

TERMS AND CONDITIONS OF THE BONDS

(in Slovak: *emisné podmienky dlhopisov*)

Bonds with fixed interest rate due 21 October 2019 in maximum principal amount of 50,000,000 EUR, ISIN: SK4120010307 séria 01 (the **Bonds**) are issued by the International Investment Bank, an international organisation organised and existing under public international law, created by the Agreement on the Establishment of the International Investment Bank dated 10 July 1970 and registered with the Secretariat of the United Nations, with its official seat at 7, Masha Poryvaeva Street, 107 078 Moscow, Russian Federation shall be governed by the following terms and conditions (the **Conditions**):

1. CLASS, NAME, FORM AND PRINCIPAL AMOUNT

- 1.1 The class of the security is: bond. The name of the Bond is: “Dlhopis IIB 2019”.
- 1.2 The maximum principal amount of the Bonds under these Conditions is EUR 50,000,000.
- 1.3 The Bonds are book-entry (in Slovak: *zaknihované*) securities registered in Centrálny depozitár cenných papierov SR, a.s., with its registered seat at ul. 29 augusta 1/A, 814 08 Bratislava, Slovak Republic (**CDCP**).
- 1.4 The Bonds are issued in euros in the bearer form (in Slovak: *cenné papiere na doručiteľa*), with the nominal value of each Bond being EUR 10,000 (the **Nominal Value**) in the number of maximum 5,000 Bonds.
- 1.5 The date of issue of the Bonds is 21 October 2014 (the **Issue Date**).
- 1.6 The Bonds are issued under the laws of the Slovak Republic, in particular the Act No. 530/1990 Coll. on bonds as amended (the **Act on Bonds**) and Act No. 566/20014 Coll. on securities and investment services as amended (the **Securities Act**).

2. OFFER AND APPLICATION FOR ADMISSION TO TRADING

- 2.1 The Issuer is a public international organisation the members of which are inter alia the following EU Member States: the Slovak Republic, the Czech Republic, Romania and Bulgaria. Consequently, the Issuer is exempt from the requirements to draw up and publish a prospectus in accordance with Section 125h(1) of the Securities Act.
- 2.2 The Bonds in the first tranche are not issued on the basis of a public offer under the Securities Act and shall be offered mainly to professional investors in the Slovak Republic.
- 2.3 The Issuer shall apply for admission of the Bonds to trading on the regulated free market (in Slovak: *regulovaný voľný trh*) of the Bratislava Stock Exchange. The Issuer may apply for admission of the Bonds to trading on other regulated market in the European Union.

3. FURTHER ISSUES

The Issuer may at any time until the Final Maturity Date issue further tranches of the Bonds under these Conditions up to the maximum principal amount specified in paragraph 1.1. The Issuer may sell any number of such subsequently issued Bonds by any means the Issuer may deem fit in its sole discretion. Issue price of the Bonds shall be determined by the Issuer from time to time whenever any such future tranche of the Bonds is sold.

4. BONDHOLDERS

The Bondholders will be the persons registered as owners of the Bonds (i) on the owner's account (in Slovak: *účet majiteľa*) maintained by CDCP or by a member of CDCP or (ii) on the internal account of a custodian for which CDCP maintains a custody account (in Slovak: *držiteľský účet*) (each such account referred to as the **Relevant Account** and each such person as the **Bondholder**). If some of the Bonds are registered in a custody account, the Issuer reserves the right to rely on the authority of each custodian to fully represent (directly or indirectly) the Bondholder and perform vis-à-vis the Issuer and to the account of the Bondholder all legal acts (either in the Bondholder's name or in its own name) associated in the Bonds as if this person were their owner. Unless the laws or a decision of the court delivered to the Issuer provides otherwise, the Issuer and the Administrator (as defined below) will deem every Bondholder the authorised owner in all respects and make the payments under this Prospectus to that Bondholder.

