



Republika e Kosovës
Republika Kosovo - Republic of Kosovo
Kuvendi - Skupština - Assembly

Law No. 04/L-266

**ON RATIFICATION OF GUARANTEE AGREEMENT FOR THE
CREDIT LINE TO THE DEPOSIT INSURANCE FUND OF KOSOVO
BETWEEN THE REPUBLIC OF KOSOVO AND THE EUROPEAN
BANK FOR RECONSTRUCTION AND DEVELOPMENT**

The Assembly of the Republic of Kosovo,

Based on Articles 18 and 65 (1) of the Constitution of the Republic of Kosovo

Approves

**LAW ON RATIFICATION OF GUARANTEE AGREEMENT FOR THE
CREDIT LINE TO THE DEPOSIT INSURANCE FUND OF KOSOVO
BETWEEN THE REPUBLIC OF KOSOVO AND THE EUROPEAN
BANK FOR RECONSTRUCTION AND DEVELOPMENT**

Article 1
The purpose of the law

1. This law aims at ratifying the Guarantee Agreement for the Credit Line to Deposit Insurance Fund of Kosovo between the Republic of Kosovo and the European Bank for Reconstruction and Development.
2. Through this law, the State Guarantee Agreement is ratified to guaranteeing the credit line from the European Bank for Reconstruction and Development in the amount of ten million (10.000.000) Euro where the purpose of the Credit Line is to gradually increasing the amount of guaranteed deposits from two thousand (2.000) to three thousand (3.000) Euros and providing access to funds in the event of any bank failure.

Article 2
Ratification of Agreement

Guarantee Agreement is ratified for the Credit Line to the Insurance Deposit Fund of Kosovo between the Republic of Kosovo and the European Bank for Reconstruction and Development, signed on December 19, 2013 in Pristina.

Article 3
Documents attached

1. In Annex 1 of this law is attached the Guarantee Agreement for the Credit Line to Deposit Insurance Fund in Kosovo between the Republic of Kosovo and the European Bank for Reconstruction and Development, signed on December 19, 2013, in Pristina.

2. In Annex 2 of this law is attached the Loan Agreement - Credit Line for Deposit Insurance Fund of Kosovo, signed between the Deposit Insurance Fund of Kosovo and the European Bank for Reconstruction and Development on December 19, 2013, in Pristina.

Article 4
Entry into Force


This Law shall enter into force fifteen (15) days after its publication in the Official Gazette of the Republic of Kosovo.

Law No. 04/L-266
10 April 2014

President of the Assembly of the Republic of Kosovo

Jakup KRASNIQI

(Operation Number 45446)
Execution Version

			
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Njësia Org. Org. Jedin. Org. Unit:	01	Kr. Prot. Sr. Prot. Prot. No:	2630
Nr. i faqeve Broj stranica No. pages:	2	Data Datum Date:	19.12.2013
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GUARANTEE AGREEMENT

**FOR THE CREDIT LINE TO THE DEPOSIT INSURANCE FUND OF
KOSOVO**

between

THE REPUBLIC OF KOSOVO
(Represented by the Minister of Finance)

and

**THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

Dated DECEMBER 19th 2013

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GUARANTEE AGREEMENT

GUARANTEE AGREEMENT dated DECEMBER 19, 2013 between THE REPUBLIC OF KOSOVO (the "Guarantor") and THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (the "Bank") (the "Guarantee Agreement").

PREAMBLE

WHEREAS, the Guarantor and the Deposit Insurance Fund of Kosovo have requested assistance from the Bank in the financing of part of the Project;

WHEREAS, pursuant to a loan agreement dated the date hereof between the Deposit Insurance Fund of Kosovo as Borrower and the Bank (the "Loan Agreement" as defined in the Standard Terms and Conditions), the Bank has agreed to make a credit line to the Borrower in the amount of EURO 10 million, subject to the terms and conditions set forth or referred to in the Loan Agreement, but only on the condition that the Guarantor guarantees the obligations of the Borrower under the Loan Agreement as provided in this Agreement; and

WHEREAS, the Guarantor, in consideration of the Bank entering into the Loan Agreement with the Borrower, has agreed to guarantee such obligations of the Borrower.

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I - STANDARD TERMS AND CONDITIONS; DEFINITIONS

Section 1.01. Incorporation of Standard Terms and Conditions

All of the provisions of the Bank's Standard Terms and Conditions dated 1 December 2012 are hereby incorporated into and made applicable to this Agreement with the same force and effect as if they were fully set forth herein (such provisions are hereinafter called the "Standard Terms and Conditions").

Section 1.02. Definitions

Wherever used in this Agreement (including the Preamble), unless stated otherwise or the context otherwise requires, the terms defined in the Preamble have the respective meanings given to them therein, the terms defined in the Standard Terms and Conditions and the Loan Agreement have the respective meanings given to them therein and the following term has the following meaning:

"Guarantor's Authorised Representative" means the Minister of Finance of the Guarantor.

