

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast), as amended ("MiFID II"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

TERMS AND CONDITIONS

of the up to

EUR 200,000,000 4.75% Notes due 2023

issued by the Republic of Srpska

§ 1

CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

(1) *Currency, Denomination.* This tranche of notes (the "**Notes**") is being issued by the Republic of Srpska (the "**Issuer**") in Euro (the "**Specified Currency**") in the aggregate principal amount of up to 200,000,000 (in words: two hundred million) in the denomination of EUR 100,000 (the "**Specified Denomination**").

(2) *Form.* The Notes are being issued in bearer form.

(3) *Global Note.* The Notes are represented by a permanent global note (the "**Global Note**") without coupons; the claim for interest payments under the Notes is represented by the Global Note. The Global Note shall be signed by authorised representatives of the Issuer. The Global Note shall be issued in classical global note format. Definitive Notes and coupons will not be issued.

(4) *Clearing System.* The Global Note will be kept in custody by or on behalf of a Clearing System until all obligations of the Issuer under the Notes have been satisfied. "**Clearing System**" means each of OeKB CSD GmbH, Strauchgasse 1-3, 1011 Vienna, Austria, Clearstream Banking, S.A., Luxembourg, 42 Avenue J.F. Kennedy, 1855 Luxembourg, Grand Duchy of Luxembourg and Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium and any successor in such capacity.

(5) *Listing:* Application will be made for the Notes to be included in trading on the Third Market (*Dritter Markt*) which is a multilateral trading facility (MTF) operated by the Vienna Stock Exchange (*Wiener Börse*).

(6) *Holder of Notes.* "**Holder**" means any holder of the Notes in the Specified Denomination.

(7) *Business Day.* "**Business Day**" means a calendar day (other than a Saturday or a Sunday) on which the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 or its successor ("TARGET2") is open for the settlement of payments in Euro.

§ 2
STATUS, NEGATIVE PLEDGE

(1) *Status*. The Notes constitute direct, unsecured, unconditional and unsubordinated obligations of the Issuer and rank and will at all time rank *pari passu*, without preference among themselves, with all other unsecured External Indebtedness (as defined below) of the Issuer, from time to time outstanding, *provided, further*, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due on the Notes and vice versa.

"**External Indebtedness**" means any indebtedness or any obligations (other than the Notes) for borrowed monies.

(2) *Negative Pledge*. So long as the Notes remain outstanding the Issuer undertakes for the benefit of the Holders for such period until the principal and all other payments under the Notes have been made that it will not provide a Security Interest for any other obligations resulting from Public External Indebtedness without securing the Holders equally and rateably therewith.

"**Public External Indebtedness**" means any External Indebtedness, which is evidenced or represented by bonds, notes, debenture, debenture stock, loan stock, certificate or other securities which are for the time being or are capable of being or intended to be quoted, listed or ordinarily dealt in on any stock exchange, automated trading system, multilateral trading facility, over-the-counter or other securities market.

"**Security Interest**" means a lien, pledge, mortgage, security interest, charge or other security interest including, without limitation, anything analogous of anything foregoing under the laws of any jurisdiction which has the practical effect of constituting a security interest.

§ 3
INTEREST

(1) *Rate of Interest and Interest Payment Dates*. The Notes shall bear interest on their outstanding aggregate principal amount at the rate of 4.75 *per annum* from, and including, 28 June 2018 (the "**Interest Commencement Date**") to, but excluding, the Maturity Date (as defined in § 5 (1)). Interest shall be payable semi-annually in arrear on 28 June and 28 December in each year (each such date, an "**Interest Payment Date**").

(2) *Default Interest*. The Notes shall cease to bear interest from the expiry of the calendar day preceding the due date for redemption. If the Issuer fails to redeem the Notes when due, interest shall continue to accrue on the outstanding aggregate principal amount of the Notes from, and including, the due date for redemption to, but excluding, the date of actual redemption of the Notes at the respective rate of interest specified. This does not affect any additional rights that might be available to the Holders.