5. OBLIGATION OF THE ISSUER

The Issuer declares that it is obliged to pay the Nominal Value and interest on each of the Bond to each Bondholder who is the owner of such Bond in accordance with these Conditions.

6. TRANSFERABILITY AND RIGHTS ATTACHED TO THE BONDS

6.1 Transferability of the Bonds and the rights attached to the Bonds are not restricted, except for any general statutory restrictions applicable to creditor rights in general.

6.2 A Bondholder is entitled to be paid the Nominal Value of the Bonds and relevant interest in accordance with these Conditions.

6.3 No rights of exchange or pre-emption rights are attached to the Bonds.

7. STATUS OF THE ISSUER'S OBLIGATIONS

7.1 The obligations under the Bonds will constitute direct, unsecured, unconditional and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and as to the order of their satisfaction at least *pari passu* to all other current and future direct, unsecured, unconditional and unsubordinated obligations of the Issuer, except for those obligations of the Issuer so identified by the mandatory provisions of law.

7.2 The Issuer undertakes to treat all the Bondholders equally.

8. NEGATIVE PLEDGE

8.1 So long as any Bond remains outstanding, the Issuer shall not, and the Issuer shall procure that none of its Material Subsidiaries will, create or permit to subsist any Security Interest, except for any Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Financial Indebtedness or Guarantee of Financial Indebtedness without at the same time or prior thereto securing the Bonds equally and rateably therewith.

8.2 For the purposes of these Conditions:

Financial Indebtedness means an indebtedness for or in respect of (i) moneys borrowed and debit balances at banks; (ii) any acceptance credit (including any dematerialised equivalent); (iii) any bond, note, debenture, loan stock or other similar instrument; (iv) any finance lease; (v) receivables sold or discounted (other than any receivables to the extent they are sold or discounted on a non-recourse basis); (vi) any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing and (vii) any counter-indemnity obligation in respect of any guarantee, indemnity, bond, letter of credit or any other instrument issued by a bank or financial institution.

Guarantee means in relation to any Financial Indebtedness of any person, any obligation to pay such Financial Indebtedness including (without limitation): (a) any obligation to purchase such Financial Indebtedness; (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Financial Indebtedness; (c) any indemnity against the consequences of a default in the payment of such Financial Indebtedness; and (d) any other agreement to be responsible for such Financial Indebtedness;

Material Subsidiary means, as of any date, an entity (i) whose affairs and policies are controlled by the Issuer, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body or otherwise; or (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the Issuer and (iii) whose consolidated (or in the case of an entity that does not itself have any subsidiaries, unconsolidated) total assets represent 10 % or more of the total book value of all assets of the Issuer's group as reflected in the Issuer's most recent consolidated annual audited financial statements.

Permitted Security Interest means (i) any Security Interest in respect of a Financial Indebtedness the secured amount of principal of which does not at any time exceed 20 % of the total book value of all assets of the Issuer's group as reflected in the Issuer's most recent consolidated annual audited financial statements; (ii) any Security Interest arising in the ordinary course of banking transactions (including, without limitation, such as sale and repurchase transactions and share, loan and bond lending transactions and any netting or set-off arrangements entered into by the Issuer or any Material Subsidiary for the purpose of netting any debit and credit balances), provided that the Security Interest is limited to the assets which are the subject of the relevant transaction; (iii) Security Interests imposed or required by statute or operation of law (but not through any act or omission to act on the part of the Issuer or any of its Material Subsidiaries); and (iv) any extension, renewal, refunding or replacement, as a whole or in part, of any Security Interest referred to in clauses (i) to (iii), inclusive, for amounts not exceeding the principal amount of indebtedness secured by such Security Interest so extended, renewed or replaced (plus improvements thereon or additions or accessions thereto).

Security Interest means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction.

9. UNDERTAKINGS IN RESPECT OF USE OF PROCEEDS

9.1 The Issuer undertakes that it will not contrary to the Sanctions use, lend, contribute, or otherwise make available any part of the proceeds of the Bonds directly or indirectly for the purpose of financing any trade, business or other activities involving, or for the benefit of, any person that is a Restricted Party.

