



Contract Number (FI N°) 92.117

Operation Number (Serapis N°) 2020-0158

CESKE DRAHY ROLLING STOCK MODERNISATION

Finance Contract

between the

European Investment Bank

and

České dráhy, a.s.

Prague, 1 AUGUST 2022
Luxembourg, 25 JULY 2022

ARTICLE 1	18
1.1	AMOUNT OF CREDIT 18
1.2	DISBURSEMENT PROCEDURE 18
1.2.A	TRANCHES 18
1.2.B	DISBURSEMENT OFFER 18
1.2.C	DISBURSEMENT ACCEPTANCE 18
1.2.D	DISBURSEMENT ACCOUNT 19
1.3	CURRENCY OF DISBURSEMENT 19
1.4	CONDITIONS OF DISBURSEMENT 19
1.4.A	CONDITION PRECEDENT TO THE FIRST REQUEST FOR DISBURSEMENT OFFER 19
1.4.B	FIRST TRANCHE 19
1.4.C	EACH TRANCHE FOR EACH SUB-COMPONENT OF COMPONENT 1 AND SUB-COMPONENT 2.1 19
1.4.D	ALL TRANCHES 20
1.5	DEFERMENT OF DISBURSEMENT 21
1.5.A	GROUND FOR DEFERMENT 21
1.5.B	CANCELLATION OF A DISBURSEMENT DEFERRED BY 6 (SIX) MONTHS 21
1.6	CANCELLATION AND SUSPENSION 22
1.6.A	BORROWER'S RIGHT TO CANCEL 22
1.6.B	BANK'S RIGHT TO SUSPEND AND CANCEL 22
1.6.C	INDEMNITY FOR SUSPENSION AND CANCELLATION OF A TRANCHE 22
1.7	CANCELLATION AFTER EXPIRY OF THE CREDIT 23
1.8	SUMS DUE UNDER ARTICLES 1.5 AND 1.6 23
ARTICLE 2	23
2.1	AMOUNT OF LOAN 23
2.2	CURRENCY OF REPAYMENT, INTEREST AND OTHER CHARGES 23
2.3	CONFIRMATION BY THE BANK 23
ARTICLE 3	23
3.1	RATE OF INTEREST 23
3.1.A	FIXED RATE TRANCHES 23
3.1.B	FLOATING RATE TRANCHES 23
3.1.C	REVISION OR CONVERSION OF TRANCHES 24
3.2	INTEREST ON OVERDUE SUMS 24
3.3	MARKET DISRUPTION EVENT 24
ARTICLE 4	25
4.1	NORMAL REPAYMENT 25
4.1.A	REPAYMENT BY INSTALMENTS 25
4.2	VOLUNTARY PREPAYMENT 26
4.2.A	PREPAYMENT OPTION 26
4.2.B	PREPAYMENT INDEMNITY 26
4.2.C	PREPAYMENT MECHANICS 26
4.2.D	ADMINISTRATIVE FEE 26
4.3	COMPULSORY PREPAYMENT 27
4.3.A	PREPAYMENT EVENTS 27
4.3.B	PREPAYMENT MECHANICS 29
4.3.C	PREPAYMENT INDEMNITY 29
4.4	GENERAL 30