(3) *Calculation of Amount of Interest*. If the amount of interest payable under the Notes is required to be calculated for any period of time of less or more than a full year such amount of interest shall be calculated by applying the rate of interest to the Specified Denomination, multiplying such sum by the applicable Day Count Fraction (as defined below), and rounding the resultant figure to the nearest sub-unit of the Specified Currency, half of such sub-unit being rounded upwards or otherwise in accordance with the applicable market convention.

(4) *Day Count Fraction*. Where interest is to be calculated in respect of a period which is equal or shorter than a full year then the Day Count Fraction used will be the number of days in the relevant period, from and including the date from which the interest begins to accrue to but excluding the date on which it falls due, divided by the actual number of days in that year.

§ 4
PAYMENTS

(1) (a) *Payment of Principal*. Payment of principal on the Notes shall be made, subject to paragraph (2) below, to the Clearing System or to its order for credit to the accounts of the

relevant accountholders of the Clearing System.

(b) *Payment of Interest.* Payment of interest on the Notes shall be made, subject to paragraph (2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System.

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the Specified Currency.

(3) *Payment Business Day.* If the due date for any payment in respect of the Notes would otherwise fall on a calendar day which is not a Business Day, the due date for such payment shall be postponed to the next calendar day which is a Business Day. If the due date for a payment of interest is postponed (as described above), the amount of interest shall not be adjusted accordingly. If the due date for the redemption of the principal amount of the Notes is adjusted the Holder shall not be entitled to payments in respect of such adjustment.

(4) *References to Principal and Interest.* References in these Terms and Conditions to "principal" in respect of the Notes shall be deemed to include, as applicable: the Redemption Amount of the Notes and any premium and any other amounts (other than interest) which may be payable under or in respect of the Notes. References in these Terms and Conditions to "interest" in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts.

§ 5 REDEMPTION

(1) *Redemption on the Maturity Date.* Unless previously redeemed in whole or in part or repurchased and cancelled, and subject to adjustment in accordance with the provisions set out in § 4 (4), the Notes shall be redeemed at their Redemption Amount on 28 June 2023. (the "**Maturity Date**").

The "**Redemption Amount**" in respect of each Note shall be 100% of the Specified Denomination.

(2) *No Early Redemption at the Option of the Issuer.* The Notes may not be redeemed at the option of the Issuer prior to their Maturity Date.

(3) *No Early Redemption at the Option of a Holder.* The Holders do not have a right to demand the early redemption of the Notes.

§ 6 PAYING AGENT

(1) *Appointment; Specified Offices.* The initial Paying Agent and its initial specified offices are:

Baader Bank Aktiengesellschaft
Weihenstephaner Straße 4
85716 Unterschleißheim
Germany

The Paying Agent reserves the right at any time to change its respective specified office to some other specified office in the same city.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and to appoint another additional or other Paying Agent(s). The Issuer shall at all times maintain a Paying Agent with a specified office in the European Union and any such other place as may be required by the rules of any stock exchange or multilateral trading facility on which the Notes are traded with the consent of the Issuer. The Issuer will give notice to the Holders of any variation, termination, appointment or any other change as soon as possible upon the effectiveness of such change.

(3) *Agents of the Issuer.* The Paying Agent acts solely as agents of the Issuer and does not

have any obligations towards or relationship of agency or trust to any Holder.

(4) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Terms and Conditions by the Paying Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer and the Holders and, in the absence of the aforesaid, no liability to the Issuer or the Holders shall attach to the Paying Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

§ 7 TAXATION

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Republic of Srpska and/or Bosnia and Herzegovina or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law.

