

LD 2142 (2023)

FRAMEWORK LOAN AGREEMENT

between

COUNCIL OF EUROPE DEVELOPMENT BANK

and

TRENČÍN SELF-GOVERNING REGION

Urban, rural, and regional development and infrastructure in Trenčín region

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COUNCIL OF EUROPE DEVELOPMENT BANK, international organisation with its headquarters at 55, Avenue Kléber, 75116 Paris (France) (hereinafter, the **“CEB”** or the **“Bank”**), on the one hand,

and

TRENČÍN SELF-GOVERNING REGION (Trenčiansky samosprávny kraj), K dolnej stanici 7282/20A, 911 01 Trenčín, Slovak Republic, registered at the Statistical Office of Slovak Republic with number 313-5163-18, IČO: 36126624 (hereinafter, the **“Borrower”** and together with the CEB, the **“Parties”** and each a **“Party”**), on the other hand,

WHEREAS

- (A) Having regard to the loan application submitted by the Slovak Republic on 23 December 2022, approved by the CEB’s Administrative Council on 27 January 2023,
- (B) Having regard to the Third Protocol dated 6 March 1959 to the General Agreement on Privileges and Immunities of the Council of Europe dated 2 September 1949,
- (C) Having regard to the CEB’s Loan Regulations, as adopted by the CEB’s Administrative Council Resolution 1587 (2016) (hereinafter, the **“Loan Regulations”**),
- (D) Having regard to the CEB’s Loan and Project Financing Policy, as adopted by the CEB’s Administrative Council Resolution 1646 (2022) (hereinafter, the **“Loan Policy”**),
- (E) Having regard to the CEB’s Environmental and Social Safeguards Policy, as adopted by the CEB’s Administrative Council Resolution 1588 (2016) (hereinafter, the **“Environmental and Social Safeguards Policy”**),
- (F) Having regard to the CEB’s Procurement Guidelines, as adopted by the CEB’s Administrative Council in September 2011 (hereinafter, the **“Procurement Guidelines”**),
- (G) Having regard to the CEB’s Data Protection Regulation, as adopted by the CEB’s Administrative Council Resolution 1639 (2022) (hereinafter, the **“Data Protection Regulation”**),
- (H) Having regard to the CEB’s Anti-Corruption Charter, as adopted by the CEB’s Administrative Council Resolution 1628 (2021), and
- (I) Having regard to the CEB’s Policy on Non-compliant/Uncooperative Jurisdictions, as adopted by the CEB’s Administrative Council Resolution 1630 (2021),

HEREBY AGREE AS FOLLOWS:

1. INTERPRETATION

1.1 Definitions

The following terms shall have the meaning indicated below, except as the context requires otherwise:

“Agreement” means this framework loan agreement, including its appendices.

“Allocation” means the commitment of a Tranche by the Borrower to the eligible Sub-projects even if such Tranche has not yet been paid out under the Project.

“Allocation Period” has the meaning specified under Sub-clause 5.2.

“Business Day” means any day on which TARGET 2 (the Trans European Automated Real-time Gross Settlement Express Transfer system) is operating.

“Certificate” has the meaning specified under Sub-clauses 4.5 and 6.5 and the form stipulated under Appendix 4 hereto.

“Closing Date” means the date specified under Appendix 1 hereto from which no further disbursements under the Loan may take place.

“Completion Report” has the meaning specified under Sub-clause 6.1(b).

“Components” means the eligible sectors of action defined under Appendix 1 hereto.

“Cross-Default Event” has the meaning specified under Sub-clause 6.6(a).

“Currency” means, for the purposes of the Agreement, Euro.

“Day Count Convention” means the convention for determining the number of days between two dates and the number of days in a year specified in the relevant Disbursement Notice.

“Debt Instrument” means (i) any loan or other form of financial indebtedness; (ii) an instrument, including any receipt or statement of account, evidencing or constituting an obligation to repay a loan, deposit, advance or similar extension of credit (including without limitation any extension of credit under a refinancing or rescheduling agreement), (iii) a bond, note, debt security, debenture or similar written evidence of financial indebtedness; or (iv) an instrument evidencing a guarantee of an obligation constituting financial indebtedness of another.

“Default Interest Rate” has the meaning specified under Sub-clause 4.9.

“Disbursement Date” means the date on which a Tranche is scheduled to be disbursed pursuant to the applicable Disbursement Notice.

“Disbursement Notice” has the meaning specified under Sub-clause 4.3(b).

“Disbursement Request” has the meaning specified under Sub-clause 4.3(a).

“Effective Date” means the date of entry into force of the Agreement resulting from Clause 20.

“EU” means the European Union.

“EURIBOR” means the percentage rate quoted by any financial news provider acceptable to the CEB at or about 11.00 a.m. Brussels time on the Interest Determination Date as the Euro wholesale funding rate administered by the European Money Market Institute (or any other entity which takes over the administration of that rate) for the same period as the relevant Interest Period.

If the relevant Interest Period is not the same as a period quoted by the relevant financial news provider, the applicable EURIBOR shall be the percentage rate resulting from a linear interpolation by reference to two (2) EURIBOR rates, one of which is applicable for a period of whole months next shorter and the other for a period of whole months next longer than the length of the relevant Interest Period.

“Euro” and the sign **“EUR”** means the lawful currency of the Member States of the EU which from time to time adopt it as their currency in accordance with the relevant provisions of the Treaty of the EU and the Treaty on the Functioning of the EU or their succeeding treaties.

“European Convention on Human Rights” means the Convention for the Protection of Human Rights and Fundamental Freedoms dated 4 November 1950, CETS No. 5, as amended from time to time.

“European Social Charter” means the European Social Charter dated 3 May 1996, CETS No. 163, as amended from time to time.

“Final Beneficiaries” are specified under Appendix 1 hereto as the group benefitting from the social effects of the Project.

“Financial Ratios” has the meaning specified under Sub-clause 6.6(b).

“Fixed Interest Rate” means the interest rate *per annum* specified in the applicable Disbursement Notice.

“Floating Interest Rate” means the interest rate *per annum* determined by adding or subtracting the Spread specified in the applicable Disbursement Notice to or from, as the case may be, the Reference Rate.

For the avoidance of doubt, when the determination of the Floating Interest Rate results in a negative interest rate (due to a quoted negative Reference Rate, to the operation of a Spread that is subtracted from the Reference Rate or to any other circumstances), the interest to be paid by the Borrower for the Interest Period shall be deemed to be zero.

“Forecasted Expenditure” means the eligible costs planned to be incurred under the Project over the period of one (1) year.

“Incurred Expenditure” means the eligible costs incurred by the Borrower.

“Interest Determination Date” means, for the purposes of determination of a Floating Interest Rate, the day falling two (2) Business Days prior to the first day of the Interest Period, unless otherwise specified in the relevant Disbursement Notice.

“Interest Payment Dates” means the dates for the payment of interest corresponding to the relevant Interest Period specified in the applicable Disbursement Notice.

“Interest Period” means the period commencing on an Interest Payment Date and ending on the day immediately prior to the following Interest Payment Date, provided that the first Interest Period

applicable to each Tranche shall commence on the Disbursement Date and end on the day immediately prior to the next Interest Payment Date.

“Loan” means the loan granted to the Borrower by the CEB by means of the Agreement.

“Loan Amount” means the amount specified under Sub-clause 4.1.

“Market Disruption Event” has the meaning specified under Sub-clause 4.10.

“Material Adverse Change” means any event which, in CEB’s opinion, (i) materially impairs the Borrower’s ability to perform its financial obligations under the Agreement; (ii) adversely affects any Security provided by the Borrower or a third-party to secure the due performance of the Borrower’s financial obligations under the Agreement; or (iii) adversely affects any rights or remedies of the CEB under the Agreement.

“Maturity Date” means the last Principal Repayment Date for each Tranche specified in the applicable Disbursement Notice.

“Modified Following Business Day Convention” means a convention whereby if a specified date would fall on a day which is not a Business Day, such date would be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date would be the first preceding day that is a Business Day.

“Operating Income” has the meaning specified under Sub-clause 6.6(b).

“Prepayment Confirmation” has the meaning specified under Sub-clause 4.7.

“Prepayment Costs” has the meaning specified under Sub-clause 4.7.

“Prepayment Date” has the meaning specified under Sub-clause 4.7.

“Prepayment Notice” has the meaning specified under Sub-clause 4.7.

“Principal Repayment Date(s)” means the date(s) for the repayment(s) of principal under each Tranche specified in the applicable Disbursement Notice.

“Principal Repayment Period” means with respect of each Tranche the period running from its Disbursement Date to its Maturity Date.

“Progress Report” has the meaning specified under Sub-clause 6.1(a).

“Prohibited Practices” has the meaning specified under Sub-clause 5.8.

