



Contract Number (FI N°) 88119  
Operation Number (Serapis N°) 2017-0434

# **CZECH RAILWAY INFRASTRUCTURE REHABILITATION**

## **Finance Contract**

*between the*

**Czech Republic**

*and*

**European Investment Bank**

Prague, 26 March 2019  
Luxembourg, 28 March 2019



Contract Number (FI N°) 88119  
Operation Number (Serapis N°) 2017-0434

# CZECH RAILWAY INFRASTRUCTURE REHABILITATION

## Finance Contract

*between the*

Czech Republic

*and*

European Investment Bank

Prague, 26 March 2019

Luxembourg, 28 March 2019

<b>ARTICLE 1</b> .....	<b>14</b>
1.1 AMOUNT OF CREDIT .....	14
1.2 DISBURSEMENT PROCEDURE .....	14
1.2.A TRANCHES .....	14
1.2.B DISBURSEMENT OFFER .....	14
1.2.C DISBURSEMENT ACCEPTANCE .....	14
1.2.D DISBURSEMENT ACCOUNT .....	15
1.3 CURRENCY OF DISBURSEMENT .....	15
1.4 CONDITIONS OF DISBURSEMENT .....	15
1.4.A CONDITION PRECEDENT TO THE FIRST REQUEST FOR DISBURSEMENT OFFER .....	15
1.4.B FIRST TRANCHE .....	15
1.4.C ALL TRANCHES .....	15
1.5 DEFERMENT OF DISBURSEMENT .....	16
1.5.A GROUNDS FOR DEFERMENT .....	16
1.5.B CANCELLATION OF A DISBURSEMENT DEFERRED BY 6 (SIX) MONTHS .....	17
1.6 CANCELLATION AND SUSPENSION .....	17
1.6.A BORROWER'S RIGHT TO CANCEL .....	17
1.6.B BANK'S RIGHT TO SUSPEND AND CANCEL .....	17
1.6.C INDEMNITY FOR SUSPENSION AND CANCELLATION OF A TRANCHE .....	18
1.7 CANCELLATION AFTER EXPIRY OF THE CREDIT .....	18
1.8 SUMS DUE UNDER ARTICLE 1.5 AND 1.6 .....	18
<b>ARTICLE 2</b> .....	<b>18</b>
2.1 AMOUNT OF LOAN .....	18
2.2 CURRENCY OF REPAYMENT, INTEREST AND OTHER CHARGES .....	18
2.3 CONFIRMATION BY THE BANK .....	19
<b>ARTICLE 3</b> .....	<b>19</b>
3.1 RATE OF INTEREST .....	19
3.1.A FIXED RATE TRANCHES .....	19
3.1.B FLOATING RATE TRANCHES .....	19
3.1.C REVISION OR CONVERSION OF TRANCHES .....	19
3.2 INTEREST ON OVERDUE SUMS .....	19
3.3 MARKET DISRUPTION EVENT .....	20
<b>ARTICLE 4</b> .....	<b>21</b>
4.1 NORMAL REPAYMENT .....	21
4.1.A REPAYMENT BY INSTALMENTS .....	21
4.1.B SINGLE INSTALMENT .....	21
4.2 VOLUNTARY PREPAYMENT .....	21
4.2.A PREPAYMENT OPTION .....	21
4.2.B PREPAYMENT INDEMNITY .....	21
4.2.C PREPAYMENT MECHANICS .....	22
4.2.D ADMINISTRATIVE FEE .....	22
4.3 COMPULSORY PREPAYMENT .....	22
4.3.A PREPAYMENT EVENTS .....	22
4.3.B PREPAYMENT MECHANICS .....	23

4.3.C	PREPAYMENT INDEMNITY .....	23
4.4	GENERAL .....	23
4.4.A	NO PREJUDICE TO ARTICLE 10 .....	23
4.4.B	NO REBORROWING .....	23
<b>ARTICLE 5 .....</b>		<b>24</b>
5.1	DAY COUNT CONVENTION .....	24
5.2	TIME AND PLACE OF PAYMENT .....	24
5.3	NO SET-OFF BY THE BORROWER .....	24
5.4	DISRUPTION TO PAYMENT SYSTEMS .....	24
5.5	APPLICATION OF SUMS RECEIVED .....	25
5.5.A	GENERAL .....	25
5.5.B	PARTIAL PAYMENTS .....	25
5.5.C	ALLOCATION OF SUMS RELATED TO TRANCHES .....	25
<b>ARTICLE 6 .....</b>		<b>25</b>
6.1	USE OF LOAN AND AVAILABILITY OF OTHER FUNDS .....	25
6.2	COMPLETION OF PROJECT .....	25
6.3	INCREASED COST OF PROJECT .....	26
6.4	PROCUREMENT PROCEDURE .....	26
6.5	CONTINUING PROJECT UNDERTAKINGS .....	26
6.6	COMPLIANCE WITH LAWS .....	27
6.7	CHANGE IN BUSINESS .....	27
6.8	BOOKS AND RECORDS .....	27
6.9	DUE DILIGENCE .....	27
6.10	GENERAL REPRESENTATIONS AND WARRANTIES .....	27
<b>ARTICLE 7 .....</b>		<b>28</b>
7.1	<i>PARI PASSU</i> RANKING .....	28
7.2	CLAUSES BY INCLUSION .....	29
7.3	GRANTING OF SECURITY .....	29
<b>ARTICLE 8 .....</b>		<b>29</b>
8.1	INFORMATION CONCERNING THE PROJECT .....	29
8.2	INFORMATION CONCERNING THE BORROWER .....	30
8.3	VISITS BY THE BANK .....	31
<b>ARTICLE 9 .....</b>		<b>31</b>
9.1	TAXES, DUTIES AND FEES .....	31
9.2	OTHER CHARGES .....	31
9.3	INCREASED COSTS, INDEMNITY AND SET-OFF .....	31
<b>ARTICLE 10 .....</b>		<b>32</b>
10.1	RIGHT TO DEMAND REPAYMENT .....	32
10.1.A	IMMEDIATE DEMAND .....	32
10.1.B	DEMAND AFTER NOTICE TO REMEDY .....	33
10.2	OTHER RIGHTS AT LAW .....	33



10.3	INDEMNITY .....	33
10.3.A	FIXED RATE TRANCHES .....	33
10.3.B	FLOATING RATE TRANCHES .....	33
10.3.C	GENERAL .....	34
10.4	NON-WAIVER .....	34
<b>ARTICLE 11</b>	<b>.....</b>	<b>34</b>
11.1	GOVERNING LAW .....	34
11.2	JURISDICTION .....	34
11.3	PLACE OF PERFORMANCE .....	35
11.4	EVIDENCE OF SUMS DUE .....	35
11.5	ENTIRE AGREEMENT .....	35
11.6	INVALIDITY .....	35
11.7	AMENDMENTS .....	35
11.8	COUNTERPARTS .....	35
11.9	EFFECTIVENESS OF THIS CONTRACT .....	36
11.10	LIMITATION PERIOD .....	36
<b>ARTICLE 12</b>	<b>.....</b>	<b>36</b>
12.1	NOTICES .....	36
12.1.A	FORM OF NOTICE .....	36
12.1.B	ADDRESSES .....	37
12.1.C	NOTIFICATION OF COMMUNICATION DETAILS .....	38
12.2	ENGLISH LANGUAGE .....	38
12.3	CHANGES TO PARTIES .....	38
12.4	RECITALS, SCHEDULES AND ANNEX .....	38
<b>SCHEDULE A</b>	<b>.....</b>	<b>40</b>
<b>SCHEDULE B</b>	<b>.....</b>	<b>46</b>
<b>SCHEDULE C</b>	<b>.....</b>	<b>48</b>
<b>SCHEDULE D</b>	<b>.....</b>	<b>50</b>
<b>SCHEDULE E</b>	<b>.....</b>	<b>51</b>
<b>ANNEX I</b>	<b>.....</b>	<b>52</b>
<b>ANNEX II</b>	<b>.....</b>	<b>53</b>

THIS CONTRACT IS MADE BETWEEN:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**WHEREAS:**

- (a) The Borrower has stated that, through the state organisation Správa železniční dopravní cesty, státní organizace (the "**Promoter**") it is undertaking a project of railway infrastructure modernisation on eight sections of railway corridor Prague – Brno – Píseň – Ostrava – Petrovice u Karviné - Polish border as more particularly described in the technical description (the "**Technical Description**") set out in Schedule A (the "**Project**").
- (b) The total cost of the Project, as estimated by the Bank, is CZK 24,004,100,000.00 (twenty four billion four million one hundred thousand Czech koruna) and the Borrower has stated that it intends to finance the Project as follows:

<b>Source</b>	<b>Amount (CZK m)</b>
Credit from the Bank	11,500.00
Other sources	12,504.10
<b>TOTAL</b>	<b>24,004.10</b>

- (c) In order to fulfil the financing plan set out in Recital (b), the Borrower has requested from the Bank a credit equivalent to CZK 11,500,000,000.00 (eleven billion five hundred million Czech koruna).
- (d) The Bank considering that the financing of the Project falls within the scope of its functions, and having regard to the statements and facts cited in these Recitals, has decided to give effect to the Borrower's request providing to it a credit in an amount equivalent to CZK 3,000,000,000 (three billion Czech koruna) under this Finance Contract (the "**Contract**"); provided that the amount of the Bank loan shall not, in any case, exceed 50% (fifty per cent) of the total cost of the Project set out in Recital (b). Upon request, the Bank is willing to provide further financing for the Project up to the sum mentioned in Recital (e) or alternatively reduce the scope of the Project. Notwithstanding the previous sentence, the parties agree that it shall not be interpreted as a commitment of the Bank to provide additional funding or to agree to a reduction of the scope of a Project. The provision of additional funding is subject to the execution of further finance contract(s) for the Project and the reduction of the scope of a Project is subject to an amendment of this Contract in the future.
- (e) The Government of the Borrower has authorised the borrowing of the sum up to equivalent of CZK 11,500,000,000.00 (eleven billion five hundred million Czech koruna) represented by this credit on the terms and conditions set out in this Contract in the form set out in Annex I.
- (f) The Promoter and the Bank have executed or will execute a project implementation agreement (the "**Project Implementation Agreement**") for the purposes of implementing the Project, and the Borrower shall ensure that the Promoter shall comply with the provisions of the Project Implementation Agreement at all times.
- (g) The Statute of the Bank provides that the Bank shall ensure that its funds are used as rationally as possible in the interests of the European Union; and, accordingly, the terms and conditions of the Bank's loan operations must be consistent with relevant policies of the European Union.
- (h) The financing of the Project includes certain state subsidies or grants and the provision of such funds has been duly authorised and will be provided in compliance with all relevant legislation of the European Union.
- (i) The Bank considers that access to information plays an essential role in the reduction of environmental and social risks, including human rights violations, linked to the projects it finances and has therefore established its transparency policy, the purpose of which is to enhance the accountability of the Bank's group towards its stakeholders and the citizens of the European Union in general.

- (j) The processing of personal data shall be carried out by the Bank in accordance with applicable European Union legislation on the protection of individuals with regard to the processing of personal data by the European Union institutions and bodies and on the free movement of such data.



**NOW THEREFORE** it is hereby agreed as follows:

## **INTERPRETATION AND DEFINITIONS**

### **Interpretation**

In this Contract:

- (a) references to Articles, Recitals, Schedules and Annexes are, save if explicitly stipulated otherwise, references respectively to articles of, and recitals, schedules and annexes to this Contract;
- (b) references to "law" or "laws" mean
  - (i) any applicable law and any applicable treaty, constitution, statute, legislation, decree, normative act, rule, regulation, judgement, order, writ, injunction, determination, award or other legislative or administrative measure or judicial or arbitral decision in any jurisdiction which is binding or applicable case law, and
  - (ii) EU Law;
- (c) references to applicable law, applicable laws or applicable jurisdiction means
  - (i) a law or jurisdiction applicable to the Borrower, its rights and/or obligations (in each case arising out of or in connection with this Contract), its capacity and/or assets and/or the Project; and/or, as applicable; or
  - (ii) a law or jurisdiction (including in each case the Bank's Statute) applicable to the Bank, its rights, obligations, capacity and/or assets;
- (d) references to a provision of law are references to that provision as amended or re-enacted;
- (e) references to any other agreement or instrument are references to that other agreement or instrument as amended, novated, supplemented, extended or restated, and
- (f) words and expressions in plural shall include singular and vice versa.

### **Definitions**

In this Contract:

**"Accepted Tranche"** means a Tranche in respect of which a Disbursement Offer has been duly accepted by the Borrower in accordance with its terms on or before the Disbursement Acceptance Deadline.

**"Agreed Deferred Disbursement Date"** has the meaning given to it in Article 1.5.A(2)(b).

**"Authorisation"** means an authorisation, permit, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

**"Authorised Signatory"** means a person authorised to sign individually or jointly (as the case may be) Disbursement Acceptances on behalf of the Borrower and named in the most recent List of Authorised Signatories and Accounts received by the Bank prior to the receipt of the relevant Disbursement Acceptance.

**"Business Day"** means a day (other than a Saturday or Sunday) on which the Bank and commercial banks are open for general business in Luxembourg.

**"Change-of-Law Event"** has the meaning given to it in Article 4.3.A(3).

**"Civil Code"** means Czech Act No. 89/2012 Coll., the Civil Code, as amended.

**"Contract"** has the meaning given to it in Recital (d).

**"Contract Number"** shall mean the Bank generated number identifying this Contract and indicated on the cover page of this Contract after the letters "FI N°",

**"Credit"** has the meaning given to it in Article 1.1.

**"Criminal Offence"** means any of the following criminal offences as applicable: fraud, corruption, coercion, collusion, obstruction, money laundering, financing of terrorism.

“**CZK**” means Czech crown(s), the lawful currency of the Czech Republic.

“**Date of Effectiveness**” has the meaning given to it in Article 11.9.

“**Deferment Indemnity**” means a fee calculated on the amount of disbursement deferred or suspended being the higher of (a) 0.125% (12.5 basis points), per annum, and (b) the percentage rate by which:

- (a) the interest rate that would have been applicable to such amount had it been disbursed to the Borrower on the Scheduled Disbursement Date, exceeds
- (b) the Relevant Interbank Rate (one month rate) less 0.125% (12.5 basis points), unless this value is less than zero, in which case it will be set at zero.

Such fee shall accrue from the Scheduled Disbursement Date to the Disbursement Date or, as the case may be, until the date of cancellation of the Accepted Tranche in accordance with this Contract.

“**Disbursement Acceptance**” means a copy of the Disbursement Offer duly countersigned by the Borrower.

“**Disbursement Acceptance Deadline**” means the date and time of expiry of a Disbursement Offer as specified therein.

“**Disbursement Account**” means, in respect of each Tranche, the bank account set out in the most recent List of Authorised Signatories and Accounts.

“**Disbursement Date**” means the date on which disbursement of a Tranche is made by the Bank.

“**Disbursement Offer**” means a letter substantially in the form set out in Schedule C.1.

“**Dispute**” has the meaning given to it in Article 11.2.