Section 1.03. Interpretation

In this Agreement, a reference to a specified Article or Section shall, except where stated otherwise in this Agreement, be construed as a reference to that specified Article or Section of this Agreement.

ARTICLE II – GUARANTEE AND PROCEDURE

Section 2.01. Guarantee

The Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of any and all sums due under the Loan Agreement, whether at stated maturity, by acceleration or otherwise, and the punctual performance of all other obligations of the Borrower, all as set forth in the Loan Agreement.

Section 2.02. Procedure

- (a) The Guarantor hereby confirms that it has knowledge of the terms and conditions of the Loan Agreement.
- (b) The Bank agrees that any payment demand of the Guarantor pursuant to this Agreement shall be made in writing, and such payment demand shall specify the amount outstanding under the Loan Agreement and to be paid by the Guarantor, the date by which such amount is to be paid by the Guarantor, which shall be a date not less than three Business Days from the date of the notice of demand.

ARTICLE III - MISCELLANEOUS

Section 3.01. Notices

The following addresses are specified for purposes of Section 10.01 of the Standard Terms and Conditions:

For the Guarantor:

Republic of Kosovo
Ministry of Finance
Mother Tereza st, nn
Government Building
Prishtina, Kosova

Attention: Minister of Finance

Fax: +381 38 21 31 13

For the Bank:

European Bank for Reconstruction and Development
One Exchange Square
London EC2A 2JN
United Kingdom

Attention: Operation Administration Unit

Fax: +44-20-7338-6100

Section 3.02. Legal Opinion

For purposes of Section 9.03(b) of the Standard Terms and Conditions and in accordance with the terms of the Loan Agreement, the opinion or opinions of counsel shall be given on behalf of the Guarantor by the Minister of Justice. The form of such opinion is attached to this Agreement.

IN WITNESS WHEREOF the parties hereto, acting through their duly authorised representatives, have caused this Agreement to be signed in four copies and delivered at Pristina, Kosovo as of the day and year first above written.

THE REPUBLIC OF KOSOVO

By:

Name:

BESIM BEQAJ

Title:

MINISTER OF FINANCE



**EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

By:

Name:

CLAUDIO VIEZZOLI

Title:

DIRECTOR FOR WESTERN BALKANS

ATTACHMENT
FORM OF LEGAL OPINION OF THE GUARANTOR

[Official letterhead of the Ministry of Justice of The Republic of Kosovo]
TO BE CONFIRMED BY MINISTRY

European Bank for
Reconstruction and Development
One Exchange Square
London EC2A 2JN
England

[Date]

Ladies and Gentlemen,

Re: Legal Opinion on (i) the Loan Agreement between the Deposit Insurance Fund of Kosovo and the European Bank for Reconstruction and Development, (ii) the Guarantee Agreement No. both dated []; (Operation No. 44842).

On [] 2013 the Deposit Insurance Fund of Kosovo (the "**Borrower**") and the European Bank for Reconstruction and Development (the "**Bank**") concluded a loan agreement (the "**Loan Agreement**") and the Republic of Kosovo (the "**State**") and the Bank entered into a guarantee agreement whereby the State guaranteed the obligations of the Borrower in favour of the Bank (the "**Guarantee**").

In this Opinion, words and expression defined in the Loan Agreement shall have the same meanings herein.

In my capacity as Minister of Justice of the Republic of Kosovo, I have inspected the signed copy of each of the Loan Agreement and the Guarantee and all other relevant documentation and examined the Constitution of Kosovo together with such laws, statutes, documents and other matters, and have made such other enquiries as I consider necessary or appropriate for the purpose of giving this opinion. Based upon the foregoing, I am of the opinion and state, respectively, that:

- (a) [According to Article [] of the Constitution of the Guarantor, the Presidency is responsible (with the consent of the Parliamentary Assembly) for the negotiation and ratification of treaties; Article 3 of the Law on Procedures for Conclusion of International Agreements (Kosovo Official Gazette No. []) envisages that the Kosovo Presidency may authorise Kosovo Council of Ministers and other responsible bodies of Kosovo to conclude a certain international agreement. Based upon Articles [] of the mentioned Law the Kosovo Council of Ministers is empowered

to conclude and execute, through responsible institutions, the Guarantee and take all actions necessary to undertake and implement the obligations contained therein.] or

[By [*Insert reference to the Government's authorisation (or that of such other person or body) given to the Guarantor's representative to negotiate and sign the Guarantee on behalf of the Republic of Kosovo*], the Presidency [*or any such other authorised person or body*] authorised [], Minister of [], to conclude and execute the Guarantee on behalf of the State. The authority granted to [], to take such actions, on behalf of the State, continued to be in full force and effect at the time of signing of the mentioned agreements.

