



MACRO-FINANCIAL ASSISTANCE FOR THE REPUBLIC OF MOLDOVA

LOAN FACILITY AGREEMENT

between

THE REPUBLIC OF MOLDOVA

as Borrower

and

THE NATIONAL BANK OF MOLDOVA

as Agent to the Borrower

AND

THE EUROPEAN UNION

as Lender

23 November 2017

This Loan Facility Agreement is made by and between

the **Republic of Moldova**, represented by the Minister of Finance,

as the Borrower,

and

the **National Bank of Moldova**, acting as an agent to the Borrower, represented by the Governor of the National Bank of Moldova,

and

the **European Union**, represented by the European Commission,

as the Lender,

herein jointly referred to as the "Parties" and each of them a "Party".

PREAMBLE

Whereas:

(1) The Republic of Moldova (hereinafter referred to as "**Moldova**") requested macro-financial assistance from the EU in August 2015 and reiterated that request in March 2016;

(2) The European Parliament and Council, by Decision (EU) 2017/1565 of 13 September 2017 (published in the Official Journal of the European Union on 20 September 2017) decided to provide to the Republic of Moldova a Loan amounting to a maximum of EUR 60 million with a maximum average maturity of fifteen years. The Loan shall be made available in three Instalments;

(3) The Loan is granted in conjunction with assistance from the International Monetary Fund of SDR 129.4 million under a three-year Extended Credit Facility and Extended Fund Facility;

(4) The economic policy conditions to be complied with if Moldova is to be entitled to the benefit of the Facility are laid down in the Memorandum of Understanding dated 23 November 2017 between the European Union and Moldova and in subsequent (Supplemental) Memoranda of Understanding, if any;

(5) The European Commission will launch in due course, on behalf of the EU and after receiving the written request by the Borrower defining the main maximum terms of an Instalment as set out hereinafter, bond issues or any other appropriate financial transactions for the funding, the proceeds of which will be on-lent to the Borrower;

(6) The contracts relating to the bond issue or to any other appropriate financial transaction will constitute an integral part of this Agreement as provided hereinafter;

(7) The National Bank of Moldova shall perform the tasks attributed to it by this Agreement;

(8) Appropriate measures related to the prevention of, and the fight against fraud, corruption and other irregularities affecting the Loan shall be provided for by the authorities of the Borrower.

Now, therefore, the Parties hereto have agreed as follows:

1. **DEFINITIONS**

In this Agreement (including its recitals) the following terms have the following meaning:

(1) "**Agreement**" means this Loan Facility Agreement.

(2) "**Availability Period**" means the period of two and a half years commencing on the first day following the entry into force of the Memorandum of Understanding.

(3) "**Borrower**" means Moldova.

(4) "**Borrowing Contract**" means an arrangement the Lender enters into in order to finance an Instalment.

(5) "**Business Day**" means a day on which the TARGET2 payment system is open for business.

(6) "**Commission**" means the European Commission.

(7) "**Confirmation Notice**" means the Lender's written notice to the Borrower in the form of Annex 3 setting out the final terms of an Instalment.

(8) "**Decision**" means the Decision (EU) 2017/1565 of the European Parliament and of the Council of 13 September 2017 on providing macro-financial assistance to the Republic of Moldova (published in the Official Journal of the European Union on 20 September 2017).

(9) "**Disbursement Date**" means, in relation to any Instalment, the date of transfer of the Net Disbursement Amount to the Borrower's account with the National Bank of Moldova.

(10) "**Due Date**" means any day on which a payment by the Borrower to the Lender is due under this Agreement.

(11) "**Event of Default**" means an event defined in Clause 9(1).

(12) "**EU**" means the European Union.

(13) **"External Indebtedness"** means all indebtedness of the Borrower (i) which is denominated or payable in a currency other than the lawful currency of the Borrower and (ii) which was not originally incurred or assumed under an agreement or instrument made with or issued to creditors substantially all of whom are residents of Moldova or entities having their head office or principal place of business within the territory of Moldova.

(14) **"Facility"** means the sum of Instalments which the Lender makes available to the Borrower in an aggregate principal amount of up to EUR 60 million under this Agreement.

(15) **"Financial Transaction"** means a bond issue or any other appropriate financial transaction for the funding of the amount of an Instalment.

(16) **"First Interest Period"** means the period commencing on the Disbursement Date and ending on the day prior to the date of the first interest payment as determined in the Confirmation Notice.

(17) **"IMF"** means the International Monetary Fund.

(18) **"IMF Arrangement"** means any agreement, programme, facility or other arrangement between the Borrower and the IMF.

(19) **"Implementation Period"** means the period commencing on the first day following the entry into force of the Memorandum of Understanding and ending one month after the final disbursement.

(20) **"Instalment"** means a part of the Loan being subject of a Request for Funds and the related Confirmation Notice.

(21) **"Interest Period"** means, as defined in the relevant Borrowing Contracts in relation to any Instalment, the First Interest Period and each consecutive twelve-month period thereafter until Maturity Date. An Interest Period may be shorter in the event that an Instalment is accelerated or otherwise repaid on a date other than its scheduled Maturity Date. For the avoidance of doubt, with regard to each Instalment interest accrues for any Interest Period from the Disbursement Date (for the First Interest Period) or the date of the previous interest payment (for the subsequent Interest Periods) until the date prior to the next Due Date.

(22) **"Interest Rate"** means the per annum interest which accrues on an Instalment during an Interest Period.

(23) **"Lender"** means the European Union.

(24) **"Loan"** means collectively all disbursements made or to be made to the Borrower under the Facility or the aggregate principal amount thereof outstanding.

(25) **"Loss of Interest"** means the difference (if it is a positive amount) between the Interest Rate of the Instalment and the interest the Lender would have received from the reinvestment as determined by the Lender of the amounts

repaid early, for the period between the date of the early repayment and the date on which the Instalment was scheduled to be repaid.