“**Disruption Event**” means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with this Contract; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of either the Bank or the Borrower, preventing that party from:
  - (i) performing its payment obligations under this Contract; or
  - (ii) communicating with other parties,

and which disruption (in either such case as per (a) or (b) above) is not caused by, and is beyond the control of, the party whose operations are disrupted.

“**Environment**” means the following, in so far as they affect human health or social well-being:

- (a) fauna and flora;
- (b) soil, water, air, climate and the landscape; and
- (c) cultural heritage and the built environment,

and includes, without limitation, occupational and community health and safety.

“**Environmental Approval**” means any Authorisation required by Environmental Law.

“**Environmental Claim**” means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

“**Environmental Law**” means:

- (a) EU Law, including principles and standards;
- (b) Czech national laws and regulations; and
- (c) applicable international treaties,

in each case of which a principal objective is the preservation, protection or improvement of the Environment.

**"EU Law"** means the *acquis communautaire* of the European Union as expressed through the Treaties of the European Union, the regulations, directives, delegated acts, implementing acts, and the case law of the Court of Justice of the European Union.

**"EUR"** or **"euro"** means the lawful currency of the Member States of the European Union which adopt or have adopted it as their currency in accordance with the relevant provisions of the Treaty on European Union and the Treaty on the Functioning of the European Union or their succeeding treaties.

**"EURIBOR"** has the meaning given to it in Schedule B.

**"Event of Default"** means any of the circumstances, events or occurrences specified in Article 10.1.

**"Final Availability Date"** means the date falling 36 months from the Date of Effectiveness.

**"Fixed Rate"** means an annual interest rate determined by the Bank in accordance with the applicable principles from time to time laid down by the governing bodies of the Bank for loans made at a fixed rate of interest, denominated in the currency of the Tranche and bearing equivalent terms for the repayment of capital and the payment of interest. Such rate shall not be of negative value.

**"Fixed Rate Tranche"** means a Tranche on which the Fixed Rate is applied.

**"Floating Rate"** means a fixed-spread floating annual interest rate, determined by the Bank for each successive Floating Rate Reference Period equal to the Relevant Interbank Rate plus the Spread. If the Floating Rate for any Floating Rate Reference Period is calculated to be below zero, it will be set at zero.

**"Floating Rate Reference Period"** means each period from one Payment Date to the next relevant Payment Date; the first Floating Rate Reference Period shall commence on the date of disbursement of the Tranche.

**"Floating Rate Tranche"** means a Tranche on which the Floating Rate is applied.

**"GAAP"** means generally accepted accounting principles in Czech Republic, including IFRS.

**"IFRS"** means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

**"Indemnifiable Prepayment Event"** means a Prepayment Event other than those specified in paragraphs 4.3.A(2) (*Pari Passu to non-EIB Financing*) or 4.3.A(4) (*Illegality*).

**"Interest Revision/Conversion"** means the determination of new financial conditions relative to the interest rate, specifically the same interest rate basis ("**revision**") or a different interest rate basis ("**conversion**") which can be offered for the remaining term of a Tranche or until the next Interest Revision/Conversion Date, if any, without limits for a Tranche in EUR and, for a Tranche in CZK, for an amount which, at the proposed Interest Revision/Conversion Date, is not less than an equivalent of EUR 4,000,000 (four million euros).

**"Interest Revision/Conversion Date"** means the date, which shall be a Payment Date, specified by the Bank pursuant to Article 1.2.B in the Disbursement Offer .

**"Interest Revision/Conversion Proposal"** means a proposal made by the Bank under Schedule D.

**"Interest Revision/Conversion Request"** means a written notice from the Borrower, delivered at least 75 (seventy-five) days before an Interest Revision/Conversion Date, requesting the Bank to submit to it an Interest Revision/Conversion Proposal. The Interest Revision/Conversion Request shall also specify:

- (a) the Payment Dates chosen in accordance with the provisions of Article 3.1;
- (b) the amount of the Tranche for which the Interest Revision/Conversion shall apply; and
- (c) any further Interest Revision/Conversion Date chosen in accordance with Article 3.1.

**"List of Authorised Signatories and Accounts"** means a list, in form and substance satisfactory to the Bank, setting out:

- (a) the Authorised Signatories, accompanied by evidence of signing authority of the persons named on the list and specifying if they have individual or joint signing authority,
- (b) the specimen signatures of such persons, and
- (c) the bank account(s) to which disbursements may be made under this Contract (specified by IBAN code if the country is included in the IBAN Registry published by SWIFT, or in the appropriate account format in line with the local banking practice), BIC/SWIFT code of the bank and the name of the bank account(s) beneficiary.

**"Loan"** means the aggregate of the amounts disbursed from time to time by the Bank under this Contract.

**"Loan Outstanding"** means the aggregate of the amounts disbursed from time to time by the Bank under this Contract that remains outstanding.

**"Market Disruption Event"** means any of the following circumstances:

- (a) there are, in the reasonable opinion of the Bank, events or circumstances adversely affecting the Bank's access to its sources of funding;
- (b) in the opinion of the Bank, funds are not available from the Bank's ordinary sources of funding in order to adequately fund a Tranche in the relevant currency and/or for the relevant maturity and/or in relation to the reimbursement profile of such Tranche; or
- (c) in relation to a Tranche in respect of which interest would be payable at Floating Rate:
  - (i) the cost to the Bank of obtaining funds from its sources of funding, as determined by the Bank, for a period equal to the Floating Rate Reference Period of such Tranche (i.e. in the money market) would be in excess of the applicable Relevant Interbank Rate; or
  - (ii) the Bank determines that adequate and fair means do not exist for ascertaining the applicable Relevant Interbank Rate for the relevant currency of such Tranche or it is not possible to determine the applicable Relevant Interbank Rate in accordance with the definition contained in Schedule B.

**"Material Adverse Change"** means, any event or change of condition, which, in the opinion of the Bank has a material adverse effect on:

- (a) the ability of the Borrower to perform its obligations under this Contract;
- (b) the business, operations, property, condition (financial or otherwise) or prospects of the Borrower ; or
- (c) the legality, validity or enforceability of, or the effectiveness or ranking of, or the value of any security granted to the Bank, or the rights or remedies of the Bank under this Contract ; or
- (d) the ability of the Promoter to perform its obligations under the Project Implementation Agreement.

**"Maturity Date"** means the last Repayment Date of a Tranche specified pursuant to Article 4.1.A(b)(iv) or sole Repayment Date of a Tranche specified pursuant to Article 4.1.B.

**"Payment Date"** means: the annual, semi-annual or quarterly dates specified in the Disbursement Offer until and including the Interest Revision/Conversion Date, if any, or the Maturity Date, save that, in case any such date is not a Relevant Business Day, it means:

- (a) for a Fixed Rate Tranche, the following Relevant Business Day, without adjustment to the interest due under Article 3.1; except for those cases where a payment is made (i) in full and in relation to the Interest Revision/Conversion in accordance with Schedule D, point C, or (ii) as a single instalment in accordance with Article 4.1.B, and to the final interest payment only, when it shall mean the preceding Relevant Business Day with adjustment to the interest due under Article 3.1; and

- (b) for a Floating Rate Tranche, the next day, if any, of that calendar month that is a Relevant Business Day or, failing that, the nearest preceding day that is a Relevant Business Day, in all cases with corresponding adjustment to the interest due under Article 3.1.

**"Prepayment Amount"** means the amount of a Tranche to be prepaid by the Borrower in accordance with Article 4.2.A or Article 4.3.A, as applicable.

**"Prepayment Date"** means the date, which shall be a Payment Date, on which the Borrower proposes to or is requested by the Bank, as applicable to effect prepayment of a Prepayment Amount.

**"Prepayment Event"** means any of the events described in Article 4.3.A.

**"Prepayment Indemnity"** means in respect of any principal amount to be prepaid or cancelled, the amount communicated by the Bank to the Borrower as the present value (calculated as of the Prepayment Date or the date of cancellation pursuant to Article 1.6.C(2)) of the excess, if any, of:

- (a) the interest that would accrue thereafter on the Prepayment Amount over the period from the Prepayment Date or the date of cancellation pursuant to Article 1.6.C(2) to the Interest Revision/Conversion Date, if any, or the Maturity Date, if it were not prepaid; over
- (b) the interest that would so accrue over that period, if it were calculated at the Redeployment Rate, less 0.15% (fifteen basis points).

The said present value shall be calculated at a discount rate equal to the Redeployment Rate, applied as of each relevant Payment Date.

**"Prepayment Notice"** means a written notice from the Bank to the Borrower in accordance with Article 4.2.C.

**"Prepayment Request"** means a written request from the Borrower to the Bank to prepay all or part of the Loan Outstanding, in accordance with Article 4.2.A.

**"PRIBOR"** has the meaning given to it in Schedule B.

**"Project"** has the meaning given to it in Recital (a).

**"Project Implementation Agreement"** has the meaning given to it in Recital (f).

**"Promoter"** has the meaning given to it in Recital (a).

**"Redeployment Rate"** means the fixed annual rate determined by the Bank, being a rate which the Bank would apply on the day of the indemnity calculation to a loan that has the same currency the same terms for the payment of interest and the same repayment profile to the Interest Revision/Conversion Date, if any, or the Maturity Date as the Tranche in respect of which a prepayment or cancellation is proposed or requested to be made. Such rate shall not be of negative value.

**"Relevant Business Day"** means:

- (a) for EUR, a day 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 (TARGET2) is open for the settlement of payments in EUR; and
- (b) for CZK, a day on which banks are open for general business in the principal domestic financial centre of the CZK.

**"Relevant Interbank Rate"** means:

- (a) EURIBOR for a Tranche denominated in EUR; and
- (b) PRIBOR for a Tranche denominated in CZK;

**"Repayment Date"** shall mean each of the Payment Dates specified for the repayment of the principal of a Tranche in the Disbursement Offer, in accordance with the criteria set out in Article 4.1.



**"Requested Deferred Disbursement Date"** has the meaning given to it in Article 1.5.A(1)(b).

**"Scheduled Disbursement Date"** means the date on which a Tranche is scheduled to be disbursed in accordance with Article 1.2.B.

**"Security"** means any mortgage, pledge, lien, charge, assignment, hypothecation, or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

**"Spread"** means the fixed spread (being of either positive or negative value) to the Relevant Interbank Rate as determined by the Bank and notified to the Borrower in the relevant Disbursement Offer or Interest Revision/Conversion Proposal.

**"Tax"** means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

**"Technical Description"** has the meaning given to it in Recital (a).

**"Tranche"** means each disbursement made or to be made under this Contract. In case no Disbursement Acceptance has been received, Tranche shall mean a Tranche as offered under Article 1.2.B.



## ARTICLE 1

### Credit and Disbursements

#### 1.1 Amount of Credit

By this Contract the Bank establishes in favour of the Borrower, and the Borrower accepts, a credit in an amount equivalent to [REDACTED] for the financing of the Project (the "Credit").

#### 1.2 Disbursement procedure

##### 1.2.A Tranches

The Bank shall disburse the Credit in up to [REDACTED]. The amount of each Tranche shall be in a minimum amount equivalent to [REDACTED] or (if less) the entire undrawn balance of the Credit.

##### 1.2.B Disbursement Offer

Upon request by the Borrower and subject to Article 1.4.A, provided that no event mentioned in Article 1.5 or Article 1.6B has occurred and is continuing, the Bank shall send to the Borrower within 5 (five) Business Days after the receipt of such request a Disbursement Offer for the disbursement of a Tranche. The latest time for receipt by the Bank of such Borrower's request is 15 (fifteen) Business Days before the Final Availability Date. The Disbursement Offer shall specify:

- (a) the currency, amount and CZK equivalent of the Tranche;
- (b) the Scheduled Disbursement Date, which shall be a Relevant Business Day, falling at least 10 (ten) days after the date of the Disbursement Offer and on or before the Final Availability Date;
- (c) the interest rate basis of the Tranche, being: (i) a Fixed Rate Tranche; or (ii) a Floating Rate Tranche, in each case, pursuant to the relevant provisions of Article 3.1;
- (d) the Payment Dates and the first interest Payment Date for the Tranche;
- (e) the terms for repayment of principal for the Tranche, in accordance with the provisions of Article 4.1;
- (f) the Repayment Dates and the first and the last Repayment Date for the Tranche, or the single Repayment Date;
- (g) the Interest Revision/Conversion Date, if requested by the Borrower, for the Tranche;
- (h) for a Fixed Rate Tranche, the Fixed Rate and for a Floating Rate Tranche the Spread, applicable until the Interest Revision/Conversion Date, if any or until the Maturity Date; and
- (i) the Disbursement Acceptance Deadline.

##### 1.2.C Disbursement Acceptance

The Borrower may accept a Disbursement Offer by delivering a Disbursement Acceptance to the Bank no later than the Disbursement Acceptance Deadline. The Disbursement Acceptance shall be signed by an Authorised Signatory with individual representation right or two or more Authorised Signatories with joint representation right and shall specify the Disbursement Account to which the disbursement of the Tranche should be made in accordance with Article 1.2.D.

If a Disbursement Offer is duly accepted by the Borrower in accordance with its terms on or before the Disbursement Acceptance Deadline, the Bank shall make the Accepted Tranche available to the Borrower in accordance with the relevant Disbursement Offer and subject to the terms and conditions of this Contract.

The Borrower shall be deemed to have refused any Disbursement Offer which has not been duly accepted in accordance with its terms on or before the Disbursement Acceptance Deadline.

#### **1.2.D Disbursement Account**

Disbursement shall be made to the Disbursement Account specified in the relevant Disbursement Acceptance provided that such Disbursement Account is acceptable to the Bank.

Notwithstanding Article 5.2(e), the Borrower acknowledges that payments to a Disbursement Account notified by the Borrower shall constitute disbursements under this Contract as if they had been made to the Borrower's own bank account.

Only one Disbursement Account may be specified for each Tranche.

#### **1.3 Currency of disbursement**

The disbursement of each Tranche shall be made in CZK, subject to availability, or if so requested in EUR.

For the calculation of the sums available to be disbursed in EUR, and to determine their equivalent in CZK, the Bank shall apply the rate published by the European Central Bank in Frankfurt am Main, available on or shortly before the date of the Disbursement Offer as the Bank shall decide.

#### **1.4 Conditions of disbursement**

##### **1.4.A Condition precedent to the first request for Disbursement Offer**

The Bank shall have received from the Borrower in form and substance satisfactory to the Bank:

- (a) evidence that the execution of this Contract by the Borrower has been duly authorised and that the person or persons signing this Contract on behalf of the Borrower is/are duly authorised to do so together with the specimen signature of each such person or persons; and
- (b) the List of Authorised Signatories and Accounts;

prior to requesting a Disbursement Offer under Article 1.2.B by the Borrower. Any request for a Disbursement Offer made by the Borrower without the above documents having been received by the Bank in form and substance satisfactory to the Bank shall be deemed not made.