In that event, the Issuer shall pay such additional amounts (the "**Additional Amounts**") to the Holder as shall result in receipt by that Holder of such amounts as would have been received by it had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note:

- (a) to, or to a third party on behalf of, a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the Republic of Srpska and/or Bosnia and Herzegovina other than the mere holding of the Note; or
- (b) presented for payment more than 30 calendar days after the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven calendar days after that on which notice is duly given to the Holders in accordance with § 11 that, upon further presentation of the Notes being made, such payment will be made, provided that payment is in fact made upon such presentation, except to the extent that the Holder would have been entitled to such Additional Amounts on presenting the Note for payment on the thirtieth such calendar day.

§ 8 PRESCRIPTION

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within thirty years (in the case of principal) and three years (in the case of interest) upon the relevant due date.

§ 9 ACCELERATION

(1) *Events of Default.* The Holders of at least 25% in principal amount of the outstanding Notes shall be entitled to declare the Notes due in accordance with § 9(2) and demand immediate redemption thereof at the Redemption Amount, together with accrued interest (if any) to (but excluding) the date of repayment, if one of the following events (each an "**Event of Default**") occurs and is continuing:

- (a) *Non-payment:* any amount of principal is not paid on the due date for payment thereof or any amount of interest on the Notes is not paid within 15 days of the due date for payment thereof; or
- (b) *Breach of other obligations:* the Issuer does not perform or comply with any one or more of its other obligations under the Notes, which default is incapable of remedy or, if capable of remedy, is not remedied within 30 days after notice of such default has been given to the Issuer by any Holder; or

- (c) *Cross-acceleration of the Issuer:*
- (i) the holders of any Public External Indebtedness of the Issuer accelerate such Public External Indebtedness or declare such Public External Indebtedness to be due and payable, or required to be prepaid (other than by a regularly scheduled required payment), prior to the originally stated maturity thereof; or
 - (ii) the Issuer fails to pay in full any principal of, or interest on, any Public External Indebtedness when due (after expiration of any originally applicable grace period) or any Guarantee of any Public External Indebtedness given by the Issuer shall not be honoured when due and called upon (after the expiration of any originally applicable grace period);

provided that the aggregate amount of the relevant Public External Indebtedness or Guarantee in respect of which one or more of the events mentioned above shall have occurred equals or exceeds EUR 10,000,000 or its equivalent in other currencies. "**Guarantee**" means any guarantee of or indemnity in respect of indebtedness or other like obligation; or

- (d) *Moratorium:* the Issuer suspends payment of, or admits its inability to pay, its Public External Indebtedness or any part thereof or declares a general moratorium on or in respect of its Public External Indebtedness or any part thereof, or anything analogous to the foregoing occurs; or
- (e) *Unlawfulness or Invalidity:* the validity of the issuance and performance of the Notes is contested by the Issuer or the Issuer denies any of its obligations under the Notes or it is or becomes unlawful for the Issuer to perform or comply with all or any of its obligations set out in the Notes or any of such obligations are or become unenforceable or invalid; or
- (f) *International Monetary Fund:* Bosnia and Herzegovina (or the Republic of Srpska as its entity, if applicable) ceases to be a member of, or ceases to be eligible to use the general resources of, the International Monetary Fund (the "**IMF**") or the IMF has limited, pursuant to its Articles of Agreement or Rules and Regulations, the use by Bosnia and Herzegovina (or the Republic of Srpska as its entity, if applicable) of the general resources of the IMF; or
- (g) *Consents etc.:* any law, regulation, decree, consent, approval, licence, procedure, resolution or other authority necessary to enable the Issuer to issue and perform its obligations under the Notes or any other document signed in the course of the issue of the Notes or for the validity or enforceability thereof expires or is withheld, revoked or terminated or otherwise ceases to remain in full force and effect or is modified in a manner which adversely affects any right or claim of any of the Holders in respect of any payment due pursuant to the Notes.

(2) *Notice.* Any notice, including any notice declaring Notes due in accordance with § 9(1), shall be made in accordance with § 11. Notice shall promptly be given to all other Holders by the Issuer.

