU-cofinanced, or other
- (3) Unique identification given to the sub-project (investment scheme) by the Presov Region (if exists).
- (4) Title of the sub-project (scheme).
- (5) Brief description of the sub-project (scheme).
- (6) Location of the sub-project (scheme).
- (7), (8) Overall investment cost including EU non-eligible expenditures
- (9), (10) Amount of EU grant
- (11), (12) Contribution of the Presov Region to the overall investment cost  
*EIB loan will contribute/replace to Presov Region budgetary resources*
- (13), (14) Other resources (state, region, private)
- Plan Information available at the allocation request (when EIB is informed for the first time)
- Update Updated information (figures) at the monitoring phase or at the next allocation request (new schemes)
- (15), (16) Implementation schedule: physical initiation and completion. Any change to be indicated by a different colour (red).
- (17) Environmental Impact Assessment (EIA)  
Please indicate if the project is  
(A) Annex I of the EIA Directive - subject to EIA. In that case please provide NTS of EIA and a copy of the competent authority decision.  
(B) Annex II project - screened in. In that case please provide NTS of EIA and a copy of the competent authority decision.  
(C) Annex II project - screened out.  
(D) other
- (18) Natura 2000 - please provide the decision of a competent authority  
Please indicate if the project has  
(A) no significant impact, potential or likely, on a conservation site (Natura 2000 or otherwise). In that case a declaration signed by the Competent Authority Form A) has to be provided.  
(B) a significant impact, potential or likely, on a conservation site. In that case Form B - or its equivalent - has to be signed by the Competent Authority and submitted to the Bank together with the opinion of the European Commission (if required by the Article 6(4) of the Habitats Directive).  
(C) not applicable.
- (19) Please indicate tender procedure - "I": International Open Tender Procedure; "N": National Open Tender; "Ne": Negotiation Procedure; "D": Direct attribution; "Em": Emergency Procedure; "C": Consultation (when only few companies are invited for an offer).
- (20) Any relevant information on the modification, delay or cancellation of the investment sub-project (scheme)

## Complementary allocation table for all transport (road) schemes

**Project:** Presov Regional Infrastructure II

**Oper. No:** 2014-0489

**Contract No:**

Project reference number	Name of scheme	Managing Authority (1)	Road No.	Road type (2)	Road		Cost (000 PLN)	Cost/ km	AADT (3)	Traffic/% HGV (4)	Type of Work/Type of Defect (5)	Expected construction period	Justification/ Notes/ ERR (6)	EIA required (yes/no) (7)	Natura 2000 (yes/no) (8)	Procurement (9)	
					Width (m)	Length (km)											
<b>TOTAL</b>							0										

### Legend

- |   |                                 |  |
|---|---------------------------------|--|
| 1 | <i>Implementation authority</i> | e.g. NDS, region, municipality (name), other road organisation (name), etc.  |
| 2 | <i>Road type</i>                | Number of lanes (e.g. 2x1, 2x2, 3x2, etc)  |
| 3 | <i>AADT</i>                     | Average Annual Daily Traffic, (vehicles/day)   |
| 4 | <i>HGV</i>                      | Heavy Good Vehicles  |
| 5 | <i>Type of Work</i>             | 1. Resurfacing; 2. Rehabilitation; 3. Reconstruction; 4. Upgrading; 5. New construction (new alignment); 6. safety improvements  |
| 6 | <i>Justification/Notes/ERR</i>  | Defects according to standard codes in use and adopted by national road authorities<br>A - increasing the road traffic safety and improving the environment<br>B - increasing the service level (traffic capacity)<br>C - increasing the load bearing capacity<br>Economic rate of return - if available   |
| 7 | <i>EIA</i>                      | Please indicate: NO: no EIA required; S-O: Annex II project screened out; Yes: Annex I project or Annex II screened in. If YES, provide copy of NTS at allocation or as soon as available  |
| 8 | <i>Natura 2000</i>              | It refers to Natura 2000 or other habitats areas of international or national importance. Please indicate: NO: Assessment not required; NSI: Assessment performed: no significant impact; SI: Assessment performed, significant impact - please attache Form B at allocation or when available but before allocation of any EIB funds to the project |
| 9 | <i>Procurement</i>              | Please indicate type of tender procedure applied.  |

## Terminology and Classification for Road Works (Paved Roads)

European Investment Bank DOES NOT FINANCE works under "routine maintenance" or repairs.