##### **1.4.B First Tranche**

The disbursement of the first Tranche under Article 1.2 is conditional upon receipt by the Bank, in form and substance satisfactory to it, on or before the date falling 5 (five) Business Days before the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively), of the following documents or evidence:

- (a) evidence that the Borrower has obtained all necessary Authorisations, required in connection with this Contract and the Project;
- (b) a legal opinion on the due execution of this Contract and the relevant documentation by the Borrower and on the legal, valid, binding and enforceable character of the Borrower's obligations under this Contract and the relevant documentation substantially in the form set out in Annex II;
- (c) signed Project Implementation Agreement;

##### **1.4.C All Tranches**

The disbursement of each Tranche under Article 1.2, including the first, is subject to the following conditions:



- (a) that the Bank has received, in form and substance satisfactory to it, on or before the date falling 5 (five) Business Days before the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively) for the proposed Tranche, of the following documents or evidence:
  - (i) a certificate from the Borrower in the form of Schedule E.1 signed by an authorised representative of the Borrower and dated no earlier than the date falling 10 days before the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively);
  - (ii) physical information about the progress of the Project (per each section) and spending to date (per section); and
  - (iii) a copy of any other authorisation or other document, opinion or assurance which the Bank has notified the Borrower is necessary or desirable in connection with the entry into and performance of, and the transactions contemplated by, this Contract or the legality, validity, binding effect or enforceability of the same; and
- (b) that on the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, on the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively) for the proposed Tranche:
  - (i) the representations and warranties which are repeated pursuant to Article 6.10 are correct in all respects; and
  - (ii) no event or circumstance which constitutes or would with the passage of time or giving of notice under this Contract constitute:
    - (1) an Event of Default; or
    - (2) a Prepayment Event;
 has occurred and is continuing unremedied or unwaived or would result from the disbursement of the proposed Tranche.

## **1.5 Deferment of disbursement**

### **1.5.A Grounds for deferment**

#### **1.5.A(1) BORROWER'S REQUEST**

The Borrower may send a written request to the Bank requesting the deferral of the disbursement of an Accepted Tranche. The written request must be received by the Bank at least 5 (five) Business Days before the Scheduled Disbursement Date of the an Accepted Tranche and specify:

- (a) whether the Borrower would like to defer the disbursement in whole or in part and if in part, the amount to be deferred; and
- (b) the date until which the Borrower would like to defer a disbursement of the above amount (the "Requested Deferred Disbursement Date"), which must be a date (i) falling not later than:
  - (i) 6 (six) months from its Scheduled Disbursement Date; and
  - (ii) 30 (thirty) days prior to the first Repayment Date; and
  - (iii) the Final Availability Date.

Upon receipt of such a written request, the Bank shall defer the disbursement of the relevant amount until the Requested Deferred Disbursement Date.

#### **1.5.A(2) FAILURE TO SATISFY CONDITIONS TO DISBURSEMENT**

- (a) The disbursement of an Accepted Tranche shall be deferred if any condition for disbursement of such an Accepted Tranche referred to in Article 1.4 is not fulfilled both:

- (i) at the date specified for fulfilment of such condition in Article 1.4; and
  - (ii) at its Scheduled Disbursement Date (or, where the Scheduled Disbursement Date has been deferred previously, the date expected for disbursement).
- (b) The Bank and the Borrower shall agree the date until which the disbursement of such an Accepted Tranche shall be deferred (the "**Agreed Deferred Disbursement Date**"), which must be a date falling:
- (i) not earlier than 5 (five) Business Days following the fulfilment of all conditions of disbursement; and
  - (ii) not later than the Final Availability Date.
- (c) Without prejudice to the Bank's right to suspend and/or cancel the undisbursed portion of the Credit in whole or in part pursuant to Article 1.6.B, the Bank shall defer disbursement of such an Accepted Tranche until the Agreed Deferred Disbursement Date.

#### 1.5.A(3) DEFERMENT INDEMNITY

If disbursement of an Accepted Tranche is deferred pursuant to paragraphs 1.5.A(1) or 1.5.A(2) above, the Borrower shall pay the Deferment Indemnity.

#### 1.5.B Cancellation of a disbursement deferred by 6 (six) months

If a disbursement has been deferred by more than 6 (six) months in aggregate pursuant to Article 1.5.A, the Bank may notify the Borrower in writing that such disbursement shall be cancelled and such cancellation shall take effect on the date of such written notification. The amount of the disbursement which is cancelled by the Bank pursuant to this Article 1.5.B shall remain available for disbursement under Article 1.2.

### 1.6 Cancellation and suspension

#### 1.6.A Borrower's right to cancel

The Borrower may send a written notice to the Bank requesting the cancellation of the undisbursed portion of the Credit. The written notice:

- (a) must specify whether the Borrower would like to cancel the undisbursed portion of the Credit in whole or in part and, if in part, the amount of the Credit the Borrower would like to cancel; and
- (b) must not relate to an Accepted Tranche which has a Scheduled Disbursement Date falling within 5 (five) Business Days of the date of the written notice.

Upon receipt of such written notice, the Bank shall cancel the requested undisbursed portion of the Credit with immediate effect.

#### 1.6.B Bank's right to suspend and cancel

At any time upon the occurrence of the following events, the Bank may notify the Borrower in writing that the undisbursed portion of the Credit shall be suspended and/or (apart from on the occurrence of a Market Disruption Event) cancelled in whole or in part:

- (a) a Prepayment Event;
- (b) an Event of Default;
- (c) an event or circumstance which would with the passage of time or giving of notice under this Contract constitute a Prepayment Event or an Event of Default;
- (d) a Material Adverse Change; or
- (e) a Market Disruption Event provided the Bank has not received a Disbursement Acceptance.

On the date of such written notification the relevant undisbursed portion of the Credit shall be suspended and/or cancelled with immediate effect. Any suspension shall continue until the Bank ends the suspension or cancels the suspended amount.

### **1.6.C Indemnity for suspension and cancellation of a Tranche**

#### **1.6.C(1) SUSPENSION**

If the Bank suspends an Accepted Tranche upon the occurrence of an Indemnifiable Prepayment Event or an Event of Default, the Borrower shall pay to the Bank the Deferment Indemnity calculated on the amount of disbursement suspended.

#### **1.6.C(2) CANCELLATION**

- (a) If an Accepted Tranche which is a Fixed Rate Tranche is cancelled:
- (i) by the Borrower pursuant to Article 1.6.A;
  - (ii) by the Bank upon an Indemnifiable Prepayment Event or pursuant to Article 1.5.B,

the Borrower shall pay to the Bank the Prepayment Indemnity. The Prepayment Indemnity shall be calculated as if the cancelled amount had been disbursed and repaid on the Scheduled Disbursement Date or, to the extent that the disbursement of the Tranche is currently deferred or suspended, on the date of the cancellation notice.

- (b) If the Bank cancels an Accepted Tranche upon the occurrence of an Event of Default, the Borrower shall indemnify the Bank in accordance with Article 10.3.
- (c) Save in the cases (a) or (b) above, no indemnity is payable upon cancellation of a Tranche.

### **1.7 Cancellation after expiry of the Credit**

On the day following the Final Availability Date, and unless otherwise specifically agreed to in writing by the Bank, any part of the Credit in respect of which no Disbursement Acceptance has been received in accordance with Article 1.2.C shall be automatically cancelled, without any notice being served by the Bank to the Borrower and without liability arising on the part of either party.

### **1.8 Sums due under Article 1.5 and 1.6**

Sums due under Articles 1.5 and 1.6 shall be payable in the currency of the Tranche concerned. Sums due under Articles 1.5 and 1.6 shall be payable within 15 (fifteen) days of the Borrower's receipt of the Bank's demand or within any longer period specified in the Bank's demand.

## **ARTICLE 2**

### **The Loan**

#### **2.1 Amount of Loan**

The Loan shall comprise the aggregate amount of Tranches disbursed by the Bank under the Credit, as confirmed by the Bank pursuant to Article 2.3.

#### **2.2 Currency of repayment, interest and other charges**

Interest, repayments and other charges payable in respect of each Tranche shall be made by the Borrower in the currency in which the Tranche is disbursed.

Other payment, if any, shall be made in the currency specified by the Bank having regard to the currency of the expenditure to be reimbursed by means of that payment.

### **2.3 Confirmation by the Bank**

The Bank shall deliver to the Borrower the amortisation table referred to in Article 4.1, if appropriate, showing the Disbursement Date, currency, the amount disbursed, the repayment terms and the interest rate of and for that Tranche.

## **ARTICLE 3**

### **Interest**

#### **3.1 Rate of interest**

##### **3.1.A Fixed Rate Tranches**

The Borrower shall pay interest on the outstanding balance of each Fixed Rate Tranche at the Fixed Rate quarterly, semi-annually or annually in arrear on the relevant Payment Dates as specified in the Disbursement Offer, commencing on the first such Payment Date following the Disbursement Date of the Tranche. If the period from the Disbursement Date to the first Payment Date is 15 (fifteen) days or less then the payment of interest accrued during such period shall be postponed to the following Payment Date.

Interest shall be calculated on the basis of Article 5.1(a).

##### **3.1.B Floating Rate Tranches**

The Borrower shall pay interest on the outstanding balance of each Floating Rate Tranche at the Floating Rate quarterly, semi-annually or annually in arrear on the relevant Payment Dates, as specified in the Disbursement Offer commencing on the first such Payment Date following the Disbursement Date of the Tranche. If the period from the Disbursement Date to the first Payment Date is 15 (fifteen) days or less then the payment of interest accrued during such period shall be postponed to the following Payment Date.

The Bank shall notify the Borrower of the Floating Rate within 10 (ten) days following the commencement of each Floating Rate Reference Period.

If pursuant to Articles 1.5 and 1.6 disbursement of any Floating Rate Tranche takes place after the Scheduled Disbursement Date the Relevant Interbank Rate applicable to the first Floating Rate Reference Period shall apply as though the disbursement had been made on the Scheduled Disbursement Date.

Interest shall be calculated in respect of each Floating Rate Reference Period on the basis of Article 5.1(b).

##### **3.1.C Revision or Conversion of Tranches**

Where the Borrower exercises an option to revise or convert the interest rate basis of a Tranche, it shall, from the effective Interest Revision/Conversion Date (in accordance with the procedure set out in Schedule D pay interest at a rate determined in accordance with the provisions of Schedule D.

#### **3.2 Interest on overdue sums**

Without prejudice to Article 10 and by way of exception to Article 3.1, if the Borrower fails to pay any amount payable by it under this Contract on its due date, interest shall accrue on any overdue amount payable under the terms of this Contract from the due date to the date of actual payment at an annual rate equal to:

- (a) for overdue sums related to Floating Rate Tranches, the applicable Floating Rate plus 2% (200 basis points);
- (b) for overdue sums related to Fixed Rate Tranches, the higher of (a) the applicable Fixed Rate plus 2% (200 basis points) or (b) the Relevant Interbank Rate plus 2% (200 basis points); and

- (c) for overdue sums other than under (a) or (b) above, the Relevant Interbank Rate plus 2% (200 basis points),

and shall be payable in accordance with the demand of the Bank. For the purpose of determining the Relevant Interbank Rate in relation to this Article 3.2, the relevant periods within the meaning of Schedule B shall be successive periods of one month commencing on the due date.

If the overdue sum is in a currency other than the currency of the Loan, the following rate per annum shall apply, namely the relevant interbank rate that is generally retained by the Bank for transactions in that currency plus 2% (200 basis points), calculated in accordance with the market practice for such rate.

### 3.3 **Market Disruption Event**

- (a) If at any time
- (i) from the receipt by the Bank of a Disbursement Acceptance in respect of a Tranche, and
  - (ii) until the date falling either:
    - (1) 30 (thirty) calendar days prior to the Scheduled Disbursement Date for Tranches to be disbursed in EUR, or
    - (2) 2 (two) Business Days prior to the Scheduled Disbursement Date for Tranches to be disbursed in CZK,

a Market Disruption Event occurs, the Bank may notify to the Borrower that this clause has come into effect. In such case, the following rules shall apply:

- (b) In the case of an Accepted Tranche to be disbursed in EUR, the rate of interest applicable to such Accepted Tranche until the Maturity Date or the Interest Revision/Conversion Date if any, shall be the rate (expressed as a percentage rate per annum) which is determined by the Bank to be the all-inclusive cost to the Bank for the funding of the relevant Tranche based upon the then applicable internally generated Bank reference rate or an alternative rate determination method reasonably determined by the Bank.

The Borrower shall have the right to refuse in writing such disbursement within the deadline specified in the notice and shall bear charges incurred as a result, if any, in which case the Bank shall not effect the disbursement and the corresponding portion of the Credit shall remain available for disbursement under Article 1.2.B. If the Borrower does not refuse the disbursement in time, the parties agree that the disbursement and the conditions thereof shall be fully binding for both parties.

- (c) In the case of an Accepted Tranche to be disbursed in CZK, the Bank shall notify to the Borrower the EUR equivalent to be disbursed on the Scheduled Disbursement Date and the relevant percentage rate as described above under paragraph (b) applicable to the Tranche until the Maturity Date or the Interest Revision/Conversion Date if any. The Borrower shall have the right to refuse in writing such disbursement within the deadline specified in the notice and shall bear charges incurred as a result, if any, in which case the Bank shall not effect the disbursement and the corresponding portion of the Credit shall remain available for disbursement under Article 1.2.B. If the Borrower does not refuse the disbursement in time, the parties agree that the disbursement in EUR and the conditions thereof shall be fully binding for both parties.
- (d) In each case of (b) or (c), above, the Spread or the Fixed Rate previously notified by the Bank shall no longer be applicable.

## ARTICLE 4

### Repayment

#### 4.1 Normal repayment

##### 4.1.A Repayment by instalments

- (a) The Borrower shall repay each Tranche by instalments on the Repayment Dates specified in the relevant Disbursement Offer in accordance with the terms of the amortisation table delivered pursuant to Article 2.3.
- (b) Each amortisation table shall be drawn up on the basis that:
  - (i) in the case of a Fixed Rate Tranche without an Interest Revision/Conversion Date, repayment shall be made quarterly, semi-annually or annually by equal instalments of principal or constant instalments of principal and interest;
  - (ii) in the case of a Fixed Rate Tranche with an Interest Revision/Conversion Date or a Floating Rate Tranche, repayment shall be made by equal quarterly, semi-annual or annual instalments of principal;
  - (iii) the first Repayment Date of each Tranche shall be a Payment Date falling not earlier than 30 (thirty) days from the Scheduled Disbursement Date and not later than the first Repayment Date immediately following the 3rd (third) anniversary of the Scheduled Disbursement Date of the Tranche; and
  - (iv) the last Repayment Date of each Tranche shall be a Payment Date falling not earlier than 4 (four) years and not later than 20 (twenty) years from the Scheduled Disbursement Date.

##### 4.1.B Single instalment

Alternatively, the Borrower shall repay the Tranche in a single instalment on the sole Repayment Date specified in the Disbursement Offer, being a date falling not less than 3 (three) years or more than 11 (eleven) years from the Scheduled Disbursement Date.