4.4.A	NO PREJUDICE TO ARTICLE 10	30
4.4.B	NO REBORROWING	30
ARTICLE 5	30
5.1	DAY COUNT CONVENTION	30
5.2	TIME AND PLACE OF PAYMENT	30
5.3	NO SET-OFF BY THE BORROWER	30
5.4	DISRUPTION TO PAYMENT SYSTEMS	30
5.5	APPLICATION OF SUMS RECEIVED	31
5.5.A	GENERAL	31
5.5.B	PARTIAL PAYMENTS	31
5.5.C	ALLOCATION OF SUMS RELATED TO TRANCHES	31
ARTICLE 6	31
6.1	USE OF LOAN AND AVAILABILITY OF OTHER FUNDS	31
6.2	COMPLETION OF PROJECT	32
6.3	INCREASED COST OF PROJECT	32
6.4	PROCUREMENT PROCEDURE	32
6.5	CONTINUING PROJECT UNDERTAKINGS	32
6.6	DISPOSAL OF ASSETS	33
6.7	COMPLIANCE WITH LAWS	33
6.9	CHANGE IN BUSINESS	34
6.10	MERGER	34
6.11	FINANCIAL COVENANTS	34
6.12	BOOKS AND RECORDS	36
6.13	SUBSIDIARIES' FINANCIAL INDEBTEDNESS	36
6.14	ACQUISITIONS	36
6.15	JOINT VENTURES	36
6.16	LOANS OR CREDIT	36
6.17	NO GUARANTEES OR INDEMNITIES	36
6.18	DIVIDENDS AND SHARE REDEMPTION	37
6.19	GENERAL REPRESENTATIONS AND WARRANTIES	37
6.20	CENTRE OF MAIN INTERESTS	38
6.21	DUE DILIGENCE	39
ARTICLE 7	39
7.1	NEGATIVE PLEDGE	39
7.2	<i>PARI PASSU</i> RANKING	40
7.3	CLAUSES BY INCLUSION	40
ARTICLE 8	40
8.1	INFORMATION CONCERNING THE PROJECT	40
8.2	INFORMATION CONCERNING THE BORROWER	41
8.3	PROVISION AND CONTENTS OF COMPLIANCE CERTIFICATE	42
8.4	REQUIREMENTS AS TO FINANCIAL STATEMENTS	43



8.5	VISITS BY THE BANK.....	43
ARTICLE 9		44
9.1	TAXES, DUTIES AND FEES.....	44
9.2	OTHER CHARGES	44
9.3	INCREASED COSTS, INDEMNITY AND SET-OFF	44
9.4	MITIGATION.....	44
ARTICLE 10		45
10.1	RIGHT TO DEMAND REPAYMENT	45
10.1.A	IMMEDIATE DEMAND	45
10.1.B	DEMAND AFTER NOTICE TO REMEDY	46
10.2	OTHER RIGHTS AT LAW	46
10.3	INDEMNITY	46
10.3.A	FIXED RATE TRANCHES.....	46
10.3.B	FLOATING RATE TRANCHES.....	47
10.3.C	GENERAL.....	47
10.4	NON-WAIVER	47
ARTICLE 11		47
11.1	GOVERNING LAW	47
11.2	JURISDICTION.....	47
11.3	PLACE OF PERFORMANCE.....	48
11.4	EVIDENCE OF SUMS DUE	48
11.5	ENTIRE AGREEMENT.....	48
11.6	INVALIDITY	48
11.7	AMENDMENTS	48
11.8	COUNTERPARTS	48
ARTICLE 12		48
12.1	NOTICES.....	48
12.1.A	FORM OF NOTICE	48
12.1.B	ADDRESSES.....	49
12.1.C	NOTIFICATION OF COMMUNICATION DETAILS	49
12.2	ENGLISH LANGUAGE	49
12.3	CHANGES TO PARTIES.....	50
12.4	RECITALS, SCHEDULES AND ANNEXES	50
SCHEDULE A		51
PROJECT SPECIFICATION AND REPORTING.....		51
SCHEDULE B		55
DEFINITIONS OF RELEVANT INTERBANK RATES.....		55
SCHEDULE C		57
FORM OF DISBURSEMENT OFFER/ACCEPTANCE (ARTICLES 1.2.B AND 1.2.C.)		57
SCHEDULE D		59
INTEREST RATE REVISION AND CONVERSION.....		59
SCHEDULE E.....		60



CERTIFICATES TO BE PROVIDED BY THE BORROWER	60
SCHEDULE F	62
LIST OF EXISTING FINANCIAL INDEBTEDNESS	62
SCHEDULE G	73
FINANCIAL INDEBTEDNESS OUTLOOK	73
ANNEX I	74
RESOLUTION OF BOARD OF DIRECTORS OF BORROWER AND AUTHORISATION OF SIGNATORY	74



THIS CONTRACT IS MADE BETWEEN:

The European Investment Bank having its seat at 100 blvd Konrad Adenauer, Luxembourg L-2950, Luxembourg, represented by, Ioannis Kaltsas, Head of Division and Dirk Ellerkmann, Head of Division

(the "**Bank**")

of the first part, and

České dráhy, a.s., a company incorporated in Czech Republic, having its registered office at Praha 1, Nábřeží L.Svobody 1222, PSČ 11015, Czech Republic, ID No. 70994226, registered in the Commercial Register of the City Court in Prague under File No. B 8039,

(the "**Borrower**")

represented by _____,

of the second part.

