

(Operation Number 55677)

LOAN AGREEMENT

(Mongolia GRCF3 W2-Project NCC)

between

MONGOLIA

and

**EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

This draft Loan Agreement has been prepared for preliminary discussion purposes only.
**Additional covenants may be added and the existing text is subject to change and
final approval by European Bank for Reconstruction and Development.**

Dated [] 2025

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LOAN AGREEMENT

AGREEMENT dated [] 2025 between **MONGOLIA** (the "Borrower") and **EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT** (the "Bank").

PREAMBLE

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

WHEREAS, the Borrower intends to implement the Project as described in Schedule 1 which is designed to assist in construction of a new cardiovascular healthcare facility in Ulaanbaatar, Mongolia;

WHEREAS, Part A of the Project will be carried out by Third Central State Hospital (the "Project Company") with financial assistance from the Borrower and the Ministry of Health of Mongolia (the "Project Executing Agency");

WHEREAS, the Borrower has requested assistance from the Bank in financing part of the Project;

WHEREAS, the Bank has agreed on the basis of, *inter alia*, the foregoing to make a loan to the Borrower in the amount of USD 34,870,000, subject to the terms and conditions set forth or referred to in this Agreement and in the project agreement dated the date hereof between the Project Executing Agency, Project Company and the Bank (the "Project Agreement" as defined in the Standard Terms and Conditions).

WHEREAS, the Bank is in the process of arranging technical cooperation funds on a grant basis to assist the Borrower in implementing Part C of the Project (the "Technical Cooperation Funds");

WHEREAS, the Borrower is in the process of securing grant aid funding from the Grand Duchy of Luxembourg through Luxembourg Development Cooperation, in the amount of up to EUR 22,500,000 to finance Parts B, D and E of the Project, such grant will be provided under the terms and conditions set forth in the grant or bilateral agreement between the Borrower/Recipient and the Grand Duchy of Luxembourg ;

WHEREAS, the EBRD loan and the grant aid from Luxembourg Development Cooperation together form an integral part of the Project's overall financing structure, each governed by their respective agreements.

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I - STANDARD TERMS AND CONDITIONS; DEFINITIONS

Section 1.01. Incorporation of Standard Terms and Conditions

All the provisions of the Bank's Standard Terms and Conditions dated 5 November 2021 are hereby incorporated into and made applicable to this Agreement with the same force and effect as if they were fully set forth herein.

Section 1.02. Definitions

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

"Borrower's Authorised Representative"	means the Minister of Finance of Mongolia of the Borrower.
"ClientNet"	means the Bank's online portal for the transmission of documents and information between the Bank and its clients, and any replacement website as the Bank may from time to time notify the Borrower.
"Construction Supervision Consultant"	has the meaning given to it in the Project Agreement.
"Credit Adjustment Spread"	means 0.608 per cent (0.608%) per annum.
"Enforcement Policy and Procedures"	means the Bank's Enforcement Policy and Procedures dated 4 October 2017.
"Fiscal Year"	means the Borrower's fiscal year commencing on 1 January of each year.
"Index Publication Time"	means 15:00 (New York time) (or any other time notified by the Bank to the Borrower).
"Index Publisher"	means the Administrator.
"Index Reference Page"	means https://www.newyorkfed.org/markets/reference-rates/sofr-averages-and-index (or any successor or replacement page on the website of the Administrator.)

"Loan Currency"	means "Dollars", "USD" or "\$" that is the lawful currency of the United States of America.
"Project Completion Date"	means the date on which new cardiovascular hospital has been constructed, equipped and commenced its operations as confirmed by Project Executing Agency or Project Company to EBRD.
"Project Implementation Support Consultant"	has the meaning given to it in the Project Agreement.
"Project Implementation Unit or PIU"	means the unit to be created pursuant to Section 3.01 (b)(1).
"Terms of Reference of the Project Implementation Unit"	means terms of reference specifying composition and functions of the Project Implementation Unit to be adopted by the Project Executing Agency and agreed with the Bank, as such terms of reference may be amended from time to time with the prior written consent of the Bank.