- (b) In accordance with the provisions of Articles [] of the Constitution of the State, the negotiation and ratification of treaties is subject to the consent of the Government of Kosovo.
- (c) In accordance with the provisions of Articles [] and Article [] of the Constitution of the State, the negotiation, execution, delivery and implementation of the Loan Agreement and the entering into of Guarantee were consented to by the Government of Kosovo pursuant to [*Cite the law passed or regulation which consented to the ratification of the Loan Agreement*].
- (d) In accordance with the provisions of Articles [] of the Constitution of the State, the negotiation and ratification of treaties is subject to the consent of the Parliamentary Assembly of the State.
- (e) In accordance with the provisions of Articles [] and Article [] of the Constitution of the State, the negotiation, execution, delivery and implementation of the Loan Agreement and the entering into of Guarantee were consented to by the Parliament of Kosovo pursuant to [*Cite the law passed by Parliament which consented to the ratification of the Loan Agreement*].
- (f) In accordance with the provisions of Articles [] of the Constitution of the Guarantor, the Loan Agreement and the Guarantee Agreement were ratified by the Presidency on [*insert date*], as evidenced by [*insert title of the ratification instrument*].
- (g) In accordance with the provisions of the Law of Kosovo on Procedures for Conclusion and Execution of International Agreements (Official Gazette of Kosovo No. []) the requirement relating to the publication of notice of the execution, delivery, ratification and performance of, or in any other respect, the Loan Agreement and the Guarantee has been completed and is satisfied.
- (h) In accordance with the provisions of the Law on Public Debt of Kosovo (Official Gazette No. []), the requirements relating to execution, delivery and performance of the Guarantee have been completed and is satisfied.


- (i) All acts, conditions and authorisations which need to be executed, fulfilled and performed in order to enable Kosovo, as the Guarantor and the Deposit Insurance Fund of Kosovo, as the Borrower to lawfully enter into, exercise its rights under, and perform the obligations set forth in, the Guarantee and Loan Agreement, respectively, have been fulfilled and performed in strict compliance with the Constitution and laws of Kosovo.
- (j) The obligations of each of the State as Guarantor the Deposit Insurance Fund as Borrower as set forth in the Guarantee and Loan Agreement, respectively, constitute legal, valid and binding obligations of the Guarantor and Borrower and are enforceable in accordance with their respective terms.
- (k) The obligations of the State as set forth in the Guarantee constitute international obligations of the State and have been approved in accordance with the provisions of the Constitution of the State relating to international agreements.
- (l) The debt represented by the Guarantee has been reported to the relevant international financial institutions and has been accounted for in the budget of the State.

Finally, please note that the State has enacted a law extending to the Bank certain privileges, immunities and exemptions as Kosovo is a member of the European Bank for Reconstruction and Development.

Yours faithfully,

Minister of Justice
The Republic of Kosovo

(Operation Number 44842)
Execution Version

			
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Nr. i Org. Org. Jedin. Org. Unit	01	Nr. Prot. Br. Prot. Prot. No:	2633
Nr. i faqesve Eroj shtabica No. pages:	07	Data Datum Date:	19, 12, 2013
Hyrësa	PRISHTINE/A		

LOAN AGREEMENT

CREDIT LINE TO THE DEPOSIT INSURANCE FUND OF KOSOVO

between

DEPOSIT INSURANCE FUND OF KOSOVO and

EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT

Dated DECEMBER 19, 2013

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LOAN AGREEMENT

AGREEMENT dated DECEMBER 19³ 2013 between DEPOSIT INSURANCE FUND OF KOSOVO (the "Borrower") and EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (the "Bank").

PREAMBLE

WHEREAS, the Bank has been established to provide financing for specific projects to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiative in the Central and Eastern European countries committed to and applying the principles of multiparty democracy, pluralism and market economics;

WHEREAS, the Borrower intends to implement the Project as described in Schedule 1 which is designed to assist the Borrower in providing it with emergency liquidity in the event that the Borrower is required to compensate insured depositors or pay out in respect of insured deposits;

WHEREAS, the Republic of Kosovo and the Borrower have requested assistance from the Bank in financing part of the Project;

WHEREAS, pursuant to a guarantee agreement dated the date hereof between the Republic of Kosovo as Guarantor and the Bank (the "Guarantee Agreement" as defined in the Standard Terms and Conditions), the Guarantor has guaranteed the obligations of the Borrower under this Agreement; and

WHEREAS, the Bank has agreed on the basis of, *inter alia*, the foregoing to make a loan to the Borrower in the amount of EUR 10,000,000, subject to the terms and conditions set forth or referred to in this Agreement.

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I - STANDARD TERMS AND CONDITIONS; DEFINITIONS

Section 1.01. Incorporation of Standard Terms and Conditions

All of the provisions of the Bank's Standard Terms and Conditions dated 1 December 2012 are hereby incorporated into and made applicable to this Agreement with the same force and effect as if they were fully set forth herein, save that the EBRD Disbursement handbook shall not apply, (such provisions are hereinafter called the "Standard Terms and Conditions").