(3) *Withdrawal of Notice.* If the Issuer receives notice in writing from Holders of at least 50% in aggregate principal amount of the outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any above mentioned notice of acceleration is or are cured following any such declaration and that such Holders wish the relevant notice of declaration to be withdrawn, the Issuer shall give notice thereof to the Holders, whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice. No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Holder in relation thereto.

**§ 10
FURTHER ISSUES OF NOTES,
REPURCHASES AND
CANCELLATION**

(1) *Further Issues of Notes.* The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms as the Notes in all respects (except for the issue date, issue price, Interest Commencement Date and/or first Interest Payment Date) so as to form a single series with the Notes.

(2) *Repurchases.* The Issuer may at any time repurchase Notes in the open market or otherwise at any price. Notes repurchased by the Issuer may, at the option of the Issuer, be held, resold or cancelled.

(3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

**§ 11
NOTICES**

(1) *Publication.* All notices concerning the Notes shall be published on the website of the Issuer <http://www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstva/mf/Pages/default.aspx> . Any notice so given will be deemed to have been validly given on the fifth calendar day following the date of such publication (or, if published more than once, on the fifth calendar day following the date of the first such publication). This does not affect any applicable statutory, stock exchange or multilateral trading facility publication requirements.

(2) *Alternative Publication.* Alternatively to the publication pursuant to § 11(1), notices may be given to the Holders by the Issuer (a) via the respective institutions which maintain the Holders' security accounts, (b) by mail or courier to Holders known to the Issuer, or (c) pursuant to § 11(3).

(3) *Clearing Systems.* Subject to applicable law, the Issuer may deliver the relevant notices to the Clearing System, for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been given to the Holders on the seventh calendar day after the calendar day on which said notice was given to the Clearing System.

(4) *Form of Notice to Be Given by any Holder.* Notices regarding the Notes which are to be given by any Holder to the Issuer shall be validly given if delivered in text format (*Textform*) or in writing in the English language to the Issuer or the Paying Agent (for onward delivery to the Issuer) and by hand or mail. The Holder shall provide evidence satisfactory to the Issuer of its holding of the Notes. Such evidence may be (i) in the form of a certification from the Clearing System or the Custodian with which the Holder maintains a securities account in respect of the Notes that such Holder is, at the time such notice is given, the Holder of the relevant Notes, or (ii) in any other appropriate manner. "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System.

**§ 12
MEETING OF HOLDERS,
WRITTEN RESOLUTIONS**

(1) *Convening Meetings of Holders; Conduct of Meetings of Holders; Written Resolutions.*

(a) The Issuer may convene a meeting of the Holders at any time in respect of the Notes. The Issuer will determine the time and place of the meeting. The Issuer will notify the Holders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.

(b) The Issuer will convene a meeting of Holders if the holders of at least 10% in principal amount of the outstanding Notes (subject to § 12(9) below) have delivered a written request to the Issuer setting out the purpose of the meeting. The Issuer will notify the Holders within 10 days of receipt of such written request of the time and place of the

meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.

- (c) The Issuer will set the procedures governing the conduct of any meeting as are customary in the market in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.
- (d) The notice convening any meeting will specify, *inter alia*;
 - (i) the date, time and location of the meeting;
 - (ii) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;
 - (iii) the modification record date for the meeting, which shall be no more than five business days before the date of the meeting;
 - (iv) the documentation required to be produced by a Holder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Holder's behalf at the meeting;
 - (v) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Holders;
 - (vi) whether § 12(2), § 12(3) or § 12(4) shall apply and, if relevant, in relation to which other series of debt securities it applies;
 - (vii) if the proposed modification or action relates to two or more series of debt securities issued by the Issuer and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;
 - (viii) such information that is required to be provided by the Issuer in accordance with § 13(6);
 - (ix) the identity of the Aggregation Agent and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in § 12(7); and
 - (x) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.
- (e) All information to be provided pursuant to § 12(1)(d) shall also be provided, *mutatis mutandis*, in respect of Written Resolutions.
- (f) A "**modification record date**" in relation to any proposed modification or action means the date fixed by the Issuer for determining the Holders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.
- (g) An "**Extraordinary Resolution**" means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.
- (h) A "**Written Resolution**" means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.
- (i) Any reference to "**debt securities**" means any notes (including the Notes), bonds,

debentures or other debt securities issued by the Issuer in one or more series with an original stated maturity of more than one year.