#### 4.2 Voluntary prepayment

##### 4.2.A Prepayment option

Subject to Articles 4.2.B, 4.2.C and 4.4, the Borrower may prepay all or part of any Tranche, together with accrued interest and indemnities if any, upon giving a Prepayment Request with at least 30 (thirty) calendar days' prior notice specifying:

- (a) the Prepayment Amount;
- (b) the Prepayment Date;
- (c) if applicable, the choice of application method of the Prepayment Amount in line with Article 5.5.C(a); and
- (d) the Contract Number ("FI nr" 88119) mentioned on the cover page of this Contract.

The Prepayment Request shall be irrevocable.

##### 4.2.B Prepayment indemnity

###### 4.2.B(1) FIXED RATE TRANCHE

Subject to Article 4.2.B(3) below, if the Borrower prepays a Fixed Rate Tranche, the Borrower shall pay to the Bank on the Prepayment Date the Prepayment Indemnity in respect of the Fixed Rate Tranche which is being prepaid.

###### 4.2.B(2) FLOATING RATE TRANCHE

Subject to Article 4.2.B(3) below, the Borrower may prepay a Floating Rate Tranche without indemnity on any relevant Payment Date.

#### 4.2.B(3) REVISION/CONVERSION

Prepayment of a Tranche on its Interest Revision/Conversion Date may be effected without indemnity unless the Borrower has accepted in writing a Fixed Rate under an Interest Revision/Conversion Proposal, as accepted under Article 1.2.C or pursuant to Schedule D.

#### 4.2.C Prepayment mechanics

Upon presentation by the Borrower to the Bank of a Prepayment Request, the Bank shall issue a Prepayment Notice to the Borrower, not later than 15 (fifteen) days prior to the Prepayment Date. The Prepayment Notice shall specify the Prepayment Amount, the accrued interest due thereon, the Prepayment Indemnity payable under Article 4.2.B or, as the case may be, that no indemnity is due, the method of application of the Prepayment Amount and if a Prepayment Indemnity is applicable, the deadline by which the Borrower may accept the Prepayment Notice.

If the Borrower accepts the Prepayment Notice no later than by the deadline (if any) specified in the Prepayment Notice, the Borrower shall effect the prepayment. In any other case, the Borrower may not effect the prepayment.

The Borrower shall accompany the payment of the Prepayment Amount by the payment of accrued interest and the Prepayment Indemnity, if any, due on the Prepayment Amount, as specified in the Prepayment Notice, and the fee under Article 4.2.D, if any.

#### 4.2.D Administrative Fee

If the Borrower requests to prepay a Tranche on a date other than a relevant Payment Date, or if the Bank exceptionally accepts, solely upon the Bank's discretion, a Prepayment Request with prior notice of less than 30 (thirty) calendar days, the Borrower shall pay to the Bank an administrative fee in such amount as the Bank shall notify to the Borrower.

### 4.3 Compulsory prepayment

#### 4.3.A Prepayment Events

##### 4.3.A(1) PROJECT COST REDUCTION

If the total cost of the Project falls below the figure stated in Recital (b) so that the amount of the Credit exceeds 50% (fifty per cent) of such total cost of the Project, the Bank may forthwith, by notice to the Borrower, cancel the undisbursed portion of the Credit and/or demand prepayment of the Loan Outstanding up to the amount by which the Credit exceeds 50% (fifty per cent) of the total cost of the Project, together with accrued interest and all other amounts accrued and outstanding under this Contract in relation to the proportion of the Loan Outstanding to be prepaid. The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date being a date falling not less than 30 (thirty) days from the date of the demand.

##### 4.3.A(2) *PARI PASSU* TO NON-EIB FINANCING

If the Borrower voluntarily prepays (for the avoidance of doubt, prepayment shall include a repurchase or cancellation where applicable) a part or the whole of any Non-EIB Financing and:

- (a) such prepayment is not made within a revolving credit facility (save for the cancellation of the revolving credit facility);
- (b) such prepayment is not made out of the proceeds of a loan or other indebtedness having a term at least equal to the unexpired term of the Non-EIB Financing prepaid;

the Bank may, by notice to the Borrower, cancel the undisbursed portion of the Credit and demand prepayment of the Loan Outstanding, together with accrued interest and all other amounts accrued and outstanding under this Contract in relation to the proportion of the Loan Outstanding to be prepaid. The proportion of the Loan Outstanding that the Bank may require to be prepaid shall be the same as the proportion that the prepaid amount of the Non-EIB Financing bears to the aggregate outstanding amount of all Non-EIB Financing.

The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date being a date falling not less than 30 (thirty) days from the date of the demand.

For the purposes of this Article, "**Non-EIB Financing**" includes any loan (save for the Loan and any other direct loans from the Bank to the Borrower, credit bond or other form of financial indebtedness or any obligation for the payment or repayment of money originally granted to the Borrower for a term of more than 3 (three) years.

#### 4.3.A(3) CHANGE OF LAW

The Borrower shall promptly inform the Bank if a Change-of-Law Event has occurred or is likely to occur. In such case, or if the Bank has reasonable cause to believe that a Change-of-Law Event has occurred or is about to occur, the Bank may request that the Borrower consult with it. Such consultation shall take place within 30 (thirty) days from the date of the Bank's request. If, after the lapse of 30 (thirty) days from the date of such request for consultation the Bank is of the opinion that the effects of the Change-of-Law Event cannot be mitigated to its satisfaction, the Bank may by notice to the Borrower, cancel the undisbursed portion of the Credit and/or demand prepayment of the Loan Outstanding, together with accrued interest and all other amounts accrued and outstanding under this Contract.

The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date being a date falling not less than 30 (thirty) days from the date of the demand.

For the purposes of this Article "**Change-of-Law Event**" means the enactment, promulgation, execution or ratification of or any change in or amendment to any law, rule or regulation (or in the application or official interpretation of any law, rule or regulation) that occurs after the date of this Contract and which, in the opinion of the Bank, would materially impair the Borrower's ability to perform its obligations under this Contract.

#### 4.3.A(4) ILLEGALITY

If it becomes unlawful in any applicable jurisdiction for the Bank to:

- (a) perform any of its obligations as contemplated in this Contract, or
- (b) fund or maintain the Loan,

the Bank shall promptly notify the Borrower and may immediately (i) suspend or cancel the undisbursed portion of the Credit and/or (ii) demand prepayment of the Loan Outstanding, together with accrued interest and all other amounts accrued and outstanding under this Contract on the date indicated by the Bank in its notice to the Borrower.

#### 4.3.B Prepayment mechanics

Any sum demanded by the Bank pursuant to Article 4.3.A, together with any interest or other amounts accrued or outstanding under this Contract including, without limitation, any indemnity due under Article 4.3.C, shall be paid on the date indicated by the Bank in its notice of demand.

#### 4.3.C Prepayment indemnity

In the case of an Indemnifiable Prepayment Event, the indemnity, if any, shall be determined in accordance with Article 4.2.B.

### 4.4 General

#### 4.4.A No prejudice to Article 10

This Article 4 shall not prejudice Article 10.

#### 4.4.B No reborrowing

A repaid or prepaid amount may not be reborrowed.



**ARTICLE 5****Payments****5.1 Day count convention**

Any amount due by way of interest or indemnity from the Borrower under this Contract, and calculated in respect of a fraction of a year, shall be determined on the following respective conventions:

- (a) in respect of interest and indemnities due under a Fixed Rate Tranche, a year of 360 (three hundred and sixty) days and a month of 30 (thirty) days; and
- (b) in respect of interest and indemnities due under a Floating Rate Tranche, a year of 360 (three hundred and sixty) days and the number of days elapsed.

**5.2 Time and place of payment**

- (a) Unless otherwise specified in this Contract or in the Bank's demand, all sums other than sums of interest, indemnity and principal are payable within 15 (fifteen) days of the Borrower's receipt of the Bank's demand.
- (b) Each sum payable by the Borrower under this Contract shall be paid to the relevant account notified by the Bank to the Borrower. The Bank shall notify the account not less than 15 (fifteen) days before the due date for the first payment by the Borrower and shall notify any change of account not less than 15 (fifteen) days before the date of the first payment to which the change applies. This period of notice does not apply in the case of payment under Article 10.
- (c) The Borrower shall indicate the Contract Number in the payment details for each payment made hereunder.
- (d) A sum due from the Borrower shall be deemed paid when the Bank receives it.
- (e) Any disbursements by and payments to the Bank under this Contract shall be made using account(s) acceptable to the Bank. Any account in the name of the Borrower held with a duly authorised financial institution in the jurisdiction where the Borrower is incorporated or where the Project is undertaken is deemed acceptable to the Bank.

**5.3 No set-off by the Borrower**

All payments to be made by the Borrower under this Contract shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

**5.4 Disruption to Payment Systems**

If either the Bank determines (in its discretion) that a Disruption Event has occurred or the Bank is notified by the Borrower that a Disruption Event has occurred:

- (a) the Bank may, and shall if requested to do so by the Borrower, consult with the Borrower with a view to agreeing with the Borrower such changes to the operation or administration of this Contract as the Bank may deem necessary in the circumstances;
- (b) the Bank shall not be obliged to consult with the Borrower in relation to any changes mentioned in paragraph (a) if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes; and
- (c) the Bank shall not be liable for any damages, costs or losses whatsoever arising as a result of a Disruption Event or for taking or not taking any action pursuant to or in connection with this Article 5.4.

## **5.5 Application of sums received**

### **5.5.A General**

Sums received from the Borrower shall only discharge its payment obligations if received in accordance with the terms of this Contract.

### **5.5.B Partial payments**

If the Bank receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under this Contract, the Bank shall apply that payment:

- (a) firstly, in or towards pro rata to each of any unpaid fees, costs, indemnities and expenses due under this Contract;
- (b) secondly, in or towards payment of any accrued interest due but unpaid under this Contract;
- (c) thirdly, in or towards payment of any principal due but unpaid under this Contract; and
- (d) fourthly, in or towards payment of any other sum due but unpaid under this Contract.

### **5.5.C Allocation of sums related to Tranches**

- (a) In case of:
  - (i) a partial voluntary prepayment of a Tranche that is subject to a repayment in several instalments, the Prepayment Amount shall be applied pro rata to each outstanding instalment, or, at the request of the Borrower, in inverse order of maturity; or
  - (ii) a partial compulsory prepayment of a Tranche that is subject to a repayment in several instalments, the Prepayment Amount shall be applied in reduction of the outstanding instalments in inverse order of maturity.
- (b) Sums received by the Bank following a demand under Article 10.1 and applied to a Tranche, shall reduce the outstanding instalments in inverse order of maturity. The Bank may apply sums received between Tranches at its discretion.
- (c) In case of receipt of sums which cannot be identified as applicable to a specific Tranche, and on which there is no agreement between the Bank and the Borrower on their application, the Bank may apply these between Tranches at its discretion.

## **ARTICLE 6**

### **Borrower undertakings and representations**

The undertakings in this Article 6 remain in force from the date of this Contract for so long as any amount is outstanding under this Contract or the Credit is in force.

#### **A. PROJECT UNDERTAKINGS**

### **6.1 Use of Loan and availability of other funds**

The Borrower shall and shall procure that the Promoter will use all amounts borrowed by the Borrower under this Contract for the execution of the Project.

The Borrower shall ensure that it has available to it the other funds listed in Recital (b) and that such funds are expended, to the extent required, on the financing of the Project.

### **6.2 Completion of Project**

The Borrower shall and shall procure that the Promoter will carry out the Project in accordance with the Technical Description as may be modified from time to time with the approval of the Bank, and complete it by the final date specified therein.

### 6.3 Increased cost of Project

If the total cost of the Project exceeds the estimated figure set out in Recital (b), the Borrower shall obtain the finance to fund the excess cost without recourse to the Bank, so as to enable the Project to be completed in accordance with the Technical Description. The plans for funding the excess cost shall be communicated to the Bank without delay.

### 6.4 Procurement procedure

The Borrower shall, and shall ensure that the Promoter shall purchase equipment, secure services and order works for the Project (a) in so far as they apply to it or to the Project, in accordance with European Union law in general and in particular with the relevant European Union Directives and (b) in so far as European Union Directives do not apply, by procurement procedures which, to the satisfaction of the Bank, respect the criteria of economy and efficiency and, in case of public contracts, the principles of transparency, equal treatment and non-discrimination on the basis of nationality.

### 6.5 Continuing Project undertakings

The Borrower shall, and ensure that the Promoter shall (as applicable):

- (a) **Maintenance:** maintain, repair, overhaul and renew all property forming part of the Project as required to keep it in good working order;
- (b) **Project assets:** unless the Bank shall have given its prior consent in writing retain title to and possession of all or substantially all the assets comprising the Project or, as appropriate, replace and renew such assets and maintain the Project in substantially continuous operation in accordance with its original purpose; the Bank may withhold its consent only where the proposed action would prejudice the Bank's interests as lender to the Borrower or would render the Project ineligible for financing by the Bank under its Statute or under article 309 of the Treaty on the Functioning of the European Union;
- (c) **Insurance:** where appropriate insure all works and property forming part of the Project with first class insurance companies in accordance with the most comprehensive relevant industry practice; practice in the Czech Republic as of the date hereof is that the railway infrastructure is not insured and the works forming part of the Project are insured;
- (d) **Rights and Permits:** maintain in force all rights of way or use and all Authorisations necessary for the execution and operation of the Project;
- (e) **Environment:**
  - (i) implement and operate the Project in compliance with Environmental Law;
  - (ii) obtain and maintain requisite Environmental Approvals for the Project; and
  - (iii) comply with any such Environmental Approvals;
- (f) **Integrity:** take, within a reasonable timeframe, appropriate measures in respect of any member of its or Promoter's management bodies who has been convicted by a final and irrevocable court ruling of a Criminal Offence perpetrated in the course of the exercise of his/her professional duties, in order to ensure that such member is excluded from the Borrower's or Promoter's activity (as applicable) in relation to the Credit, Loan or the Project, and
- (g) **Integrity Audit Rights:** ensure that all contracts under the Project to be procured after the date of signature of this Contract in accordance with EU Directives on procurement provide for:
  - (i) the requirement that the relevant contractor promptly informs the Bank of a genuine allegation, complaint or information with regard to Criminal Offence related to the Project;
  - (ii) the requirement that the relevant contractor keeps books and records of all financial transactions and expenditures in connection with the Project; and

- (iii) the Bank's right, in relation to an alleged Criminal Offence, to review the books and records of the relevant contractor in relation to the Project and to take copies of documents to the extent permitted by law.
- (h) **Accounts:** ensure that the Promoter requests any disbursements from the Borrower, and the Borrower makes any payments to the Promoter in relation with the Project to a bank account in the name of the Promoter held with a duly authorised financial institution in the jurisdiction where the Promoter is incorporated or where the Project is undertaken by the Promoter.

## **B. GENERAL UNDERTAKINGS**

### **6.6 Compliance with laws**

The Borrower shall and shall procure that the Promoter will comply in all respects with all laws and regulations to which it or the Project is subject.

### **6.7 Change in business**

The Borrower shall procure that no substantial change is made to the core activity of the Promoter from that carried on at the date of this Contract.