<b>Routine Maintenance</b>	Localised repairs (less than 150 m in continuous length) of pavement and shoulder defects, and regular maintenance of road drainage, side slopes, verges and furniture. (Examples: pothole patching, crack sealing, reshaping side drains, repairing and cleaning culverts and drains, vegetation control, dust control, erosion control, snow and sand removal from travelled ways, repainting pavement strips and markings, repairing or replacing traffic signs, guard-rails, signals, lighting standards, roadside cleaning and maintenance of rest areas, etc.). In the road budget, financing is normally by means of an annual expenditure; these works cannot be financed by the Bank.
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### Periodic "Capital" Maintenance:

(*) <b>Resurfacing</b>	Full-width resurfacing, or treatment of the existing pavement or roadway to maintain surface characteristics and structural integrity, inclusive of minor shape correction, surface patching or restoration of skid resistance as required. (Examples: slurry seals and surface treatments as single or double surface dressing, friction courses, open graded asphalt, asphalt surfacing of limited thickness). Alternative terms in use are " <b>preventive maintenance</b> ". In the road budget, financing is either by means of an annual expenditure or a planned programme.
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(*) <b>Rehabilitation</b>	Full-width, full-length surfacing with selective strengthening and shape correction of existing pavement (inclusive of repair of drainage and structures, and safety measures as required) to improve ride quality and enhance pavement life by increasing the existing structural capacity. (Examples: asphalt concrete overlays, selective deep patching of pavement layers and overlays, granular overlay and surfacing, surface treatment with major shape correction, recycling of one or more pavement layers). In the road budget, financing can be either by means of a planned programme or a special capital allocation of funds. The works are usually justified through in situ pavement survey and testing, using sound engineering practices such as for instance core samples, and measures of deflection, bearing capacity and unevenness. Alternative terms in use are " <b>overlays</b> " or " <b>strengthening</b> ".
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### Road Investments:

(*) <b>Reconstruction</b>	Full-width, full-length reconstruction of the roadway pavement (usually of all the pavement layers up to subgrade level) and of the road shoulders, mostly on an existing alignment, including rehabilitation of the drainage structures, enhancing the actual functional and physical standards of the road.
(*) <b>Upgrading</b>	Geometric improvements of the roadway related to width, curvature or gradient, pavement, shoulders or structures, in order to enhance traffic capacity, travel speed or road safety; and inclusive of associated "rehabilitation", "resurfacing" and/or "reconstruction", as required on different sections of the road. The works may include limited realignments. Alternative terms in use are " <b>betterment</b> " or " <b>improvement</b> " or, in Poland, " <b>modernisation</b> ".
(*) <b>New Construction</b>	Full-width, full-length construction of a road on a new alignment; upgrading of an existing gravel or earth road to paved standard; and " <b>road widening</b> " with provision of additional traffic lanes or carriageways to existing roads.

(\*) Type of works suitable for possible inclusion in the project.

### A.3.4 Project Fiche

**PROJECT FICHE**  
(for schemes with total costs between EUR 25m-50m)

**PRESOV REGIONAL INFRASTRUCTURE II**

**2014-0489**

**Scheme code:** [number used for EIB]                      **Scheme identification:** [own number]  
**Scheme title:** [short but meaningful and predicative project title including location]  
**Promoter:** [applicant, owner,...]  
**Location:** [country – region – district - town]  
**Nature/sector:** transport – agriculture – social care – education – environment – tourism – culture – other:.....  
**Type:** new construction – extension – rehabilitation – other:.....  
**Implementing agency:** [public or private body responsible for deliver of the project for the Promoter]  
**Contact person:** [person in charge of the project available for eventual additional questions]  
**Contact:** [e-mail, telephone]

**1. Scheme**

**1.1 Background**

**1.2 Reasons for undertaking the Project and key objectives**

**1.3 Technical description of the project including relevant key dimensions and capacities**

**1.4 Entity(ies) responsible for project design, construction and supervision**

**1.5 Investment cost (total) in EUR**

Engineering and supervision	-
Land	-
Civil works (Building work)	-
Equipment	-
Miscellaneous	-
Technical contingencies	-
Price contingencies (...% escalation p.a.), if applicable	-
Interest during construction	-
<b>Total</b>	-