(26) **"Maturity Date"** means the scheduled date for full repayment of principal of an Instalment as defined in a Confirmation Notice.

(27) **"MoU"** means the Memorandum of Understanding dated 23 November 2017 between the European Union and Moldova and any subsequent (Supplemental) Memoranda of Understanding or any Addendum to those.

(28) **"Net Disbursement Amount"** means the proceeds of the Financial Transaction less the aggregate amount of any commissions, fees and costs related to such Financial Transaction and to the preparation and execution of it and the costs referred to in Clause 6(4) in relation to any Instalment, resulting in the amount to be disbursed to the Borrower.

(29) **"Public Internal Indebtedness"** means all indebtedness of the Borrower which (i) is denominated in the lawful currency of the Borrower, (ii) is in the form of or represented by bonds, notes or other securities or any guarantee thereof and (iii) is or may be quoted or listed or ordinarily purchased and sold on any stock exchange, automated trading system, over the counter or other securities market.

(30) **"Relevant Indebtedness"** means External Indebtedness and Public Internal Indebtedness.

(31) **"Request for Funds"** means the Borrower's request for funds in the form of Annex 2, irrevocably accepting the main terms thereby indicated pursuant to Clause 4(2).

(32) **"SDR"** means special drawing rights under an IMF Arrangement.

(33) **"Transfer Date"** means, in relation to any Instalment, the Due Date.

2. THE LOAN FACILITY

(1) The Lender makes available to the Borrower a loan facility in euro in an aggregate principal amount of up to EUR 60 million, subject to the terms and conditions of the MoU and this Agreement.

(2) The Facility shall be disbursed in three Instalments. The principal amount of the Instalments shall be EUR 20 million each.

(3) The Borrower shall apply all amounts borrowed by it under the Facility in conformity with its obligations under the MoU.

3. **MATURITY**

The average maturity of the Loan shall not exceed 15 years. It shall be calculated as the weighted average maturity of the Instalments which constitute the Loan by using the following formula:

$$\frac{M_1A_1 + M_2A_2 + M_3A_3}{A_1 + A_2 + A_3}$$

where M_1, M_2, M_3 is the maturity in years of the relevant Instalments and A_1, A_2, A_3 is their amount.

4. **DRAWDOWN, NET DISBURSEMENT AMOUNT AND CONDITIONS PRECEDENT**

(1) Subject to the terms and conditions of this Agreement and of the MoU, the Borrower may, after consultation with the Lender, request an Instalment of the Loan to be made by delivery to the Lender of a duly completed Request for Funds. The Borrower is irrevocably bound by the terms of the Request for Funds, except if the Lender has served a notice indicating that the EU is not able to conclude the Financial Transaction at the terms indicated in the respective Request for Funds, in which case the Borrower would no longer be bound by the Request for Funds following the service of such notice.

(2) A Request for Funds will not be regarded as having been duly completed unless it at least specifies:

(a) the principal amount of the Instalment requested;

(b) the maximum fixed Interest Rate;

(c) the repayment profile such as the totality of the principal for each of the Instalments being paid in one payment (bullet); and

(d) the minimum Net Disbursement Amount of the Instalment.

(3) Following a Request for Funds in respect of the first Instalment, the Lender's obligation to pay the Net Disbursement Amount to the Borrower with respect to the first Instalment under this Agreement shall be subject to:

(a) the Lender having received a legal opinion satisfactory to it given by the Minister of Justice of the Borrower in the form set out in Annex 4. Such legal opinion shall be dated not later than the date of the Request for Funds. The Borrower undertakes to inform the Lender immediately if, between the date of the legal opinion and the Disbursement Date, any event occurs that would render incorrect any statement made in the legal opinion;

(b) the Lender having received from the Minister of Finance of the Borrower an official document indicating the persons authorised to

sign the Requests for Funds (and thus validly commit the Borrower) and containing the specimen signatures of these persons;

(c) the signature of the MoU;

(d) the Lender having received a legal opinion satisfactory to it given by an independent law firm acceptable to the Lender;

(e) the Lender being satisfied with the compliance by the Borrower with the terms of the MoU and of the Decision;

(f) the Lender on the one hand and a bank or a syndicate of banks on the other hand having signed the Borrowing Contracts and having received on the Disbursement Date the net proceeds of the Financial Transaction from the bank or the syndicate of banks;

(g) no material adverse change having occurred since the date of this Agreement such as would, in the opinion of the Lender, after consultation with the Borrower, be likely to prejudice materially the ability of the Borrower to fulfil its payment obligations under this Agreement, i.e. to service any of the Instalments to be funded and to repay them; and

(h) no Event of Default having occurred which has not been cured to the satisfaction of the Lender.

(4) Following receipt of a Request for Funds in respect of the second and third Instalment, the Lender's obligation to transfer the Instalment to the Borrower shall be subject to:

(a) the Borrower confirming that no event has occurred that would render incorrect any statement made in the legal opinion received by the Lender under Clause 4(3)(a); and

(b) the conditions referred to in Paragraphs (e), (f), (g) and (h) of Clause 4(3) above being satisfied.

(5) If the conditions in Clause 4(3) (in the case of the first Instalment) or Clause 4(4) above (in the case of the second and third Instalment) are satisfied, except for the condition referred to in Paragraph (f) of Clause 4(3) that needs to be fulfilled on the Disbursement Date, the Lender shall, at its discretion, launch a bond issue or any other appropriate Financial Transaction for the funding of the amount of an Instalment.

(6) Once the Financial Transaction is concluded, the Lender shall issue to the Borrower a Confirmation Notice setting out the main final financial terms of the Instalment. The Borrower shall be deemed to have accepted in advance the terms of the Instalment set out in the Confirmation Notice. For the avoidance of doubt, the Lender is under no obligation to consider favourably any eventual request from the Borrower at any time to modify any of the financial terms of an Instalment.