9.2 For the purposes of these Conditions:

Restricted Party means any person or entity which is:

- (a) listed on a Sanctions List, or a person acting on behalf of such a person; or
- (b) the subject of any Sanctions.

Sanctions mean any country- or territory-wide trade, economic or financial sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by a Sanctions Authority.

Sanctions List is the Specially Designated Nationals and Blocked Persons list maintained by Office of Foreign Assets Control of the US Department of the Treasury (**OFAC**), the Consolidated List of Financial Sanctions Targets and the Investment Ban List maintained by Her Majesty's Treasury, or any similar list maintained by, or public announcement of a Sanctions designation made by (i) the Security Council of the United Nations; (ii) the United States of America; (iii) the European Union; (iv) the member states of the European Union and (v) the governments and official institutions or agencies of any of paragraphs (i) to (iv) (including OFAC, the US

Department of State and Her Majesty's Treasury), each as amended, supplemented or substituted from time to time.

Sanctions Authority means each entity under (i) to (v) of the definition of the Sanction List specified above.

10. INTEREST ON THE BONDS

10.1 Interest Rate and Interest Period

- (a) The Bonds bear a fixed interest rate of 3.5 % p.a. (the **Interest Rate**).
- (b) The interest income will accrue from the first day of each Interest Period until the last day of the Interest Period. The interest for each Interest Period will be paid in annual arrears, always on 21 October of each year (the **Interest Payment Date**). The first Interest Payment Date is 21 October 2015.

For the purposes of these Conditions, **Interest Period** means the period beginning on the Issue Date (inclusive) and ending on the first Interest Payment Date (exclusive) and each immediately following twelve-month period beginning on the Interest Payment Date (inclusive) and ending on the next following Interest Payment Date (exclusive), until the Bonds Maturity Date.

10.2 Interest calculation convention

In order to calculate the interest income attributable to the Bonds for a period of less than 1 (one) year, the "Standard 30E/360" interest calculation convention will be used (i.e. for the purposes of calculation of interest income, a year is deemed to have 360 (three hundred and sixty) days divided into 12 (twelve) months of 30 (thirty) calendar days, and for incomplete month, the actual number of days will be used).

10.3 Determination of the interest income

The amount of interest income attributable to one Bond for each period of 1 (one) current year will be determined as the nominal value of the Bond multiplied by the applicable interest rate (expressed by a decimal number). The amount of interest income attributable to one Bond for each period of less than 1 (one) current year will be determined as the nominal value of the Bond multiplied by the applicable interest rate (expressed by a decimal number) multiplied by the relevant day fraction calculated in accordance with the interest calculation convention specified in paragraph 10.2 above, with the resulting amount rounded to 2 (two) decimal points pursuant to mathematical rules.

The calculation of yield on the Bonds by the Administrator acting as calculation agent will be final and binding on all Bondholders (save for manifest error).

10.4 End of interest accruing

The Bonds will cease to bear interest on the Maturity Date (the **Maturity Date** means Final Maturity Date or Early Maturity Date, each as defined below, as appropriate), unless at the moment of all conditions and requirements being satisfied, the repaid outstanding amount was retained or rejected by the Issuer. In such a case, the interest income will accrue at the above interest rate until the Bondholders are paid all amounts payable as of that day in accordance with these Conditions.

11. MATURITY OF THE BONDS AND REPURCHASE

11.1 Final repayment

If the Bonds do not become early payable under these Conditions, the Bond Nominal Value is payable as a bullet payment on 21 October 2019 (the **Final Maturity Date**).

11.2 No redemption at the option of the Issuer

The Issuer shall have no right to early redeem any of the Bonds.