**WHEREAS:**

- (a) The Borrower has stated that it is undertaking a project of retrofitting of around 95 pieces of rolling stock with European Train Control System (ETCS) on board units, including 8 prototypes, 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 [REDACTED] and the Borrower has stated that it intends to finance the Project as follows:
- | Source | Amount (CZK m) |
|-----------------------|----------------|
| Credit from the Bank | [REDACTED] |
| Other funding sources | [REDACTED] |
| TOTAL | [REDACTED] |
- (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 [REDACTED]
- (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 [REDACTED] 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).
- (e) The Board of Directors of the Borrower has authorised the borrowing of the sum of CZK [REDACTED] represented by this credit on the terms and conditions set out in this Contract in the form set out in Annex I.
- (f) 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
- (g) The financing of the Project may be co-financed with the ESI Funds (as defined below), and/or certain state subsidies or grants and the provision of such funds (if applicable) will be provided in compliance with all relevant legislation of the European Union.
- (h) The Bank supports the implementation of international and EU standards in the field of anti-money laundering and countering the financing of terrorism and promotes tax good governance standards. It has established policies and procedures to avoid the risk of misuse of its funds for purposes which are illegal or abusive in relation to applicable laws. The EIB Group statement on tax fraud, tax evasion, tax avoidance, aggressive tax planning, money laundering and financing of terrorism is available on the Bank's website and offers further guidance to EIB contracting counterparties.
- (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 EU Law 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" mean:
 - (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
 - (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 or a treaty 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;
- (f) words and expressions in plural shall include singular and vice versa; and
- (g) terms defined in the GDPR (as defined below), including the terms "controller", "data subject", "personal data", "processing", and "processor", have the same meanings when used in Recital (j) to, or Article 6.8 of, this Contract.

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 and Prague.

"Centre of Main Interests" shall have the meaning as used in Article 3(1) of the Regulation.

"Change in the Beneficial Ownership" means a change in the ultimate ownership or control of the Borrower according to the definition of "beneficial owner" set out in article 3(6) of Directive 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing as modified and /or supplemented from time to time.

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

"Change-of-Law Event" has the meaning given to it in Article 4.3.A(4).

"Compliance Certificate" means a certificate substantially in the form set out in Schedule E.2.

"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: tax crimes (as referred to in the Directive (EU) 2015/849 of 20 May 2015), fraud, corruption, coercion, collusion, obstruction, money laundering, financing of terrorism.

"CZK" means Czech crown(s), the lawful currency of the Czech Republic.

"Deferment Indemnity" means a fee calculated on the amount of disbursement deferred or suspended being the higher of:

- (a) [REDACTED], per annum, and
- (b) the percentage rate by which:
 - (i) the interest rate net of the Margin that would have been applicable to such amount had it been disbursed to the Borrower on the Scheduled Disbursement Date, exceeds
 - (ii) the Relevant Interbank Rate (one month rate) [REDACTED], 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.

"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) 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.

"ESI Funds" means any and all European Union's structural and investment funds (including any financial instruments or repayable assistance supported thereby) in the meaning of the Regulation (EU) No. 1303/2013 of the European Parliament and of the Council of 17 December 2013 or a Regulation governing one or more of the ESI Funds listed therein.

"ESIF Event" has the meaning given to it in Article 4.3.A(7)(c).

"Establishment" shall have the meaning as used in Article 2(10) of the Regulation.

"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.

"EU Grants" means grants provided for the Project under or pursuant to the EU Law, including ESI Funds.

"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.