Section 1.02. Definitions

Wherever used in this Agreement (including the Preamble and Schedules), unless stated otherwise or the context otherwise requires, the terms defined in the Preamble have the respective meanings given to them therein, the terms defined in the Standard Terms and Conditions have the respective meanings given to them therein and the following terms have the following meanings:

“ALDI”	means the Law No. 03/L-216 on the Establishment of a Deposit Insurance System for Financial Institutions in Kosovo and the Law No. 4/L-133 Amending and Supplementing the Law on Establishment of a Deposit Insurance System for Financial Institutions in Kosovo, as the same may be amended from time to time.
“Applicable Deposit Law”	means ALDI and the Law on Banks.
"Borrower's Authorised Representative"	means the Violeta Arifi Krasniqi of the Borrower.
“CBK”	means the Central Bank of the Republic of Kosovo.
"Commitment Period"	means the period commencing on the Effective Date and terminating on the Last Availability Date or such later date as the Bank may establish after receipt of a prior written request from the Borrower (which request shall, where there is a Guarantee Agreement, be countersigned by the Guarantor) and the Bank shall promptly notify the Borrower of any such later date.
"Designated Performance Requirements"	means Performance Requirements 1 through 8 and 10 (or, as the context may require, any one of such Performance Requirements) of the Performance Requirements dated May 2008 and related to the Bank’s Environmental and Social Policy dated May 2008.
"Fiscal Year"	means the Borrower's fiscal year commencing on 1 st January of each year.
"Insured Depositors"	has the meaning given to such term in the ALDI.
"Insured Deposits"	has the meaning given to such term in the ALDI.
"Investment Policy"	means investment policies or guidelines that have been formally approved from time to time by the management board of the Borrower.
"Law on Banks"	means Law No. 04/L-093 on Banks, Microfinance Institutions and Non Bank Financial Institutions, as the same may be amended from time to time.

"Member Financial Institution"

means any bank or other financial institution that is a member of the Borrower's deposit insurance scheme and has the meaning given to the word "Deposit taking financial institution" in the ALDI.

"Statutes"

means the Statutes of the Borrower.

Section 1.03. Interpretation

In this Agreement, a reference to a specified Article, Section or Schedule shall, except where stated otherwise in this Agreement, be construed as a reference to that specified Article or Section of, or Schedule to, this Agreement.

ARTICLE II - PRINCIPAL TERMS OF THE LOAN

Section 2.01. Amount and Currency

The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of EUR 10,000,000.

Section 2.02. Other Financial Terms of the Loan

- (a) The Minimum Drawdown Amount shall be EUR 500,000.
- (b) The Minimum Prepayment Amount shall be EUR 500,000.
- (c) The Minimum Cancellation Amount shall be EUR 500,000.
- (d) The Interest Payment Dates shall be 15 May and 15 November of each year.
- (e) (1) Following a Drawdown, any Loan Amount outstanding shall be repaid by the Borrower in equal (or as nearly equal as possible) semi-annual instalments on each Interest Payment Date of each year, starting on the first Interest Payment Date falling twelve months after the first Drawdown (the "First Loan Repayment Date") and the last Loan Repayment Date being a fixed date falling on an Interest Payment Date falling on the earlier of 8 years after the first Drawdown and after the 12th anniversary of this Agreement.

(2) Notwithstanding the foregoing, in the event that (i) the Borrower does not draw down the entire Loan amount prior to the First Loan Repayment Date specified in this Section 2.02.(e), and (ii) the Bank extends the Last Availability Date specified in Section 2.02.(f) below to a date which falls after such First Loan Repayment Date, then the amount of each drawdown made on or after the First Loan Repayment Date shall be allocated for repayment in equal amounts to the

several Loan Repayment Dates which fall after the date of such drawdown (with the Bank adjusting the amounts so allocated as necessary so as to achieve whole numbers in each case). The Bank shall, from time to time, notify the Borrower of such allocations.

- (f) The Last Availability Date shall be the date falling on a fixed date representing the 7th anniversary of this Agreement, or such later date that the Bank may in its discretion establish and notify to the Borrower and the Guarantor.
- (g) The rate of the Commitment Charge shall be 0.5% per annum.
- (h) The rate of the Front-end commission shall be as set out in the Standard Terms and Conditions on the principal amount of the Loan.
- (i) The Loan is subject to a Variable Interest Rate.

Section 2.03. Drawdowns

(a) The Available Amount may be drawn down only for the purpose set out in Schedule 1 pursuant to the following:

- (i) the occurrence of an “Insured Event” as defined in ALDI or
- (ii) the approval by the management board of the Borrower in consultation with CBK of the use of Borrower funds in connection with the transfer of Insured Deposits in relation to Member Financial Institution under official administration or receivership in accordance with the Applicable Deposit Law.

(b) The payment of the Front-end Commission by the Borrower shall be made pursuant to Section 3.05(d) of the Standard Terms and Conditions.

