
LOAN NUMBER 9679-BR

Loan Agreement

(Espírito Santo Digital Acceleration Project)
*(Programa de Apoio ao Fortalecimento da Gestão Pública do Espírito Santo -
“Espírito Santo Mais Inteligente”)*

between

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

and

STATE OF ESPÍRITO SANTO

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and STATE OF ESPÍRITO SANTO (“Borrower”). The Bank and the Borrower hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of sixty-one million two hundred sixteen thousand Dollars (USD 61,216,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement. The Borrower’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the Secretary (*Secretário*) of SECTI, or any person or persons whom he/she shall designate.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are January 15 and July 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

- 2.08. The Borrower may request the Conversions of Loan terms, in each case with the prior no-objection of the Guarantor, through its Secretariat of the National Treasury of the Guarantor's Ministry of Finance.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall, through SECTI:
- (a) With the support of PRODEST, carry out Part 1 of the Project;
 - (b) With the support of SEG, carry out Part 2 of the Project;
 - (c) With the support of SESP, carry out Part 3 of the Project; and
 - (d) Carry out Part 4 of the Project;

all in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Cooperation Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following: PRODEST has failed to comply with any of its obligations under the Cooperation Agreement so as to affect materially and adversely, in the opinion of the Bank, the ability of the Borrower to carry out any of its obligations under this Agreement.
- 4.02. The Additional Event of Acceleration consists of the following: The event specified in Section 4.01 of this Agreement occurs and is continuing for a period of one hundred twenty (120) days after notice of the event has been given by the Bank to the Borrower and the Guarantor.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) That the PMU has been established and its Key Staff hired or designated, all in a manner acceptable to the Bank;
 - (b) That the PIUs have been established and their Key Staff hired or designated, all in a manner acceptable to the Bank;
 - (c) That the Cooperation Agreement has been entered into in form and substance acceptable to the Bank, and all conditions precedent to its effectiveness (if any) have been verified; and
 - (d) That the Project Operations Manual has been prepared, approved and adopted in form and substance acceptable to the Bank.

- 5.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. Except as provided in Section 2.02 of this Agreement, the Borrower's Representative is its Governor.

- 6.02. For purposes of Section 10.01 of the General Conditions:

- (a) the Borrower's address is:

Government of the State of Espírito Santo
Palácio Anchieta - Praça João Clímaco, s/n, Cidade Alta, Centro
29015-110 Vitória – ES
Brazil

With copy to:

Secretaria de Assuntos Internacionais e Desenvolvimento - SEAID
Ministério do Planejamento e Orçamento
Esplanada dos Ministérios Bloco K-8º andar
70040-906 Brasília, DF
Brazil

- (b) the Borrower's Electronic Address is:

E-mail: governador@es.gov.br

With copy to:

E-mail: cofiex@economia.gov.br
gecod.codiv.df.stn@tesouro.gov.br

- 5.03. For purposes of Section 10.01 of the General Conditions:

- (a) the Bank's address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank's Electronic Address is:

E-mail: jzutt@worldbank.org

With copy to:

E-mail: informacao@worldbank.org

AGREED as of the Signature Date.

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: Johannes Zutt

Title: Country Director

Date: 12-Dec-2024

STATE OF ESPÍRITO SANTO

By



Authorized Representative

Name: Renato Casagrande

Title: GOVERNADOR DO ESTADO DO ESPÍRITO SANTO

Date: 12-Dec-2024

SCHEDULE 1

Project Description

The objectives of the Project are to strengthen digital infrastructure resilience, to modernize emergency management, and to improve digital public infrastructure in the State of Espírito Santo.

The Project consists of the following parts:

Part 1. Resilient data infrastructure and digital skills

1. Carrying out studies related to the design and modelling of the operations of the Green Data Center.
2. Building the Green Data Center.
3. Strengthening the digital skills of individuals within the territory of the Borrower, including through the provision of training.
4. Setting up an accelerator program to serve digital start-ups expanding access to early-stage financing to start-ups that can help developing data-driven digital products and services.