- (j) **"Debt Securities Capable of Aggregation"** means those debt securities which include or incorporate by reference this § 12 or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

(2) *Modification of this Series of Notes only.*

- (a) Any modification of any provision of, or any action in respect of the Notes may be made or taken if approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.
- (b) A **"Single Series Extraordinary Resolution"** means a resolution passed at a meeting of Holders duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to § 12(1) by a majority of:
- (i) in the case of a Reserved Matter, at least 75% of the aggregate principal amount of the outstanding Notes; or
 - (ii) in the case of a matter other than a Reserved Matter, more than 50% of the aggregate principal amount of the outstanding Notes.
- (c) A **"Single Series Written Resolution"** means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:
- (i) in the case of a Reserved Matter, at least 75% of the aggregate principal amount of the outstanding Notes; or
 - (ii) in the case of a matter other than a Reserved Matter more than 50% of the aggregate principal amount of the outstanding Notes.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Holders.

- (d) Any Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Holders, whether or not they attended any meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be.

(3) *Multiple Series Aggregation – Single limb voting.*

- (a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, provided that the Uniformly Applicable condition is satisfied.
- (b) A **"Multiple Series Single Limb Extraordinary Resolution"** means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to § 12(1), as supplemented if necessary, which is passed by a majority of at least 75% of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).
- (c) A **"Multiple Series Single Limb Written Resolution"** means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75% of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any

Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Holders or one or more holders of each affected series of debt securities.

- (d) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Holders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be, and on all couponholders (where applicable) of each other affected series of Debt Securities Capable of Aggregation.
- (e) The "**Uniformly Applicable**" condition will be satisfied if:
 - (i) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (A) the same new instrument or other consideration or (B) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or
 - (ii) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to different currency of issuance).
- (f) It is understood that a proposal under § 12(3)(a) will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).
- (g) Any modification or action proposed under § 12(3)(a) may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this § 12(3) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(4) *Multiple Series Aggregation – Two limb voting.*

- (a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.
- (b) A "**Multiple Series Two Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to § 12(1), as supplemented if

necessary, which is passed by a majority of:

- (i) at least two thirds of the aggregate principal amount of the outstanding debt securities of affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
 - (ii) more than 50% of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).
- (c) A "**Multiple Series Two Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:
- (i) at least two thirds of the aggregate principal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
 - (ii) more than 50% of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Holders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

- (d) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Holders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be, and on all couponholders (where applicable) of each other affected series of Debt Securities Capable of Aggregation.
- (e) Any modification or action proposed under § 12(4)(a) may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this § 12(4) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(5) *Reserved Matters.*

In these Terms and Conditions, "**Reserved Matter**" means any proposal:

- (a) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;
- (b) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;
- (c) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Holders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Holders or any of them;
- (d) to change this definition, or the definition of "Extraordinary Resolution", "Single Series Extraordinary Resolution", "Multiple Series Single Limb Extraordinary Resolution",

"Multiple Series Two Limb Extraordinary Resolution", "Written Resolution", "Single Series Written Resolution", "Multiple Series Single Limb Written Resolution" or "Multiple Series Two Limb Written Resolution";