### **6.8 Books and records**

The Borrower shall ensure that it and the Promoter has kept and will continue to keep proper books and records of account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Borrower and the Promoter, respectively, including expenditures in connection with the Project, in accordance with GAAP as in effect from time to time.

### **6.9 Due Diligence**

The Borrower shall, within a reasonable period of time, deliver to the Bank any such information or further document concerning due diligence matters of or for the Borrower or the Promoter as the Bank may reasonably require.

### **6.10 General Representations and Warranties**

The Borrower represents and warrants to the Bank that:

- (a) it has the power to execute, deliver and perform its obligations under this Contract and all necessary corporate, shareholder and other action has been taken to authorise the execution, delivery and performance of the same by it;
- (b) the acceptance of the Credit and the execution of this Contract was approved by the Resolution of the Government of the Czech Republic on 7 November 2018, by Resolution No. 726, in accordance Article 35a of the Act of the Czech Republic No. 218/2000, on the budgetary rules and amending other related laws, as amended;
- (c) this Contract constitutes its legally valid, binding and enforceable obligations;
- (d) the execution and delivery of, the performance of its obligations under and compliance with the provisions of this Contract and the Project Implementation Agreement do not and will not contravene or conflict with:
  - (i) any applicable law, statute, rule or regulation, or any judgement, decree or permit to which it or the Promoter is subject;
  - (ii) any agreement or other instrument binding upon it or the Promoter which might reasonably be expected to have a material adverse effect on its ability to perform its obligations under this Contract or under the Project Implementation Agreement;
  - (iii) any provision of their statutes/by-laws;

- (e) there has been no Material Adverse Change since 3 July 2018 (i.e. date of approval of the financing by the Bank's Management Committee);
- (f) no event or circumstance which constitutes a Prepayment Event or an Event of Default has occurred and is continuing unremedied or unwaived;
- (g) no litigation, arbitration, administrative proceedings or investigation is current or to its knowledge is threatened or pending before any court, arbitral body or agency which has resulted or if adversely determined is reasonably likely to result in a Material Adverse Change, nor is there subsisting against it or any of its subsidiaries any unsatisfied judgement or award;
- (h) it has obtained all necessary Authorisations in connection with this Contract and in order to lawfully comply with its obligations hereunder, and the Project and all such Authorisations are in full force and effect and admissible in evidence;
- (i) at the date of this Contract, no Security as described in Article 7.3 exists;
- (j) its payment obligations under this Contract rank not less than *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations under any of its debt instruments except for obligations mandatorily preferred by law applying to companies generally;
- (k) it is in compliance with Article 6.5(e) and to the best of its knowledge and belief (having made due and careful enquiry) no Environmental Claim has been commenced or is threatened against it or the Promoter;
- (l) it is in compliance with all undertakings under this Article 6;
- (m) no loss-of-rating or financial covenants clause have been concluded with any other creditor of the Borrower;
- (n) to the best of its knowledge having made all reasonable enquiries, no funds invested in the Project by the Borrower, the Promoter, or by Promoter's controlling entities are of illicit origin, including products of money laundering or linked to the financing of terrorism. The Borrower shall promptly inform the Bank if at any time it becomes aware of the illicit origin of any such funds;
- (o) it is in compliance in all respects with all applicable EU and Czech competition (including state aid and audit) laws and regulations;
- (p) it does not enter into this Contract with the intention to conceal its assets or defraud its creditors;
- (q) it does not enter into this Contract with the intention to provide more preferential treatment to the Bank than it is provided to the other creditors of the Borrower;
- (r) the Bank and the Borrower are not related parties pursuant to any applicable law, and
- (s) the Bank and the Borrower do not operate under the influence of the same natural and legal person, and the Bank is not a beneficiary of any agreement with the Borrower under which the Borrower has undertaken any obligation without sufficient consideration.

The representations and warranties set out above shall survive the execution of this Contract and are, with the exception of the representation set out in paragraph (e) above, deemed repeated on each date of Disbursement Acceptance, Disbursement Date and on each Payment Date.

## ARTICLE 7

### Security

#### 7.1 Pari passu ranking

The Borrower shall ensure that its payment obligations under this Contract rank, and will rank, not less than *pari passu* in right of payment with all other present and future unsecured and

unsubordinated obligations under any of its debt instruments except for obligations mandatorily preferred by law applying to companies generally.

## **7.2 Clauses by inclusion**

If the Borrower concludes with any other financial creditor a financing agreement that includes a loss-of-rating clause or a covenant or other provision regarding its financial ratios, if applicable, that is not provided for in this Contract or is more favourable to the relevant financial creditor than any equivalent provision of this Contract is to the Bank, the Borrower shall promptly inform the Bank and shall provide a copy of the more favourable provision to the Bank. The Bank may request that the Borrower promptly executes an agreement to amend this Contract so as to provide for an equivalent provision in favour of the Bank.

## **7.3 Granting of Security**

If the Borrower grants to a third party any Security for the performance of any of its debt obligations or any preference or priority in respect thereof, the Borrower immediately notify the Bank thereof. It shall, if so required by the Bank, provide an equivalent Security to the Bank for the performance of its obligations under this Contract or grant to the Bank equivalent preference or priority. The Borrower shall provide that additional Security, preference or priority within a period of 30 (thirty) Business Days (or such other period as the Borrower and Bank shall agree) following such notification.

# **ARTICLE 8**

## **Information and Visits**

### **8.1 Information concerning the Project**

The Borrower shall, and shall procure that the Promoter shall (as applicable):

- (a) deliver to the Bank:
  - (i) the information in content and in form, and at the times, specified in Schedule A.2 or otherwise as agreed from time to time by the parties to this Contract; and
  - (ii) any such information or further document concerning the financing, procurement, implementation, operation and environmental matters of or for the Project as the Bank may reasonably require within a reasonable time;

provided always that if such information or document is not delivered to the Bank on time, and the Borrower does not rectify the omission within a reasonable time set by the Bank in writing, the Bank may remedy the deficiency, to the extent feasible, by employing its own staff or a consultant or any other third party, at the Borrower's expense and the Borrower shall provide such persons with all assistance necessary for the purpose;
- (b) submit for the approval of the Bank without delay any material change to the Project, also taking into account the disclosures made to the Bank in connection with the Project prior to the signing of this Contract, in respect of, inter alia, the price, design, plans, timetable or to the expenditure programme or financing plan for the Project;
- (c) promptly inform the Bank of:
  - (i) any action or protest initiated or any objection raised by any third party or any genuine complaint received by the Borrower or the Promoter or any Environmental Claim that is to its knowledge commenced, pending or threatened against it with regard to environmental or other matters affecting the Project;
  - (ii) any fact or event known to the Borrower or the Promoter, which may substantially prejudice or affect the conditions of execution or operation of the Project;
  - (iii) a genuine allegation, complaint or information with regard to Criminal Offence related to the Project;

- (iv) any non-compliance by it with any applicable Environmental Law; and
  - (v) any suspension, revocation or modification of any Environmental Approval, and set out the action to be taken with respect to such matters; and
- (d) provide to the Bank, if so requested a certificate of its insurers showing fulfilment of the requirements of Article 6.5(c).

## **8.2 Information concerning the Borrower**

The Borrower shall:

- (a) deliver to the Bank:
  - (i) each year, within one month after the approval of the State budget a summary of it in a tabular form;
  - (ii) each year, within the same period as for (i) above, the detailed medium-term projections of the relevant railway sector of the State budget;
  - (iii) as soon as it is approved, any substantial modification to the documents mentioned in (i) and (ii) relating to railway sector; and
  - (iv) from time to time, such further information, evidence or document concerning:
    - (1) its general financial situation or such certificates of compliance with the undertakings of Article 6; and
    - (2) customer due diligence matters of, or for, the Borrower and the Promoter to comply with "know your customer" (KYC) or similar identification procedures,

as the Bank may deem necessary or may reasonably require to be provided within a reasonable time, and
- (b) inform the Bank immediately of:
  - (i) any fact which obliges it to prepay any financial indebtedness or any European Union funding;
  - (ii) any event or decision that constitutes or may result in a Prepayment Event;
  - (iii) any intention on its part to grant any Security over any of its assets in favour of a third party;
  - (iv) any intention on its part to relinquish ownership of any material component of the Project;
  - (v) any fact or event that is reasonably likely to prevent the substantial fulfilment of any obligation of the Borrower under this Contract;
  - (vi) any Event of Default having occurred or being threatened or anticipated;
  - (vii) unless prohibited by law, any material litigation, arbitration, administrative proceedings or investigation carried out by a court, administration or similar public authority, which, to the best of its knowledge and belief, is current, imminent or pending against the Borrower or the Promoter; or their controlling entities or members of the Borrower's or Promoter's management bodies in connection with Criminal Offence related to the Credit, the Loan or the Project;
  - (viii) any measure taken by the Borrower or the Promoter pursuant to Article 6.5(f) of this Contract;
  - (ix) any litigation, arbitration or administrative proceedings or investigation which is current, threatened or pending and which might if adversely determined result in a Material Adverse Change.

### **8.3 Visits by the Bank**

The Borrower shall, and shall ensure that the Promoter shall, allow persons designated by the Bank, as well as persons designated by other institutions or bodies of the European Union when so required by the relevant mandatory provisions of European Union law,

- (a) to visit the sites, installations and works comprising the Project,
- (b) to interview representatives of the Borrower and/or Promoter, and not obstruct contacts with any other person involved in or affected by the Project; and
- (c) to review the Borrower's and/or Promoter's books and records in relation to the execution of the Project and to be able to take copies of related documents to the extent permitted by the law.

The Borrower shall, and shall ensure that the Promoter shall, provide the Bank, or ensure that the Bank is provided, with all necessary assistance for the purposes described in this Article.

## **ARTICLE 9**

### **Charges and expenses**

#### **9.1 Taxes, duties and fees**

The Borrower shall pay all Taxes, duties, fees and other impositions of whatsoever nature, including stamp duty and registration fees, arising out of the execution or implementation of this Contract or any related document and in the creation, perfection, registration or enforcement of any Security for the Loan to the extent applicable.

The Borrower shall pay all principal, interest, indemnities and other amounts due under this Contract gross without any withholding or deduction of any national or local impositions whatsoever required by law or under an agreement with a governmental authority or otherwise. If the Borrower is obliged to make any such withholding or deduction, it shall gross up the payment to the Bank so that after withholding or deduction, the net amount received by the Bank is equivalent to the sum due.

#### **9.2 Other charges**

The Borrower shall bear all charges and expenses, including professional, banking or exchange charges incurred in connection with the preparation, execution, implementation, enforcement and termination of this Contract or any related document, any amendment, supplement or waiver in respect of this Contract or any related document, and in the amendment, creation, management, enforcement and realisation of any security for the Loan.

#### **9.3 Increased costs, indemnity and set-off**

- (a) The Borrower shall pay to the Bank any costs or expenses incurred or suffered by the Bank as a consequence of the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or compliance with any law or regulation which occurs after the date of signature of this Contract, in accordance with or as a result of which (i) the Bank is obliged to incur additional costs in order to fund or perform its obligations under this Contract, or (ii) any amount owed to the Bank under this Contract or the financial income resulting from the granting of the Credit or the Loan by the Bank to the Borrower is reduced or eliminated.
- (b) Without prejudice to any other rights of the Bank under this Contract or under any applicable law, the Borrower shall indemnify and hold the Bank harmless from and against any loss incurred as a result of any full or partial discharge that takes place in a manner other than as expressly set out in this Contract.



- (c) The Bank may set off any matured obligation due from the Borrower under this Contract (to the extent beneficially owned by the Bank) against any obligation (whether or not matured) owed by the Bank to the Borrower regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Bank may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. If either obligation is unliquidated or unascertained, the Bank may set off in an amount estimated by it in good faith to be the amount of that obligation.

## ARTICLE 10

### Events of Default

#### 10.1 Right to demand repayment

The Borrower shall repay all or part of the Loan Outstanding (as requested by the Bank) forthwith, together with accrued interest and all other accrued or outstanding amounts under this Contract, upon written demand being made by the Bank in accordance with the following provisions.

##### 10.1.A Immediate demand

The Bank may make such demand immediately without prior notice or any judicial or extra judicial step:

- (a) if the Borrower does not pay on the due date any amount payable pursuant to this Contract at the place and in the currency in which it is expressed to be payable, unless
  - (i) its failure to pay is caused by an administrative or technical error or a Disruption Event and
  - (ii) payment is made within 3 (three) Business Days of its due date;
- (b) if any information or document given to the Bank by or on behalf of the Borrower or any representation, warranty or statement made or deemed to be made by the Borrower in or pursuant to this Contract or in connection with the negotiation or performance of this Contract is or proves to have been incorrect, incomplete or misleading in any material respect;
- (c) if, following any default of the Borrower in relation to any loan, or any obligation arising out of any financial transaction, other than the Loan,
  - (i) the Borrower is required or is capable of being required or will, following expiry of any applicable contractual grace period, be required or be capable of being required to prepay, discharge, close out or terminate ahead of maturity such other loan or obligation, or
  - (ii) any financial commitment for such other loan or obligation is cancelled or suspended;
- (d) if the Borrower is unable to pay its debts as they fall due, or suspends its debts, or makes or seeks to make a composition with its creditors;
- (e) if the Borrower ceases or resolves to cease to carry on the whole or any substantial part of its activities;
- (f) if an encumbrancer takes possession of, or a receiver, liquidator, administrator, administrative receiver or similar officer is appointed, whether by a court of competent jurisdiction or by any competent administrative authority or by any person, of or over, any part of the assets of the Borrower or any property forming part of the Project;
- (g) if the Borrower defaults in the performance of any obligation in respect of any other loan granted by the Bank or financial instrument entered into with the Bank;
- (h) if the Borrower defaults in the performance of any obligation in respect of any other loan made to it from the resources of the Bank or the European Union;

- (i) if any expropriation, attachment, arrestment, distress, execution, sequestration or other process is levied or enforced upon the property of the Borrower or any property forming part of the Project and is not discharged or stayed within 14 (fourteen) days;
- (j) if a Material Adverse Change occurs, as compared with the Borrower's condition at the date of this Contract; or
- (k) if it is or becomes unlawful for the Borrower to perform any of its obligations under this Contract or this Contract is not effective in accordance with its terms or is alleged by the Borrower to be ineffective in accordance with its terms.

**10.1.B Demand after notice to remedy**

The Bank may also make such demand without prior notice or any judicial or extra judicial step (without prejudice to any notice referred to below):

- (a) if the Borrower fails to comply with any provision of this Contract (other than those referred to in Article 10.1.A; or
- (b) if any fact related to the Borrower or the Project stated in the Recitals materially alters and is not materially restored and if the alteration either prejudices the interests of the Bank as lender to the Borrower or adversely affects the implementation or operation of the Project,

unless the non-compliance or circumstance giving rise to the non-compliance is capable of remedy and is remedied within 10 Business Days from a notice served by the Bank on the Borrower.

**10.2 Other rights at law**

Article 10.1 shall not restrict any other right of the Bank at law to require prepayment of the Loan Outstanding.