**1.6 Financial plan and requested allocation**

<b>Sources of financing</b>	<b>in EUR</b>
EU funds	
State/Region/City* Budget	
Other	
<b>Total</b>	
of which requested EIB loan	

\* use as appropriate

**1.7 Expected expenditure schedule (in EUR)**

<b>year</b>	<b>2007</b>	<b>...</b>	<b>...</b>	<b>n</b>	<b>Total</b>
<b>EUR</b>					

**1.8 Expected technical/ economical life-span (years)****1.9 Implementation period (dates: month, year)**

a) Start: [of works]

b) Completion: [of works]

**1.10 Authorization required to implement/operate the project**

Please provide the name(s) of the authority(ies) issuing the relevant permit(s) and whether or not the authorization(s) has (have) been issued. If permits are not issued, please indicate the expected date.

**1.11 Jobs affected by the investment**

Number of jobs that will be created, secured or lost as a consequence of the project

a) during construction:	
b) post construction (operation and maintenance) – secured:	

**1.12 Physical indicators**

Please indicate (quantify) planned physical output/result of the project.

<b>Indicator name and definition</b>	<b>Baseline (year)</b>	<b>Target (year)</b>	<b>value</b>
a) ...			
b)			
c)			

**1.13 Procurement**

Tender completed: YES – NO - Partially

[Please indicate the type of the tender (local, national, international, opened, limited, etc. and eventually the winner of the bid, if known]

**1.14 Environmental impacts**

a) Please explain briefly the effects of the project on the environment.

b) Does the Project have any particular environmental risks or benefits?

c) Compliance with environmental requirements (local, national, EU) and summary description of mitigating measures adopted, if any; indicate if an EIA is required and if the project is located within/impacts a Natura 2000 sites- in the affirmative cases, please provide information on the relevant assessment and administrative decisions for such projects, the Bank services may require further information (such as a copy of the non-technical EIA summary, analysis of impact on Natura 2000 sites).

**1.15 Operation and maintenance of the facilities:**

a) Organization in charge of the operation and maintenance of the Scheme:

b) Operating and maintenance costs and available budget for operation and maintenance:

**1.16 Economic and financial aspects**

a) Population served by the Scheme, or other pertinent demand analysis (e.g. traffic);

b) If applicable, a summary of cost-benefit or economic feasibility analysis

c) If applicable, cost recovery mechanism (Will users be required to contribute to the cost of the Scheme? Tariff policy?)

2. **Overall conclusions and recommendations**

**Place:** [city, town]

**Date:** [date when this fiche has been drafted]

**I hereby confirm that all information provided in this project fiche is true and correct.**

**Responsible person:** [person verifying verity of the information above]

**Signature:** .....



**A.3.5 NATURA 2000 (forms available also in Slovak language)**

**Form A – No risk of significant effect**

<p align="center"><b>DECLARATION BY THE AUTHORITY RESPONSIBLE FOR MONITORING SITES OF NATURE CONSERVATION IMPORTANCE</b></p>
--

Responsible Authority.....

Having examined the project application (title) .....

.....

which is to be located at .....

we declare that following the screening whether an appropriate assessment is needed or not the project is not likely to have significant effects on a site of nature conservation importance<sup>4</sup> on the following grounds:

..... *[this should be duly justified and filled in by the competent authority]* .....

.....

Therefore an appropriate assessment required by Article 6 (3) of Directive 92/43/EEC was not deemed necessary.

A map at scale of 1:100.000 (or the nearest possible scale) is attached, indicating the location of the project as well as the site of nature conservation importance<sup>4</sup> concerned, if any.

Name: .....

Position: .....

Organisation: .....

(Authority responsible for monitoring sites of nature conservation importance)

Signed: .....

Date: .....