11.3 Purchase, resale and cancellation of the Bonds by the Issuer

The Issuer may at any time before the Maturity Date purchase any Bonds at the secondary market for any market price. The Bonds purchased by the Issuer shall not cease to exist and can be resold by the Issuer, unless the Issuer decides to cancel any such purchased Bonds. The rights and obligations under the Bonds purchased by the Issuer shall cease to exist due to their amalgamation in a single person at the earlier of: (a) cancellation by the Issuer and (b) the Final Maturity Date.

12. CURRENCY, DATES AND MAKING OF PAYMENTS; GROSS-UP

12.1 Currency

The Issuer undertakes to pay the interest on the Bonds and repay the Nominal Value of the Bonds in euro. All payments under the Bonds to the Bondholders shall be made in accordance with these Conditions and applicable tax and other laws of the Slovak Republic as valid and effective at the time of making of the payment.

12.2 Payment dates

All payments under the Bonds will be paid on the dates specified in these Conditions (each such date a **Payment Date**) through the Administrator at the Specified Office. If the Payment Date falls on a day other than a Business Day, the Issuer must pay the payable amounts on the next following Business Day without being obliged to pay any default interest or any other additional amounts.

For the purposes of these Conditions, the **Business Day** means a day other than Saturday, Sunday and public holiday in the Slovak Republic.

12.3 Determination of the right to receive payments

All payments under the Bonds will be paid to those persons who are Bondholders registered at the Relevant Accounts at 23:59 on the relevant Payment Cut-off Date (as defined below) (the **Eligible Recipient**).

For the purposes of these Conditions, the **Payment Cut-off Date** means the date thirty (30) calendar days before the relevant Payment Date.

For the purposes of determination of the Eligible Recipient, neither the Issuer nor the Administrator will take into consideration any transfers of the Bonds after the Payment Cut-off Date until the relevant Payment Date.

12.4 Making of payments

- (a) The Administrator will make all payments under the Bonds to the Eligible Recipients by wire transfer to their bank accounts specified in the instruction delivered by the relevant Eligible Recipient to the Administrator no later than five (5) Business Days before the Payment Date. The instruction must be in the form of a signed written statement (with the signature/signatures authenticated or the signature

verified by the authorised member of the bank's staff) containing information about the Eligible Recipient's account sufficient for the Administrator to make the payment. In the case of legal persons, the instruction will be accompanied by the original or a copy of the valid extract from the Commercial Register or other similar register in which the Eligible Recipient is registered, with the correctness of information shown in this extract from the Commercial Register or other similar register validated by an employee of the Administrator as of the Payment Date (this instruction together with its supporting documents the **Instruction**). The Instruction must be in Slovak or English language and in the form and substance satisfying the reasonable requirements of the Administrator; the Administrator may demand sufficiently satisfactory evidence of identity and authorisation of the person who signed the Instruction. This evidence must be delivered to the Administrator also no later than five (5) Business Days before the Payment Date. The Administrator may in particular demand (i) presentation of the power of attorney if the Eligible Recipient is represented by an agent, and (ii) additional confirmation of the Instruction by the Eligible Recipient.

- (b) The obligation to pay any amount under the Bonds is deemed to be satisfied properly and on time if the relevant amount is transferred to the Eligible Recipient in accordance with its Instruction satisfying the requirements under paragraph (A) above and if the amount is credited to the bank account of the Eligible Recipient on or before the relevant due date.
- (c) Neither the Issuer nor the Administrator is liable for any delay in paying any outstanding amount due to (i) Eligible Recipient's failure to deliver proper Instruction or other documents or information under these Conditions on time, (ii) because the Instruction, documents or information was incomplete, incorrect or untrue, or (iii) because the delay was caused by circumstances outside the control of the Issuer or the Administrator. In these cases, the Eligible Recipient does not become entitled to any extra payment or interest for the delay of that payment.

12.5 Gross-up

All payments under the Bonds by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Russian Federation, Republic of Bulgaria, Czech Republic, Slovak Republic, Romania, Republic of Cuba, Mongolia or the Socialist Republic of Vietnam or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Bondholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond:

- (a) held by or on behalf of a Bondholder which is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Bond; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, this Directive.