(c) The Borrower may request a Disbursement by submitting to the Bank an original application for such Disbursement signed the Borrower’s Authorised Representative or a person designed by such Authorised Representative in the form of Schedule 3 and in substance satisfactory to the Bank, at least 7 (seven) Business Days prior to the proposed date of such Disbursement. Such application shall, unless the Bank otherwise agrees, be irrevocable and binding on the Borrower. The Disbursement will be used exclusively for the purposes of and be applied for the Project in accordance with the terms of this Agreement.

ARTICLE III - EXECUTION OF THE PROJECT

Section 3.01. Other Affirmative Project Covenants

Without limiting the generality of Sections 4.02(a), 4.04(a)(iii), and 5.02(c)(iii) of the Standard Terms and Conditions, the Borrower shall conduct its business in accordance with EBRD Performance Requirement 2.

Section 3.02. Reporting Frequency and Submission Requirements

(a) Commencing from the Effective Date, the Borrower shall submit the periodic Project reports referred to in Section 4.04(a)(iv) of the Standard Terms and Conditions semi-annually, within 120 days after the end of the period being reported on, until the Project has been completed. Such reports shall include the following specific features:

- (1) The following general information:
 - (A) key personnel changes in the staff or the board of the Borrower;
 - (B) any changes to the membership of any Member Financial Institution;
 - (C) matters that may affect the cost or implementation of the Project; and any developments regarding possible co-sponsors of the Project;
 - (D) any development or activity likely to affect the economic viability of the Borrower or any Member Financial Institution;
 - (E) any development or activity likely to require the Borrower to pay to any depositor of any Member Financial Institution;
 - (F) any changes to the premium payable to the Borrower by any or all Member Financial Institutions; and
 - (G) any changes to the Investment Policy.
- (2) Details of payments made to any depositors of any Member Financial Institution.
- (3) A brief statement on the status of compliance with each of the covenants contained in the Loan Agreement.
- (4) A report, in form and scope satisfactory to EBRD, on the implementation by the Borrower of EBRD Performance Requirements 2.

(b) Immediately upon any change of any term or provision in ALDI and the Law on Banks.

(c) In the event the Borrower has drawn any amounts under this Agreement the Borrower shall submit periodic reports to the Bank as may be requested by the Bank from time to time, relating to the use of the funds drawn under this Agreement, the amounts the Borrower has paid out to Insured Depositors in relation to each and any Insured Event and the aggregate amount of all Insured Deposits relating to an Insured Event paid out and/or to be paid, all in form and substance satisfactory to the Bank.

(d) Immediately upon the occurrence of any incident that could materially affect the financial position of the Borrower or any development or occurrence of any event likely to require the Borrower to pay to any Insured Depositor of any Member Financial Institution, the Borrower shall give the Bank notice thereof by facsimile transmission specifying the nature of such incident and any steps the Borrower is taking to remedy the same, if any.

- (e) The Borrower shall provide the Guarantor with an original executed copy of the Loan Agreement.
- (f) The Borrower shall notify the Guarantor of all the requests made by the Borrower of the Bank for disbursements, amendments, waivers and consents.
- (g) The Borrower's reporting obligations set out this Section 3.02 shall be subject to any confidentiality obligations binding on the Borrower either by law or by agreement with the CBK.

ARTICLE IV - FINANCIAL AND OPERATIONAL COVENANTS

Section 4.01. Financial Records and Reports

- (a) The Borrower shall maintain procedures, records and accounts adequate to reflect, in accordance with internationally accepted accounting standards consistently applied, the operations and financial condition of the Borrower and its Subsidiaries, (in the event the Borrower is permitted to have Subsidiaries pursuant to Section 4.02(b) (2), and adequate to monitor and record the progress of the Project (including its costs and the benefits to be derived from it).
 - (b) The Borrower shall:
 - (1) have its records, accounts and financial statements (including its balance sheet, income statement and statement of changes in financial position, and notes thereon), and the records, accounts and financial statements of its Subsidiaries (in the event the Borrower is permitted to have Subsidiaries pursuant to Section 4.02(b) (2), for each Fiscal Year audited by independent auditors acceptable to the Bank in accordance with internationally accepted auditing principles and standards;
 - (2) furnish to the Bank as soon as available, but in any case not later than five months after the end of each Fiscal Year:
 - (A) certified copies of its financial statements for such Fiscal Year as so audited;
 - (B) the report of such audit by such auditors of such scope and in such detail as the Bank may reasonably request; and
 - (C) information on the portfolio of funds available to Borrower in the event the Borrower is required to pay out to depositors of any Member Financial Institution.
- and
- (3) furnish to the Bank such other information concerning such records, accounts and financial statements, and the audit thereof, as the Bank may from time to time reasonably request.