- (e) to change the definition of "debt securities" or "Debt Securities Capable of Aggregation";
- (f) to change the definition of "Uniformly Applicable";
- (g) to change the definition of "outstanding" or to modify the provisions of § 12(9);
- (h) to change the legal ranking or status of the Notes;
- (i) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date;
- (j) to change the law governing the Notes, the jurisdiction or arbitration to which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Issuer's waiver of immunity, in respect of actions or proceedings brought by any Holder, set out in § 13;
- (k) to impose any condition on or otherwise change the Issuer's obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;
- (l) to modify the provisions of this § 12(5);
- (m) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security; or
- (n) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of the Notes in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in Notes as so modified being less favourable to the Holders than:
 - (i) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange or substitution or conversion; or
 - (ii) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

(6) *Information.*

Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to § 12(2), § 12(3) or § 12(4), the Issuer shall publish in accordance with § 11 the following information:

- (a) a description of the Issuer's economic and financial circumstances which are, in the Issuer's opinion, relevant to the request for any potential modification or action, a description of the Issuer's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;
- (b) if the Issuer shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement. Where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;
- (c) a description of the Issuer's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and

- (d) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Holders in § 12(1)(d)(vii).

(7) Claims Valuation.

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with § 12(3) and § 12(4), the Issuer may appoint a Calculation Agent. The Issuer shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the par value of the Notes and such affected series of debt securities will be calculated. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

(8) Manifest error, etc.

The Notes may be amended by the Issuer without the consent of the Holders to correct a manifest error. The amendment will become effective upon publication in accordance with § 11.

(9) Notes controlled by the Issuer.

For the purposes of: (i) determining the right to attend and vote at any meeting of Holders, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution; and (ii) this § 12 and (iii) § 9, any Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer shall be disregarded and be deemed not to remain outstanding, where:

- (a) "**public sector instrumentality**" means the Main Bank of Republika Srpska of the Central Bank of BiH, any other department, ministry or agency of the government of the Republic of Srpska or any corporation, trust, financial institution or other entity owned or controlled by the government of the Republic of Srpska or any of the foregoing; and
- (b) "**control**" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Note will also be deemed to be not outstanding if the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued, or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any meeting of Holders, or in connection with any Written Resolution, the Issuer shall provide to the Holders a copy of the certificate prepared pursuant to § 12(12)(d), which includes information on the total number of Notes which are for the time being held by or on behalf of the Issuer or by or on behalf of any person which is owned or controlled directly or indirectly by the Issuer or by any public sector instrumentality of the Issuer and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Holders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting.

(10) Publication.

The Issuer shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with § 11.

(11) *Exchange and Conversion.*

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Notes may be implemented at the Issuer's option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Holders at the time notification is given to the Holders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Holders.

(12) *Aggregation Agent; Aggregation Procedures.*

- (a) *Appointment.* The Issuer will appoint an Aggregation Agent to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes, and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, the Notes and in respect of the terms and conditions or bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.
- (b) *Extraordinary Resolutions.* If an Extraordinary Resolution has been proposed at a duly convened meeting of Holders to modify any provision of, or action in respect of, the Notes and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.
- (c) *Written Resolutions.* If a Written Resolution has been proposed to modify any provision of, or action in respect of, the Notes and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.
- (d) *Certificate.* For the purposes of § 12(12)(b) and (c), the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in § 12(2), § 12(3) or § 12(4), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

- (i) list the total principal amount of Notes and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the modification record date; and
- (ii) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of § 12(9) on the modification record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

- (e) *Notification.* The Aggregation Agent will cause each determination made by it for the purposes of this § 12(12) to be *notified* to the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Holders.
- (f) *Binding nature of determinations; no liability.* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this § 12(12) by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Issuer and the Holders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- (g) *Manner of publication.* The Issuer will publish all notices and other matters required to be published pursuant to the Agency Agreement including any matters required to be published pursuant to § 9 and § 12:
 - (i) on its website;
 - (ii) through the systems of the Clearing System(s) and/or any other international or domestic clearing system(s) through which the Notes are for the time being cleared;
 - (iii) in such other places and in such other manner as may be required by applicable law or regulation; and
 - (iv) in such other places and in such other manner as may be customary.