Official Seal:

Form B – Risk of significant effect

**INFORMATION FROM THE AUTHORITY RESPONSIBLE FOR MONITORING  
SITES OF NATURE CONSERVATION IMPORTANCE**

Responsible Authority.....  
Having examined the project application .....  
(title).....  
which is to be located at .....

provides the following information

Country:

Competent national authority:

Address:

Contact person:

Tel., fax, e-mail:

Date:

## 1. PROJECT

Name of the site affected:

This site is (please tick):

- a site identified by the national competent authority as qualifying under Art. 4(1) and (2) of the **Birds** directive (79/409/EEC) (Special Protection Area equivalent to Natura 2000)
- a site identified by the national competent authority as qualifying under Art. 4 (1) of the Habitats directive (92/43/EEC) (Special Area of Conservation equivalent to Natura 2000)
- For European Union Member States only, does the site concern a priority habitat or species?  
 yes     no
- a site listed in the latest inventory on **Important Bird Areas** (IBA 2000) or (if available) in an equivalent more detailed scientific inventories endorsed by national authorities
- a wetland of international importance designated under the **Ramsar** Convention or qualifying for such protection
- a site to which the Bern convention on the conservation of European Wildlife and Natural Habitats (Art. 4) applies, in particular a site meeting the criteria of the **Emerald network**
- areas protected under national nature conservation legislation

Summary of the project having an effect on the site :

## 2. NEGATIVE EFFECTS

Summary of the assessment of the negative effects on the site:

N.B.: this summary should focus on the adverse effect expected on the conservation value of the site (habitats and species), include the appropriate maps and describe the already decided mitigation measures.

### 3. ALTERNATIVE SOLUTIONS

Summary of alternative solutions studied:

Reasons why the competent national authorities have concluded that there is absence of alternative solutions:

#### 4. IMPERATIVE REASONS

Reason to nevertheless carry out this plan or project:

Imperative reasons of overriding public interest, including those of a social or economic nature (in the absence of priority habitat/species)

human health

public safety

beneficial consequences of primary importance for the environment

other imperative reasons of overriding public interest

Short description of the reason :

## 5. COMPENSATION MEASURES

Foreseen compensatory measures and timetable:

**Definition of EURIBOR**

A. EURIBOR

“EURIBOR” means:

- (a) in respect of a relevant period of less than one month, the Screen Rate (as defined below) for a term of one month;
- (b) in respect of a relevant period of one or more months for which a Screen Rate is available, the applicable Screen Rate for a term for the corresponding number of months; and
- (c) in respect of a relevant period of more than one month for which a Screen Rate is not available, the rate resulting from a linear interpolation by reference to two Screen Rates, one of which is applicable for a period next shorter and the other for a period next longer than the length of the relevant period,

(the period for which the rate is taken or from which the rates are interpolated being the “**Representative Period**”).

For the purposes of paragraphs (b) and (c) above, “available” means the rates, for given maturities, that are calculated and published by Global Rate Set Systems Ltd (GRSS), or such other service provider selected by the European Money Markets Institute (EMMI), under the sponsorship of EMMI and EURIBOR ACI, or any successor to that function of EMMI and EURIBOR ACI as determined by the Bank.

“**Screen Rate**” means the rate of interest for deposits in EUR for the relevant period as published at 11h00, Brussels time, or at a later time acceptable to the Bank on the day (the “**Reset Date**”) which falls 2 (two) Relevant Business Days prior to the first day of the relevant period, on Reuters page EURIBOR 01 or its successor page or, failing which, by any other means of publication chosen for this purpose by the Bank.

If such Screen Rate is not so published, the Bank shall request the principal euro-zone offices of four major banks in the euro-zone, selected by the Bank, to quote the rate at which EUR deposits in a comparable amount are offered by each of them as at approximately 11h00, Brussels time, on the Reset Date to prime banks in the euro-zone interbank market for a period equal to the Representative Period. If at least 2 (two) quotations are provided, the rate for that Reset Date will be the arithmetic mean of the quotations.

If fewer than 2 (two) quotations are provided as requested, the rate for that Reset Date will be the arithmetic mean of the rates quoted by major banks in the euro-zone, selected by the Bank, at approximately 11h00, Brussels time, on the day which falls 2 (two) Relevant Business Days after the Reset Date, for loans in EUR in a comparable amount to leading European Banks for a period equal to the Representative Period.

If the rate resulting from the above is below zero, EURIBOR will be deemed to be zero.