Section 4.02. Negative Financial Covenants

(a) The Borrower shall not, except as the Bank otherwise agrees, take any of the following actions and shall provide to the Bank all such information thereon as the Bank may reasonably request:

(1) enter into any agreement or arrangement to guarantee or in any way or under any condition to become obligated for all or any part of any financial or other obligation of another person, including any Subsidiary or Affiliate or Member Financial Institution other than as required pursuant to the ALDI in the event the Member Financial Institution is unable to honour its financial obligation to its Insured Depositors;

(2) enter into any transaction with any person except in the ordinary course of business, on ordinary commercial terms and on the basis of arm's length arrangements, or establish any sole and exclusive purchasing or sales agency, or enter into any transaction whereby the Borrower might pay more than the ordinary commercial price for any purchase or might receive less than the full ex-works commercial price (subject to normal trade discounts) for its products or services;

(3) sell, lease or otherwise dispose of any of its assets that are required for the efficient carrying on of its operations or the disposal of which may prejudice its ability to perform satisfactorily any of its obligations this Agreement;

(4) undertake or permit any merger, consolidation or reorganisation;

(5) lower the fees payable to the Borrower by any or all Member Financial Institutions other than prescribed by the ALDI;

(6) change the level of insurance coverage for deposit to any amount above EUR 5,000; or

(7) invest the Borrower's assets other than prescribed by the ALDI.

(b) The Borrower shall not, unless it informs the Bank at least 30 days in advance, take any of the following actions and shall provide to the Bank all such information thereon as the Bank may reasonably request:

(1) enter into any management contract or similar arrangement whereby its business or operations are managed by any other person, including any Subsidiary or Affiliate other than: the outsourcing activities undertaken in compliance with ALDI, such as payout agent services, asset management services, the services associated with the issuance of bonds and the currently outsourced accounting functions. ; or

(2) form any Subsidiary.

(c) The Borrower shall not make or permit to exist loans or advances to, or deposits (except deposits in the ordinary course of business with reputable banks) with, other persons or investments in any person, including any Subsidiary or Affiliate ("Investment"); provided, however, that the Borrower shall be at liberty to make any

Investment in accordance with the Investment Policy (as it may change from time to time) and provided a copy of which has been given to the Bank.

(d) The Borrower hereby represents and warrants that the above undertakings of the Borrower are fully consistent with Kosovo law and in particular with the ALDI.

Section 4.03. Other Financial Covenants

Without limiting the generality of Section 4.02, the Borrower shall, at all times before any Drawdown, maintain a minimum ratio of 5% of Liquidity to Insured Deposits, where "Liquidity" means the aggregate of all Borrower funds, all funds available to the Borrower pursuant to standby credit facilities entered into between the Borrower and international financial institutions or development banks.

Section 4.04. Conduct of Business and Operations

The Borrower shall, except as the Bank otherwise agrees:

- (a) Conduct its business and operations in accordance with ALDI, internationally recognised sound administrative, financial and other relevant standards and practices, and with due regard to its entire principal operating policies;
- (b) Promptly take all action within its powers to maintain its legal existence, to carry on its operations and to acquire, maintain and renew all rights, properties, powers, privileges and franchises that are necessary for the conduct of its business, including the carrying out of the Project; and
- (c) Promptly notify the Bank of any proposal to amend, suspend or repeal any provision of the Statutes and afford the Bank an adequate opportunity to comment on such proposal prior to taking any action thereon.

ARTICLE V - SUSPENSION; ACCELERATION; CANCELLATION

Section 5.01. Suspension

The following are specified for purposes of Section 7.01(a)(xvii) of the Standard Terms and Conditions:

- (a) The legislative and regulatory framework applicable to the deposit insurance sector in the territory of the Guarantor shall have been amended, suspended, abrogated, repealed or waived in a manner other than as approved by the Bank in writing;
- (b) The Statutes shall have been amended, suspended, abrogated, repealed or waived in a manner other than as approved by the Bank in writing; or

(c) The Loan has not been used in accordance with Schedule 1 and principles of international best practice relating to deposit insurance schemes.

ARTICLE VI - EFFECTIVENESS

Section 6.01. Conditions Precedent to Effectiveness

The following are specified for purposes of Section 9.02(c) of the Standard Terms and Conditions as additional conditions to the effectiveness of this Agreement and the Guarantee Agreement:

(a) The Guarantee Agreement shall be ratified by the Parliament of Kosovo and in full force and effect.

Section 6.02. Legal Opinions

(a) For purposes of Section 9.03(a) of the Standard Terms and Conditions, the opinion or opinions of counsel shall be given on behalf of the Borrower substantially in the form of Schedule 2.

(b) For purposes of Section 9.03(b) of the Standard Terms and Conditions, the opinion or opinions of counsel shall be given on behalf of the Guarantor by the Minister of Justice.

Section 6.03. Termination for Failure to Become Effective

The date 180 days after the date of this Agreement is specified for purposes of Section 9.04 of the Standard Terms and Conditions.