13. EARLY REPAYMENT OF THE BONDS ON DEFAULT

13.1 Events of Default

If any of the following events occurs and is continuing (each of them an **Event of Default**):

- (a) **Non-payment.** the Issuer does not pay an amount payable under the Bonds within 15 days from its due date;
- (b) **Breach of other obligations.** The Issuer breaches any other obligation under or in connection with the Bonds and does not remedy this breach within thirty (30) calendar days from the day on which any Bondholder notified the Issuer of this fact by a written notice delivered to the Issuer;
- (c) **Cross-Acceleration of Issuer or Material Subsidiary.** Either of the following events occurs in respect of the Issuer or its Material Subsidiary:
 - (i) any Financial Indebtedness of the Issuer or any of its Material Subsidiaries is not paid when due or (as the case may be) within any applicable grace period;
 - (ii) any such Financial Indebtedness becomes due and payable prior to its stated maturity as a result of an event of default and otherwise than at the option of the Issuer or (as the case may be) the relevant Material Subsidiary or (provided that no event of default, howsoever described, has occurred) any person entitled to such Financial Indebtedness; or
 - (iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Financial Indebtedness of any other person;

provided that no event in this paragraph (c) shall constitute an Event of Default unless the amount of Financial Indebtedness and/or the amount payable under any Guarantee, individually or when aggregated (without duplication) with any other Financial Indebtedness or amount payable under any Guarantee as a result of any other event specified in this paragraph (c) which has occurred and is continuing, exceeds EUR 5,000,000 (or its equivalent in any other currency or currencies);

- (d) **Imposition of Sanctions.** The Issuer becomes a Restricted Party (as defined above).
- (e) **Inability to pay debts.** (i) the Issuer or any of its Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or an application for any such appointment is made by or with the consent of the Issuer) in respect of the Issuer or any of its Material Subsidiaries, (iii) the Issuer or any of its Material Subsidiaries takes any action for a readjustment or deferment of its material obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of its material Indebtedness or any Guarantee of any Indebtedness given by it or (iv) the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than, in the case of a Material Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or (v) an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries (otherwise than, in the case of a Material Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, consolidation reorganisation or restructuring whilst solvent);
- (f) **Unlawfulness.** It is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Bonds;
- (g) **Ceased trading.** The Bonds cease to be admitted to trading on a regulated market in the European Union;

then each Bondholder will have the right to declare all Bonds (but not some only) held by that Bondholder immediately due and payable and require the Issuer to pay Nominal Value of each Bond held by that Bondholder together with any accrued interest.

13.2 Duty to inform

The Issuer must without undue delay notify the Bondholders and the Administrator of the occurrence of any Event of Default. Any such notification must specify the nature of the Event of Default and the circumstances giving rise to it and must be delivered in accordance with paragraph 18.

14. PUT OPTION

14.1 If any of the following events occurs and is continuing (each of them a **Put Option Event**):

- (a) **Change in the membership of the Issuer.** The Slovak Republic ceases to be the member state of the Issuer;
- (b) **Rating Downgrade.** A Rating Downgrade occurs with respect to the Issuer or the Bonds. The Rating Downgrade shall be deemed to have occurred if (i) the ratings previously assigned to the Bonds or the Issuer by all Rating Agencies are (A) withdrawn or (B) changed from an investment grade rating (BBB-/Baa3, or their respective equivalents for the time being, or better) to a non-investment grade rating (BB+/Ba1, or their respective equivalents for the time being, or worse) or (ii) all Rating Agencies assign to the Bonds or the Issuer a rating which is a non-investment grade rating (BB+/Ba1, or their respective equivalents for the time being, or worse). For the purposes of these Conditions, **Rating Agency** means any of the following: Fitch Ratings Limited, Moody's Investors Service Limited or Standard & Poor's Credit Match Services Europe Limited and their respective successors or affiliates;