(7) The Lender shall transfer the Net Disbursement Amount of an Instalment on the Disbursement Date to the Borrower's Treasury Single Account no. 33114001 at the National Bank of Moldova (BIC NBMDMD2X), via the euro account of its correspondent bank De Nederlandsche Bank NV, BIC FLORNL2A, IBAN NL90FLOR0600126226, with reference "EU Macro-Financial Assistance loan to Moldova".

(8) The disbursement of an Instalment shall under no circumstances commit any of the Parties to proceed with the lending and borrowing of any further Instalments.

(9) The Borrower's right to request any Instalment under this Agreement expires at the end of the Availability Period, following which any undisbursed amount of the Facility shall be considered as immediately cancelled, except for any amount for which a Request for Funds has been received before that date and for which a disbursement subsequently takes place.

5. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

(1) Representations

The Borrower represents and warrants to the Lender on the date of this Agreement and on each Disbursement Date that:

(a) each Instalment shall constitute an unsecured, direct, unconditional, unsubordinated and general obligation of the Borrower and will rank at least *pari passu* with all other present and future unsecured and unsubordinated loans and obligations of the Borrower arising from its present or future Relevant Indebtedness; and

(b) the legal opinion of the Minister of Justice provided in accordance with Clause 4(3)(a) is accurate and correct.

(2) Undertakings

The Borrower undertakes, in relation to Relevant Indebtedness and until such time as all principal under this Agreement has been fully reimbursed and all interest and additional amounts, if any, due under this Agreement have been fully paid:

(a) to recognise that the Lender shall have the identical legal capacity, immunities and privileges as accorded to international financial institutions.

(b) with the exception of those encumbrances enumerated in Subparagraphs (1) to (7) below:

(i) not to secure by mortgage, pledge or any other encumbrance upon its own assets or revenues any present or future Relevant Indebtedness and any guarantee or indemnity given in respect

thereof, unless the Loan at the same time shares *pari passu* and *pro rata* in such security; and

(ii) not to grant to any other creditor or holder of its sovereign debt any priority over the Lender.

The grant of the following encumbrances shall not constitute a breach of this Clause:

(1) encumbrances upon any property incurred to secure the purchase price of such property and any renewal or extension of any such encumbrance which is limited to the original property covered thereby and which secures any renewal or extension of the original secured financing; and

(2) encumbrances on commercial goods arising in the course of ordinary commercial transactions (and expiring at the latest within one year thereafter) to finance the import or export of such goods into or from the country of the Borrower; and

(3) encumbrances securing or providing for the payment of Relevant Indebtedness incurred exclusively in order to provide financing for a specific investment project, provided that the properties to which any such encumbrances apply are properties which are the subject of such project financing, or which are revenues or claims which arise from the project; and

(4) any other encumbrances in existence on the date of the signing of this Agreement, provided that such encumbrances remain confined to the properties presently affected thereby and properties which become affected by such encumbrances under contracts in effect on the date of the signing of this Agreement (including, for the avoidance of doubt, the crystallization of any floating charge which had been entered into at the date of this Agreement), and provided further that such encumbrances secure or provide for the payment of only those obligations so secured or provided for on the date hereof or any refinancing of such obligations; and

(5) all other statutory encumbrances and privileges which operate solely by virtue of law and which cannot be reasonably avoided by the Borrower; and

(6) any encumbrance securing the Borrower's obligations with any central securities depository such as *Euroclear* given in the normal course of the business; and

(7) any encumbrance securing an indebtedness of less than EUR 3 million, provided that the maximum aggregate amount of indebtedness secured by such encumbrances does not exceed EUR 50 million.

As used in this Clause, "financing for a specific investment project" means any financing of the acquisition, construction or development of any properties in connection with a project if the providing entity for such financing expressly agrees to look to the properties financed and the revenues to be generated by the operation of, or loss or damage to, such properties as the principal source of repayment for the moneys advanced.

(c) to utilise the Net Disbursement Amount of each Instalment consistently with the Decision as in force at the relevant time and in accordance with the MoU applicable at the time of issuing the Request for Funds for the Instalment;

(d) to obtain and maintain in full force and effect all authorisations necessary for it to comply with its obligations under this Agreement;

(e) to comply in all respects with applicable laws which might affect its ability to perform this Agreement; and

(f) to pay any fees, costs and expenses, in particular breakage costs and cost of carry, resulting from any Financial Transaction that the Lender may have undertaken under this Agreement following receipt of a Request for Funds, regardless of whether the disbursement of the Instalment will ultimately take place.

6. INTEREST, COSTS AND EXPENSES

(1) In respect of each outstanding Instalment, the Borrower shall transfer to the account referred to in Clause 8(3) on each Transfer Date an amount equal to the interest which by the end of the Interest Period will have accrued on the principal amount outstanding of that Instalment, and such amount shall be applied to discharge the interest due under such Instalment in respect of such Interest Period on the Due Date. The Interest Rate will be, for each Instalment, defined in the Borrowing Contracts for that Instalment.

(2) The Due Dates for payment of interest shall be the same as those determined in the corresponding Borrowing Contracts. Interest on an Instalment shall accrue for any Interest Period from the Disbursement Date (for the First Interest Period; including any interest accrued until the Disbursement Date under the corresponding Borrowing Contracts) or the Due Date of the previous interest payment (for the subsequent Interest Periods) until the date immediately preceding the next Due Date.

(3) Without prejudice to the terms of Clause 9, if the Borrower fails to pay any sum payable under this Agreement on its Transfer Date, the Borrower shall pay in addition default interest on such sum (or, as the case may be, the amount thereof for the time being due and unpaid) to the Lender from the Transfer Date to the date of actual payment in full, calculated by reference to successive interest periods (each of such length as the Lender may from time to time select, the first period beginning on the relevant Transfer Date and,

wherever possible, the length of such period shall be that of one week) on such overdue sum at the higher of

(a) a rate per annum being the aggregate of:

(i) 200 basis points, and

(ii) the EURIBOR rate for the relevant period selected by the Lender,

or

(b) 200 basis points over the Interest Rate which would have been payable if the overdue amount had, during the period of non-payment, constituted an Instalment.