“Project” means the programme of eligible Sub-projects set forth under Appendix 1 hereto to be partially financed with the Loan approved by the CEB’s Administrative Council with ref. LD 2142 (2023).

“Reference Rate” means EURIBOR for a Floating Interest Rate Tranche denominated in Euro.

“Sanction Lists” means (i) any economic, financial and trade restrictive measures and arms embargoes issued by the EU pursuant to chapter 2 of title V of the Treaty on European Union as well as article 215 of the Treaty on the Functioning of the European Union, as available on the official EU website¹ or on any successor page, as amended and supplemented from time to time; or (ii) any economic, financial

¹ http://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en.

and trade restrictive measures and arms embargoes issued by the United Nations Security Council pursuant to article 41 of the UN Charter, as available on the official UN website or on any successor page, as amended and supplemented from time to time.

“Sanctioned Persons” means any individual or entity listed in and/or otherwise subject to one or more Sanction Lists.

“Security” means any agreement or arrangement creating a preferential rank, a preferential right of payment, a collateral or guarantee of any nature whatsoever which might confer enhanced rights upon third parties.

“Spread” means, in connection with Floating Interest Rate Tranches, the fixed-spread to the Reference Rate (being either plus or minus) specified in basis points in the applicable Disbursement Notice.

“Sub-project” means an eligible investment scheme to be financed under the Project.

“Total Debt Obligations” has the meaning specified under Sub-clause 6.6(b).

“Tranche” means an amount disbursed or to be disbursed under the Loan.

1.2 Construction

Unless the context otherwise requires, references to:

- i. this Agreement shall be construed as references to this Agreement as supplemented, amended or restated from time to time;
- ii. a Party or any other person includes its successors in title or permitted transferee;
- iii. "Clauses", "Sub-clauses" and "Recitals" shall be construed as references to clauses, sub-clauses and recitals respectively of this Agreement; and
- iv. words importing the singular shall include the plural and vice-versa.

1.3 Headings

Headings in this Agreement have no legal significance and do not affect its interpretation.

1.4 Rounding

For the purposes of any calculations referred to in this Agreement:

- i. all percentages resulting from such calculations other than those determined through the use of interpolation will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (*e.g.*, 9.876541% (or .09876541) being rounded down to 9.87654% (or .0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655));
- ii. all percentages determined through the use of linear interpolation by reference to two (2) relevant Reference Rates will be rounded, if necessary, in accordance with the method set forth in subsection (a) above, but to the same degree of accuracy as the two (2) rates used to make the determination (except that such percentages will not be rounded to a lower degree of accuracy than the nearest one thousandth of a percentage point (0.001%)); and
- iii. all currency amounts used in or resulting from the above calculations will be rounded, unless otherwise specified in the relevant Currency definition, to the nearest two decimal places in the relevant currency (with .005 being rounded upwards (*e.g.*, .674 being rounded down to .67 and .675 being rounded up to .68).

2. CONDITIONS

The Loan is granted under the general conditions of the Loan Regulations and under the special conditions of the Agreement.

3. PURPOSE

The CEB grants the Loan to the Borrower, who accepts it, solely for the purpose of financing the Project as described under Appendix 1 hereto.

Any change to the way the Loan is applied that has not received the CEB's prior written approval would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

4. FINANCIAL CONDITIONS

4.1 Loan Amount

The Loan Amount is:

Thirty million Euro
EUR 30,000,000

4.2 Disbursement Amount

The Loan shall be disbursed in a minimum of two (2) Tranches and a maximum of six (6) Tranches.

The amount of each Tranche shall be determined according to the Incurred Expenditure and/or Forecasted Expenditure of the Project. The amount of the first Tranche shall not exceed fifty per cent (50%) of the Loan Amount.

4.3 Disbursement Procedure

The disbursement of each Tranche is determined through the following procedure:

(a) Disbursement Request

Prior to each disbursement, the Borrower shall submit to the CEB a disbursement request substantially in the form set out under Appendix 3 hereto (hereinafter, a **"Disbursement Request"**).

A Disbursement Request shall specify the proposed:

- i. Currency(ies) and amount(s) for the Tranche;
- ii. Disbursement Date; such Disbursement Date shall be a Business Day falling at least five (5) Business Days after the date of the Disbursement Request;
- iii. Principal Repayment Date(s), including the Maturity Date, taking into account that the Principal Repayment Period for each Tranche shall not exceed (i) twenty (20) years, including a grace period not greater than one (1) year; or (ii) seventeen (17) years, including a grace period not greater than four (4) years;

- iv. maximum Fixed Interest Rate or maximum Spread to the Reference Rate;
- v. Interest Period and Interest Payment Dates;
- vi. Day Count Convention and Business Days; and
- vii. Borrower's account for payments.

Each Disbursement Request delivered to the CEB shall be irrevocable, unless otherwise agreed in writing by the CEB.

(b) Disbursement Notice

If the CEB receives a Disbursement Request that complies with the Disbursement Request requirements set out in Sub-clause 4.3(a) above, and if all other relevant Disbursement Conditions as defined in Sub-clause 4.5 (*Disbursement Conditions*) below have been fulfilled by the Borrower, the CEB shall deliver to the Borrower a disbursement notice substantially in the form set out under Appendix 3 hereto (hereinafter, a **"Disbursement Notice"**). Each Disbursement Notice shall be delivered at least two (2) Business Days before the proposed Disbursement Date.

A Disbursement Notice shall specify:

- (i) the Currency(ies) and the amount(s) for the Tranche;
- (ii) the Disbursement Date;
- (iii) the Principal Repayment Period and Principal Repayment Date(s), including the Maturity Date;
- (iv) the Fixed Interest Rate or the Spread to the Reference Rate;
- (v) the Interest Period and the Interest Payment Dates;
- (vi) the Day Count Convention and the Business Days; and
- (vii) the Borrower's and the CEB's accounts for payments.

A Disbursement Notice matching the elements included in a Disbursement Request shall constitute an irrevocable and unconditional commitment on the part of the Borrower to borrow from the CEB and on the part of the CEB to disburse to the Borrower the Tranche under the terms and conditions specified in the Disbursement Notice.

Notwithstanding the above, if the CEB has not delivered a Disbursement Notice within twenty (20) Business Days following the receipt of a Disbursement Request, the relevant Disbursement Request shall be deemed as cancelled.

4.4 Disbursement Period

Unless otherwise agreed in writing by the CEB, the Borrower shall not be entitled to:

- (i) the issue of a Disbursement Request for the first Tranche beyond twelve (12) months after the execution of the Agreement by the Parties;
- (ii) the issue of any further Disbursement Request beyond eighteen (18) months after the last disbursement; or
- (iii) the issue of any further Disbursement Request beyond the day falling fifteen (15) Business Days before the Closing Date.

4.5 Disbursement Conditions

- (a) Conditions precedent to the Disbursement Request for the first Tranche:
 - (i) Legal opinion in English issued by the Borrower's head of legal department confirming to the CEB's satisfaction, substantially in the form set out under Appendix 2 hereto, that the

Agreement has been duly executed by authorised representatives of the Borrower and that the Agreement is valid, binding and enforceable in accordance with its terms in the Borrower's jurisdiction.

- (ii) Evidence in English (*e.g.*, statute, resolution, power of attorney, etc.) to the CEB's satisfaction of the person(s) authorised to execute the Agreement and the Disbursement Requests on behalf of the Borrower, together with the authenticated specimen of the signature(s) of such person(s).
 - (iii) A Certificate from the Borrower in the form of Appendix 4 hereto, signed by the person(s) authorised to execute the Disbursement Requests on behalf of the Borrower and dated not earlier than a date falling fifteen (15) Business Days before the Disbursement Request.
 - (iv) Any other condition applicable to the Loan/Project.
- (b) Conditions precedent to any further Disbursement Request:
- (i) Evidence in English (*e.g.*, Statute, Resolution, Power of Attorney, etc.) to the CEB's satisfaction of the person(s) authorised to execute the Disbursement Requests on behalf of the Borrower, together with the authenticated specimen of the signature(s) of such person(s).
 - (ii) A Progress Report confirming to the CEB's satisfaction the full Allocation of the previous Tranche.
 - (iii) A Certificate from the Borrower in the form of Appendix 4 hereto, signed by the person(s) authorised to execute the Disbursement Requests on behalf of the Borrower and dated not earlier than a date falling fifteen (15) Business Days before the Disbursement Request.
 - (iv) Any other condition applicable to the Loan/Project.

4.6 Repayment

On any Principal Repayment Date, the Borrower shall repay the principal of each Tranche due on that Principal Repayment Date in accordance with the terms set forth in the applicable Disbursement Notice.