**10.3 Indemnity**

**10.3.A Fixed Rate Tranches**

In case of demand under Article 10.1 in respect of any Fixed Rate Tranche, the Borrower shall pay to the Bank the amount demanded together with the indemnity on any amount of principal due to be prepaid. Such indemnity shall (i) accrue from the due date for payment specified in the Bank's notice of demand and be calculated on the basis that prepayment is effected on the date so specified, and (ii) be for the amount communicated by the Bank to the Borrower as the present value (calculated as of the date of the prepayment) of the excess, if any, of:

- (a) the interest that would accrue thereafter on the amount prepaid over the period from the date of prepayment to the Interest Revision/Conversion Date, if any, or the Maturity Date, if it were not prepaid; over
- (b) the interest that would so accrue over that period, if it were calculated at the Redeployment Rate, less 0.15% (fifteen basis points).

The said present value shall be calculated at a discount rate equal to the Redeployment Rate, applied as of each relevant Payment Date of the applicable Tranche

**10.3.B Floating Rate Tranches**

In case of demand under Article 10.1 in respect of any Floating Rate Tranche, the Borrower shall pay to the Bank the amount demanded together with a sum equal to the present value of 0.15% (fifteen basis points) per annum calculated and accruing on the amount of principal due to be prepaid in the same manner as interest would have been calculated and would have accrued, if that amount had remained outstanding according to the applicable amortisation schedule of the Tranche, until the Interest Revision/Conversion Date, if any, or the Maturity Date.

The value shall be calculated at a discount rate equal to the Redeployment Rate applied as of each relevant Payment Date.

### 10.3.C General

Amounts due by the Borrower pursuant to this Article 10.3 shall be payable on the date specified in the Bank's demand.

### 10.4 Non-Waiver

No failure or delay or single or partial exercise by the Bank in exercising any of its rights or remedies under this Contract shall be construed as a waiver of such right or remedy. The rights and remedies provided in this Contract are cumulative and not exclusive of any rights or remedies provided by law.

## ARTICLE 11

### Law and dispute resolution, miscellaneous

#### 11.1 Governing Law

This Contract and any non-contractual obligations arising out of or in connection with it shall be governed by the laws of the Czech Republic.

The parties agree that the provisions of Sections 558 (2) (to the extent in which it stipulates that business practice prevails over a non-mandatory provision of law), 1740 (3), 1748, 1899, 1913, 1928, 1931 (second sentence), 1932, 1933, 1936 (1), 1950, 1951, 1952, 1970 (for the avoidance of doubt, such exclusion is made without affecting provisions of Article 3.2 (*Interest on overdue sums*)), 1971, 1978 (2), 1980, 2398 (1) and 2399 (2) of the Civil Code shall not apply to this Contract.

The parties shall bear the risk of a change of circumstances within the meaning of Section 1765(2) of the Civil Code.

The parties are not entitled to terminate this Contract pursuant to Section 2000 (1) of the Civil Code.

If the Borrower is obliged to "procure" or "ensure" that a third party performs or shall refrain from any action, such arrangement shall be interpreted to mean that based on same, the Borrower undertakes that the third party shall fulfil whatever was agreed within the meaning of the second sentence of Section 1769 of the Civil Code. The provision of the first sentence of Section 1769 of the Civil Code shall not apply to the extent it might limit the scope of the Borrower's obligations under the preceding sentence.

Nothing in the Contract shall be construed to mean or imply that the Bank provides the Borrower with any legal, tax, accounting or investment advisory service or any advisory services. Any information provided under or in connection with the Contract shall not be deemed advice within the meaning of Section 2950 of the Civil Code.

The Borrower may only terminate this Contract by rescission if, in breach of this Contract, the Bank provides no funds to the Borrower. Only such breach by the Bank will be considered material for the purposes of Section 2002 (1) of the Civil Code. Except for this paragraph, the Borrower shall not be entitled to withdraw from the Contract before the Project is completed and the Borrower fully fulfils all its obligations hereunder.

The Borrower has a right to damages from the Bank only if the damage is caused by the Bank wilfully or due to gross negligence. Claims for any loss of profit are excluded.

#### 11.2 Jurisdiction

- (a) The Court of Justice of the European Union has exclusive jurisdiction to settle any dispute arising out of or in connection with this Contract (including a dispute regarding the existence, validity or termination of this Contract or the consequences of its nullity) or any non-contractual obligation arising out of or in connection with this Contract.

- (b) The parties agree that the Court of Justice of the European Union is the most appropriate and convenient court to settle any disputes between them and, accordingly, that they will not argue to the contrary.
- (c) A decision of the Court given pursuant to this Article 11.2 shall be conclusive and binding on the parties without restrictions or reservation. The Borrower hereby waives any immunity it may enjoy from the execution of such decision, with the exception of property, wherever situated:
  - (i) serving military, national security or diplomatic purposes;
  - (ii) of the Czech National Bank;
  - (iii) that is a part of the cultural heritage of the Czech Republic or part of its archives, which is excluded from trading therein;
  - (iv) consisting of any objects of scientific, cultural or historic importance or any objects displayed at any international exhibitions, which are excluded from trading therein; or
  - (v) any other property or assets used solely for official purposes of the Czech Republic.

### **11.3 Place of performance**

Unless otherwise specifically agreed by the Bank in writing, the place of performance under this Contract, shall be the seat of the Bank.

### **11.4 Evidence of sums due**

In any legal action arising out of this Contract the certificate of the Bank as to any amount or rate due to the Bank under this Contract shall, in the absence of manifest error, be prima facie evidence of such amount or rate.

### **11.5 Entire Agreement**

This Contract constitutes the entire agreement between the Bank and the Borrower in relation to the provision of the Credit hereunder, and supersedes any previous agreement, whether express or implied, on the same matter.

### **11.6 Invalidity**

If at any time any term of this Contract is or becomes illegal, invalid or unenforceable in any respect, or this Contract is or becomes ineffective in any respect, under the laws of any jurisdiction, such illegality, invalidity, unenforceability or ineffectiveness shall not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other term of this Contract or the effectiveness in any other respect of this Contract in that jurisdiction; or
- (b) the legality, validity or enforceability in other jurisdictions of that or any other term of this Contract or the effectiveness of this Contract under the laws of such other jurisdictions.

### **11.7 Amendments**

Any amendment to this Contract shall be made in writing and shall be signed by the parties hereto.

### **11.8 Counterparts**

This Contract may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument.

## 11.9 Effectiveness of this Contract

This Contract is conditional upon and shall become effective only after receipt by the Bank, in a form and substance acceptable to the Bank, of:

- (a) duly counter-signed originals of this Contract and
- (b) the evidence that the Borrower has duly published this Contract in the registry of contracts (in Czech: *registr smluv*), as required by the applicable Czech law, within 30 (thirty) calendar days after the Borrower received this Contract signed by all parties hereto.

This Contract shall not become effective until the Bank sends to the Borrower a letter confirming fulfilment of each of the above mentioned conditions of effectiveness and providing the date that this Contract becomes effective (the "**Date of Effectiveness**"), and such letter shall be conclusive evidence that this Contract has become effective.

For the avoidance of doubt, until the Date of Effectiveness neither the Borrower nor the Bank shall have any claims against each other or have any liability whatsoever under or in connection with this Contract.

If the Date of Effectiveness does not occur within 3 (three months) from the date of this Contract, this Contract shall not come into force and no further action shall be necessary or required.

This Contract will cease to be effective (i) by the full and unconditional discharge of the debts under this Contract, provided the Bank is under no actual or contingent obligation to advance any funds to the Borrower and the Project has been completed, or (ii) by a written agreement of the Parties, whichever of the two events occurs earlier.

## 11.10 Limitation Period

The parties agree pursuant to Section 630 (1) of the Civil Code that the statutory limitation period for any right of a party under the Contract shall be 15 (fifteen) years after the date on which a party was for the first time entitled to claim such right.

## ARTICLE 12

### Final clauses

## 12.1 Notices

### 12.1.A Form of Notice

- (a) Any notice or other communication given under this Contract must be in writing and, unless otherwise stated, may be made by letter, electronic mail and facsimile.
- (b) Notices and other communications for which fixed periods are laid down in this Contract or which themselves fix periods binding on the addressee, may be made by hand delivery, registered letter, facsimile or by electronic mail. Such notices and communications shall be deemed to have been received by the other party:
  - (i) on the date of delivery in relation to a hand-delivered or registered letter;
  - (ii) on receipt of transmission in relation to a facsimile; or
  - (iii) in the case of any electronic mail, only when actually received in readable form and only if it is addressed in such a manner as the Bank and the Borrower shall specify for this purpose.
- (c) Any notice provided by the Borrower to the Bank by electronic mail shall:
  - (i) mention the Contract Number in the subject line; and

- (ii) be in the form of a non-editable electronic image (pdf, tif or other common non editable file format agreed between the parties) of the notice signed by an Authorised Signatory with individual representation right or by two or more Authorised Signatories with joint representation right of the Borrower, attached to the electronic mail.
- (d) Notices issued by the Borrower pursuant to any provision of this Contract shall, where required by the Bank, be delivered to the Bank together with satisfactory evidence of the authority of the person or persons authorised to sign such notice on behalf of the Borrower and the authenticated specimen signature of such person or persons.
- (e) Without affecting the validity of electronic mail or facsimile notices or communication made in accordance with this Article 12.1, the following notices, communications and documents shall also be sent by registered letter to the relevant party at the latest on the immediately following Business Day:
  - (i) Disbursement Acceptance;
  - (ii) any notices and communication in respect of the deferment, cancellation and suspension of a disbursement of any Tranche, interest revision or conversion of any Tranche, Market Disruption Event, Prepayment Request, Prepayment Notice, Event of Default, any demand for prepayment, and
  - (iii) any other notice, communication or document required by the Bank.
- (f) The parties agree that any above communication (including via electronic mail) is an accepted form of communication, shall constitute admissible evidence in court and shall have the same evidential value as an agreement under hand.

**12.1.B Addresses**

The address, fax number and electronic mail address (and the department or officer, if any, for whose attention the communication is to be made) of each party for any communication to be made or document to be delivered under or in connection with this Contract is:

For the Bank

Attention: OPS/CSEE-3 PUB SEC  
(CZ,HU,SK) 100 boulevard Konrad  
Adenauer

L-2950 Luxembourg

[Redacted]

For the Borrower

[Redacted]

Ministry of Finance

Letenská 15

118 10 Praha 1

Czech Republic

[Redacted]

[Redacted]

Copies

[Redacted]

Ministry of Transport

Nábřeží Ludvíka Svobody 1222/12

110 15 Praha 1

Czech Republic

[Redacted]



**12.1.C Notification of communication details**

The Bank and the Borrower shall promptly notify the other party in writing of any change in their respective communication details.

**12.2 English language**

- (a) Any notice or communication given under or in connection with this Contract must be in English.
- (b) All other documents provided under or in connection with this Contract must be:
  - (i) in English; or
  - (ii) if not in English, and if so required by the Bank, accompanied by a certified English translation and, in this case, the English translation will prevail.

**12.3 Changes to parties**

- (a) The Borrower shall not assign or transfer any of its rights or obligations under this Contract without the prior written consent of the Bank.
- (b) The Bank may assign all or part of its rights and benefits or transfer (by way of novation, sub-participation or otherwise) all or part of its rights, benefits and obligations under this Contract.

**12.4 Recitals, Schedules and Annex**

The Recitals and following Schedules form part of this Contract:

Schedule A	Project Specification and Reporting
Schedule B	Definitions of Relevant Interbank Rates
Schedule C	Forms for Borrower
Schedule D	Interest Rate Revision and Conversion
Schedule E	Certificates to be provided by the Borrower

The following Annexes are attached hereto:

Annex I	Resolution of the Government of the Czech Republic and authorisation of signatory
Annex II	Form legal opinion



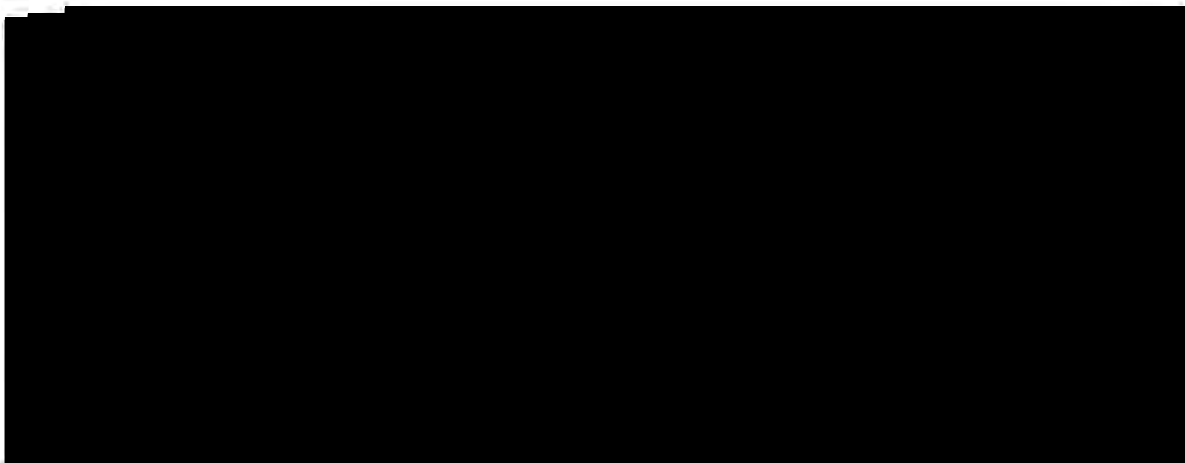
The parties hereto have caused this Contract to be executed in 6 (six) originals in the English language and have respectively caused [REDACTED], to initial each page of this Contract on their behalf.

At Prague, this 26 March 2019

At Luxembourg, this ~~the~~ 28 March 2019

Signed for and on behalf of  
**THE CZECH REPUBLIC**

Signed for and on behalf of  
**EUROPEAN INVESTMENT BANK**





## Project Specification and Reporting

### A.1 Technical Description (Article 6.2)

#### **Purpose, Location**

The Project consists of the modernization and upgrade of the following sections, totalling approx. 89.6 km, in the rail corridor connecting the Capital City of Prague with the regional capitals of Pardubice, Brno and Ostrava and towards Polish Border.