Part 2. Strengthening of digital public infrastructure

1. Carrying out activities aimed at (a) the implementation of the Interoperability Platform, (b) the development of the Portal, (c) the integration of the Portal with the National Platform and the adoption of solutions for /digital authentication and e-signature, and (d) the adoption of artificial intelligence solutions in the context of the Portal.
2. Acquisition of hardware and software that meets best-practice energy efficiency standards to support the operation of the Interoperability Platform and the Portal.
3. Carrying out activities aimed at (a) the development and improvement of the Borrower's end-to-end digital services, (b) the development of software applications (c) the creation of a data standard repository, and the performance of data extraction, transformation and load (ETL) to ensure effective data exchange among the various systems, (d) the redesign of the Borrower's existing digital interfaces, (e) training the Borrower's public servants in the use of the Portal; (f) conducting communication campaigns to reach out to end-users and to promote the use of the Portal, especially among Vulnerable Groups; and (g) the

development of a methodology and functionality to co-create and design digital services with the civil society, including participatory mechanisms.

Part 3. Modernize the emergency management system

1. Carrying out (a) feasibility studies and drafting bidding documents for the construction and operationalization of the Borrower's centralized emergency response system, and (b) the supervision of the design and building of the CIDES, including monitoring environmental and social requirements, and compliance with international best practices on energy efficiency for the construction of new buildings.
2. Designing, building the premises and operationalizing the CIDES through the acquisition of physical infrastructure to enhance the capacity of the targeted first response emergency entities within the Borrower's territory to effectively plan and respond to emergencies, including climate emergencies.
3. Carrying out activities aimed at (a) the development and integration of all the Borrower's systems and procedures for the management of emergency calls through the establishment of the Integrated Emergency Response Platform (IERP), (b) the delivery of training on local climate events and impacts, and (c) the strengthening of the Borrower's capacity with respect to climate change preparedness for emergency center operators to ensure service continuity in case of climate shocks.

Part 4. Project Management

Strengthening the Borrower's capacity to carry out the Project, including with respect to (a) Project management and coordination, (b) procurement and financial management, (c) environmental and social risk management, (d) monitoring and evaluation (M&E); (e) training and advisory and audit services, and (f) public information, citizen engagement and communication.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Borrower shall:
 - (a) Establish and thereafter operate and maintain, throughout Project implementation, a PMU within SECTI with functions, resources and (subject to paragraph (b) below) composition acceptable to the Bank, as further detailed in the Project Operations Manual and the ESCP, which shall be responsible for overall Project coordination, implementation, reporting and supervision, including with respect to procurement and contract management, monitoring and evaluation, financial management (accounting and disbursement procedures), environmental and social management, and stakeholder engagement; and
 - (b) Not later than sixty (60) days after the Effective Date, complete, in a manner acceptable to the Bank, the staffing of the PMU (including the hiring of consultants) as set out in the Project Operations Manual and the ESCP.
2. The Borrower shall:
 - (a) Establish, or cause to be established (as applicable), and thereafter operate and maintain, or cause to be operated and maintained (as applicable), throughout Project implementation, PIUs within PRODEST, SEG and SESP, with functions, resources and (subject to paragraph (b) below) composition acceptable to the Bank, as further detailed in the Project Operations Manual, to implement their respective parts of the Project as set out in Article III of this Agreement;
 - (b) Not later than ninety (90) days after the Effective Date, complete, in a manner acceptable to the Bank, the staffing of the PIUs (including consultants) as set out in the Project Operations Manual.
3. Not later than ninety (90) days after the Effective Date, the Borrower shall establish, and thereafter operate and maintain, throughout Project implementation, the Steering Committee with functions, resources and composition acceptable to the Bank, as further detailed in the Project Operations Manual, which shall be

responsible for Project oversight, strategic guidance, coordination and monitoring of progress.

B. Cooperation Agreement

1. To facilitate the implementation of the Project, the Borrower shall, through SECTI, enter into a Cooperation Agreement with PRODEST with respect to Part 1 of the Project, under terms and conditions acceptable to the Bank, and thereafter maintain said Cooperation Agreement throughout Project implementation.
2. The Borrower, through SECTI, shall ensure that the Cooperation Agreement includes, *inter alia*, (a) the responsibilities of PRODEST with respect to Project implementation, and (b) the obligation of PRODEST to carry out its respective activities under the Project in accordance with (i) this Agreement, (ii) the Project Operations Manual, (iii) the Anti-Corruption Guidelines, (iv) the Procurement Regulations, and (v) the applicable provisions of the ESCP.
3. The Borrower, through SECTI, shall exercise its rights under the Cooperation Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan.
4. Except as the Bank may otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Cooperation Agreement or any of its provisions.