14.2 then each Bondholder registered with CDCP at the end of the business hours of CDCP on the day of the date of publication of the Bondholders Put Option Notice (as defined below) will have the right (the **Put Option**) to require the Issuer to repurchase each Bond (but not some only) held by that Bondholder at the Nominal Value together with an amount equal to accrued interest (if any) up to but excluding the Early Redemption Date (the sum of such amounts being the **Early Redemption Amount**) in accordance with the procedure set out in this paragraph 14 (**Early Redemption**). The Issuer must within 7 Business Days after the occurrence of any Put Option Event notify the Bondholders by way of publication of a notice on its website (**Bondholders Put Option Notice**). Any such notice must specify the following:

- (a) date of occurrence of the Put Option Event, nature of the Put Option Event and circumstances leading to its occurrence and the date of publication of the Bondholders Put Option Notice;
- (b) date by which each Bondholder must deliver to the Administrator a duly signed request regarding exercising its Put Option;
- (c) date on which the Early Redemption shall take place, which may not be later than 13 Business Days after the lapse of the period specified in paragraph 14.3 below (the **Early Redemption Date**);
- (d) specification of the securities account of the Issuer with the Administrator where the repurchased Bonds will be transferred on the Early Redemption Date (the **Specified Account**); and
- (e) explicit warning to each Bondholder that instructions must be given to relevant accountholder or custodian to procure for transfer of the Bonds to the Specified Account on a delivery-versus-payment basis on the Early Redemption Date, otherwise no Early Redemption money will be received.

For the purposes of this paragraph 14 only, **Business Day** shall mean a day (other than a Saturday or a Sunday) on which banks are open for general business in Bratislava and Moscow.

14.3 Within 20 Business Days after the Bondholders Put Option Notice is published, each Bondholder shall have the right to exercise the Put Option by delivery of a duly signed request to the Administrator. The request must

specify the number of the Bonds to be repurchased by the Issuer and confirmation that instructions have been given to relevant accountholder or custodian to procure for transfer of the Bonds on a delivery-versus-payment basis to the Specified Account on the Early Redemption Date.

- 14.4 On the Early Redemption Date, the Issuer shall pay the Redemption Amount to each Bondholder who duly exercised the Put Option against delivery of the Bonds held by that Bondholder to the Specified Account. Paragraph 12 shall apply to making payments on the Early Redemption Date accordingly. The Bonds purchased by the Issuer under this paragraph 14 shall not cease to exist and can be resold by the Issuer, unless the Issuer decides to cancel any such purchased Bonds. The rights and obligations under the Bonds purchased by the Issuer shall cease to exist due to their amalgamation in a single person at the earlier of: (a) cancellation by the Issuer and (b) the Final Maturity Date.

15. PRESCRIPTION

The rights under the Bonds are subject to prescription period (in Slovak: *premlčacia doba*) of ten (10) years from their due date.

16. ADMINISTRATOR AND THE SPECIFIED OFFICE

- 16.1 Tatra banka, a.s. with registered seat Hodžovo námestie 3, 811 06 Bratislava, IČO: 00 686 930, registered with the commercial register of District Court Bratislava I, section: Sa, insert: 71/B is appointed as the Administrator for the Bonds. The Administrator shall provide for the Issuer the paying agent services associated with payments under the Bonds under the Administration Agreement.

- 16.2 Specified Office and the Administrator's payment place (the **Specified Office**) are at the following address:

Tatra banka a.s.
Hodžovo námestie 3
811 06 Bratislava
Slovak Republic

- 16.3 The Issuer may appoint any other or additional Slovak bank or Slovak branch of a foreign bank to perform the services of Administrator. The Issuer may also determine other or additional Specified Office, provided that at least one Specified Office shall be in the Slovak Republic. The changes of the Specified Office constitute changes of the payment place under Section 3(6) of the Act on Bonds, which do not require consent of the Bondholders. Any such change shall be notified to the Bondholders in accordance with paragraph 18.1 below.