4.7 Prepayment

(a) Mechanics

If in any event specified in this Agreement referring to this Sub-clause the Borrower ought to prepay all or part of a Tranche or in the event of voluntary prepayment, the Borrower shall give at least a one (1) month prior written notice to the CEB (hereinafter, the **"Prepayment Notice"**) specifying the amounts to be prepaid, the date on which the prepayment will take place (hereinafter, the **"Prepayment Date"**) and, upon prior consultation with the CEB, the Prepayment Costs. The Prepayment Date shall fall on an Interest Payment Date, unless otherwise agreed in writing by the CEB.

Upon receipt of the Prepayment Notice, the CEB shall send a written notice to the Borrower (hereinafter, the **"Prepayment Confirmation"**), not later than five (5) Business Days prior to the Prepayment Date, indicating the accrued interest due thereon and the Prepayment Costs in accordance with Sub-clause 4.7 (b).

A Prepayment Confirmation matching all the elements included in the Prepayment Notice shall constitute an irrevocable and unconditional commitment on the part of the Borrower to prepay the relevant amounts to the CEB under the terms and conditions specified in the Prepayment Confirmation.

If the Borrower partially prepays a Tranche, the prepaid amount shall be applied pro rata to each outstanding principal repayment. In such an event, the Prepayment Confirmation shall accordingly include an adjusted repayment schedule which shall be binding on the Borrower.

(b) Prepayment Costs

The costs resulting from prepayment in accordance with Sub-clause 4.7 (a) (hereinafter, the **“Prepayment Costs”**) shall be determined by the CEB on the basis of the costs to it of redeploying the amount to be prepaid from the Prepayment Date to the Maturity Date, including any related costs, such as unwinding any underlying hedging arrangements. The costs of redeployment will be established on the basis of the difference between the original rate and the redeployment rate, which shall be determined by the CEB on the basis of market conditions on the date of the Prepayment Notice.

4.8 Interest Determination

The Borrower shall pay interest on the principal of each Tranche from time to time outstanding during each Interest Period at the Fixed Interest Rate/Floating Interest Rate specified in the applicable Disbursement Notice.

Interest shall (i) accrue from and including the first day of the Interest Period to but excluding the last day of such Interest Period; and (ii) be due and payable on the Interest Payment Dates specified in the applicable Disbursement Notice. Interest shall be calculated on the basis of the Day Count Convention specified in the relevant Disbursement Notice.

In the case of Floating Interest Rate Tranches, the CEB shall determine on each Interest Determination Date the interest rate applicable during the relevant Interest Period in accordance with the Agreement and promptly give notice thereof to the Borrower. Each determination by the CEB shall be final, conclusive and binding upon the Borrower unless shown by the Borrower to the satisfaction of the CEB that any such determination has involved manifest error.

4.9 Default Interest Rate

In the event that the Borrower fails to pay, in full or in part, any amount under the Agreement, and notwithstanding any other recourse available to the CEB under the Agreement or otherwise, the Borrower shall pay interest on such unpaid amounts from the due date until the date of receipt of such payment by the CEB at the interest rate *per annum* equal to the one-month EURIBOR quoted on the due date plus two hundred basis points (200 bps) (hereinafter, the **“Default Interest Rate”**).

The applicable Default Interest Rate shall be updated every thirty (30) calendar days.

4.10 Market Disruption Event

The CEB shall promptly, upon becoming aware of it, notify to the Borrower that a Market Disruption Event has occurred.

For the purposes of the Agreement, **“Market Disruption Event”** refers to the following circumstances:

- (a) The relevant financial news provider referred to under the EURIBOR definition does not quote any percentage rate or its corresponding screen rate page is not accessible.

Under such a Market Disruption Event, the applicable EURIBOR shall be the percentage rate *per annum* determined by the CEB to be the arithmetic mean of the rates at which loans in

Euro, in an amount identical or nearest comparable to the Loan amount in question and for a period identical or nearest comparable to the relative Interest Period, are offered on the Interest Determination Date by three (3) leading banks in the EU interbank market selected by the CEB. If at least two (2) quotations are provided, the applicable EURIBOR for that Interest Determination Date shall be the arithmetic mean of all quotations provided.

If only one (1) or no quotation is provided, the applicable EURIBOR shall be the percentage rate *per annum* determined by the CEB to be the arithmetic mean of the rates at which loans in Euro, in an amount identical or nearest comparable to the Loan amount in question and for a period identical or nearest comparable to the relative Interest Period, are offered on the second Business Day after the beginning of the relevant Interest Period by major banks in the EU interbank market selected by the CEB.

- (b) The CEB determines that it is not possible to determine the applicable Reference Rate in accordance with paragraph (a) above.

Under such a Market Disruption Event, the applicable Floating Interest Rate shall be replaced by the rate that expresses as a percentage rate *per annum* the cost to the CEB of funding the Loan from whatever source the CEB may reasonably select.

- (c) At any time between the delivery of a Disbursement Notice and the Disbursement Date the CEB reasonably determines that there are exceptional and unexpected circumstances of an economic, financial, political or other external nature adversely affecting the CEB's access to its sources of funding.

Under such a Market Disruption Event, the CEB shall be entitled to cancel at no cost the scheduled disbursement.

In the case of the Market Disruption Events set forth under paragraphs (a) and (b) above:

- (i) If the Borrower so requires, the Parties, acting in good faith, shall enter into negotiations for a period of not more than thirty (30) calendar days in order to agree on an alternative to the applicable EURIBOR. If no agreement is reached, the Borrower shall proceed with prepayment on the next Interest Payment Date in the terms provided under Sub-clause 4.7.
- (ii) The CEB shall have the right, acting in good faith and in consultation with the Borrower to the extent reasonably practicable, to change the duration of any subsequent Interest Period to thirty (30) calendar days or less by sending to the Borrower a notice thereof. Any such change to an Interest Period shall take effect on the date specified by the CEB in such notice.

If the CEB determines that the relevant Market Disruption Event no longer exists, then, subject to any further Market Disruption Event occurring or existing, the Floating Interest Rate and/or Interest Period applicable to any relevant Tranche shall revert, from the first day of the following Interest Period to being calculated in accordance with the Floating Interest Rate and Interest Period specified in the relevant Disbursement Notice.

4.11 Payments

All the amounts due by the Borrower under this Agreement are payable in the Currency of each Tranche to the CEB's account indicated in the applicable Disbursement Notice. Any payment under this Agreement shall be made on a Business Day subject to the Modified Following Business Day Convention. Any payment shall be deemed paid when the CEB has received the amount on its account.

The Borrower or the bank instructed by the Borrower, as the case may be, shall send a written payment notice to the CEB at least five (5) Business Days before payment of any amounts due under this Agreement.

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

If the CEB receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under this Agreement, the CEB shall apply that payment in or towards payment of:

- i. first, any fees, costs, charges or expenses due but unpaid under this Agreement;
- ii. secondly, any accrued interest due but unpaid under this Agreement,
- iii. thirdly, any principal due but unpaid under this Agreement; and
- iv. fourthly, any other sum due but unpaid under this Agreement.

5. PROJECT IMPLEMENTATION

The Borrower shall implement the Project in accordance with the Agreement.

Failure to comply with the undertakings set forth hereby under Clause 5 would constitute, irrespective of any other applicable provision of the Loan Regulations, an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to (i) the relevant Sub-project being declared ineligible for Allocation under the Project; and/or (ii) the early reimbursement, suspension or cancellation of the Loan, in whole or in part, under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

5.1 Duty of Care

The Borrower shall apply all care and diligence, and shall exercise all typically used means (including, but not limited to, legal, financial, managerial and technical) required for the proper implementation of the Project.

5.2 Allocation Period

The Borrower shall allocate each Tranche to the Project within twelve (12) months after the relevant Disbursement Date (hereinafter, the **"Allocation Period"**), unless otherwise agreed in writing by the CEB.

If a Tranche disbursed by the CEB is not allocated to the Project or is only partially allocated to it within the Allocation Period, the Borrower shall proceed with prepayment of the unallocated amounts on the next Interest Payment Date in the terms provided under Sub-clause 4.7.

5.3 Project Costs

The Tranches disbursed under the Loan shall not exceed fifty per cent (50%) of the total eligible costs of the Project specified under Appendix 1 hereto. If the Tranches disbursed under the Loan exceed the above 50% (by reduction of the total eligible costs or otherwise), the Borrower shall proceed with prepayment of the surplus on the next Interest Payment Date in the terms provided under Sub-clause 4.7.

Should the total eligible costs of the Project increase or be revised for whatever reason, the Borrower shall ensure that the additional financial resources for the completion of the Project are available without recourse to the CEB. The plans to finance the increased costs shall be communicated to the CEB without delay.

5.4 Project Specific Undertakings

The Borrower shall ensure that:

- (i) all the land, real property rights and permits required for the implementation of the Project are timely available;
- (ii) all assets and plants under the Project are permanently insured, maintained and operated in accordance with international best practices; and
- (iii) any other requirement specified in Appendix 1 (“Specific Conditions”) hereto is complied with.

5.5 Procurement

Procurement of supplies, works and services to be financed under the Project shall comply with the Procurement Guidelines.