So long as the failure to pay continues, such rate shall be re-fixed in accordance with the provisions of this Clause 6(3) on the last day of each such interest period and unpaid interest under this Clause concerning previous interest periods shall be added to the amount of interest due at the end of each such interest period. The default interest is immediately due and payable.

(4) The Borrower undertakes to pay all costs and expenses incurred and payable by the Lender in relation to the preparation and implementation of the Borrowing Contracts and any other costs and expenses incurred and payable by the Lender in relation to such Borrowing Contracts and any related costs and expenses during the life of the Borrowing Contracts. These costs and expenses to be borne by the Borrower may include, *inter alia*, legal costs (such as the costs incurred for legal opinions), rating costs, travelling costs, if applicable, and commissions related to the financial service of the Borrowing Contracts, taxes, registration fees and publication costs.

(5) The Borrower undertakes to pay to the Lender all additional interest and all costs and expenses, including legal fees, incurred and payable by the Lender as a result of a breach of any obligation under this Agreement by the Borrower.

(6) If the Lender due to prevailing market conditions at the time of launching a bond issue or any other Financial Transaction is not able to obtain a funding at or below the maximum Interest Rate referred to in the relevant Request for Funds, then the Lender is under no obligation to make the Net Disbursement Amount of the Instalment available to the Borrower. However, upon request from the Borrower, the Lender may after consultation with the Borrower propose to the Borrower a new maximum Interest Rate in the light of the then prevailing market conditions.

7. REPAYMENT, EARLY REPAYMENT, MANDATORY REPAYMENT AND CANCELLATION

(1) The Borrower shall repay the principal amount of each Instalment on the date(s) and under the conditions determined in the corresponding Borrowing Contracts and as notified to it by the Lender.

The Borrower shall transfer the amount of principal due to the account referred to in Clause 8(3) on the Transfer Date.

Any amount of principal which is transferred for the purpose of a repayment to the account referred to in Clause 8(3) by the Borrower cannot be re-borrowed.

(2) The Lender will not include an early repayment clause in the terms and conditions of the Financial Transaction, unless the Borrower has explicitly requested such a clause in the Request for Funds. The terms and conditions of such an early repayment option for the Borrower shall be those of the corresponding early repayment option for the Lender under the Borrowing Contracts. If the Borrower wants to exercise its option, it shall give notice to the Lender of its decision to early repay the respective Instalment at least one month prior to the latest notice date for early repayment under the Borrowing Contracts.

In case of an early repayment, the payment shall take place respecting the relevant Transfer Date. For the avoidance of doubt, an early repayment carried out for an Instalment where such early repayment is permitted according to this Clause 7(2) is not considered as a rescheduling.

Any principal amount which is transferred for the purpose of a prepayment to the account referred to in Clause 8(3) by the Borrower cannot be re-borrowed.

(3) If financing granted to the Borrower under the IMF Arrangement is repaid in advance in whole or in part on a voluntary or mandatory basis, a proportional amount of the Loan disbursed under this Agreement shall become immediately due and repayable in a proportionate amount established by reference to the proportion which the principal sum repaid in advance in respect of the relevant facility represents to the aggregate principal amount outstanding in respect of such facility immediately prior to such repayment in advance.

The Borrower shall reimburse all costs, expenses, fees and Loss of Interest incurred and payable by the Lender as a consequence of an early repayment of any Instalment under this Clause.

(4) The Borrower may cancel, on prior written notice of not less than five Business Days, the whole or any part of the undrawn amount of the Facility, provided that no Request for Funds for that amount has been made.

(5) The Lender may cancel the whole or any part of the undrawn amount of the Facility if (i) the MoU is amended in a way that it reduces the amount of the Loan available for the Borrower, (ii) the Borrower declares its intention not to

draw any more under the Facility, or (iii) the financing needs of the Borrower decrease fundamentally compared to the initial projections.

(6) The Lender may also cancel the whole or any part of the undrawn amount of the Facility in case the IMF cancels its Arrangement in whole or in part. In this case the cancellation of this Facility shall be proportionate to the proportion which the sum cancelled represents to the aggregate initial amount of such IMF Arrangement as set out in recital (3) of the Preamble.

8. PAYMENTS

(1) All payments to be made by the Borrower shall be paid without set-off or counterclaim, free and clear of, and without deduction for and on account of, any taxes, commissions and any other charges for the entire term of this Agreement.

(2) The Borrower declares that all payments and transfers under this Agreement, as well as the Agreement itself, are not subject to any tax or any other impost in the country of the Borrower and shall not be so subject for the entire term of this Agreement. If nevertheless the Borrower or the National Bank of Moldova is required by law to make any such deductions, the Borrower shall pay the requisite additional amounts so that the Lender receives in full the amounts specified by this Agreement.

(3) All payments by the Borrower shall be made in euro on the Transfer Date before 11:00 a.m. Luxembourg time to the euro-account of the Lender with *Banque et Caisse d'Epargne de l'Etat Luxembourg*; BIC BCEELULL, account IBAN LU90 0019 3455 9164 5000, ref "Repayment of the EU macro financial assistance for Moldova" or to such other account as the Lender will notify to the Borrower and the National Bank of Moldova by written notice prior to the relevant Transfer Date.

(4) The Lender shall advise the Borrower and the National Bank of Moldova at least fifteen calendar days prior to each Transfer Date of the amount of principal and interest due and payable on such date and of the details (Interest Rate, Interest Period) on which the interest calculation is based.

(5) The Borrower shall send to the Lender a copy of its payment instructions sent to the National Bank of Moldova at least two Business Days prior to the relevant Transfer Date.