If no rate is available as provided above, EURIBOR shall be the rate (expressed as a percentage rate per annum) which is determined by the Bank to be the all-inclusive cost to the Bank for the funding of the relevant Tranche based upon the then applicable internally generated Bank reference rate or an alternative rate determination method reasonably determined by the Bank.



B. General

For the purposes of the foregoing definitions:

- (a) All percentages resulting from any calculations referred to in this Schedule will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with halves being rounded up.
- (b) The Bank shall inform the Borrower without delay of the quotations received by the Bank.
- (c) If any of the foregoing provisions becomes inconsistent with provisions adopted under the aegis of EMMI and EURIBOR ACI (or any successor to that function of EMMI and EURIBOR ACI as determined by the Bank), the Bank may by notice to the Borrower amend the provision to bring it into line with such other provisions.

**Forms for Borrower**

**C.1 Form of Disbursement Request (Articles 1.02B)**

Disbursement Request

Slovakia – Presov Regional Infrastructure II

Date:

Please proceed with the following disbursement:

Loan Name (\*):

Signature Date (\*):  Contract FI number:

Currency & amount requested	
Currency	Amount

Proposed disbursement date:

<b>INTEREST</b>	Int. rate basis (Art. 3.01)	<input type="text"/>
	Rate (% or Spread)	<input type="text"/>
	OR (please indicate only ONE)	-----
	Maximum Rate (% or Maximum Spread)	<input type="text"/>
	Frequency (Art. 3.01)	Annual <input type="checkbox"/> Semi-annual <input type="checkbox"/> Quarterly <input type="checkbox"/>
Payment Dates (Art. 5)	<input type="text"/>	
Interest Revision/Conversion date (if any)	<input type="text"/>	
<b>CAPITAL</b>	Repayment frequency	Annual <input type="checkbox"/> Semi-annual <input type="checkbox"/> Quarterly <input type="checkbox"/>
	Repayment methodology (Art. 4.01)	Equal instalments <input type="checkbox"/> Constant annuities <input type="checkbox"/>
	First repayment date	<input type="text"/>
	Maturity Date:	<input type="text"/>

Reserved for the Bank	(contract currency)
Total <b>Credit</b> Amount:	<input type="text"/>
Disbursed to date:	<input type="text"/>
Balance <u>for</u> disbursement:	<input type="text"/>
Current disbursement:	<input type="text"/>
Balance <u>after</u> disbursement:	<input type="text"/>
Disbursement deadline:	<input type="text"/>
Max. number of disbursements:	<input type="text"/>
Minimum Tranche size:	<input type="text"/>
Total allocations to date:	<input type="text"/>
Conditions precedent:	Yes / No

Borrower's account to be credited:

Acc. N°: .....

(please, provide IBAN format in case of disbursements in EUR, or appropriate format for the relevant currency)

Bank name, address: .....

Please transmit information relevant to:

Borrower's authorised name(s) and signature(s):

### **Interest Rate Revision and Conversion**

If an Interest Revision/Conversion Date has been included in the Disbursement Notice for a Tranche, the following provisions shall apply.

#### **A. Mechanics of Interest Revision/Conversion**

Upon receiving an Interest Revision/Conversion Request the Bank shall, during the period commencing 60 (sixty) days and ending 30 (thirty) days before the Interest Revision/Conversion Date, deliver to the Borrower an Interest Revision/Conversion Proposal stating:

- (a) the Fixed Rate and/or Spread that would apply to the Tranche, or the part thereof indicated in the Interest Revision/Conversion Request pursuant to Article 3.01; and
- (b) that such rate shall apply until the Maturity Date or until a new Interest Revision/Conversion Date, if any, and that interest is payable quarterly, semi-annually or annually in arrears on designated Payment Dates.

The Borrower may accept in writing an Interest Revision/Conversion Proposal by the deadline specified therein.

Any amendment to the Contract requested by the Bank in this connection shall be effected by an agreement to be concluded not later than 15 (fifteen) days prior to the relevant Interest Revision/Conversion Date.

#### **B. Effects of Interest Revision/Conversion**

If the Borrower duly accepts in writing a Fixed Rate or a Spread in respect of an Interest Revision/Conversion Proposal, the Borrower shall pay accrued interest on the Interest Revision/Conversion Date and thereafter on the designated Payment Dates.