5.6 Environmental and Social Safeguards

The Borrower shall implement the Project in conformity with the requirements set forth in the Environmental and Social Safeguards Policy. In particular, should any Sub-project require an Environmental Impact Assessment (EIA) or an Environmental and Social Impact Assessment (ESIA) in accordance with the Environmental and Social Safeguards Policy, the Borrower shall notify the CEB and ensure that the EIA/ESIA is undertaken in accordance with the requirements of the Environmental and Social Safeguards Policy. The Borrower shall ensure that the relevant EIA/ESIA documentation is made available for the CEB’s review upon request.

5.7 Human Rights

The Borrower shall ensure that the implementation of the Project does not give rise to a violation of (i) the European Convention on Human Rights; or (ii) the European Social Charter.

5.8 Integrity

The Borrower shall ensure that the implementation of the Project will not give rise to a violation of the applicable laws on fraud, corruption, money laundering, financing of terrorism or any other unlawful use of funds (hereinafter, the **“Prohibited Practices”**).

5.9 Visibility

The Borrower shall inform the Final Beneficiaries that the Project is partly financed by the CEB through appropriate means of communication such as dedicated notices in relevant websites, social media, press releases, brochures or the exhibit of billboards/plates on relevant Project sites/facilities. In any case, information to the Final Beneficiaries shall display in an appropriate way the CEB’s name and logo.

6. MONITORING

6.1 Reporting

(a) Progress Report

The Borrower shall send to the CEB a progress report (hereinafter, a **“Progress Report”**) (i) once a year, until the full Allocation of the disbursed Tranches; and (ii) prior to every Disbursement Request (except for the Disbursement Request for the first Tranche), whichever comes earlier.

Appendix 5 hereto provides a template specifying the minimum information required by the CEB. Alternative formats containing the same information may also be used.

In case any Sub-project to which the Tranche has been allocated does not comply with the eligibility criteria set forth under Appendix 1 hereto, the Borrower shall timely allocate the relevant amounts to other eligible Sub-projects or otherwise prepay the unallocated amounts to the CEB in accordance with Sub-clause 4.7.

(b) Completion Report

Upon completion of the Project, the Borrower shall submit a completion report (hereinafter, a **“Completion Report”**).

Appendix 5 hereto provides a template specifying the minimum information required by the CEB. Alternative formats containing the same information may also be used.

6.2 Visits

The Borrower undertakes to favourably receive any monitoring/technical/evaluation visits, including by facilitating access to relevant Sub-project sites, carried out by the CEB’s staff members or designated third parties.

6.3 Audit

Should the Borrower fail to comply with any of its undertakings under the Agreement, the Borrower undertakes to favourably receive any on-site audit, carried out by the CEB’s staff members or designated third parties, which shall be at the Borrower’s expense.

6.4 Project Information

The Borrower shall keep accounting records concerning the Project, which shall be in conformity with international standards, showing, at any point in time, the Project’s state of progress, and which shall record all operations made and identify the assets and services partially financed with the Loan.

The Borrower shall deliver to the CEB in a timely manner any information or document concerning the financing or the implementation (including in particular environmental/social and procurement issues) of the Project as the CEB may reasonably require.

The Borrower shall inform the CEB immediately of any event affecting the implementation of the Project, including but not limited to:

- (i) any action or protest initiated or any objection raised by any third party or any complaint received by the Borrower or any litigation that is commenced or threatened against it with

- regard to procurement or environmental/social or occupational or community health and safety (e.g., loss of life or serious injury or illness) or other matters in connection with the Project; or
- (ii) any enactment of or any amendment to any law, rule or regulation (or in the application or official interpretation of any law, rule or regulation) in connection with the Project.

Any event that may have a material adverse impact on the implementation of the Project would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

6.5 Borrower Information

The Borrower shall deliver to the CEB:

- i. at the end of the second quarter of each calendar year at the latest, a summary in English of the Borrower's executed annual budget statement and related documents for the preceding budget year, together with the related report from external auditors and a Certificate signed by an authorised representative of the Borrower or the Borrower's external auditors confirming the compliance by the Borrower with the Financial Ratios, including, if signed by the Borrower's authorised representative, the computations necessary to demonstrate the compliance thereof in form and substance satisfactory to the CEB;
- ii. the budget resolution for the next budget year, immediately after its adoption, but not later than 31 March of the relevant budget year;
- iii. any adopted long-term annual budget projections, including capital expenditures and investment plan for each of the following three (3) years, as well as all information on any modifications to these long-term annual budget projections; and
- iv. upon the CEB's request, a copy of the full version of the Borrower's annual report or any other information on its general financial situation as the CEB may reasonably require.

The Borrower shall inform the CEB of any Material Adverse Change immediately after becoming aware thereof. Any Material Adverse Change would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

6.6 Financial Covenants

(a) Cross-Default

The Borrower shall inform the CEB if any Cross-Default Event occurs. Any Cross-Default Event would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

For the purpose of this Agreement, "**Cross-Default Event**" means a situation in which, following any default in relation thereto, 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, repay or terminate ahead of maturity any Debt Instrument or any commitment in connection with any Debt Instrument is cancelled or suspended.

(b) Financial Ratios

The Borrower undertakes to comply at all times with the following financial ratios (hereinafter, the **“Financial Ratios”**):

- i. its Total Debt Obligations shall not, as at the end of any budget year, exceed sixty per cent (60%) of its Operating Income for the previous budget year; and
- ii. its amount of annual instalments of repayable funding sources, including the payment of interest, does not exceed twenty-five per cent (25%) of its Operating Income for the previous budget year,

where **“Total Debt Obligations”** and **“Operating Income”** have the meaning given to them in, and shall be computed in accordance with, the provisions of the Slovak Act n° 583/2004 dated 23 September 2004 on Budgetary Rules of Local Governments and on Changes and Amendments to Certain Laws as well as the Slovak Act n° 523/2004 dated 23 September 2004 on Budgetary Rules of the Public Administration and on Changes and Amendments to Certain Laws, in each case such as in force as of the Effective Date.

Any amendment as of the Effective Date to the provisions of the above Acts relating to the Financial Ratios shall be immediately notified to the CEB. The CEB may, at its own discretion, within forty-five (45) Business Days upon receipt of the Borrower’s notification:

- i. grant its consent to change in full or in part the Financial Ratios. If the CEB grants such consent, the Borrower shall accordingly execute an amendment to this Agreement in form and substance satisfactory to the CEB; or
- ii. refuse its consent to change the Financial Ratios, in which case the provisions hereof shall remain applicable.

To the extent that the applicable regulations impose financial ratios that differ or are more stringent than the ones set out in this Sub-clause 6.6(b), the Borrower shall in addition observe and comply with those other or more stringent requirements or ratios, except to the extent that any non-compliance therewith is waived in writing by the competent supervisor/authority.

The Borrower shall certify the compliance with the Financial Ratios by means of the Certificate, in the form included as Appendix 4 hereto, (i) before disbursement of each Tranche, as required under Sub-clause 4.5; and (ii) together with the annual budget, as required under Sub-clause 6.5.

Failure to comply with the above provisions would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

7. PARI PASSU

Failure to comply with the provisions set forth below under Clause 7 would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

7.1 Ranking

The Borrower shall ensure that its payment obligations under this Agreement rank, and will rank, not less than *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations under its Debt Instruments except for obligations mandatorily preferred by law.

7.2 Security

Should a Security be granted for the performance of any of the Borrower's Debt Instruments, the Borrower shall timely inform the CEB of its intentions and shall, if so required by the CEB, provide to the CEB, within the deadline set forth in the CEB's notice, identical or equivalent Security for the performance of its financial obligations under this Agreement.

This provision shall not apply to a Security:

- (a) created on property at the time of purchase solely as security for the payment of the purchase price or for the payment of debt incurred for the purpose of financing the purchase of such property; or
- (b) securing a Debt Instrument maturing not more than one (1) year after the date on which it was originally incurred.

7.3 Clause by Inclusion

Should any of the Borrower's Debt Instruments include a loss-of-rating covenant, a financial ratios covenant or *pari passu* provisions that are not included in the Agreement or that are stricter than any equivalent provision of this Agreement, the Borrower shall so inform the CEB and shall, at the request of the CEB by means of a written notice, execute within the deadline indicated in the CEB's notice, an amendment to this Agreement to provide an equivalent provision in favour of the CEB.

7.4 Prepayment to Third Parties

Should the Borrower voluntarily prepay (for the avoidance of doubt, prepayment shall include a repurchase where applicable) in whole or in part any Debt Instrument and such prepayment:

- (a) is not made within a revolving credit facility which remains open for drawing on the same terms after such prepayment; or
- (b) is not made out of the proceeds of another Debt Instrument having a term at least equal to the unexpired term of the prepaid Debt Instrument,

the Borrower shall inform the CEB. In such an event, and upon the CEB's request, the Borrower shall prepay to the CEB within two (2) months from any such prepayment the amounts disbursed under the Loan in accordance with Sub-clause 4.7 in such proportion as the prepaid amount bears to the corresponding Debt Instrument.

8. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that:

- (a) it carries out its business according to the laws, decrees, regulations, articles of association and other texts applicable to it; in particular, it complies with the applicable laws on fraud, corruption, money laundering and financing of terrorism;

- (b) it is not and none of its officers, directors, agents or employees is a Sanctioned Person or is the subject of a final and irrevocable court ruling in connection with Prohibited Practices perpetrated in the exercise of its professional duties and none of them did or does enter into business relationships with Sanctioned Persons;
- (c) its competent bodies have authorised it to enter into the Agreement and have given the signatory(ies) the authorisation therefor, in accordance with the laws, decrees, regulations, articles of association and other texts applicable to it;
- (d) the execution and delivery of, the performance of its obligations under and compliance with the provisions of this Agreement do not:
 - (i) contravene or conflict with any applicable law, statute, rule or regulation, or any judgment, decree or permit to which it is subject;
 - (ii) contravene or conflict with any Debt Instrument or any other agreement binding upon it which might reasonably be expected to give rise to a Material Adverse Change;
- (e) no event or circumstance is outstanding that constitutes a default under any Debt Instrument or any other agreement, which is binding on it or to which its assets are subject, which might reasonably be expected to give rise to a Material Adverse Change;
- (f) no Security has been granted to a third party in breach of Sub-clause 7.2;
- (g) no litigation, arbitration or administrative proceedings of or before any court, arbitral tribunal or agency which might reasonably be expected to give rise to a Material Adverse Change have (to the best of its knowledge and belief) been started or threatened against it; and
- (h) it has received a copy of the Loan Regulations, the Loan Policy, the Environmental and Social Safeguards Policy, the Procurement Guidelines and the Data Protection Regulation and has taken note thereof.

The above representations and warranties are deemed repeated on the date of signature of each Disbursement Request and on the date of each Certificate. Any change in relation to the above representations and warranties must, for the entire Loan period, be notified and any supporting documents provided to the CEB immediately after the Borrower having become aware of the change.

If any of the above representations and warranties is or proves to have been incorrect or misleading in any respect, this would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

9. THIRD PARTIES

The Borrower may not raise any fact relating, within the scope of the use of the Loan, to its relations with third parties in order to avoid fulfilling, either totally or partially, the obligations resulting from the Agreement.

The CEB may not be involved in disputes which might arise between the Borrower and third parties and the costs, whatever their nature, incurred by the CEB due to any claims, and in particular all legal or court costs, shall be at the expense of the Borrower.

10. NON-WAIVER

In no case, including delay or partial exercise, shall it be presumed that the CEB has tacitly waived any right granted to it by the Agreement.

11. TRANSFER

The Borrower may not transfer any of its rights and/or obligations under the Agreement without the prior written consent of the CEB.

The Borrower hereby gives its consent to any transfer by the CEB of all or part of its rights and/or obligations under the Agreement.

12. ILLEGALITY

If it is or becomes unlawful in any jurisdiction for the CEB to make, maintain or fund the Loan or perform any of its obligations under this Agreement, this would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

13. NO HARDSHIP

Each Party hereby acknowledges that any applicable provision pursuant to which a Party may request the other Party to renegotiate the Agreement or may cease to perform its obligations hereunder, in case of a change of circumstances unforeseeable at the time of the conclusion of the Agreement which makes performance excessively onerous for a Party who had not agreed to assume such risk, shall not apply to it with respect to its obligations under the Agreement and that it shall not be entitled to many any claim under such provision.

14. GOVERNING LAW

The Agreement shall be governed by the rules of the CEB as specified in the provisions of Article 1, paragraph 3, of the Third Protocol (dated 6 March 1959) to the General Agreement on Privileges and Immunities of the Council of Europe (dated 2 September 1949) and, secondarily, if necessary, by French law.

15. DISPUTES

Disputes between the Parties shall be subject to arbitration under the conditions laid down in chapter 4 of the Loan Regulations.

The Parties agree not to take advantage of any privilege, immunity or legislation before any jurisdictional or other authority, whether domestic or international, in order to object to the enforcement of an award handed down under the conditions laid down in chapter 4 of the Loan Regulations.

In any legal action arising from this Agreement, the CEB's certificate as to any amount due or interest rate applicable under the Agreement shall, in the absence of manifest error, be *prima facie* evidence of such amount or interest rate.

16. DATA PROTECTION

The processing of any personal data collected under the Agreement shall be carried out by the CEB in accordance with the Data Protection Regulation.

17. NOTICES

Any notice (including any document or communication) to be given or made under or in connection with this Agreement to the CEB or the Borrower shall be in writing and unless otherwise stated, may be made by registered letter, electronic mail or facsimile. Such notice shall be deemed to have been received by the other Party:

- (i) in the case of a hand-delivered or registered letter, on the date of delivery;
- (ii) in the case of electronic mail, only when actually received in readable form and only if it is addressed in such a manner as the other Party shall specify for this purpose;
- (iii) in the case of electronic mail, which contains a Disbursement Notice, sent by the CEB to the Borrower, when the electronic mail is sent; and
- (iv) in the case of a facsimile, on receipt of transmission.

Any notice provided by the Borrower to the CEB by electronic mail shall:

- (i) mention the LD reference in the subject line; and
- (ii) be in the form of a non-editable electronic image (pdf, tif or any other common non editable file format agreed between the Parties) of the notice signed by the person or persons duly authorised to sign such notice on behalf of the Borrower, attached to the electronic mail.

Without affecting the validity of notices by electronic mail or facsimile made in accordance with this Clause, the following notices shall also be sent by registered letter to the other Party at the latest on the immediately following Business Day:

- (i) Disbursement Requests;
- (ii) any communications in respect of the suspension, cancellation and/or early reimbursement of the Loan or in respect of a Prepayment Notice; and
- (iii) any other communication required by the CEB.

The Parties agree that any above notice (including via electronic mail) is an accepted form of communication, shall constitute admissible evidence in court and shall have the same evidential value as an agreement under hand.

The postal address, fax number and electronic mail address (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication to be given or made under or in connection with this Agreement is:

For the Borrower:

Trenčiansky samosprávny kraj
K dolnej stanici 7282/20A
911 01 Trenčín
Slovak Republic

Attention: Renáta Ozimová, Director of Finance Department

Fax: +421 32 655 59 09
Email: renata.ozimova@tsk.sk

For the CEB:

Council of Europe Development Bank
55 Avenue Kléber
75116 Paris
France

Attention: Head of Projects Division
Fax: +33 1 47 55 37 52
E-mail: projects@coebank.org

The CEB and the Borrower shall promptly notify the other Party in writing of any change in their respective communication details.

All notices to be given or made under or in connection with the Agreement shall be in English or French or, if in another language, shall be accompanied by an English or French certified translation thereof, when so required by the CEB.

All notices to be given or made by the Borrower under or in connection with this Agreement shall, where required by the CEB, be delivered to the CEB 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.

18. TAXES AND EXPENSES

The Borrower shall pay, to the extent applicable, all taxes, duties, fees and other impositions of whatsoever nature, including stamp duty and registration fees, arising out of the execution, registration, implementation, termination or enforcement of the Agreement and/or any related document as well as of the creation, perfection, registration, enforcement or release of any Security required under the Agreement.

The Borrower shall bear all charges and expenses (including legal, professional, banking or exchange costs) incurred in connection with (i) the preparation, execution, perfection, implementation, termination and enforcement of this Agreement and/or any related document; (ii) any amendment, supplement or waiver in respect of this Agreement and/or any related document; and (iii) the preparation, execution, perfection, management, enforcement and release of any Security required under the Agreement.

Notwithstanding the above, Article 4.7 (*Cost of arbitration*) of the Loan Regulations shall apply regarding the costs of the arbitration set forth under Clause 15.

19. DISCHARGE

After repayment of all outstanding principal under the Loan as well as payment of all interests and other expenses resulting from the Agreement, including in particular those amounts under Sub-clause 4.9 and Clause 18, the Borrower shall be fully released from its obligations arising out of or in connection with this Agreement.

Without prejudice of the above, the Borrower shall nevertheless undertake, for a period not exceeding six (6) years following the receipt of a Completion Report to the CEB's satisfaction, (i) to keep the Project-related documentation; and (ii) to favourably receive any evaluation visits, including by facilitating access to relevant Sub-project sites carried out by the CEB's staff members or designated third parties.

20. ENTRY INTO FORCE

The Agreement shall enter into force upon execution by the Parties.

IN WITNESS THEREOF the Parties have caused the Agreement to be executed in two (2) originals, each of which is equally valid. One (1) original is kept by each of the Parties.