(6) If the Borrower shall pay an amount in relation to any of the Instalments which is less than the total amount due and payable under this Agreement, the Borrower hereby waives any rights it may have to make any appropriation of the amount so paid as to the amounts due.

The amount so paid under an Instalment shall be applied in or towards satisfaction of payments due under such Instalment in the following sequence:

(a) *first* against any fees, expenses and indemnities;

(b) *second* against any interest for late payments as determined under Clause 6(3);

(c) *third* against interest; and

(d) *fourth* against principal,

provided that these amounts are due or overdue for payment on that date.

(7) Any calculation and determination by the Lender under this Agreement:

(a) shall be made in a commercially reasonable manner; and

(b) shall, absent manifest error, be binding on the Lender and the Borrower.

(8) Business Day Convention as defined in the relevant Borrowing Contracts shall apply.

9. EVENTS OF DEFAULT

(1) The Lender may by written notice to the Borrower cancel the Facility and/or declare the outstanding principal amount of the Loan to be immediately due and payable, together with accrued interest, if:

(a) the Borrower shall fail to transfer at the Transfer Date any payment of principal or interest, whether in whole or in part, in the manner and currency as agreed in this Agreement, in respect of any Instalment,

(b) the Borrower shall fail to pay any amount of principal or interest under any Instalment or any other amounts due under this Agreement on its Due Date, whether in whole or in part, in the manner as agreed in this Agreement, in respect of any Instalment;

(c) the Borrower or the National Bank of Moldova shall default in the performance of any obligation under this Agreement other than those referred to in Clause 9(1)(a) or (b) (including the obligation set out in Clause 2(3) to apply Loan in accordance with the terms of the MoU but excluding any other obligations under the MoU), and such default shall continue for a period of one month after written notice thereof shall have been given to the Borrower by the Lender; or

(d) the Lender sends the Borrower a declaration of default in circumstances where the Borrower's obligations under this Agreement are declared by a court of competent jurisdiction not to be binding on or enforceable against the Borrower or the National Bank of Moldova or are declared by a court of competent jurisdiction to be illegal; or

(e) the Lender sends the Borrower a declaration of default in circumstances where (i) it has been established that in relation to this Agreement or the MoU, the Borrower or the National Bank of

Moldova has engaged in any act of fraud or corruption or any other illegal activity, or any other actions detrimental to the financial interests of the Lender or (ii) any representation or warranty made by the Borrower under this Agreement is inaccurate, untrue or misleading and which in the opinion of the Lender, after consultation with the Borrower, could have a negative impact on the capacity of the Borrower to fulfil its obligations under this Agreement or on the rights of the Lender under it; or

(f) any previous loan agreement between the Borrower, or, if applicable, the National Bank of Moldova, and the Lender or any EU institution or body, regardless of amount, is subject of a declaration of default or there is a default on any payment obligation of any kind towards the Lender or any EU institution or body by the Borrower or the National Bank of Moldova which gives rise to a declaration of default; or

(g) Relevant Indebtedness of the Borrower having an aggregate principal amount in excess of EUR 50 million is the subject of a declaration of default as defined in any instrument governing or evidencing such indebtedness and as a result of such a declaration of default there is an acceleration of such indebtedness or a *de facto* moratorium on payments; or

(h) the Borrower does not make timely repurchases from the IMF in relation to the IMF Arrangement and is subject of a declaration of default; or

(i) the Borrower does not pay a substantial portion of its Relevant Indebtedness as it falls due or declares or imposes a moratorium on the payment of its Relevant Indebtedness or of Relevant Indebtedness assumed or guaranteed by it.

(2) The Lender may, but is not obliged to, exercise its rights under this Clause and may also exercise them only in part without prejudice to the future exercise of such rights.

(3) The Borrower shall reimburse all costs, expenses, fees and Loss of Interest incurred and payable by the Lender as a consequence of an early repayment of any Instalment under this Clause. In addition, the Borrower shall pay default interest, as provided in Clause 6(3) above, which shall accrue as from the date when the outstanding principal amount of the Loan has been declared immediately due and payable, until the date of actual payment in full.

10. INFORMATION UNDERTAKINGS

(1) With effect from the making of the first Request for Funds, the Borrower shall promptly supply to the Lender:

(a) any information regarding its fiscal and economic condition, as the Lender may reasonably request;

(b) any information pertaining to any event which could reasonably be expected to cause an Event of Default to occur (and the steps, if any, being taken to remedy it); and

(c) a declaration that the Borrower no longer intends to request more Instalments under this Agreement, as soon as that is the case.

(2) The Borrower undertakes to inform the Lender promptly if any event occurs that would render incorrect any statement made in the Borrower's legal opinion referred to in Clause 4(3)(a) above.

11. UNDERTAKINGS RELATING TO INSPECTIONS, FRAUD PREVENTION AND AUDITS

(1) During the Implementation Period, the Borrower shall regularly inform the Commission on the execution of this Agreement in accordance with the Union's legislation on the protection of the EU's financial interests. To that effect, the Borrower will, within one month after the disbursement of each instalment, send the template in Annex 1 of this Agreement, duly completed, to the Commission. The Lender shall be entitled to withhold the release of an instalment in case the Borrower has not made the declaration of Annex 1 with regard to a previous instalment.

(2) During the Implementation Period, the Commission shall have the right to monitor the soundness of the financial arrangements, the administrative procedures and the internal and external control mechanisms of Moldova which are relevant to the assistance.

(3) In conformity with its financial regulations, the Lender, including the European Anti-Fraud Office, and the European Court of Auditors shall have the right to send their own agents or duly authorised representatives to carry out any technical or financial controls, including on-the-spot checks and inspections, and audits, including document audits and on-the-spot audits such as operational assessments, that they consider necessary in relation to the management of this Loan during the Implementation Period or for five years thereafter in order to protect the Lender's financial interests.