Section 1.03. Interpretation

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

ARTICLE II - PRINCIPAL TERMS OF THE LOAN

Section 2.01. Amount and Currency

The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of USD 34,870,000 (thirty-four million eight hundred seventy thousand Dollars).

Section 2.02. Other Financial Terms of the Loan

- (a) The Minimum Drawdown Amount shall be USD 300,000.
- (b) The Minimum Prepayment Amount shall be USD 3,000,000.
- (c) The Minimum Cancellation Amount shall be USD 500,000.
- (d) The Interest Payment Dates shall be 15 April and 15 October of each year.

(e) (1) The Borrower shall repay the Loan in 28 equal (or as nearly equal as possible) semi-annual instalments on 15 April and 15 October of each year, with the first Loan Repayment Date being the first Interest Payment Date following the 4th anniversary of the date hereof and the last Loan Repayment Date being the Interest Payment Date following the 18th anniversary of the date hereof.

(2) Notwithstanding the foregoing, in the event that (i) the Borrower does not draw down the entire Loan amount prior to the first Loan Repayment Date specified in this Section 2.02.(e), and (ii) the Bank extends the Last Availability Date specified in Section 2.02.(f) below to a date which falls after such first Loan Repayment Date, then the amount of each drawdown made on or after the first Loan Repayment Date shall be allocated for repayment in equal amounts to the several Loan Repayment Dates which fall after the date of such drawdown (with the Bank adjusting the amounts so allocated as necessary so as to achieve whole numbers in each case). The Bank shall, from time to time, notify the Borrower of such allocations.

(f) The Last Availability Date shall be the date of the 7th anniversary of the date hereof, or such later date that the Bank may in its discretion establish and notify to the Borrower.

(g) The rate of the Commitment Charge shall be 0.5% per annum.

(h) The Loan is subject to a Variable Interest Rate.

Section 2.03. Direct Drawdowns

(a) The Available Amount may be drawn down from time to time in accordance with the provisions of Schedule 2 to finance expenditures made (or, if the Bank so agrees, to be made) in respect of the reasonable cost of goods, works and services required for the Project.

(b) The Borrower has opted not to have the Front-end Commission paid out of the Available Amount and shall instead pay the Front-end Commission out of its own resources. The payment of the Front-end Commission by the Borrower shall be made pursuant to Section 3.05(d) of the Standard Terms and Conditions.

Section 2.04. Authorised Representative for Drawdowns

The Minister of Finance of Mongolia is designated as the Borrower's Authorised Representative for the purpose of taking any action required or permitted to be taken under the provisions of Section 2.03(a) and under the provisions of Sections 3.01 and 3.02 of the Standard Terms and Conditions.

ARTICLE III - EXECUTION OF THE PROJECT

Section 3.01. Other Affirmative Project Covenants

In addition to the general undertakings set forth in Articles IV and V of the Standard Terms and Conditions, the Borrower shall, unless the Bank otherwise agrees:

- (a) For the purposes of the Project make available to the Project Executing Agency the proceeds of the Loan and the Technical Cooperation Funds;
- (b) Provide funding for the Project Implementation Unit (under Part E of the Project);
- (c) Cause the Project Executing Agency and the Project Company to perform all of their obligations under the Project Agreement, including without limitation its obligations relating to:
 - (1) establishment and operation of a project implementation unit as provided for in Section 2.02 of the Project Agreement;
 - (2) procurement of goods, works and services as well as consultancy services from the Project as provided for in Section 2.03 of the Project Agreement;
 - (3) environmental and social matters as provided for in Section 2.04 of the Project Agreement;
 - (4) employment and use of consultants to assist in the implementation of the Project as provided for in Section 2.05 of the Project Agreement;
 - (5) preparation and submission of reports on matters relating to the Project and to the Project Company's operations as provided for in Section 2.06 of the Project Agreement;
 - (6) maintenance of procedures, records and accounts, preparation, auditing and submission to the Bank of financial statements and furnishing to the Bank any other relevant information relating to the Project, the Project Executing Agency and the Project Company's operations as provided for in Section 3.01 of the Project Agreement;
 - (7) compliance with all covenants regarding financial and operational aspects of the Project and the Project Company as provided for in Sections 3.02 of the Project Agreement; and
 - (8) provision of a land plot required for the new facility within the premises of the Project Company, located at 10th microdistrict, 2 Ard Ayush Avenue, Bayangol District, Ulaanbaatar.
 - (9) Receive national EPC A+ certification for the buildings built under the Project within 6 months following the Project Completion Date;