For the Borrower

[Trenčín], on [•]

[INSERT NAME/TITLE]

Ing. Jaroslav Baška

President of the Trenčín Self-Governing Region

For the CEB

Paris, on [•]

[The Governor/Vice-Governor]

APPENDIX 1

Project Description

I.	LD	LD 2142 (2023)
	Borrower	Trenčín Self-governing Region (<i>Trenčiansky samosprávny kraj</i>)
	Loan Type	Public Sector Financing Facility (PFF)
	Loan Amount	EUR 30,000,000
	Approval by the CEB's Administrative Council	27 January 2023
II.	Sectors of action	<p>1. Urban, rural and regional development; 2. Health and social care; and 3. Education and vocational training.</p> <p><u>Components:</u></p> <p>(i) Education and Cultural Heritage (“ECH”)</p> <p>Investments are expected to cover construction or reconstruction of buildings, sanitary facilities, toilets, showers, walls and floors; purchase of equipment; change of layout of buildings; construction of wheelchair access; energy efficiency works; insulation of buildings; and extensions of buildings.</p> <p>Investments will provide higher quality education while also helping to reduce the future operational and maintenance costs of the concerned establishments. Furthermore, these investments will create better conditions to promote local, regional and international culture and preserve cultural heritage.</p> <p>(ii) Transportation Infrastructure (“TI”)</p> <p>Among the transportation infrastructure improvement and reconstruction, there is one larger Sub-project: demolition of an old bridge from 1945 which has been closed in 2018 and construction of a new bridge in the city of Ilava with the total costs of EUR 4.4 million.</p> <p>(iii) Social Services and Healthcare (“SSH”)</p> <p>Investments are expected to cover reconstruction of buildings, sanitary facilities, toilets, showers, walls and floors; purchase of equipment; change of layout of buildings; construction of wheelchair access; energy efficiency works; insulation of buildings; and, extensions of buildings with the aim to safeguard desired level of healthcare and social care services and to reduce the future operational and maintenance costs of the concerned establishments.</p>
	Planned Works/Sub-projects	The overall pipeline of Sub-projects considered by the Region can be categorised as follows:

	<ul style="list-style-type: none"> • Transportation infrastructure. • Healthcare infrastructure. • Educational and sports facilities. • Social facilities. • Cultural facilities. <p>If possible, the Borrower shall as a priority finance Sub-projects from grants under the European Structural and Investment Funds (ESIF) or the EU Recovery and Resilience Facility (RRF). Furthermore, the Borrower plans to use the Loan to finance the Borrower's budgetary contributions to these Sub-projects and additional costs not covered by the ESIF/RRF grants.</p> <p>The Project is expected to include, among others, two larger Sub-projects:</p> <ol style="list-style-type: none"> 1. Public regional hockey academy in Trenčín. This is a pilot project of the Borrower with the Slovak Ice Hockey Association for all other Slovak self-governing regions and supported by the Government of the Slovak Republic. The aim is to provide a comprehensive facility for youth by constructing a sport facility adjacent to the public secondary school specialised in sports. The Sub-project will significantly decrease the commuting times of the pupils between school and sport facilities and will allow to better combine sports with the education. The total costs of the Sub-project are expected to be EUR 15 million. 2. Demolition of an old bridge from 1945 which has been closed since 2018 and construction of a new bridge in the city of Ilava with the total costs of EUR 4.4 million. The absence of the bridge poses a risk and discomfort to part of the city's inhabitants because the only alternative road connection is through a railroad underpass which is regularly flooded. In case of flooding this part of the city is completely cut off without the possibility for ambulances or firefighters to enter.
Location	Trenčín Self-governing Region, Slovak Republic
Final Beneficiaries	Inhabitants of the Trenčín Self-governing Region and neighbouring regions
Project Total Cost	Expected EUR 90,000,000 with the minimum of EUR 60,000,000
Financing Plan	CEB Loan: EUR 30,000,000 Borrower's own funds: EUR 10,000,000 EU Funds (ESIF, RRF): EUR 50,000,000 (expected)
Schedule of Works/ Eligible Budgetary Years	The targeted investment initiatives are expected to be implemented over the period 2023-2026.
Closing Date	31 March 2027

<p>III. Eligibility Criteria</p>	<p>The Loan may be allocated to all investments which are eligible under the CEB's Sectors of action listed below.</p> <p>Investments eligible under the EU Recovery and Resilience Facility (RRF) and the European Structural and Investment Funds (ESIF) are considered as eligible for co-financing under this Loan as long as they are eligible under the CEB's Sectors of action listed below.</p> <p>In case of Sub-projects which are co-financed by ESIF or RRF, costs which cannot be financed by ESIF or RRF will be eligible for CEB financing if they meet CEB eligibility criteria</p> <ul style="list-style-type: none"> • "Urban, rural and regional development": <p>Projects aimed at improving living conditions in urban areas must concern urban areas lacking sufficient urban infrastructure and/or social and cultural amenities.</p> <p>Projects aimed at improving living conditions in rural areas must concern regions characterised by a low population density or a declining population or by activities in fields such as agriculture, forestry, aquaculture and fishing, infrastructure and service delivery defined by the national legislation.</p> <p>The CEB finances projects involving the construction or rehabilitation of infrastructure aimed at urban or rural modernisation. Projects can be carried out by public or private entities. Only those infrastructure investments included in the national, regional or municipal budget will be considered eligible, so long as they respond to the goals defined in the other points in this section and are aligned with climate goals and in line with environmental and social safeguards requirements, such as:</p> <ol style="list-style-type: none"> utilities, such as water mains, electricity and gas supplies, sewers, treatment of solid and liquid waste; local road network infrastructure and maintenance; local public transportation infrastructure, equipment and maintenance; public lighting; district heating; community services, educational and medical facilities; temporary shelters and social housing; socio-cultural or sports facilities, such as playgrounds, green spaces, exhibition sites, theatres and libraries; development of industrial estates;
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	<ul style="list-style-type: none"> x. irrigation networks in rural areas; xi. administrative buildings and public housing; xii. nature-based solutions and green infrastructure investment in both urban and rural areas, including sustainable urban drainage, development of parks/green areas, urban farming, improved water resources and land management practices; and xiii. irrigation projects involving the building of water-retaining dikes, dams and related infrastructure are eligible as long as the criteria detailed by the Environmental and Social Safeguards Policy are met. <ul style="list-style-type: none"> • “Health and social care”: <p>The CEB can finance projects concerning health, social care and related infrastructure or services, such as:</p> <ul style="list-style-type: none"> i. Construction and/or rehabilitation of: <ul style="list-style-type: none"> 1) public or private hospitals; 2) public or private medical service infrastructure; 3) specialised centres dedicated to assisting vulnerable and dependent populations; 4) nursing homes for the elderly and welfare centres, including housing for elderly people who are still independent; 5) health-related research and development facilities. ii. Supply and installation of medical or non-medical equipment and furniture. iii. Adaptation of such premises to facilitate access to persons with reduced mobility. iv. Acquisition of health management and related material and equipment; this may involve outright purchase, or the lease or other forms of longterm hire of such equipment. v. Home-based care and support services. vi. Health-related research and development programmes. vii. Training and support programmes in favour of persons with disabilities. viii. Training of medical and sociomedical specialised staff. <p>Within the framework of health projects, financing can be also granted for basic infrastructure, such as water supply and wastewater systems and facilities, solid waste collection and treatment facilities, including hazardous waste, as well as for electricity and gas supply systems, IT infrastructure and communication facilities (such as telephone, internet, cable etc.).</p>
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	<p>Private establishments and infrastructure must be state-approved, in compliance with the criteria fixed by the state for this type of establishment.</p> <ul style="list-style-type: none"> • “Education and vocational training” sector: <p>The CEB can finance education and vocational training projects, and related infrastructure, such as:</p> <ol style="list-style-type: none"> i. Construction and/or rehabilitation of early childhood education facilities, primary and secondary schools, secondary vocational technical colleges, vocational training centres, establishments of higher education or specialised learning and/or research and development centres. Eligible investments may include sports and socio-cultural centres/equipment as well as residence facilities pertaining to such establishments, learning materials, furniture and equipment. ii. Adaptation of such premises in order to facilitate accessibility for persons with reduced mobility. iii. Continuing training and lifelong learning programmes for social and education professionals. iv. Training programmes for the unemployed and disadvantaged groups of population; support for professional re-training programmes; natural or ecological disaster prevention/preparedness for members of the civil protection forces; in-service training programmes for magistrates, administrators, civil servants and government officials. v. Education-related research and development programmes. vi. Training programmes in favour of vulnerable groups. vii. Training of education and vocational training specialised staff. viii. Student loans programmes. <p>Private establishments must be state-approved with recognition of diplomas and degrees at national level.</p> <p>Education-related investments may also include basic infrastructure needed to ensure access to basic services for the education establishments and their beneficiaries, including water supply and wastewater, solid waste collection and treatment, electricity and gas, IT infrastructure and communications facilities (such as telephone, internet, cable, etc.).</p>
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	<ul style="list-style-type: none"> • Exclusion List <p>The following economic sectors and activities defined by the NACE nomenclature of the European Union shall be excluded from CEB financing:</p> <ul style="list-style-type: none"> i. Mining and quarrying (NACE B), except division 8 Other mining and quarrying (8.1 Quarrying of stone, sand and clay; 08.91 Mining of chemical and fertiliser minerals and 08.92 Extraction of peat; 08.93 Extraction of salt); ii. Distilling, rectifying and blending of spirits (NACE C11.01); iii. Manufacture of tobacco products (NACE C12); iv. Manufacture of coke and refined petroleum products (NACE C19); v. Processing of nuclear fuel (NACE C24.46); vi. Manufacture of weapons and ammunition (NACE C25.4); vii. Manufacture of military fighting vehicles (NACE C30.4); viii. Financial and insurance activities (NACE K64-66); ix. Real Estate Activities (NACE L68); x. Gambling and betting activities (NACE R92); xi. Activities of membership organisations (NACE S94); and xii. Activities of extraterritorial organisations and bodies (NACE U99). <p>Investment projects linked to pornography and to products regarded by the CEB's member states regulations as harmful to the health and the environment shall also be excluded.</p>
Eligible Costs	<p>The investment costs eligible for CEB financing include:</p> <ul style="list-style-type: none"> i. The preparatory surveys or studies (technical, economic or commercial, engineering, environmental and social impact assessment and management plans), the technical supervision of the Project and other Project-related professional services. These costs should not exceed 5% of the total costs of the Project, unless justified. ii. The acquisition or preparation of land that the Borrower can demonstrate is directly linked to the Project's implementation, at its purchase price, unless it has been donated or granted. iii. Construction/renovation/modernisation or purchase of buildings directly linked to the Project. Purchases of buildings shall correspond to eligible sectors of activity defined in the NACE nomenclature of the European Union (see above).

