

AMENDMENT TO THE AGREEMENT

BETWEEN

**THE GOVERNMENT OF THE REPUBLIC OF AUSTRIA
REPRESENTED BY THE FEDERAL MINISTER OF FINANCE**

AND

**THE COUNCIL OF MINISTERS OF BOSNIA AND HERZEGOVINA
REPRESENTED BY THE MINISTRY OF FINANCE AND TREASURY**

**ON
FINANCIAL CO-OPERATION**

The Government of the Republic of Austria represented by the Federal Minister of Finance and the Council of Ministers of Bosnia and Herzegovina represented by the Ministry of Finance and Treasury having previously entered into an Agreement on Financial Co-operation, hereby agree to amend the aforementioned Agreement as follows:

Ad Article 2

The following third paragraph should be added:

"Additional to the existing indicative financial framework a further amount of up to EUR 50,000,000 (Euro fifty million) is envisaged on an exceptional basis until October 31st, 2010."

Ad Article 3

The last sentence in the first paragraph should read as follows:

"Accordingly, the concessionality level will be at least 35 %, regardless the tied aid credit takes the form of a pre-mixed credit or the form of a mixed credit."

The third paragraph should read as follows:

"The Contracting Parties note that the terms and conditions are subject to change due to the annual resetting of the discount rate under the auspices of the OECD, and may be further subject to change due to the OECD country risk classification and due to national Austrian risk considerations. The Austrian terms and conditions either in form of a pre-mixed or a mixed credit for a specific soft loan are those applicable at the date of commitment.

As per January 15th, 2008, concessional pre-mixed credits carry a tenor of 15 years, including a grace period (starting 6 months after Berne Union Starting Point) of 3,5 years, an interest rate of 1 % p.a. and an indicative guarantee charge of 3,008 % p.a. Alternatively, concessional pre-mixed credits with a tenor of 12 years, including a grace period of 3 years (starting 6 months after Berne Union Starting Point), may be realized carrying an interest rate of 0 % p.a. and an indicative guarantee charge of 2,851 % p.a.

Additionally, a grant from official funds may be allocated on a case-by-case basis to partially compensate the guarantee charges."

As per January 15th, 2008, concessional mixed credits include a non-refundable grant of 13 % of the refinanced project value at a maximum of EURO 1.3 mln combined with a soft loan carrying a tenor of 15 years, including a grace period (starting 6 months after Berne Union Starting Point) of 1,5 years, an interest rate of 2,05 % p.a. and an indicative guarantee charge of 3,521 % p.a.

Alternatively, the soft loan-part of concessional mixed credits combined with non-refundable grants to the above mentioned extent may carry a tenor of 10 years, an interest rate of 0 % p.a. and an indicative guarantee charge of 3,281 % p.a.

Additionally, a grant from official funds may be allocated on a case-by-case basis to partially compensate the guarantee charges."

Ad Article 5

Article 5 should read as follows:

"The inclusion of projects into this Agreement according to Article 2 to be financed under the loans shall be agreed upon through exchange of letters between the Ministry of Finance and Treasury of Bosnia and Herzegovina and the Federal Ministry of Finance of the Republic of Austria applying a two-step approach. A preliminary inclusion of projects shall take place with effect of the date at which all necessary approvals have been issued by both governments, while the final inclusion shall be carried out when the supply and the financial contract have been signed. These procedures shall be effected in a consecutive manner starting from the date of the entry into force of the amended Agreement. Projects under negotiation before the entry into force of the amended Agreement may also be included."

Ad Article 6

The following sentence should be added to Article 6:

"This limit may be extended up to 40 %, if the additional amount concerns local costs (capital goods and/or project related services originating exclusively in the buyer country) only."

Ad Article 12

Article 12 should read as follows:

" The Amendment to the present Agreement will enter into force with the signatures of both Contracting Parties. The amended Agreement shall remain in force until October 31st 2010."

All other provisions of the original Agreement that are not specifically amended hereby shall remain unchanged and in full force and effect and shall form together with the hereby amended provisions the amended Agreement.

Done in two originals, both in English language.

For the Government of the
Republic of Austria, represented
by the Federal Minister
of Finance



Vienna, 30.10.2008

For the Council of Ministers of
Bosnia and Herzegovina,
represented by the Ministry of
Finance and Treasury



Sarajevo, 18.9.2008