Prior to the Interest Revision/Conversion Date, the relevant provisions of the Contract and Disbursement Notice shall apply to the entire Tranche. From and including the Interest Revision/Conversion Date onwards, the provisions contained in the Interest Revision/Conversion Proposal relating to the new interest rate or Spread shall apply to the Tranche (or part thereof) until the new Interest Revision/Conversion Date, if any, or until the Maturity Date.

#### **C. Non-fulfilment of Interest Revision/Conversion**

If the Borrower does not submit an Interest Revision/Conversion Request or does not accept in writing the Interest Revision/Conversion Proposal for the Tranche or if the parties fail to effect an amendment requested by the Bank pursuant to Paragraph A above, the Borrower shall repay the Tranche (or part thereof) on the Interest Revision/Conversion Date, without indemnity. The Borrower will repay on the Interest Revision/Conversion Date any part of a Tranche which is unaffected by the Interest Revision/Conversion.

**CERTIFICATES TO BE PROVIDED BY THE BORROWER**

Form of Certificate from Borrower (Article 1.04C)

To: European Investment Bank

From: Prešovský samosprávny kraj

Date:

Subject: Finance Contract between European Investment Bank and Prešovský samosprávny kraj dated [●] (the "**Finance Contract**")

FI number 84.054 Serapis number 2014 0489

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Dear Sirs,

Terms defined in the Finance Contract have the same meaning when used in this letter.

For the purposes of Article 1.04 of the Finance Contract we hereby certify to you as follows:

- (a) no Prepayment Event has occurred and is continuing unremedied;
- (b) we are in compliance with the financial covenants pursuant to Article 6.08;
- (c) no security of the type prohibited under Article 7.01 has been created or is in existence;
- (d) there has been no material change to any aspect of the Project or in respect of which we are obliged to report under Article 8.01, save as previously communicated by us;
- (e) no event or circumstance which constitutes or would with the passage of time or giving of notice under the Finance Contract constitute an Event of Default has occurred and is continuing unremedied or unwaived;
- (f) no litigation, arbitration administrative proceedings or investigation is current or to our knowledge is threatened or pending before any court, arbitral body or agency which has resulted or if adversely determined is reasonably likely to result in a Material Adverse Change, nor is there subsisting against us any unsatisfied judgement or award;
- (g) the representations and warranties to be made or repeated by us under Article 6.11 are true in all respects; and
- (h) no Material Adverse Change has occurred, as compared with the situation at the date of the Finance Contract.

Yours faithfully,

For and on behalf of Prešovský samosprávny kraj

Date:

**Resolution of Assembly of the Borrower and Authorisation of Signatory**

**Form of Legal Opinion**

European Investment Bank  
98-100 Bd. Konrad Adenauer  
L-2950 Luxembourg  
Grand Duchy of Luxembourg  
To the attention of the Legal Department - Operations

&lt;/&gt;, &lt;/&gt;

**Re: Finance Contract for Prešov Regional Infrastructure II**

Dear Sirs,

I am acting as internal counsel to Prešovský samosprávny kraj (the "**Borrower**") in connection with the finance contract (the "**Finance Contract**") for Prešov Regional Infrastructure II in an amount of EUR 25,000,000, made on </> between the European Investment Bank (the "**Bank**") and the Borrower. I am giving this opinion pursuant to Article 1.04A of the Finance Contract. All terms used herein and not otherwise defined shall have the same meaning as in the Finance Contract.

I have examined an original of the Finance Contract and such laws, documents and other matters as I have deemed necessary or appropriate for the purpose of giving this opinion.

This opinion is confined to matters of Slovak law and no opinion is expressed as to the laws of any other jurisdiction.