		Line number	Length (km)	Location
1	Velim (including) – Poříčany (including)	010 011	14,5	Central Bohemian
2	Choceň (excluding) – Uhersko (including)	010	15,5	Pardubice
3	Ústí nad Orlicí (excluding) – Brandýs nad Orlicí (including)		9,7	Pardubice
4	Adamov (excluding) – Blansko (excluding)	260	6,7	South Moravian
5	Brno-Maloměřice (excluding) – Adamov (excluding)		9,2	South Moravian
6	Lipník nad Bečvou (including) – Drahotuše (including)	270	10,1	Olomouc
7	Polom (including) – Suchdol nad Odrou (including)		12,6	Olomouc, Moravian-Silesian
8	Dětmárovice (including) – Petrovice u Karviné PL border (including)		11	Moravian-Silesian

#### **Description**

The scope and content of works includes:

- Section 1 (Velim – Poříčany): Works on railway substructure and superstructure including Poříčany station (with new electronic station interlocking system) and two railway stops, construction of lifts and information system in Velim station, works on artificial structures (selected bridges), replacement of catenary and preparation of the traction system for conversion to 25 kV AC traction, upgrade of interlocking and signalling equipment, upgrade of selected level crossings, connection into the Central Traffic Control.
- Section 2 (Choceň – Uhersko): Works on railway substructure and superstructure including selected bridges, stations and railway stops, partial reconstruction of catenary and traction system, interlocking and signalling equipment in Uhersko and Zámorsk stations.
- Section 3 (Ústí nad Orlicí – Brandýs nad Orlicí): Reconstruction of railway substructure and superstructure along the entire section including selected bridges, construction of new platform in Brandýs nad Orlicí station with access through an underpass and relocation of Bezprávi railway stop, construction of new junction station Bezprávi to increase line capacity during closures, works on existing traction substation 22 kV, replacement of selected level crossings, replacement of catenary in the entire section and upgrade of interlocking and signalling system.
- Section 4 (Adamov – Blansko): Works on railway substructure and superstructure including drainage, upgrade of railway stop Adamov zastávka, works on artificial structures (selected bridges and extensive remediation in tunnels), reconstruction of a switching station in Blansko station, partial replacement of catenary, reconstruction of rock slopes and retaining walls as well as other protective structures to ensure slope stability on selected sections.
- Section 5 (Brno – Adamov): Works on railway substructure (drainage) and superstructure including selected railway stops, construction of a new junction station Svitava for increasing track capacity during closures, reconstruction of artificial structures (selected bridges and tunnels, including expansion of two bridges), reconstruction of rock slopes and retaining walls as well as other protective structures to ensure slope stability on selected sections.

- Section 6 (Lipník nad Bečvou – Drahotuše) Works on railway substructure and superstructure, works on artificial structures (selected bridges and rehabilitation of Jezernický viaduct), renovation of level crossings, replacement catenary along the entire section, reconstruction of interlocking and signalling systems, new information and communication systems in Drahotuše and Lipník nad Bečvou stations, construction of two new traction substations 22 kV.
- Section 7 (Polom – Suchdol nad Odrou): Works on railway substructure and superstructure including upgraded platforms at stations and railway stop and the construction of underpass for platform access at Jeseník nad Odrou stop, works on artificial structures (selected bridges), upgrade of selected level crossings, reconstruction of interlocking and signalling systems, replacement of catenary along entire section, works on existing traction substation 22 kV, connection into the Central Traffic Control.
- Section 8 (Dětmorovice – Petrovice u Karviné – state border with Poland): Works on railway substructure and superstructure including stations and stop (with reconstruction of underground access to platform in Dětmorovice and Petrovice u Karviné stations), works on artificial structures (selected bridges including the bridge across Olše river), replacement of catenary along entire section, reconstruction of the Petrovice u Karviné station access to remove speed restrictions, upgrade of interlocking and signalling equipment, works on existing traction substation 22 kV, connection of Detmarovice and Petrovice u Karviné stations into the Central Traffic Control. The line junction station Branch Koukolná – junction station Branch Závada is part of the section.

#### Approximate summary of works content

	1	2	3	4	5	6	7	8	Total
Section	Velim – Poříčany	Choceň - Uhersko	Ústí nad Orlicí – Brandýs nad Orlicí	Adamov - Blansko	Brno-Adamov	Lipník nad Bečvou- Drahotuše	Polom-Suchdol	Dětmorovice – Petrovice u K. – state border with Poland, Blending Call	
Track bed to be renovated (km)	1.2	15.5	9.7	6.6	9.2	7.8	12.5	11.0	73.5
Track to be renovated (km)	14.5	15.5	9.7	6.6	9.2	8.3	12.5	11.0	87.3
Overhead contact to be renovated (km)	16.0	15.5	9.7	0	0	0	12.5	11.0	64.7
Bridges to be renovated (units)	5	11	11	5	7	13	7	6	65
Culverts to be renovated (units)	0	13	4	9	11	10	9	5	61
Traction power stations to be built, upgraded	3	0	0	1	0	2	1	3	10

or refurbished (units) <sup>1</sup>									
Level crossings to be renovated (units)	5	6	4	1	0	1	4	6	29
Number of upgraded stations	2 <sup>*</sup> )	0	1	1	0	0	2	2	8 <sup>*</sup>
Number of upgraded stops	2	3	1	1	2	0	1	1	11
Number of upgraded platforms	4	6	4	2	4	0	8	5	33
Interlockings to be modernized (units)	1+2 <sup>**)</sup>	2+0 <sup>**)</sup>	1+1 <sup>**)</sup>	0+0 <sup>**)</sup>	0+1 <sup>**)</sup>	2+1 <sup>**)</sup>	2+1 <sup>**)</sup>	1+1 <sup>**)</sup>	9+7 <sup>**)</sup>
Centralised control centres to be built or upgraded (units)	1	0	0	0	0	0	1	1	3
Tunnels to be built or upgraded	0	0	0	5	1	0	0	0	6
Rock slopes to be renovated or upgraded (sqm)	0	0	0	8,140	19,000	0	0	0	27,140
Retaining walls to be renovated (sqm)	0	0	0	1,715	16,000	0	0	0	17,715
Land acquisition (sqm)	0	16,850	1,000	0	0	0	0	0	17,850

<sup>\*</sup>) Modernization of Velim station does not cover the works on railway substructure and superstructure

<sup>\*\*)</sup> Station interlocking system + track interlocking system

#### Performance parameters

The maximum speed, admissible axle load and maximum train length after the works will be as summarised in the table below:

		Axle load (ton)	Speed (km/h)	Maximum train length (m)
1	Velim – Poříčany	22.5	160/130/120	740
2	Choceň - Uhersko	22.5	160	700
3	Ústí nad Orlicí – Brandýs nad Orlicí	22.5	160	700
4	Adamov - Blansko	22.5	120	651

<sup>1</sup> Numbers for each section cover traction substations, switching stations, transformer stations as well as power stations

5	Brno-Adamov	22.5	95	651
6	Lipník nad Bečvou-Drahoutse	22.5	110-160	740
7	Polom-Suchdol	22.5	120-160	720
8	Dětmárovice - Petrovice u K. - state border with Poland, Blending Call	22.5	95-140	740

The implementation of this Project will be in conformity with the technical specifications for interoperability (TSIs), in particular, Regulation 2014/1299/EU (Infrastructure TSI), Regulation 2014/1301/EU (Energy TSI), Regulation 2014/1300/EU (PRM TSI), and Regulation 2016/919/EU (CCS TSI).

The sections will be brought into conformity with the requirements of the Regulation (EU) 1315/2013 for core TEN-T network.

### Calendar

The Project shall be completed in accordance with the following calendar:

		Start of implementation	Completion
1	Velim – Poříčany	2019	2021
2	Choceň - Uhersko	2022	2023
3	Ústí nad Orlicí – Brandýs nad Orlicí	2020	2022
4	Adamov - Blansko	2021	2023
5	Brno-Adamov	2021	2023
6	Lipník nad Bečvou-Drahoutse	2021	2022
7	Polom-Suchdol	2021	2024
8	Dětmárovice - Petrovice u K. - state border with Poland, Blending Call	2020	2022

In the event that the investment programme as described above is to be amended, that is the Borrower proposes new or replacement schemes, the framework rules of the Bank would be applied to the selection and approval process of the new schemes.

## A.2 Information Duties under Article 8.1

### 1. Dispatch of information: designation of the person responsible

The information below has to be sent to the Bank under the responsibility of:

	<b>Financial and Technical Contact</b>
Company	Správa železniční dopravní cesty, státní organizace
Contact person	[REDACTED]
Title	[REDACTED]
Function / Department financial and technical	[REDACTED]
Address	Dlážděná 1003/7, 110 00 PRAHA 1
Phone	[REDACTED]
Fax	[REDACTED]
Email	[REDACTED]

The above-mentioned contact person(s) is (are) the responsible contact(s) for the time being. The Borrower shall inform the Bank immediately in case of any change.

### 2. Information on specific subjects

The Borrower shall deliver to the Bank the following information at the latest by the deadline indicated below.

<b>Document / information</b>	<b>Deadline</b>
Update of the progress of deployment of ERTMS on the corridor where the Project is located and in the Czech Republic	Annually with PPR, until the ERTMS is fully deployed on the Project corridor.

### 3. Information on the Project's implementation

The Borrower shall deliver to the Bank the following information on Project progress during implementation at the latest by the deadline indicated below.

<b>Document / information</b>	<b>Deadline</b>	<b>Frequency of reporting</b>
Project Progress Report <ul style="list-style-type: none"> <li>- A brief update on the Technical Description, explaining the reasons for significant changes vs. initial scope;</li> <li>- Finance plan</li> <li>- Update on the date of completion of each of the main Project's components, explaining reasons for any possible delay;</li> <li>- Update on the procurement of the Project, including list of published tenders</li> <li>- Update on the cost of the Project, explaining reasons for any possible cost variations vs. initial budgeted cost (split per section and spending to date) ;</li> <li>- A description of any major issue with impact on the Environment;</li> <li>- Update on the Project's demand or usage and comments;</li> <li>- Any significant issue that has occurred and any significant risk that may affect the Project's operation;</li> <li>- Any legal action concerning the Project that may be on-going;</li> <li>- Non-confidential Project-related pictures, if available.</li> <li>- Update of the progress of deployment of ERTMS on the corridor where the Project is located and in the Czech Republic</li> </ul>	30 April of each year	Annual

4. Information on the end of works and first year of operation

The Borrower shall deliver to the Bank the following information on Project completion and initial operation at the latest by the deadline indicated below.

Document / information	Date of delivery to the Bank
<p>Project Completion Report, including:</p> <ul style="list-style-type: none"> <li>- A final Technical Description of the Project as completed, explaining the reasons for any significant change compared to the Technical Description in A.1.;</li> <li>- The date of completion of each of the main Project's components, explaining reasons for any possible delay;</li> <li>- The final cost of the Project, explaining reasons for any possible cost variations vs. initial budgeted cost;</li> <li>- CEF contribution and government contribution to finance plan</li> <li>- Employment effects of the Project: person-days required during implementation as well as permanent new jobs created;</li> <li>- A description of any major issue with impact on the Environment or social impacts;</li> <li>- Update on the Project's demand or usage and comments;</li> <li>- Any significant issue that has occurred and any significant risk that may affect the Project's operation;</li> <li>- Any legal action concerning the Project that may be on-going.</li> <li>- Non-confidential Project-related pictures, if available.</li> <li>- An update on the following Monitoring Indicators:               <ul style="list-style-type: none"> <li>o Length of track upgraded</li> <li>o Length of OCL upgraded</li> <li>o Bridges and tunnels renovated</li> <li>o Length of track fitted with ETCS, indicating the level and baseline</li> <li>o Stations and stops constructed or upgraded</li> <li>o Level crossings renovated</li> <li>o Beneficiaries (Passengers, Passenger-km and Number of Passenger trains and Passenger km trans per year over the upgraded sections and over the whole network)</li> <li>o Beneficiaries (cargo, tons per year over the upgraded sections and over the whole network, number of freight trains and freight train-km per year over the upgraded sections and over the whole network)</li> </ul> </li> <li>- Time savings on each section</li> </ul>	<p>15 months after Project completion</p>
<p><b>Language of reports</b></p>	<p>English</p>

**Definitions of Relevant Interbank Rates**

**A. EURIBOR**

“EURIBOR” means:

- (a) in respect of a relevant period of less than one month, the Screen Rate (as defined below) for a term of one month;
- (b) in respect of a relevant period of one or more months for which a Screen Rate is available, the applicable Screen Rate for a term for the corresponding number of months; and
- (c) in respect of a relevant period of more than one month for which a Screen Rate is not available, the rate resulting from a linear interpolation by reference to two Screen Rates, one of which is applicable for a period next shorter and the other for a period next longer than the length of the relevant period,

(the period for which the rate is taken or from which the rates are interpolated being the “Representative Period”).

For the purposes of paragraphs (b) and (c) above:

“available” means the rates, for given maturities, that are calculated and published by Global Rate Set Systems Ltd (GRSS), or such other service provider selected by the European Money Markets Institute (EMMI), under the sponsorship of EMMI and EURIBOR ACI, or any successor to that function of EMMI and EURIBOR ACI as determined by the Bank; and

“Screen Rate” means the rate of interest for deposits in EUR for the relevant period as published at 11h00, Brussels time, or at a later time acceptable to the Bank on the day (the “Reset Date”) which falls 2 (two) Relevant Business Days prior to the first day of the relevant period, on Reuters page EURIBOR 01 or its successor page or, failing which, by any other means of publication chosen for this purpose by the Bank.

If such Screen Rate is not so published, the Bank shall request the principal euro-zone offices of four major banks in the euro-zone, selected by the Bank, to quote the rate at which EUR deposits in a comparable amount are offered by each of them as at approximately 11h00, Brussels time, on the Reset Date to prime banks in the euro-zone interbank market for a period equal to the Representative Period. If at least 2 (two) quotations are provided, the rate for that Reset Date will be the arithmetic mean of the quotations.

If fewer than 2 (two) quotations are provided as requested, the rate for that Reset Date will be the arithmetic mean of the rates quoted by major banks in the euro-zone, selected by the Bank, at approximately 11h00, Brussels time, on the day which falls 2 (two) Relevant Business Days after the Reset Date, for loans in EUR in a comparable amount to leading European banks for a period equal to the Representative Period.

If no rate is available as provided above, EURIBOR shall be the rate (expressed as a percentage rate per annum) which is determined by the Bank to be the all-inclusive cost to the Bank for the funding of the relevant Tranche based upon the then applicable internally generated Bank reference rate or an alternative rate determination method reasonably determined by the Bank.

**B. PRIBOR**

**PRIBOR**

“PRIBOR” means:

- (a) in respect of a relevant period of less than one month, the Screen Rate (as defined below) for a term of one month;
- (b) in respect of a relevant period of one or more months for which a Screen Rate is available, the applicable Screen Rate for a term for the corresponding number of months; and

- (c) in respect of a relevant period of more than one month for which a Screen Rate is not available, the rate resulting from a linear interpolation by reference to two Screen Rates, one of which is applicable for a period of next shorter and the other for a period next longer than the length of the relevant period,

(the period for which the rate is taken or from which the rates are interpolated being the "**Representative Period**").

For the purposes of paragraphs (b) and (c) above, "available" means the rates of interest that are commonly quoted for the relevant maturity.

"**Screen Rate**" means the rate of interest for deposits in CZK for the relevant period as published at 11h00, Prague time, or at a later time acceptable to the Bank on the day (the "**Reset Date**") which falls two Prague Business Days prior to the first day of the relevant period, on Reuters page PRIBOR= or its successor page or, failing which, by any other means of publication chosen for this purpose by the Bank.

If such Screen Rate is not so published, the Bank shall request the principal Prague offices of four major banks in the Czech Crown interbank market, selected by the Bank, to quote the rate at which CZK deposits in a comparable amount are offered by each of them as at approximately 11h00, Prague time, on the Reset Date to prime banks in the Czech Crown interbank market for a period equal to the Representative Period. If at least 2 (two) quotations are provided, the rate for that Reset Date will be the arithmetic mean of the quotations.