	<ul style="list-style-type: none"> iv. The installation of basic infrastructure, such as sewerage, water supply, gas supply, electricity and telecommunications networks, waste disposal and waste water treatment, roads, etc. v. The maintenance of the viability and sustainability of the public services. vi. The purchase of materials, equipment and machinery, including IT equipment and software, as well as the related costs linked to the training of staff. vii. Technical assistance. viii. Contingencies for unanticipated costs (technical and/or price increases) can be financed by CEB. These represent financial coverage of unforeseen changes in the quantity of work required, or of unit prices, in the type and quantity of equipment to be purchased or in the method of carrying out the Project. Depending on the sector of activity and the Components, these contingencies may represent up to 10% of the total costs of the Project. ix. Costs related to professional/vocational training and public awareness-raising campaigns may be eligible for CEB financing taking into account their objectives within the framework of the Project. x. CEB loans cannot cover staff costs (wages/salaries and other related benefits such as pension payments), financial charges and non-cash elements, such as depreciation. Such costs may however be considered eligible when they relate to project management or technical assistance required for project preparation and implementation. xi. Financial costs (payment and/or refinancing of debts, interest charges, acquisition of interest in the capital of an enterprise, etc.) or financial investments cannot be included in the estimated cost of the Project and cannot be financed by the CEB. xii. Non-deductible and non-refundable VAT and other tax-related costs non-deductible and non-refundable can be considered as eligible costs. <p>Eligible Costs also include on-going investment and maintenance costs, provided that they fall under one of the above categories.</p> <p>Investment expenditures in the form of transfers to contributory or budgetary organisations providing public service will be considered as eligible.</p>
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	Costs for the preparation of Sub-projects, including relevant design, architectural and planning documentation, are considered as eligible but these costs cannot constitute more than 15% of the total costs of the Project.
Specific Conditions	n/a

IV. Social impact	<p>The social effects under the TI Component will stem from improved quality, reliability, safety, comfort and accessibility of transportation infrastructure.</p> <p>The ECH and SSH Components will support reconstruction and refurbishment of education, healthcare and social care infrastructure. ESIF subsidies in Slovakia do not target healthcare infrastructure and therefore these investments could not be realized in the desired magnitude without the Loan. Additionally, selected healthcare and education investments will support three of the nine districts of the Borrower, which are supported also under the EU Just Transition Mechanism.</p> <p>The Loan will help to improve conditions in social and healthcare establishments for physically or mentally disabled people and people suffering from advanced stages of Parkinson or Alzheimer disease or schizophrenia.</p> <p>The PFF will play an active role in reducing the gap between the quality of services ranging from social services to transportation infrastructure in Trenčín Self-governing Region and that of the Bratislava region or regions of the more developed economies of the EU.</p> <p>Overall, the PFF will contribute to promote social and economic inclusion.</p>
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APPENDIX 2

Form of Legal Opinion (Framework Loan Agreement)

[INSERT LETTERHEAD]

Council of Europe Development Bank
55, avenue Kléber
75116 Paris (France)

Attn: Projects Department
Cc: Office of the General Counsel

[INSERT DATE]

Re: **Framework Loan Agreement between the Council of Europe Development Bank and Trenčín Self-governing Region (Trenčiansky samosprávny kraj) (Ref: LD 2142 (2023))**

Dear Sir or Madam,

I/We have acted as legal advisor/s as to matters of Slovak law to Trenčín Self-governing Region (*Trenčiansky samosprávny kraj*) (the “**Borrower**”) in relation to the Framework Loan Agreement between the Council of Europe Development Bank (the “**CEB**”) and the Borrower dated [●] and effective as of [●] (the “**Agreement**”) and issue this opinion pursuant to Sub-clause 4.5(a)(i) of the Agreement.

For the purposes of this opinion, I/we have examined a copy of the Agreement and such other documents, acts or treaties as I/we have considered necessary or desirable to examine in order to issue this opinion. In particular, for the purposes of identifying the duly empowered representatives of the Borrower, I/we have examined:

[PLEASE INSERT LIST OF DOCUMENTS]

Terms defined in the Agreement shall have the same meaning herein, unless otherwise specified.

Based on the foregoing, I am/we are of the opinion that:

1. **Status.** The Borrower is a self-governing region (*samosprávny kraj*) of the Slovak Republic, validly existing under the laws of the Slovak Republic, having its seat at [●], Slovak Republic, and registered with [INSERT THE NAME OF REGISTER] under registration number (IČO) [36126624].
2. **Capacity, power and authority.** The Borrower has the legal capacity, power and authority to enter into the Agreement and perform its obligations thereunder.
3. **Internal authorisations.** All action required from the Borrower for the execution, delivery and performance of the Agreement, including any required authorisation from its competent bodies, has been duly and effectively taken. In particular, no further action is required from the Borrower, apart from execution by a duly empowered representative of the Borrower, in order to issue a Disbursement Request under the Agreement.
4. **Constitutive documents.** The execution by the Borrower of the Agreement does not, and the performance by the Borrower of the obligations to be assumed by it thereunder will not,

violate or conflict with any laws of the Slovak Republic or any provision of the constitutive documents of the Borrower.

5. **No insolvency.** Pursuant to the law of the Slovak Republic, the Borrower cannot be subject to insolvency proceedings.
6. **Due execution and validity.** The Agreement was duly executed by [INSERT NAME OF THE SIGNATORY/IES] as duly empowered representative(s) of the Borrower and gives rise to legally valid, binding and enforceable undertakings for the Borrower.
7. **External authorisations, public consents and filings.** No authorisations, consents, licences, exemptions, filings, notarisations or registrations are required in the Slovak Republic in connection with the execution, delivery or performance of the Agreement in order to give rise to legally valid, binding and enforceable undertakings for the Borrower and for the Agreement to be admissible in evidence in the Slovak Republic.
8. **Tax/Stamp duties.** The execution of the Agreement is not subject to any tax or stamp duties in the Slovak Republic.
9. **Choice of law.** The submission by the Borrower to the rules of the CEB as specified in the provisions of Article 1, paragraph 3, of the Third Protocol (dated 6 March 1959) to the General Agreement on Privileges and Immunities of the Council of Europe (dated 2 September 1949) and secondarily to the laws of France is legally valid and binding on the Borrower under the laws of the Slovak Republic.
10. **Arbitration.** The submission by the Borrower to the Arbitral Tribunal set forth under Chapter 4 of the CEB's Loan Regulations with respect to any dispute arising out of the Agreement is legally valid and binding on the Borrower. Any award of such Arbitral Tribunal is enforceable in the Slovak Republic in accordance with the terms of Article 3 of the Third Protocol (dated 6 March 1959) to the General Agreement on Privileges and Immunities of the Council of Europe (dated 2 September 1949).