Subject to the foregoing, I am of the opinion that:

1. The Borrower is an autonomy region (in Slovak: *samosprávny kraj*) validly existing under the laws of the Slovak Republic, possessing full legal capacity to sue or be sued in its own name, and has full powers to own all assets which it owns and to carry out the activities which it carries out.
2. The Borrower has the requisite power and capacity to enter into and perform the Finance Contract and the transactions contemplated thereby.
3. Pursuant to </>, the Assembly (in Slovak: *zastupiteľstvo*) of the Borrower is the sole competent organ to authorise the Borrower to enter into the Finance Contract and such organ has authorised the execution of the Finance Contract. No requirement to authorize the Borrower to enter into the Finance Contract by any organ other than the Assembly (in Slovak: *zastupiteľstvo*) of the Borrower exists.
4. The Finance Contract has been duly executed and delivered on behalf of the Borrower by </>, </> by virtue of the powers given to them by </>.
5. The entry into the Finance Contract and the compliance with its terms:
  - (i) will not result in violation of any provision contained in any law applicable to the Borrower;
  - (ii) will not conflict with or result in the breach of any provision of, or require any consent under, or result in the imposition of any Security under, any agreement or instrument to which the Borrower is a party or by which the Borrower or any of its assets is bound; and
  - (iii) will not constitute a default or an event that, with the giving of notice or the passing of time or both, would constitute a default under any such agreement or instrument.
6. No provision exists in the Slovak Republic which would make it necessary that the Finance Contract be filed, recorded or enrolled with any court or authority in order to ensure its legality, validity or enforceability.
7. The Finance Contract constitutes a direct, unconditional obligation of the Borrower which ranks in priority of payment at least *pari passu* with all other present and future indebtedness of the Borrower other than indebtedness mandatorily preferred by law.

8. To the best of my knowledge after due inquiry:
- (i) the Borrower is not in violation of any present statute, regulation, judgement or order applicable to it in the Slovak Republic;
  - (ii) no statute or regulation has been proposed and no judgement or order is expected which may have any materially adverse effect on the Borrower's prospects or financial condition;
  - (iii) the Borrower is not engaged in, or threatened by, any litigation, arbitration or administrative proceeding the outcome of which may materially and adversely affect its business prospects or financial condition;
  - (iv) the Borrower is not in default under any agreement, obligation or duty to which it is a party or by which it or any of its properties or assets is bound;
  - (v) there exists no Event of Default and no event which, with the giving of notice, the passage of time or the making of any determination, or any combination thereof, could become such an event of default, and
  - (vi) the entry into the Finance Contract and the compliance with its terms does not and will not conflict with or result in the breach of any provision of, or require any consent under, or result in the imposition of any Security under, any agreement or instrument to which the Borrower is a party or by which the Borrower or any of its assets is bound; the entry into the Finance Contract and the compliance with its terms does not and will not constitute a default or an event that, with the giving of notice or the passing of time or both, would constitute a default under any such agreement or instrument.
9. The choice of Luxembourg law as the law governing the Finance Contract is valid and enforceable.
10. Pursuant to Article 11.02 of the Finance Contract, the Courts of the District of Luxembourg City shall have jurisdiction in connection with any claim or dispute between the Borrower and the Bank, and any judgement of such courts pertaining to the Finance Contract can be enforced in the Slovak Republic in accordance with Council Regulation No. 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters.
11. No taxes, duties, fees or other charges, including, without limitation, any registration or transfer tax, stamp duty or similar levy, imposed by the Slovak Republic or any political subdivision or taxing authority thereof or therein are payable in connection with the execution and delivery of the Finance Contract, nor in connection with any payment to be made by the Borrower to the Bank pursuant to the same Finance Contract.
12. All exchange control consents which may be necessary pursuant to the laws of the Slovak Republic to receive disbursements, to repay the same and to pay interest and all other amounts due under the Finance Contract are in full force and effect.
13. The entry into the Finance Contract will not give a rise to any liability of the Bank.
14. As of the date of the Finance Contract and as of the date hereof, the Borrower is not insolvent and no steps have been taken pursuant to any insolvency, bankruptcy, liquidation or equivalent or analogous proceedings to appoint an administrator, bankruptcy receiver, insolvency officer or liquidator over the Borrower or its assets, and no voluntary or judicial winding-up or liquidation of the Borrower has occurred nor has any action to this effect been taken by the Borrower. The Borrower will not become insolvent under applicable law as a result of carrying out any of the transactions contemplated by the Finance Contract.

Based on the foregoing, I am of the opinion that all requirements currently applicable to the Borrower and governing the Finance Contract in relation to the laws of the Slovak Republic have been complied with and that the Finance Contract constitutes legally valid and binding obligations of the Borrower enforceable in the Slovak Republic in accordance with their terms.

Yours faithfully,