ARTICLE VII - MISCELLANEOUS

Section 7.01. Notices

The following addresses are specified for purposes of Section 10.01 of the Standard Terms and Conditions:

For the Borrower:

Deposit Insurance Fund of Kosovo
Street Garibaldi 11/3,
10000,
Prishtina
Republic of Kosovo

Attention: Violeta Arifi Krasniqi

Fax: +381 38 243 763

For the Bank:

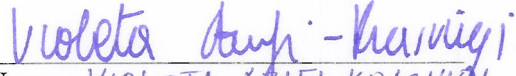
European Bank for Reconstruction and Development
One Exchange Square
London EC2A 2JN
United Kingdom

Attention: Operation Administration Department

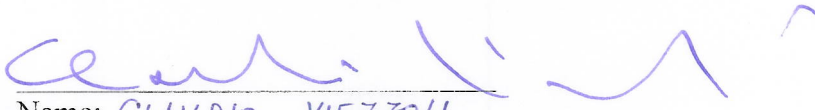
Fax: +44-20-7338-6100

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorised representatives, have caused this Agreement to be signed in four copies and delivered Pristina, Kosovo as of the day and year first above written.

DEPOSIT INSURANCE FUND OF KOSOVO

By: 
Name: VIOLETA ARIFI-KRASNIQI
Title: MANAGING DIRECTOR

**EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

By: 
Name: CLAUDIO VIEZZOLI
Title: DIRECTOR FOR WESTERN BALKANS

SCHEDULE 1 - DESCRIPTION OF THE PROJECT

1. The purpose of the Project is to provide the Borrower with liquidity and to assist the Borrower in performing its legal obligations upon:
 - (i) the occurrence of an “Insured Event” as defined in ALDI whereby the Borrower is required to compensate Insured Depositors in accordance with ALDI or
 - (ii) the approval by the management board of the Borrower in consultation with CBK of the use of Borrower funds in connection with the transfer of Insured Deposits in relation to Member Financial Institution under official administration or receivership whereby the Borrower is required to transfer funds to a bank in accordance with Applicable Deposit Law.

2. The Project consists of the following Parts, subject to such modifications thereof as the Bank and the Borrower may agree upon from time to time:

Part A: EUR 10,000,000 Standby Credit Line

3. The Project is expected to be completed by December 2025.

SCHEDULE 2 – FORM OF BORROWER LEGAL OPINION

[To be typed on official letterhead of Borrower]

European Bank for Reconstruction and Development
One Exchange Square
London EC2A 2JN
United Kingdom

[Date]

Ladies and Gentlemen:

Re: Legal Opinion on the Loan Agreement between *[Insert full, legal name of the Borrower as it appears in the Loan Agreement]* and European Bank for Reconstruction and Development relating to the Loan for the *[Insert the name of the Project as it appears in the Loan Agreement]* Project.

On *[Insert date of Loan Agreement]*, European Bank for Reconstruction and Development (the "Bank") concluded a loan agreement (the "Loan Agreement") with *[Insert full, legal name of the Borrower as it appears in the Loan Agreement]* (the "Borrower") to assist in the financing of the *[Insert the name of the Project as it appears in the Loan Agreement]* Project (the "Project"), by making a Loan in the amount of *[Insert the amount and currency of the Loan as it appears in the Loan Agreement]*.

On the same day, in consideration for the Bank entering into the Loan Agreement, *[Insert full, sovereign name of the EBRD Member as it appears in the Guarantee Agreement]* (the "Guarantor") concluded a guarantee agreement (the "Guarantee Agreement") with the Bank.

Terms defined in the Loan Agreement are used in this letter as defined in the Loan Agreement.

Pursuant to Section 9.02(a) of the Standard Terms and Conditions, the Loan Agreement and Guarantee Agreement will not become effective until evidence, in form and substance satisfactory to the Bank, has been furnished to the Bank that the execution and delivery of the Loan Agreement on behalf of the Borrower has been duly authorised or ratified by all necessary governmental, Parliamentary and corporate action. Pursuant to Section 9.03(a) of the Standard Terms and Conditions, as part of that evidence, the Borrower is required to furnish, or cause to be furnished, to the Bank an opinion or opinions (in form and substance satisfactory to the Bank), of counsel acceptable to the Bank, showing *inter alia* that the Loan Agreement has been duly authorised or ratified by, and executed and delivered on behalf of, the Borrower and constitutes a valid and legally binding obligation of the Borrower, enforceable in accordance with its terms.

Pursuant to Section [6.02] of the Loan Agreement, such legal opinion is to be furnished on behalf of the Borrower by its [*Insert title of the official delivering the opinion*].

In my capacity as the [*Insert title of the official delivering deliver the opinion*] of the Borrower, I have inspected a signed copy of the Loan Agreement and all other relevant documentation and examined such laws, statutes, documents and other matters, and have made such other enquiries as I consider necessary or appropriate for the purpose of giving this opinion. Based upon the foregoing, I am of the opinion and state, respectively, that:

(a) The Borrower has been established by [*Cite the relevant law, statute, decree or resolution of the Guarantor which established the Borrower*]⁵⁷ and it is validly existing under the laws of the Guarantor with the power to incur the obligations under the Loan Agreement.