(13) *Holders' Committee*

- (a) *Appointment.* Holders of at least 25% of the aggregate principal amount of the outstanding debt securities of all series of affected debt securities (taken in aggregate) may, by notice in writing to the Issuer, appoint any person or persons as a committee to represent the interests of such holders (as well as the interests of any holders of outstanding debt securities who wish to be represented by such a committee) if any of the following events has occurred:
 - (i) an Event of Default;
 - (ii) any event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in § 9 become an Event of Default;
 - (iii) any public announcement by the Issuer, to the effect that the Issuer is seeking or intends to seek a rescheduling or restructuring of the Notes or any other affected series of debt securities (whether by amendment, exchange offer or otherwise); or
 - (iv) with the agreement of the Issuer, at a time when the Issuer has reasonably reached the conclusion that its debt may no longer be sustainable whilst the Notes or any other affected series of debt securities are outstanding.
- (b) Upon receipt of a written notice that a committee has been appointed in accordance with § 12(13)(a), and a certificate delivered pursuant to § 12(13)(e), the Issuer shall give notice of the appointment of such a committee to:
 - (i) all Holders in accordance with § 11; and
 - (ii) the holders of each affected series of debt securities in accordance with the terms and conditions of such affected series of debt securities,as soon as practicable after such written notice and such certificate are delivered to the Issuer.
- (c) *Powers.* Such committee in its discretion may, among other things:
 - (i) engage legal advisers and financial advisers to assist it in representing the interests of the Holders;

- (ii) adopt such rules as it considers appropriate regarding its proceedings;
- (iii) enter into discussions with the Issuer and/or other creditors of the Issuer; and
- (iv) designate one or more members of the committee to act as the main point(s) of contact with the Issuer and provide all relevant contact details to the Issuer.

Except to the extent provided in this § 12(13)(c), such committee shall not have the ability to exercise any powers or discretions which the Holders could themselves exercise.

(d) *Engagement with the committee and provision of information.* The Issuer shall:

- (i) subject to § 12(13)(d)(ii), engage with the committee in good faith;
- (ii) provide the committee with information equivalent to that required under § 12(6) and related proposals, if any, in each case as the same become available, subject to any applicable information disclosure policies, rules and regulations; and
- (iii) pay any reasonable fees and expenses of any such committee (including without limitation, the reasonable and documented fees and expenses of the committee's legal and financial advisers, if any) following receipt of reasonably detailed invoices and supporting documentation.

If more than one committee has been appointed by holders of affected series of debt securities in accordance with the provisions of this § 12(13) and/or equivalent provisions set out in the terms and conditions of any affected series of debt securities, the Issuer shall not be obliged to engage with such committees separately. Such committees may appoint a single steering group (to be comprised of representatives from such committees), whereupon the Issuer shall engage with such steering group.

(e) *Certification.* Upon the appointment of a committee, the person or persons constituting such a committee (the "**Members**") will provide a certificate to the Issuer signed by the authorised representatives of the Members, and the Issuer may rely upon the terms of such certificate.

The certificate shall certify:

- (i) that the committee has been appointed;
- (ii) the identity of the initial Members; and
- (iii) that such appointment complies with the terms and conditions of the relevant bond documentation.

Promptly after any change in the identity of the Members, a new certificate, which each of the Issuer may rely on conclusively, will be delivered to the Issuer identifying the new Members. The Issuer will assume that the membership of the committee has not changed unless and until it has received a new certificate.

The provisions of this § 12(13)(e) shall apply, mutatis mutandis, to any steering group appointed in accordance with § 12(13)(d).

In appointing a person or persons as a committee to represent the interests of the Holders, the Holders may instruct a representative or representatives of the committee to form a separate committee or to join a steering group with any person or persons appointed for similar purposes by other affected series of debt securities.