(4) The Borrower and the National Bank of Moldova shall supply all information and documents which may be requested for the purpose of such assessments, controls or audits, and take all suitable measures to facilitate the work of persons instructed to carry them out. The Borrower and the National Bank of Moldova undertake to give to the persons referred to in Paragraph 2 access to sites and premises where the relevant information and documents are kept.

(5) The Borrower shall implement appropriate measures to prevent irregularities and fraud, and regularly check that financing provided by the Lender has been properly used. The Borrower shall ensure investigation and satisfactory treatment of any suspected and actual cases of fraud, corruption or any other illegal activity in relation to the management of the Loan, detrimental to the EU's financial interests. All such cases as well as measures related thereto

taken by national competent authorities, including legal actions to recover any funds provided under this Agreement, shall be reported to the Lender without delay.

12. NOTICES

(1) All notices in relation to this Agreement shall be validly given if in writing and sent to the addressees listed in Annex 5. Each Party will update addressees and notify it to the other Party hereto upon the same being amended from time to time.

(2) All notices shall be given by registered mail. In case of urgency, they can be given by e-mail, fax, SWIFT message or by hand-delivered letter to the addressees above mentioned and confirmed by registered mail without undue delay. Notices become effective with the actual receipt of the e-mail, fax, SWIFT message or letter.

(3) All documents, information and materials to be furnished under this Agreement shall be in the English language.

(4) Each Party to this Agreement will notify to the other the list and specimen signatures of the persons authorised to act on its behalf under this Agreement, promptly upon its signature of this Agreement. Likewise, each Party will update such list and notify the other Party hereto upon the same being amended from time to time.

13. MISCELLANEOUS

(1) If any one or more of the provisions contained in this Agreement should be or become fully or in part invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining provisions contained in this Agreement shall not in any way be affected or impaired thereby. Provisions which are fully or in part invalid, illegal or unenforceable shall be interpreted and thus implemented according to the spirit and purpose of this Agreement.

(2) The Preamble and the Annexes to this Agreement, the MoU and the Borrowing Contracts, including, as the case may be, any one or more "Distribution Agreements" or "Subscription Agreements", "Agency Agreements" or "Fiscal Agency Agreements", "Offering Circulars" and "Swap Agreements" do and shall hereafter form an integral part of this Agreement.

The Lender may in its full discretion resort to Financial Transactions that fund also instalments under other loan agreements. Should this be the case, the financial terms of such Borrowing Contracts apply to the Borrower only *pro rata* to its Instalments.

(3) The purpose of this Agreement is to set up the conditions under which the Lender makes available to the Borrower the proceeds of the corresponding Financial Transactions arranged by the Lender to this effect. As a

consequence, the Borrower and the Lender accept that their rights and obligations, unless otherwise stated in this Agreement, are defined and interpreted by reference to the corresponding borrowing documentation. In particular the terms of the Borrowing Contracts, copies of which shall be transmitted to the Borrower, shall be applicable to the Agreement. However, if there is any conflict between the terms of this Agreement and any Borrowing Contract, the terms of this Agreement shall prevail.

(4) A person who is not Party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or benefit from any term of this Agreement.

(5) The Borrower shall not have any right to assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Lender.

14. GOVERNING LAW AND JURISDICTION

(1) This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and shall be construed in accordance with English law.

(2) The Parties undertake to submit any dispute which may arise relating to the legality, validity, interpretation or performance of this Agreement to the exclusive jurisdiction of the Court of Justice of the European Union in accordance with Article 272 of the Treaty on the functioning of the European Union.

(3) Judgements of the Court of Justice of the European Union shall be fully binding on and enforceable by the Parties.

(4) The Lender may enforce any judgement obtained from the Court of Justice of the European Union, or other rights against the Borrower in the courts of the country of the Borrower.

(5) The Borrower hereby irrevocably and unconditionally waives all immunity to which it is or may become entitled, in respect of itself or its assets, from legal proceedings in relation to this Agreement, including, without limitation, immunity from suit, judgement or other order, from attachment, arrest or injunction prior to judgement, and from execution and enforcement against its assets to the extent not prohibited by mandatory law.

15. ENTRY INTO FORCE

(1) Following its signature by all Parties, this Agreement shall enter into force on the date on which the Lender has received the official notification in the form of the Legal Opinion (Annex 4 to this Agreement) by the Borrower that all constitutional and legal requirements for the entry into force of this Agreement and the valid and irrevocable commitment of the Borrower to all obligations under this Agreement have been fulfilled.

(2) The entry into force shall not be later than 6 months after signature of the Agreement. If the Agreement has not entered into force by that date, the Parties to the Agreement shall no longer be bound by it.

16. EXECUTION OF THE AGREEMENT

This Agreement shall be executed by each Party in four originals in the English language, each of which shall constitute an original instrument.

17. ANNEXES

The Annexes to this Agreement shall constitute an integral part thereof:

1. Form of Declaration with regard to the protection of the EU's financial interests
2. Form of Request for Funds
3. Form of Confirmation Notice
4. Form of Legal Opinion
5. List of Contacts

Done in Brussels on 23 November 2017 in four originals in the English language.

FOR THE REPUBLIC OF MOLDOVA

Octavian ARMASU
Minister of Finance

FOR THE EUROPEAN UNION

Pierre MOSCOVICI
Member of the European Commission

FOR THE NATIONAL BANK OF MOLDOVA

Sergiu CIOCLEA
Governor

FOR THE EUROPEAN UNION

Benjamin ANGEL
Director Treasury and financial operations,
DG ECFIN, European Commission

ANNEX 1

DECLARATION WITH REGARD TO THE PROTECTION OF THE EU's FINANCIAL INTERESTS

[*on letterhead of the Borrower*]

European Commission
Directorate-General for Economic and Financial Affairs
Directorate L – Treasury and financial operations
Unit L-4: Borrowing, lending, accounting and back office
Attn.: Head of Unit
L-2920 Luxembourg

Copy to the National Bank of Moldova
[*Insert address*]

Subject: **European Union macro financial assistance**
Declaration with regard to the protection of the EU's financial interests

Dear Madam/Sir,

We refer to the Loan Facility Agreement dated 23 November 2017 between the European Union as Lender and the Republic of Moldova as Borrower and the National Bank of Moldova as agent to the Borrower (the "**Agreement**"). Terms defined in the Agreement shall have the same meaning herein.