C. Project Operations Manual

1. The Borrower shall carry out, and cause the Project to be carried out, in accordance with the Project Operations Manual, which shall include, *inter alia*: (a) a detailed description of the activities and institutional arrangements for the Project; (b) the parts of the Project to be carried out by the Borrower with counterpart funds; (c) a description of the monitoring and evaluation arrangements, including the indicators and expected results for each year of Project implementation; (d) the composition and functions of the PMU and the PIUs; (e) the specific attributions of the Implementing Agencies, as well as the applicable coordination arrangements; (f) the composition and functions of the Steering Committee and its role in Project monitoring; (g) the Project fiduciary, environmental and social requirements, including stakeholder engagement and grievance redressing; (h) the Project technical, administrative, accounting, internal control and auditing, reporting, financial (including disbursement) and procurement procedures; (i) the terms of reference for the financial audits, and (j) the Anti-Corruption Guidelines.

2. Except as the Bank may otherwise agree, the Borrower shall not abrogate, amend, suspend, waive or otherwise fail to enforce the Project Operations Manual or any provision thereof.
3. In case of any conflict between the terms of the Project Operations Manual and this Agreement, the provisions of this Agreement shall prevail.

D. Environmental and Social Standards.

1. The Borrower, through SECTI, shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Borrower, through SECTI, shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Borrower, through SECTI, shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Borrower shall, through SECTI, ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which

interfere or threaten to interfere with the implementation of the ESCP; and
(iii) corrective and preventive measures taken or required to be taken to address such conditions; and

- (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Borrower, through SECTI, shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.
6. The Borrower shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors and subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

Section II. Project Monitoring Reporting and Evaluation

The Borrower shall furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of Loan Proceeds

A. General.

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) pay: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Works and goods for the Project	45,681,000	100%
(2) Operating Costs, Training Costs, consulting and non-consulting services for the Project	15,381,960	100%
(3) Front-end Fee	153,040	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(4) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 4.05 (c) of the General Conditions
TOTAL AMOUNT	61,216,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed twelve million two hundred forty-three thousand two hundred Dollars (USD 12,243,200) may be made for payments made prior to this date but on or after the date falling twelve (12) months prior to the Signature Date, for Eligible Expenditures.
2. The Closing Date is June 30, 2029. The Bank may grant an extension of the Closing Date only after the Guarantor's Ministry of Finance has informed the Bank that it agrees with such extension.

SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”).

Level Principal Repayments

Principal Payment Date	Installment Share
On each January 15 and July 15 Beginning July 15, 2029 through January 15, 2049_____	2.50%

APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
2. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. “Cooperation Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement.
4. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated April 18, 2024, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
5. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
6. “Focal Point” means a person to be hired or appointed within each of the PIUs, responsible for coordinating, liaising and reporting to the PMU on fiduciary,

environmental, social, communication and citizen engagement matters of the Project.

7. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018 (last revised on July 15, 2023).
8. “Green Data Center” means a low-carbon and climate-resilient data center covering colocation, hosting, and telecommunications services, to be located in the greater Vitoria region, or in another location deemed acceptable by the Bank.
9. “Implementing Agencies” means SECTI, SEG, SESP and PRODEST.
10. “Integrated Center for Social Defense” or “CIDES” (*Centro Integrado de Defesa Social*) means an emergency center within SESP capable of handling the projected emergency call expansion in the Borrower’s territory, as foreseen in the Project Operations Manual.
11. “Integrated Emergency Response Platform” or “IERP” means an integrated, interoperable, and coordinated system for effective (a) emergency response activities within the Borrower’s territory, and (b) distribution of roles and responsibilities among the different Borrower’s agencies.
12. “Interoperability Platform” means a digital interoperability platform to facilitate data sharing across the Borrower’s government agencies.
13. “Key Staff” means, (a) with respect to the PMU, a Project coordinator, a financial management specialist, a procurement specialist, and an environmental and social specialist, and (b) with respect to the PIUs, the Focal Point.
14. “IP” means internet protocol.
15. “National Platform” means national platform established and operated by the Federal Government of Brazil, accessible at www.gov.br, or any successor thereto acceptable to the Bank.
16. “Operating Costs” means the incremental operating expenditures incurred by the Borrower on account of the Project implementation, management, monitoring and evaluation, including office rent, office materials and supplies, utilities, communication costs, support for information systems, translation costs, bank charges and travel and *per diem* costs and other reasonable expenditures directly associated with the implementation of the Project activities, all based on an annual budget acceptable to the Bank.