"EUROFIMA Financing" means Secured Financing Agreement EFI No. 20188, dated 30 September 2021 with a tenor of 20 (twenty) years, between the Borrower and the European Company for the Financing of Railroad Rolling Stock ("EUROFIMA") of EUR 639,000,000 (six hundred and thirty-nine million euros) for the financing of rolling stock.

"EUROFIMA Security Documents" means:

- (a) Equipment Transfer Agreement EFI No. 20188 dated 17 August 2021 concluded between the Borrower and EUROFIMA;
- (b) Assignment and Mandate Agreement EFI No. 20188 dated 1 October 2021 concluded between the Borrower and EUROFIMA; and
- (c) Agreement(s) on Pledge of Movable Assets to be concluded between the Borrower and EUROFIMA in connection with the EUROFIMA Financing.

"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 day falling 48 (forty-eight) months from the signature of this Contract.

"Finance Lease" means any lease or hire purchase contract, a liability under which would, in accordance with the GAAP, be treated as a balance sheet liability.

"Financial Indebtedness" means any indebtedness for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;



- (b) any acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent);
- (c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of Finance Leases;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of an entity which is not a member of the Group which liability would fall within one of the other paragraphs of this definition;
- (h) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the Maturity Date or are otherwise classified as borrowings under the GAAP;
- (i) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 180 days after the date of supply;
- (j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under the GAAP; and
- (k) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (j) above.

"Fixed Rate" means an annual interest rate including the Margin 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.

"GDPR" means General Data Protection Regulation (EU) 2016/679.

"Group" means the Borrower and its Subsidiaries.

"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(5) (*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.

"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.

"Joint Venture" means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

"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.

"Margin" means the component of the rate of interest quantified in Article 3.1.

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

- (a) there are, in the 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:
- (d) 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
- (e) 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 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 the Group as a whole; 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.

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

"Non-EIB Financing" has the meaning given to it in Article 4.3.A(2).

"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 in full and in relation to the Interest Revision/Conversion in accordance with Schedule D, point C 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.

"Permitted Acquisition" means:

- (a) an acquisition by a member of the Group provided that:
 - (i) the consideration (including associated costs and expenses) for the acquisition and any Financial Indebtedness or other assumed actual or contingent liability, in each case remaining in the acquired company (or any such business) at the date of acquisition (the "Total Purchase Price") is not exceeding in aggregate [REDACTED] s) in respect of any single acquisition or [REDACTED] during the life of the Loan;
 - (iii) no event or circumstance which constitutes or would with the passage of time or giving of notice under this Contract constitute (i) an Event of Default; or (ii) a Prepayment Event, has occurred and is continuing unremedied or unwaived or would result from such acquisition;
- (b) an acquisition financed from equity or other financial sources provided to any member of the Group by the Borrower's shareholder, if, in each case, the respective member of the Group has undertaken appropriate due diligence in connection with such acquisition;
- (c) participation in the activity of any professional association or other similar entity as long as the aggregate financial impact of such participation for the Borrower or other member of the Group does not exceed, during the life of the [REDACTED]
- (d) a transaction entered into with the prior written consent of the Bank (which shall not be unreasonably withheld or delayed).

"Permitted Corporate Restructure" means any merger, demerger, amalgamation or any similar steps involving any member of the Group:

- (a) if the aggregate net value of any assets or business being part of such transaction does not exceed in the aggregate the amount [REDACTED] during the life of the Loan; or
- (b) provided that:
 - (i) the involved member(s) of the Group remain(s) owned, directly or indirectly, by the Czech Republic (except to the extent such disposal is permitted under Article 6.6 (*Disposal of assets*));
 - (ii) no member of the Group incurs any material tax liabilities as a consequence such steps or transaction;



- (iii) no Event of Default is continuing or would result from such steps or transaction; and
- (iv) the Borrower submits to the Bank within 20 (twenty) Business Days after any such step or transaction is completed:
 - (1) a copy of the transformation plan; and
 - (2) a certificate confirming that the carrying out of the relevant steps will not breach any of the conditions set out at paragraphs (i) to (iii) above.