Subject to the foregoing and with regard to all MFA loan instalments (first loan instalment disbursed on [insert date], second loan instalment disbursed on **[insert date]**, third loan instalment disbursed on [insert date]) ***[please only fill in relevant dates as applicable]***, we hereby confirm that:

1. The Republic of Moldova has effectively implemented specific measures in relation to the prevention of and the fight against fraud, corruption and any other irregularities potentially affecting the assistance in accordance with Council Regulation (EC, Euratom) No 2988/95[1].

2. The Republic of Moldova has implemented the necessary measures to ensure that regular checks are done and that any suspected case of fraud, corruption or any other illegal activity in relation to the management of the assistance is duly investigated.

3. There is no case of fraud, corruption or any other illegal activity in relation to the management of the assistance, and no legal action to recover any funds under this Agreement, to report.

---

[1] Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995, p. 1).

4. Regarding the first/second/third **[delete as appropriate]** loan instalment disbursed on **[insert date]**, based on the EUR/MDL exchange rate of **[insert applicable FX rate]**, the MDL equivalent of the net disbursement amount being MDL **[insert amount]** was transferred to the Treasury Single Account number 33114001 at the National Bank of the Republic of Moldova. The relevant accounting documents of the National Bank of Moldova are enclosed.

5. The first/second/third loan instalment **[delete as appropriate]** was booked as "External Financing" in the annual public accounts for the year **[insert year]**. I hereby enclose the relevant bookkeeping document of the Ministry of Finance of the Republic of Moldova.

6. In conclusion, the assistance received under the Agreement was used by the Republic of Moldova in compliance with the EU's legislation on the protection of the EU's financial interests and in particular with Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council[2] and with Commission Delegated Regulation (EU) No 1268/2012[3].

Minister of Finance

---

2 Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 *(OJ L 298, 26.10.2012, p. 1)*.

3 Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1).

ANNEX 2

FORM OF REQUEST FOR FUNDS

[*on letterhead of the Borrower*]

European Commission
Directorate-General for Economic and Financial Affairs
Directorate L – Treasury and financial operations
Unit L-4: Borrowing, lending, accounting and back office
Attn.: Head of Unit
L-2920 Luxembourg

Copy to the National Bank of Moldova
[*Insert address*]

Subject: **European Union macro financial assistance**
Request for Funds for the [•] Instalment

Dear Sirs,

We refer to the Loan Facility Agreement dated 23 November 2017 between the European Union as Lender and the Republic of Moldova as Borrower and the National Bank of Moldova as agent to the Borrower (the "**Agreement**"). Terms defined in the Agreement shall have the same meaning herein.

1. We hereby irrevocably request that an Instalment of the Loan be disbursed under and in accordance with the Agreement upon the following terms:

    a. Principal amount of the Instalment to be EUR [•].

    b. The Net Disbursement Amount of the Instalment to be at least [•] % of the principal amount.

    c. The fixed nominal Interest Rate of the Instalment shall not be higher than [•] % per annum.

    d. The disbursement under this Instalment shall be carried out before: [•].

    e. The principal repayment(s) of the Instalment to be:

Year	Principal repayment (€)

2. We acknowledge and agree that the disbursement of each Instalment shall be in accordance with and subject to

    a. the Lender being satisfied at all times that the corresponding funds are available to it from a counterparty in the international capital markets

on terms and conditions that are acceptable to it and that are consistent with the terms set out in this Request for Funds; and

b. the Lender carrying out one or several Financial Transactions to obtain the proceeds requested in this Request for Funds. We irrevocably undertake to pay any fees, costs and expenses, in particular breakage costs and cost of carry resulting from any Financial Transactions undertaken by the Lender, regardless of whether the disbursement of an Instalment will ultimately take place.

3. We further acknowledge that the relevant Borrowing Contract(s) specifying the financial terms of the Instalment are an annex to and an integral part of the Agreement.

4. We confirm that:

   a. The list of authorised signatories sent on behalf of the Borrower by the Minister of Finance on [*date*] remains valid and applicable.

   b. No event has occurred that would render incorrect any statement made in the legal opinion issued by the Minister of Justice dated [*date*].

   c. No Event of Default has occurred.

Yours faithfully,

ANNEX 3

FORM OF CONFIRMATION NOTICE



EUROPEAN COMMISSION
DIRECTORATE GENERAL
ECONOMIC AND FINANCIAL AFFAIRS
Treasury and Financial Operations
Borrowing, lending, accounting and back office

[*Insert Borrower's contact details*]

Copy to the National Bank of Moldova
[*Insert address*]

Subject: **European Union macro financial assistance**
Disbursement of the [•] Instalment

Dear Mr/Ms [•],

We refer to the Loan Facility Agreement dated 23 November 2017 between the European Union as Lender, the Republic of Moldova as Borrower and the National Bank of Moldova as agent to the Borrower of a maximum amount of EUR 60 million (the **"Agreement"**). Terms defined in the Agreement shall have the same meaning herein.

The terms of the Financial Transaction which the European Union has undertaken to fund the [•] Instalment are as follows:

Nominal amount	EUR [•]
Issue price	EUR [•]
Bank fees	EUR [•]
Other costs related to the financial transaction	EUR [•]
Net Disbursement Amount to the Borrower	EUR [•]
Disbursement Date	[•]
Interest payment dates	Annually on [•]
First interest payment date	[•]
Coupon	[•] % p.a.
Annual interest per denomination	EUR [•] per EUR 1000.-
Maturity Date	[•]

The applicable Day Count Convention is [•].