17. “PIU” means any of the Project implementing units referred to in Section I.A.2 of Schedule 2 to this Agreement.
18. “PMU” means the Project management unit referred to in Section I.A.1 of Schedule 2 to this Agreement.
19. “Portal” means a unique digital portal providing individuals and businesses with resilient personalized end-to-end integrated public services from all of the Borrower’s government entities in a single platform that ensures service access.
20. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated September 2023.
21. “PRODEST” means Institute of Information and Communication Technology of the State of Espírito Santo (*Instituto de Tecnologia da Informação e Comunicação do Estado do Espírito Santo*), or any successor thereto acceptable to the Bank.
22. “Project Operations Manual” means the manual referred to in Section I.C of Schedule 2 to this Agreement.
23. “SECTI” means Secretariat of Science, Technology, Innovation and Professional Education (*Secretaria da Ciência, Tecnologia, Inovação e Educação Profissional*), or any successor thereto acceptable to the Bank.
24. “SEG” means Secretariat of State for Government (*Secretaria de Estado do Governo*), or any successor thereto acceptable to the Bank.
25. “SESP” means Secretariat for Public Security and Social Defense (*Secretaria da Segurança Pública e Defesa Social*), or any successor thereto acceptable to the Bank.
26. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
27. “Steering Committee” means the committee referred to in Section I.A.3 of Schedule 2 to this Agreement.
28. “Traditional Peoples and Communities” means culturally differentiated groups that recognize themselves as such, that have their own forms of social organization, that occupy and use territories and natural resources as a condition for their cultural, social, religious, ancestral and economic reproduction, using knowledge,

innovations and practices generated and transmitted by tradition, as defined by Decree no. 6,040, dated February 7, 2007.

29. “Training Costs” means expenditures (other than those for consulting services) incurred in connection with study tours, training courses, seminars, workshops, and other training activities, not included under goods or service providers’ contracts, including costs of training materials, space and equipment rental, travel, *per diem* costs for trainees and trainers and trainers’ fees (as applicable), all based on an annual budget satisfactory to the Bank.
30. “Vulnerable Groups” means Traditional Peoples and Communities and other minorities, rural populations, the elderly and people with disabilities as further detailed in the Project Operations Manual.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 3.01 (*Front-end Fee; Commitment Charge*) is modified to read as follows:

“Section 3.01. *Front-end Fee; Commitment Charge*

- (a) The Borrower shall pay the Bank a Front-end Fee on the Loan amount at the rate specified in the Loan Agreement. Except as otherwise provided in Section 2.07 (b), the Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.
- (b) The Borrower shall pay the Bank a Commitment Charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement. The Commitment Charge shall accrue from the date of the Loan Agreement or the date which falls on the fourth anniversary of the date of approval of the Loan by the Bank, whichever is later, to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. Except as otherwise provided in Section 2.07 (c), the Borrower shall pay the Commitment Charge semi-annually in arrears on each Payment Date.”

2. Section 3.04 (*Prepayment*) is modified to read as follows:

“Section 3.04. *Prepayment*

- (a) After giving not less than forty-five (45) days’ notice to the Bank, the Borrower may repay the Bank the following amounts in advance of maturity, as of a date acceptable to the Bank (provided that the Borrower

has paid all Loan Payments due as at such date): (i) the entire Withdrawn Loan Balance as at such date; or (ii) the entire principal amount of any one or more maturities of the Loan. Any partial prepayment of the Withdrawn Loan Balance shall be applied in the manner specified by the Borrower, or in the absence of any specification by the Borrower, in the following manner: (A) if the Loan Agreement provides for the separate amortization of specified Disbursed Amounts of the principal of the Loan the prepayment shall be applied in the inverse order of such Disbursed Amounts, with the Disbursed Amount which has been withdrawn last being repaid first and with the latest maturity of said Disbursed Amount being repaid first; and (B) in all other cases, the prepayment shall be applied in the inverse order of the Loan maturities, with the latest maturity being repaid first.

- (b) If, in respect of any amount of the Loan to be prepaid, a Conversion has been effected and the Conversion Period has not terminated at the time of prepayment, the provisions of Section 4.06 shall apply.”
- 3. The definitions in paragraphs 4 (Allocated Excess Exposure Amount); 53 (Exposure Surcharge); 99 (Standard Exposure Limit) and 105 (Total Exposure) of the Appendix are deleted in their entirety and the subsequent paragraphs are renumbered accordingly.
- 4. In the paragraphs of the Appendix originally numbered 75 and 81, the terms “Loan Payment” and “Payment Date” are modified to read as follows:
 - “73. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any surcharge, any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”
 - “79. “Payment Date” means each date specified in the Loan Agreement occurring on or after the date of the Loan Agreement on which interest, Commitment Charge and other Loan charges and fees (other than the Front-end Fee) are payable, as applicable.”