(b) On [*Insert date of the resolution of the governing body of the Borrower approving the Loan Agreement*], the [*Insert the full, legal name of the governing body of the Borrower authorised to approve the Loan Agreement*] of the Borrower, pursuant to its powers based on [*Cite the relevant provision of the founding charter or statutes of the Borrower which authorises the governing body of the Borrower to approve the Loan Agreement*]⁵⁸, resolved that:

- (1) the text of the Loan Agreement is approved by the Borrower;
- (2) the performance of the Loan Agreement is authorised by the Borrower; and
- (3) [*Insert the name and title of the representative of the Borrower who executed the Loan Agreement*] is authorised to sign and deliver the Loan Agreement on behalf of the Borrower.

(c) Attached hereto is a true and correct English translation of [*Cite the resolution of the governing body of the Borrower approving the Loan Agreement*]⁵⁹ authorising and confirming the matters referred to in the preceding paragraph and such resolution is in full force and effect and has not been modified.

(d) At [*Insert the location of the signing of the Loan Agreement*] on [*Insert date of Loan Agreement*], the Loan Agreement was duly signed and delivered by [*Insert the name and title of the representative of the Borrower who executed the Loan Agreement*] on behalf of the Borrower pursuant to [*Cite the resolution of the governing body of the Borrower approving the Loan Agreement*].

Based on the foregoing, it is my conclusion that the Loan Agreement has been duly authorised or ratified by, and executed and delivered on behalf of, the Borrower and constitutes a valid and legally binding obligation of the Borrower, enforceable in accordance with its terms.

⁵⁷ Documentary evidence, translated into English, of the establishment of the Borrower must be attached.

⁵⁸ Documentary evidence, translated into English, of the authority of such governing body to approve the Loan Agreement must be attached.

⁵⁹ The relevant resolution, translated into English, must be attached.

Attached hereto are true and correct English translations of the relevant provisions of the [*Cite each law, statute, decree or resolution of the Guarantor and statute, charter and resolution of the Borrower referred to in this opinion*] on the basis of which the above opinion is issued. Each such document is in full force and effect and has not been modified.

Yours faithfully,

[Insert the name and title of the official delivering this opinion]

[List attachments]

SCHEDULE 3 -FORM OF DRAWDOWN REQUEST

To: European Bank for Reconstruction and Development, _____⁶⁰
One Exchange Square,
London EC2A 2JN
United Kingdom.
Attention: Operation Administration Unit.

Re: Loan Agreement dated _____ between the European Bank for Reconstruction and Development and the Deposit Insurance Fund of Kosovo (the Borrower).

Loan Currency and Amount: EUR 10 MILLION
Operation number: 45446

Application number.: _____

We hereby request the following disbursement to the account specified below in accordance with the provisions of the above mentioned Loan Agreement:

Loan Currency: EUR

Amount required⁶¹: EUR _____

Payment Currency: EUR _____

Value date⁶²: _____

Payment Instructions (Banking details):

Payee's Account Name:

Payee's Account No.:

Payee's Bank Name:

Payee's Bank Address:

Payment Reference (if any)⁶³: _____

⁶⁰ Insert date of application.

⁶¹ State amount in words and figures.

⁶² Date that EBRD's Account will be debited.

⁶³ If none, the EBRD will specify the Borrower's Name.

We hereby certify and represent that:

- (a) [an "Insured Event" has occurred as defined in ALDI whereby the Borrower is required to compensate Insured Depositors in accordance with ALDI [and/or]

the management board of the Borrower has approved in consultation with CBK of the use of Borrower funds in connection with the transfer of Insured Deposits in relation to Member Financial Institution under official administration or receivership whereby the Borrower is required to transfer funds to another bank in accordance with the Applicable Deposit Law],

in respect of the Member Financial Institution(s) below

Name: _____

Date: _____

- (b) the amounts that the Borrower shall be required to cover are estimated to be:

⁶⁴ _____;

- (d) we have/have not⁶⁵ previously requested disbursement in respect of the event described in (a) above ;

- (e) the proceeds of this disbursement will be applied for the Project in accordance with the terms of the Loan Agreement;

- (f) the Borrower is in compliance with its obligations as set out in the Loan Agreement; and

- (g) that no event has occurred which is liable to affect materially and adversely the Borrower financial condition or its ability to perform any of its obligations under the Loan Agreement.

Terms defined in the Loan Agreement will bear the same meaning here.

Yours faithfully,

By and on behalf of the Deposit Insurance Fund of Kosovo.

Name and Signature:

Title

Enclosures: - Total number of Summary Sheets: _____

⁶⁴ State amount in figures and words.

⁶⁵ Delete whichever is not applicable.