(d) Take, or cause to be taken, all additional action necessary to provide adequate funds for the completion of the Project by the Project Completion Date, including, in particular,

(1) causing the Project Executing Agency to provide, within the relevant budgetary framework, adequate funding for the Project Implementation Unit with suitably qualified personnel, hired in accordance with the PIU's Terms of Reference satisfactory to the Bank

(2) causing the Project Executing Agency to provide the funding to ensure procurement of any medical and hospital equipment that is required for the Project facilities to become fully operational before the Project Completion Date (or, as an alternative, causing the Project Executing Agency to provide all such required medical and hospital equipment by the Project Completion Date); and

(3) causing the Project Executing Agency to provide sufficient funds to cover implementation of the Project including all required operating and maintenance costs;

(e) Exempt from taxes (including, without limitation, VAT) and duties (including, without limitation, any customs duties) all goods, works and services (including consultancy services) financed from the proceeds of the Loan or Technical Cooperation Funds made available by the Bank.

ARTICLE IV - SUSPENSION; ACCELERATION; CANCELLATION

Section 4.01. Suspension

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

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

(b) The Statutes shall have been amended, suspended, abrogated, repealed or waived;

(c) Control of the Project Company shall have been transferred to a party other than the Borrower;

(d) The Project Executing Agency and/or the Project Company shall have failed to perform any of its obligations under the Project Agreement.

Section 4.02. Acceleration of Maturity

The following are specified for purposes of Section 7.06(f) of the Standard Terms and Conditions: any of the circumstances referred to in Section 4.01 above.

ARTICLE V - EFFECTIVENESS

Section 5.01. Conditions Precedent to Effectiveness

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

- (a) The Project Agreement has been executed and delivered to the parties to it and all conditions precedent to its effectiveness, except only the effectiveness of the Loan Agreement, have been fulfilled.

Section 5.02. Legal Opinions

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

(b) For purposes of Section 9.03(c) of the Standard Terms and Conditions, the opinion or opinions of counsel shall be given on behalf of the Project Executing Agency by its in-house counsel and the following are specified as additional matters to be included in the opinion or opinions to be furnished to the Bank:

(1) the Project Agreement has been duly authorised or ratified by, and executed and delivered on behalf of the Project Executing Agency and constitutes a valid and legally binding obligation of the Project Executing Agency enforceable against each of them in accordance with its terms.

(c) For purposes of Section 9.03(c) of the Standard Terms and Conditions, the opinion or opinions of counsel shall be given on behalf of the Project Company by its in-house counsel and the following are specified as additional matters to be included in the opinion or opinions to be furnished to the Bank:

(1) the Project Agreement has been duly authorised or ratified by, and executed and delivered on behalf of the Project Company and constitutes a valid and legally binding obligation of the Project Company enforceable against each of them in accordance with its terms.

Section 5.03. Termination for Failure to Become Effective

The date 365 days after the date of this Agreement is specified for purposes of Section 9.04 of the Standard Terms and Conditions.