- 16.4 The Issuer may not dispose with the funds paid by the Issuer to the account held by the Administrator to be used to pay the interest income on the Bonds and the Nominal Value (except for the interest on these funds). These funds are not owned by the Administrator; the Administrator must record them separately from its assets and use them only for payment to the Bondholders. The Administrator acts in connection with performance of its obligations as agent of the Issuer and in this connection has no legal relationship with the Bondholders. The Administrator even has no legal relationship with the Bondholders under the Conditions.

- 16.5 The Administrator shall also act as (a) the Listing Agent in connection with the admission of the Bonds to the relevant regulated market and (b) the Calculation Agent who will calculate the payments due to the Bondholders in respect of each Payment Date. The Issuer will apply, through the Listing Agent, for admission of the Bonds to the relevant regulated market of the BSSE. The Issuer may appoint any other Slovak bank or Slovak branch of a foreign bank to act as the Listing Agent or the Calculation Agent. Because these persons have no obligations vis-à-vis the Bondholders, such an appointment does not constitute a change of the Conditions; however, the Issuer will disclose it by publishing a notice to the Bondholders. Each Listing Agent and Calculation Agent acts in connection with performance of its obligations as agent of the Issuer and in this connection has no legal relationship with the Bondholders. Each Listing Agent and Calculation Agent even has no legal relationship with the Bondholders under the Conditions.

16.6 A copy of the Administration Agreement shall be available for inspection by the Bondholders in the Specified Office during normal business hours.

17. CHANGES AND WAIVERS

17.1 The Issuer may change the Conditions only in accordance with Section 3(6) of the Act on Bonds.

17.2 The Issuer and the Administrator may, without the consent of the Bondholders, agree on (i) any change of any provision of the Administration Agreement if the change is solely formal, ancillary or of a technical nature or performed in order to correct an apparent error or required due to changes in laws, and (ii) any other change and waiver due to any breach of any provision of the Administration Agreement that in the reasonable opinion of the Issuer and the Administrator will not harm the Bondholders.

18. NOTICES

18.1 Any notice to the Bondholders in connection with the Bonds will be published in English language (unless Slovak language is required under law) on the Issuer's web site <http://www.iibbank.com/en/>. If a law or regulation requires its publication by other means, the notice will be published also by those other means. If a notice is published by several means, the publication date of such notice will be deemed to be the date of its first publication. The date of publication is also deemed to be the date of delivery of the notice to the Bondholders.

18.2 Any notice to the Issuer in connection with the Bonds must be delivered in writing to the address of the Specified Office of the Administrator.

18.3 Any notice to the Administrator must be delivered in writing to the address of the Specified Office of the Administrator. If the notice is addressed to the Administrator in the capacity of the Paying Agent (eg Instructions and other communication with regard to the payments), the notice must be marked to the attention of „oddelenie BO kapitálového trhu“. If the notice is addressed to the Administrator in connection with any other matter, the notice must be marked to the attention of „odbor Capital Markets“.

19. GOVERNING LAW, LANGUAGES AND DISPUTES

19.1 Any rights and obligations arising under or in connection with the Bonds will be governed and construed in accordance with the laws of the Slovak Republic.

19.2 These Conditions are prepared in English language which shall be binding and may be translated into any other languages.

19.3 Any disputes between the Issuer and the Bondholders regarding the Bonds will be resolved by the relevant court of the Slovak Republic. The Issuer irrevocably waives any objection which it might now or hereafter have (for reasons of its status, immunity or otherwise) to the courts of the Slovak Republic being nominated as the forum to hear and determine any proceedings and to settle any disputes regarding the Bonds.

20. WAIVER OF IMMUNITIES

To the extent the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, enforcement proceedings or attachment or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably and expressly waives any such immunity.

21. REPRESENTATION OF THE ISSUER

The Issuer represents to each Bondholder that all information in these Conditions is complete, true and in accordance with the requirements as to the contents of the Conditions under Section 3(1) and (2) of the Act on Bonds.