The Borrowing Contracts specifying the financial terms in particular for the current issue are an annex to and an integral part of the Agreement.

Yours faithfully,

EUROPEAN UNION
EUROPEAN COMMISSION

[•] [•]

ANNEX 4

FORM OF LEGAL OPINION

MINISTER OF JUSTICE

(to be issued on official letterhead of the Minister of Justice)

[*place, date*]

European Commission
Directorate General Economic and Financial Affairs
Directorate L – Treasury and financial operations
Unit L-4 – Borrowing, lending, accounting and back office
L-2920 Luxembourg

Re: Loan Facility Agreement dated 23 November 2017 between the European Union (as Lender) and the Republic of Moldova (as Borrower) and the National Bank of Moldova (as agent to the Borrower) for a maximum amount of EUR 60 million

Dear Sirs,

In my capacity as the Minister of Justice, I refer to the above referenced Loan Facility Agreement and its Annexes which constitute an integral part thereof (hereinafter together referred to as the "**Agreement**") entered into between the European Union (hereinafter referred to as the "**Lender**") and the Republic of Moldova (hereinafter referred to as the "**Borrower**") and the National Bank of Moldova as agent to the Borrower for a maximum amount of EUR 60 million on [*insert date*]. I also refer to the Memorandum of Understanding signed on [*insert date*] between the European Union and the Republic of Moldova (hereinafter referred to as the "**MoU**").

I warrant that I am fully competent to issue this legal opinion in connection with the Agreement on behalf of the Borrower.

I have examined originals or copies of the execution versions of the Agreement and of the MoU. I have also examined the relevant provisions of national and international law applicable to the Borrower and the National Bank of Moldova, the powers of signatories and such other documents as I have deemed necessary or appropriate. Furthermore, I have made such other investigations and reviewed such matters of law as I have considered relevant to the opinion expressed herein.

I have assumed (i) the genuineness of all signatures (except the Borrower and the National Bank of Moldova) and the conformity of all copies to originals, (ii) the capacity and power to enter into the Agreement of, and their valid authorisation and

signing by, each Party other than the Borrower and National Bank of Moldova and (iii) the validity, binding effect and enforceability of the Agreement on each Party under the laws of England.

Terms used and not defined in this opinion shall have the meaning set out in the Agreement and in the MoU.

This opinion is limited to Moldavian law as it stands at the date of this opinion.

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

1. With respect to the laws, regulations and legally binding decisions currently in force in the Republic of Moldova, the Borrower is by the execution of the Agreement by [*insert name*], validly and irrevocably committed to fulfil all of its obligations under it.

2. The Borrower's execution, delivery and performance of the Agreement and the MoU: (i) have been duly authorised by all necessary consents, actions, approvals and authorisations; and (ii) have not and will not violate any applicable regulation or ruling of any competent authority or any agreement or treaty binding on it.

3. Nothing in this Agreement contravenes or limits the rights of the Borrower to make punctual and effective payment of any sum due for the principal, interest or other charges under the Agreement.

4. The Agreement and the MoU are in proper legal form under Moldavian law for enforcement against the Borrower. The enforcement of the Agreement would not be contrary to mandatory provisions of Moldavian law, to the ordre public of the Republic of Moldova, to international treaties or to generally accepted principles of international law binding on the Borrower.

5. It is not necessary in order to ensure the legality, validity or enforceability of the Agreement and the MoU that they be filed, recorded, or enrolled with any court or authority in the Republic of Moldova.

6. No taxes, duties, fees or other charges imposed by the Republic of Moldova or any taxing authority thereof or therein are payable in connection with the execution and delivery of the Agreement and with any payment or transfer of principal, interest, commissions and other sums due under the Agreement.

7. No exchange control authorisations are required and no fees or other commission are to be paid on the transfer of any sum due under the Agreement.

8. The signature of the Agreement and the MoU by [*insert name*], Governor of the National Bank of Moldova, legally and validly binds the National Bank of Moldova.

9. The choice of English law as governing law for the Agreement is a valid choice of law binding the Borrower and the National Bank of Moldova in accordance with Moldavian law.

10. The Borrower has legally, effectively and irrevocably submitted to the exclusive jurisdiction of the Court of Justice of the European Union in connection with the Agreement and any judgement of this court would be conclusive and enforceable in the Republic of Moldova.

11. Neither the Borrower nor any of its property are immune on the grounds of sovereignty or otherwise from jurisdiction, attachment – whether before or after judgement – or execution in respect of any action or proceeding relating to the Agreement.

12. The Agreement and the MoU on execution comply with all domestic Constitutional requirements for the Agreement and the MoU to be operative as a matter of Moldavian law and binding on the Republic of Moldova and the National Bank of Moldova and have been made upon the provisions of [*insert reference to national law*].

13. The Agreement and the MoU [are fully valid and do not need to be ratified/have been validly ratified] in accordance with the provisions of the [*insert reference to national law*].

14. In conclusion, the Agreement and the MoU have been duly executed on behalf of the Borrower and all the Borrower's obligations in relation to the Agreement and the MoU are valid, binding and enforceable in accordance with their terms and nothing further is required to give effect to the same.

Minister of Justice of Republic of Moldova

ANNEX 5

LIST OF CONTACTS

For the Lender:

European Commission
Directorate General Economic and Financial Affairs –
Unit L-4 "Borrowing, lending, accounting and back office"
Attention: Head of Unit
L-2920 Luxembourg
Tel.: +352 4301 30070

For the Borrower:

Ministry of Finance
Attention: Minister of Finance
Str. Constantin Tănase, 7, mun. Chişinău,
MD-2005, Republica Moldova
Tel.: +373 22 226629

With copy to:

National Bank of Moldova
Attention: Governor of the National Bank of Moldova
Bulevardul Grigore Vieru nr. 1,
MD-2005, Chişinău, Republica Moldova
Tel.: + 373 22 822 606