ARTICLE VI - MISCELLANEOUS

Section 6.01. Notices

(a) The following addresses are specified for purposes of Section 10.01 of the Standard Terms and Conditions, except that any notice shall be deemed to be delivered if by hand, mail, or in pdf or similar format by electronic mail:

For the Borrower:

Mongolia
Ministry of Finance of Mongolia
Government Building II
Danzan Street 5/1
Ulaanbaatar 15160, Mongolia

Attention: [Debt Management Division of Financial Policy Department,
Ministry of Finance]

Email: [debt_service@mof.gov.mn]

For EBRD:

European Bank for Reconstruction and Development
5 Bank Street
London E14 4BG
United Kingdom
Attention: Banking Services / Operation No. 55677

Telephone: +44 20 7338 6000

Email: bankingservices@ebrd.com

(b) *The Bank may invite the Borrower to register to use ClientNet or another form of electronic communication and, if the Borrower and the Bank agree to use ClientNet or such other form of electronic communication, any notice, application or other communication from the Borrower to the Bank or from the Bank to the Borrower (other than any notice, application or other communication that is required by this Agreement [or any other Financing Agreement] to be in an original, certified or hard copy), may, subject to the terms and conditions of ClientNet or such other form of electronic communication, be given or made by posting such notice, application or other communication on ClientNet or sent in accordance with the terms agreed concerning such other form of electronic communication.*

(c) *Any notice, application or other communication delivered by hand, airmail or facsimile transmission or via ClientNet or another agreed form of electronic communication will only be effective when actually received (or made available) in readable form, provided that any notice, application or other communication that is received (or made available) after 5:00 p.m. in the place in which the party to whom the*

relevant notice, application or communication is sent has its address for the purpose of this Agreement shall be deemed only to become effective on the following day.

(d) The following are the names, titles and email addresses of the persons designated as the initial contacts of the Borrower for purposes of any invitation the Bank may send to the Borrower regarding ClientNet:² Please note that group email addresses cannot be registered to use ClientNet therefore the email addresses listed below should be for individual persons only.

<i>Name</i>	<i>Title</i>	<i>E-mail address</i>	<i>Language - English, Russian, French</i>

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

MONGOLIA

By: _____
Name:
Title:

**EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

By: _____
Name:
Title:

SCHEDULE 1 - DESCRIPTION OF THE PROJECT

1. The purpose of the Project is to assist the Borrower in construction of a new cardiovascular hospital with a capacity around 120 beds in Ulaanbaatar.

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

Part A: Construction of hospital facilities for a new cardiovascular hospital with a capacity of around 120 beds (including general outfitting of the hospital premises, such as furniture, signage and other related non-medical infrastructure, but excluding medical equipment).

Part B: Supply of medical equipment.

Part C: Project Implementation Support.

Part D: Construction Supervision Support.

Part E: Project Implementation Unit's operating and administrative costs (including staff).

3. The Project Completion Date is expected to occur by 31 December 2029.

SCHEDULE 2 - CATEGORIES AND DRAWDOWNS

1. The table attached to this Schedule sets forth the Categories, the amount of the Loan allocated to each Category and the percentage of expenditures to be financed in each Category.
2. Notwithstanding the provisions of paragraph 1 above, no Drawdown shall be made:
 - (a) prior to the Bank being satisfied that each of the following conditions has been met:
 - (1) the PIU has been established, under the terms of reference acceptable to the Bank, adequately staffed with qualified personnel and fully funded in the amount required for its operations;
 - (2) The Project Implementation Support Consultant has been selected and contracted under the terms of reference satisfactory to the Bank;
 - (3) The Borrower has provided evidence, satisfactory to the Bank, that the funds which are necessary to finance the local contribution to the Project have been properly and fully committed, either through the approved budgetary framework or an agreement with an international donor, as applicable.
 - (b) in respect of expenditures incurred prior to the date of the Loan Agreement.

Attachment to Schedule 2

Category	Amount of the Loan Allocated in the Loan Currency	Percentage of Expenditures to be Financed
(1) Goods, Works and Services for Part A	USD 34,870,000	100% of contract value excluding any Taxes
Total	USD 34,870,000	