Yours faithfully,

[●]

[INSERT NAME(S)/TITLE(S)]

APPENDIX 3

DISBURSEMENT REQUEST (TEMPLATE)

LD [●] – [●] Tranche

With reference to the Framework Loan Agreement dated [●] (hereinafter, the “**Agreement**”) between the Council of Europe Development Bank (hereinafter, the “**CEB**”) and [BORROWER] (hereinafter, the “**Borrower**”), the Borrower hereby requests the CEB, in accordance with Sub-clause 4.3(a) of the Agreement, to proceed with the disbursement of a Tranche under the specific terms and conditions set out below.

Terms defined in the Agreement shall have the same meaning herein, unless otherwise specified.

Currency/Amount	[●]		
Disbursement Date	[●]		
Principal Repayment Period	[●] years [including a grace period of [●] years]		
Principal Repayment Date(s)	[●]		
Maturity Date	[●]		
Interest Rate	Fixed	Maximum [●] <i>per annum</i>	
	Floating	Reference Rate:	[[●]-month EURIBOR/INSERT ANY OTHER REFERENCE RATE] <i>per annum</i>
		Spread	Maximum [●] basis points
Interest Period	[Quarterly] [Semi-annually] in arrears		
Interest Payment Dates	The interest payment will take place on [●] every year and for the first time on [●]		
Day Count Convention	Modified Following Business Day Convention		
Business Day	[●]		
Borrower's Account	Beneficiary's Name	[●]	
	Beneficiary's Bank	Name	[●]
		City	[●]
		SWIFT	[●]
		IBAN	[●]
		Reference	[●]
	Correspondent Bank (if applicable)	Name	[●]
		City	[●]
		SWIFT	[●]
		IBAN	[●]

[●], on [●].

For the Borrower
[INSERT NAME(S)/TITLE(S)]

DISBURSEMENT NOTICE (TEMPLATE)

LD [●] – [●] Tranche

In response to your Disbursement Request dated [●] with reference to the Framework Loan Agreement dated [●] (hereinafter, the “**Agreement**”) between the Council of Europe Development Bank (hereinafter, the “**CEB**”) and [BORROWER] (hereinafter, the “**Borrower**”), the CEB hereby notifies to the Borrower, in accordance with Sub-clause 4.3(b) of the Agreement, the terms and conditions of the disbursement of the relevant Tranche.

Terms defined in the Agreement shall have the same meaning herein, unless otherwise specified.

Currency/Amount	[●]		
Disbursement Date	[●]		
Principal Repayment Period	[●] years [including a grace period of [●] years]		
Principal Repayment Date(s)	[●]		
Maturity Date	[●]		
Interest Rate	Fixed	[●] <i>per annum</i>	
	Floating	Reference Rate:	[[●]-month EURIBOR/INSERT ANY OTHER REFERENCE RATE] <i>per annum</i>
		Spread	[●] basis points
Interest Period	[Quarterly] [Semi-annually] in arrears		
Interest Payment Dates	The interest payment will take place on [●] every year and for the first time on [●]		
Day Count Convention	Modified Following Business Day Convention		
Business Day	[●]		
Borrower's Account	Beneficiary's Name	[●]	
	Beneficiary's Bank	Name	[●]
		City	[●]
		SWIFT	[●]
		IBAN	[●]
		Reference	[●]
	Correspondent Bank (if applicable)	Name	[●]
		City	[●]
		SWIFT	[●]
		IBAN	[●]
CEB's account	Beneficiary's Name	Council of Europe Development Bank	
	Beneficiary's SWIFT	CEFPFRPP	
	Beneficiary's Bank	Name	Deutsche Bank
		City	Frankfurt (Germany)
		SWIFT	DEUTDEFF
		IBAN	DE44 5007 0010 0928 7384 00

Paris, on [●]

For the CEB
[INSERT NAME(S)/TITLE(S)]

APPENDIX 4

Form of Certificate

[INSERT LETTERHEAD]

To: Council of Europe Development Bank

From: Trenčín Self-governing Region

Date: [NOT EARLIER THAN FIFTEEN (15) BUSINESS DAYS BEFORE THE DISBURSEMENT REQUEST]

Subject: Framework Loan Agreement between Council of Europe Development Bank and Trenčín Self-governing Region dated [●] (the “**Agreement**”).

Dear Sir or Madam,

Terms defined in the Agreement have the same meaning when used in this Certificate. For the purposes of Sub-clause 4.5 and/or Sub-clause 6.5 of the Agreement, we hereby certify to you as follows:

- (a) No Material Adverse Change has occurred, as compared with the situation at the date of signature of the Agreement;
- (b) No Cross-Default Event has occurred;
- (c) No breach of the Financial Ratios has occurred; [PLEASE ENCLOSE SUPPORTING DOCUMENTATION]
- (d) None of the Borrower’s Debt Instruments includes loss-of-rating covenants, financial ratios or *pari passu* provisions that are stricter than any equivalent provision of the Agreement;
- (e) The representations and warranties to be made or repeated by us under Clause 8 of the Agreement are true in all respects; in particular, no Security has been granted to a third party in breach of Sub-clause 7.2 of the Agreement; and
- (f) No event or circumstance which could give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations has occurred or may reasonably be expected to/is likely to occur.

For TRENČÍN SELF-GOVERNING REGION

[INSERT NAME(S)/TITLE(S)]

APPENDIX 5

Progress Report/Completion Report

TABLE 1: Progress / Completion Report (Template)																					
PROJECT: LD Z142 - Improving living conditions and regional public infrastructure of Trenčín region																					
Borrower: Trenčín Self-governing Region																					
Country: Slovak Republic																					
CEB Sectors of action: Improving Living Conditions in Urban and Rural Areas, Health and Social Care, Education and Vocational Training																					
Date of Progress/Completion Report: DD/MM/YYYY																					
Project Description					Costs and Financing										Progress						
No.	Name of the sub-project	Brief description of the investment	CEB sector ^[1]	Sub-project location*	Estimated sub-project implementation schedule		Project subject to EIA (Y for Yes N for No)	Energy Efficiency Improvement works implemented (Y for Yes N for No)	Total planned costs of investment	Contracted Year 2023	Contracted Year 2024	Contracted Year 2025	Contracted Year 2026	Expenditure Year 2023	Expenditure Year 2024	Expenditure Year 2025	Expenditure Year 2026	TOTAL EXPENDITURE	Progress (Expenditure / Contracted)		
					Start (MM/YYYY)	End (MM/YYYY)															
COMPONENT 1: Transportation Infrastructure																					
a	Local road reconstructed		ILC																		
b	Local road reconstructed		ILC																		
c	Bridge Reconstructed		ILC																		
COMPONENT 2: Education and Cultural Heritage																					
a	Educational facility constructed/reconstructed		EVT																		
b	Educational facility constructed/reconstructed		EVT																		
c	Sport facility constructed/reconstructed		ILC																		
COMPONENT 3: Social services and Healthcare																					
a	Health care service reconstructed and equipped		HSC																		
b	Health care service reconstructed and equipped		HSC																		
TOTAL																					
									(At project approval)											%	
									30 000 000											Amount financed by CEB (max 50% of total spent):	
									30 000 000											Amount financed by the Borrower and/or other sources:	
									60 000 000											TOTAL	
									60 000 000												
									30 000 000												
									30 000 000												
									60 000 000												

[1] Acronyms: **ILC** for 'Improving living conditions in urban and rural areas, **HSC** for 'Health and social care' and **EVT** for 'Education and vocational training'

TABLE 2: Indicators (Template)

PROJECT: LD 2142 (2022) - Improving living conditions and regional public infrastructure of Trenčín region

Borrower: Trenčín Self-governing Region

Country: Slovak Republic

Values updated as of: DD/MM/YYYY

COMPONENT 1: Transportation Infrastructure				
Indicators	Unit	Baseline* (if applicable)	Project Target*	Output values at project completion**
Number of local roads reconstructed and safety increased	number			
Length of the roads reconstructed	KM			
Number of new bridges constructed	number			
Population served	number			
Others (please specify)				
COMPONENT 2: Education and Cultural Heritage				
Indicators	Unit	Baseline* (if applicable)	Project Target*	Output values at project completion**
Number of educational facilities constructed	number			
Number of educational facilities reconstructed	number			
Number of pupils with access to improved facilities	number			
Number of sports leisure spaces and playgrounds created and/or refurbished	number			
Total area of sports leisure spaces and playgrounds created and/or refurbished	number			
Number of users benefiting from improved sports and leisure spaces	number			
Others (please specify)				
COMPONENT 2: Social services and Healthcare				
Indicators	Unit	Baseline* (if applicable)	Project Target*	Output values at project completion**
Number of Health Care services improved through reconstruction and equipment	number			
Total capacity of the services improved (patient numbers)	number			
Others (please specify)				

* Values to be provided to CEB before the first loan disbursement

** Output values to be provided to CEB at project completion, together with the final Table 1 (Completion Report)