If fewer than two quotations are provided as requested, the rate for that Reset Date will be the arithmetic mean of the rates quoted by major banks in the Czech Crown interbank market, selected by the Bank, at approximately 11:00 a.m. Prague time on the day which falls 2 (two) Prague Business Days after the Reset Date, for loans in CZK in a comparable amount to leading European Banks for a period equal to the Representative Period.

If no rate is available as provided above, PRIBOR shall be the rate (expressed as a percentage rate per annum) which is determined by the Bank to be the all-inclusive cost to the Bank for the funding of the relevant Tranche based upon the then applicable internally generated Bank reference rate or an alternative rate determination method reasonably determined by the Bank.

### C. GENERAL

For the purposes of the foregoing definitions:

- (a) "**Prague Business Day**" means a day on which banks are open for normal business in Prague.
- (b) All percentages resulting from any calculations referred to in this Schedule will be rounded, if necessary, to the nearest one hundredth (in respect of PRIBOR) or one thousandth (in respect of EURIBOR) of a percentage point, with halves being rounded up.
- (c) The Bank shall inform the Borrower without delay of the quotations received by the Bank.
- (d) If any of the foregoing provisions becomes inconsistent with provisions adopted under the aegis of EMMI and EURIBOR ACI in respect of EURIBOR (or any successor to that function of the of EMMI and EURIBOR ACI as determined by the Bank) or of the Czech Financial Benchmark Facility (CFBF) (or any successor to that function of the CFBF, as determined by the Bank) in respect of PRIBOR, the Bank may by notice to the Borrower amend the provision to bring it into line with such other provisions.



Forms for Borrower

C.1 Form of Disbursement Offer/Acceptance (Articles 1.2.B and 1.2.C.)

To: Czech Republic  
 From: European Investment Bank  
 Date:  
 Subject: Disbursement Offer/Acceptance for the Finance Contract between European Investment Bank and Czech Republic dated ● (the "Finance Contract")

████████████████████

████████████████████

Dear Sirs,

We refer to the Finance Contract. Terms defined in the Finance Contract have the same meaning when used in this letter.

Following your request for a Disbursement Offer from the Bank, in accordance with Article 1.2.B of the Finance Contract, we hereby offer to make available to you the following Tranche:

- (a) Currency and amount to be disbursed and its CZK equivalent:
- (b) Scheduled Disbursement Date:
- (c) Interest rate basis:
- (d) Interest payment periodicity:
- (e) Payment Dates:
- (f) Terms for repayment of principal:
- (g) The Repayment Dates and the first and the last Repayment Date for the Tranche:
- (h) The Interest Revision/Conversion Date:
- (i) The Fixed Rate or Spread, applicable until the Interest Revision/Conversion Date if any, or until the Maturity Date.

To make the Tranche available subject to the terms and conditions of the Finance Contract, the Bank must receive a Disbursement Acceptance in the form of a copy of this Disbursement Offer duly signed on your behalf, to the following fax number [ ] or e-mail [ ] no later than the Disbursement Acceptance Deadline of [time] Luxembourg time on [date].

The Disbursement Acceptance below must be signed by an Authorised Signatory and must be fully completed as indicated, to include the details of the Disbursement Account.

If not duly accepted by the above stated time, the offer contained in this document shall be deemed to have been refused and shall automatically lapse.

If you do accept the Tranche as described in this Disbursement Offer, all the related terms and conditions of the Finance Contract shall apply, in particular, the provisions of Article 1.4.

Yours faithfully,

EUROPEAN INVESTMENT BANK

We hereby accept the above Disbursement Offer:

for and on behalf of Czech Republic

Date:





Account to be credited:

Account N°: .....

Account Holder/Beneficiary: .....

(please, provide IBAN format if the country is included in IBAN Registry published by SWIFT, otherwise an appropriate format in line with the local banking practice should be provided)

Bank name and address: .....

Bank identification code (BIC): .....

Payment details to be provided: .....

Please transmit information relevant to:

Name(s) of the Borrower's Authorised Signatory(ies):

.....

Signature(s) of the Borrower's Authorised Signatory(ies):

**IMPORTANT NOTICE TO THE BORROWER:**

**BY COUNTERSIGNING ABOVE YOU CONFIRM THAT THE LIST OF AUTHORISED SIGNATORIES AND ACCOUNTS PROVIDED TO THE BANK WAS DULY UPDATED PRIOR TO THE PRESENTATION OF THE ABOVE DISBURSEMENT OFFER BY THE BANK.**

**IN THE EVENT THAT ANY SIGNATORIES OR ACCOUNTS APPEARING IN THIS DISBURSEMENT ACCEPTANCE ARE NOT INCLUDED IN THE LATEST LIST OF AUTHORISED SIGNATORIES AND ACCOUNTS RECEIVED BY THE BANK, THE ABOVE DISBURSEMENT OFFER SHALL BE DEEMED AS NOT HAVING BEEN MADE.**



**Interest Rate Revision and Conversion**

If an Interest Revision/Conversion Date has been included in the Disbursement Offer for a Tranche, the following provisions shall apply.

**A. Mechanics of Interest Revision/Conversion**

Upon receiving an Interest Revision/Conversion Request the Bank shall, during the period commencing 60 (sixty) days and ending 30 (thirty) days before the Interest Revision/Conversion Date, deliver to the Borrower an Interest Revision/Conversion Proposal stating:

- (a) the Fixed Rate or the Spread that would apply to the Tranche, or of its part indicated in the Interest Revision/Conversion Request pursuant to Article 3.1; and
- (b) that such rate shall apply until the Maturity Date or until a new Interest Revision/Conversion Date, if any, and that interest is payable quarterly, semi-annually or annually in accordance with Article 3.1, in arrear on designated Payment Dates.

The Borrower may accept in writing an Interest Revision/Conversion Proposal by the deadline specified therein.

Any amendment to the Contract requested by the Bank in this connection shall be effected by an agreement to be concluded not later than 15 (fifteen) days prior to the relevant Interest Revision/Conversion Date.

Fixed Rates and Spreads are available for periods of not less than 4 (four) years or, in the absence of a repayment of principal during that period, not less than 3 (three) years.

**B. Effects of Interest Revision/Conversion**

If the Borrower duly accepts in writing a Fixed Rate or a Spread in respect of an Interest Revision/Conversion Proposal, the Borrower shall pay accrued interest on the Interest Revision/Conversion Date and thereafter on the designated Payment Dates.

Prior to the Interest Revision/Conversion Date, the relevant provisions of the Contract and Disbursement Offer and Disbursement Acceptance shall apply to the Tranche in its entirety. From and including the Interest Revision/Conversion Date onwards, the provisions contained in the Interest Revision/Conversion Proposal relating to the new Fixed Rate or the Spread shall apply to the Tranche (or any part thereof, as indicated in the Interest Revision/Conversion Request) until the new Interest Revision/Conversion Date, if any, or until the Maturity Date.

**C. No or Partial Interest Revision/Conversion**

If the Borrower does not submit an Interest Revision/Conversion Request or does not accept in writing the Interest Revision/Conversion Proposal for the Tranche or if the parties fail to effect an amendment requested by the Bank pursuant to paragraph A above, the Borrower shall repay the Tranche (or the part thereof, as indicated in the Interest Revision/Conversion Request) on the Interest Revision/Conversion Date, without indemnity.

In case of a partial Interest Revision/Conversion, the Borrower will repay, without indemnity, on the Interest Revision/Conversion Date any part of the Tranche which was not covered by the Interest Revision/Conversion Request and which is therefore not subject to the Interest Revision/Conversion.

**Certificates to be provided by the Borrower**E.1 Form of Certificate from Borrower (Article 1.4.C)

To: European Investment Bank  
From: Czech Republic  
Date:  
Subject: CZECH RAILWAY INFRASTRUCTURE REHABILITATION Finance Contract  
between European Investment Bank and Czech Republic dated ● (the  
"Finance Contract")

Dear Sirs,

Terms defined in the Finance Contract have the same meaning when used in this letter.

For the purposes of Article 1.4 of the Finance Contract we hereby certify to you as follows:

- (a) no Prepayment Event has occurred and is continuing unremedied or unwaived;
- (b) there has been no material change to any aspect of the Project or in respect of which we are obliged to report under Article 8.1, save as previously communicated by us;
- (c) we have sufficient funds available to ensure the timely completion and implementation of the Project in accordance with Schedule A.1;
- (d) no event or circumstance which constitutes or would with the passage of time or giving of notice under the Finance Contract constitute an Event of Default has occurred and is continuing unremedied or unwaived;
- (e) no litigation, arbitration administrative proceedings or investigation is current or to our knowledge is threatened or pending before any court, arbitral body or agency which has resulted or if adversely determined is reasonably likely to result in a Material Adverse Change, nor is there subsisting against us or any of our subsidiaries any unsatisfied judgement or award;
- (f) the representations and warranties to be made or repeated by us under Article 6.10 are true in all respects; and
- (g) no Material Adverse Change has occurred, as compared with the situation at the date of the Finance Contract.

Yours faithfully,

For and on behalf of Czech Republic

Date:



Resolution of the Government of the Czech Republic and authorisation of signatory





## USNESENÍ VLÁDY ČESKÉ REPUBLIKY

ze dne 7. listopadu 2018 č. 726

### o úvěrovém financování na modernizaci vybraných úseků železničních koridorů z prostředků Evropské investiční banky

#### Vláda

- I. **bere na vědomí** návrh úvěrového financování na modernizaci vybraných úseků železničních koridorů z prostředků Evropské investiční banky, obsažený v části III materiálu čj. 745/18;
- II. **souhlasí** s přijetím úvěrů Ministerstvem financí od Evropské investiční banky na spolufinancování projektu „Odstranění úzkých míst na vybraných předdefinovaných úsecích železničních Core network koridorů v České republice“ podpořeného z Nástroje pro propojení Evropy (dále jen „Projekt“) v celkové výši až 11,5 mld. Kč;
- III. **ukládá**
  1. ministryni financí
    - a) sjednat a uzavřít příslušné smlouvy o úvěru za účelem možnosti přijetí jednotlivých tranší peněžních prostředků od Evropské investiční banky na spolufinancování Projektu,
    - b) v případě, že bude ve vyjednávání konkrétní tranše příslušného úvěru dosaženo takových podmínek, které budou v porovnání s jinými formami financování rozvoje dopravní infrastruktury České republiky nejvýhodnější, požádat Evropskou investiční banku o přijetí peněžních prostředků prostřednictvím této konkrétní tranše v rámci příslušné uzavřené smlouvy o úvěru až do výše celkového limitu 11,5 mld. Kč,
  2. ministru dopravy zajistit ve spolupráci se Státním fondem dopravní infrastruktury řádné využití dotací ze státního rozpočtu, které budou kryty úvěrovými prostředky od Evropské investiční banky na realizaci Projektu.

**Provedou:**  
ministryně financí,  
ministr dopravy

Ing. Andrej Babiš, v. r.  
předseda vlády

Form legal opinion

European Investment Bank  
 98-100 Blvd. Konrad Adenauer  
 L-2950 Luxembourg  
 Grand Duchy of Luxembourg

To the attention of the Legal Department – Operations 1

</>, </>

**Re: Finance Contract for CZECH RAILWAY INFRASTRUCTURE REHABILITATION**

Dear Sirs,

I, the undersigned [\*], [Minister of Justice/Head of Legal Department of the Ministry of Finance] of the Czech Republic (the "**Borrower**") in connection with the finance contract (the "**Finance Contract**") for CZECH RAILWAY INFRASTRUCTURE REHABILITATION in an amount of EUR </>, made on </> between the European Investment Bank (the "**Bank**") and the Borrower. I am giving this opinion pursuant to Article 1.4.B of the Finance Contract. All terms used herein and not otherwise defined shall have the same meaning as in the Finance Contract.

I have examined an original of the Finance Contract and such laws, documents and other matters as I have deemed necessary or appropriate for the purposes of giving this opinion.

This opinion is confined to matters of Czech law and no opinion is expressed as to the laws of any other jurisdiction.

Subject to the foregoing, I am of the opinion that:

1. Pursuant to Article 35a of the Act of the Czech Republic No. 218/2000, on the budgetary rules and amending other related laws, as amended, the Government of the Czech Republic is the competent organ to authorize the Borrower to enter into the Finance Contract and such organ has authorized the execution of the Finance Contract.
2. The Finance Contract has been duly executed and delivered on behalf of the Borrower by </>, </> by virtue of the powers given to [them/him/her] by the Czech law.
3. No provision exists in the Czech Republic, which would make it necessary to ratify the execution, delivery, and implementation of the Finance Contract.
4. The entry into the Finance Contract and the compliance with its terms:
  - (i) will not result in violation of any applicable law, statute, rule or regulation to which the Borrower is subject;
  - (ii) will not conflict with or result in the breach of any provision of any agreement or other instrument binding upon the Borrower which might reasonably be expected to have a material adverse effect on its ability to perform its obligations under the Finance Contract; and
  - (iii) will not constitute a default or an event that, with the giving of notice or the passing or time or both, would constitute a default under any such agreement or instrument.
5. The Finance Contract was duly registered in the registry of contracts (in Czech: *registr smluv*) in accordance with the Czech Act No. 340/2015 Coll. on special conditions for effectiveness of certain contracts, publication of such contracts and on registry of contracts (act on registry of contracts). No other provision exists in the Czech Republic which would make it necessary that the Finance Contract be filed, recorded or enrolled with any court or authority in order to ensure its legality, validity or enforceability.



6. The Finance Contract constitutes a direct, unconditional obligation of the Borrower which ranks in priority of payment at least *pari passu* with all other present and future indebtedness of the Borrower other than indebtedness mandatorily preferred by law.
7. The choice of Czech law as the law governing the Finance Contract is valid and enforceable.
8. Pursuant to Article 11.2 of the Finance Contract, the Court of Justice of the European Union shall have jurisdiction in connection with any claim or dispute between the Borrower and the Bank, and any judgment of such courts pertaining to the Finance Contract can be enforced in the Czech Republic.
9. The waiver of immunity under Article 11.2 of the Finance Contract is a legally valid and binding obligation of the Borrower.
10. No taxes, duties, fees or other charges, including, without limitation, any registration or transfer tax, stamp duty or similar levy, imposed by the Czech Republic or any political subdivision or taxing authority thereof or therein are payable in connection with the execution and delivery of the Finance Contract, nor in connection with any payment to be made by the Borrower to the Bank pursuant to the same Finance Contract.
11. All exchange control consents which may be necessary pursuant to the laws of the Czech Republic to receive disbursements, to repay the same and to pay interest and all other amounts due under the Finance Contract are in full force and effect.

Based on the foregoing, I am of the opinion that all requirements currently applicable to the Borrower and governing the Finance Contract in relation to the laws of the Czech Republic have been complied with and that the Finance Contract constitutes legally valid and binding obligations of the Borrower enforceable in the Czech Republic in accordance with their terms.

Yours faithfully,