(14) *Exclusion of the applicability of the Austrian Notes Trustee Act.* The applicability of the provisions of the Austrian Notes Trustee Act (*KuratorenGesetz*) and the Austrian Notes Trustee Supplementation Act (*KuratorenErgänzungsgesetz*) is explicitly excluded in relation to the Notes, to the extent legally permissible.

§ 13
APPLICABLE LAW,
PLACE OF JURISDICTION, ENFORCEMENT AND WAIVER OF IMMUNITY

(1) *Applicable Law.* The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by, and shall be construed in accordance with, Austrian law except for its conflict of law rules as far as such rules would lead to the application of foreign law.

(2) *Arbitration.* Subject to § 13(3), any dispute arising out of or in connection with the Notes (including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligation arising out of or in connection with the Notes) (a "**Dispute**") shall be referred to and finally resolved by arbitration under the Rules of Arbitration of the International Chamber of Commerce (the "**Rules**"), which Rules are deemed to be incorporated by reference into these Terms and Conditions.

The arbitral tribunal shall consist of three arbitrators, each of whom shall be disinterested in the Dispute, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions.

The claimant(s), irrespective of number, shall nominate jointly one arbitrator and the respondent(s), irrespective of number, shall nominate jointly the second arbitrator, in accordance with the Rules, for confirmation by the ICC Court. If a party or parties fail(s) to nominate an arbitrator, the appointment shall be made by the ICC Court. The third arbitrator, who shall serve as president of the arbitral tribunal, shall be nominated, for confirmation by the ICC Court, by agreement of the two party-nominated arbitrators within 15 days of the nomination of the second arbitrator, or, in default of such agreement, shall be appointed by the ICC Court as soon as possible. The seat and place of arbitration shall be Vienna, Austria. The language of the arbitration shall be English. The Expedited Procedure Provisions shall not apply.

(3) *Place of Jurisdiction.* At any time before any Holder has nominated an arbitrator to resolve any Dispute(s) pursuant to § 13(2), that Holder or any other Holder, at its sole option, may elect by notice in writing to the Issuer that such Dispute(s) shall instead be heard by the courts of Austria or by any other court of competent jurisdiction, as more particularly described in § 13(3). Following any such election, no arbitral tribunal shall have jurisdiction in respect of any Dispute(s).

In the event that any Holder issues a notice pursuant to § 13(3), the following provisions shall apply: The Austrian courts competent for commercial disputes for the first district of Vienna shall have exclusive jurisdiction to settle any Dispute(s). This § 13(3) is for the benefit of the Holders only. As a result, to the extent allowed by law, each Holder may, in respect of any Dispute or Disputes, take (A) proceedings relating to a Dispute ("**Proceedings**") in any other court with jurisdiction; and (B) concurrent Proceedings in any number of jurisdictions.

(4) *Enforcement.* Any Holder of Notes may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in its own name its rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of the Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b), and (ii) a copy of the Global Note certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the Global Note representing the Notes. Each Holder may, without prejudice to the foregoing, protect and enforce its rights under the Notes also in any other way which is admitted in the country of the proceedings.

(5) *Waiver of Immunity.* The Issuer hereby irrevocably waives any immunity to which it might otherwise be entitled in Disputes and hereby consents generally in respect of any Disputes arising out of or in connection with the Notes to the giving of any relief or the issue of any

process in connection with such Disputes including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of where such property is located and of its use or intended use except for certain minor property such as the equipment of embassies) of any judgment or decision which may be given in such Disputes.

(6) *Appointment of Process Agent.* The Issuer irrevocably appoints Mr. Alexander Singer (the "**Process Agent**") currently residing at Prinz-Eugen-Straße 30, 1040 Vienna, Austria, as its agent for service of process in Austria and agrees that, in the event of the Process Agent being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in Austria in respect of any Proceedings or Disputes. The Issuer agrees that failure by a Process Agent to notify it of any process will not invalidate service. Nothing in this § 13(6) shall affect the right to serve process in any other manner permitted by law.