"Permitted Distribution" means any distribution:

- (a) provided that all of the following conditions are satisfied (unless previously waived by the Bank in writing):
 - (i) no breach of financial covenants as set out in Article 6.11 (*Financial covenants*) has occurred as of the Calculation Date indicated in Article 6.11 (*Financial covenants*) immediately preceding the date of payment of the Permitted Distribution, or would occur as a result of making such distribution;
 - (ii) no Event of Default under this Contract (as set out in Article 10) or any mandatory Prepayment Event (as set out in Article 4.3) has occurred or would occur as a result of making such distribution; and
 - (iii) payment of such distribution will not impair the due repayment of the Loan; or
- (b) from Subsidiaries to the Borrower; or
- (c) made with the prior written consent of the Bank (which shall not be unreasonably withheld or delayed).

"Permitted Financial Indebtedness" means any Financial Indebtedness:

- (a) specified in Schedule F.1 (*Existing Financial Indebtedness*) including any available commitments specified therein or any Financial Indebtedness replacing the Existing Financial Indebtedness;
- (b) Up to the amount specified for the relevant year in Schedule G (*Financial Indebtedness Outlook*);
- (c) arising under a foreign exchange transaction for spot or forward delivery entered into in connection with protection against fluctuation in currency rates where that foreign exchange exposure arises in the ordinary course of trade, but not a foreign exchange transaction for investment or speculative purposes;
- (d) arising under a Permitted Loan or a Permitted Guarantee;
- (e) under Finance Leases of vehicles, plant, equipment or computers, provided that the aggregate capital value of all such items so leased under outstanding leases by members of the Group does not exceed CZK [REDACTED] at any time;
- (f) not permitted by the preceding paragraphs and the outstanding principal amount of which does not exceed [REDACTED] in aggregate for the Group at any time; or
- (g) incurred with the prior written consent of the Bank (which shall not be unreasonably withheld or delayed).

"Permitted Guarantee" means any guarantee or indemnity:

- (a) in respect of the Existing Financial Indebtedness as specified in Schedule F.3 (*Existing Guarantees*); or
- (b) in respect of the liabilities or obligations of any member of the Group not constituting Financial Indebtedness and arising in the ordinary course of business, provided that the liabilities or obligations specified in (a)-(b) above do not exceed [REDACTED] in aggregate; or

- (c) incurred with the prior written consent of the Bank (which shall not be unreasonably withheld or delayed).

"Permitted Joint Venture" means any investments in Joint Ventures:

- (a) made by any member of the Group, provided that:
- (i) the Joint Venture is incorporated and carries on its principal business, in the European Union;
 - (ii) the Joint Venture is engaged in a business substantially the same as, or complementary to, that carried on by any member of the Group; and
 - (iii) the aggregate of:
 - (1) all amounts subscribed for shares in, lent to, or invested in all such Joint Ventures by any member of the Group;
 - (2) the contingent liabilities of any member of the Group under any guarantee given in respect of the liabilities of any such Joint Venture; and
 - (3) the market value of any assets transferred by any member of the Group to any such Joint Venture,
 does not exceed the amount of [REDACTED] in respect of any single Joint Venture or [REDACTED] during the life of the Loan; or
- (b) made with the prior written consent of the Bank (which shall not be unreasonably withheld or delayed).

"Permitted Loan" means:

- (a) loans made by a member of the Group to another member of the Group;
- (b) a loan made by the Borrower to ČD - Informační Systémy, a.s., up to the amount of [REDACTED];
- (c) any cash-pooling arrangement between any members of the Group;
- (d) cash-pooling arrangement up to the amount of CZK [REDACTED] between, among others, the Borrower as cash-pool leader and ČD Cargo, DPOV, a. s., Výzkumný Ústav Železniční, a. s., ČD - Telematika a. s., ČD - Informační Systémy, a.s. and Dopravní vzdělávací institut, a.s. as cash-pool participants;
- (e) a loan made by a member of the Group to an employee or director of any member of the Group if the amount of that loan when aggregated with the amount of all loans to employees and directors by members of the Group does not exceed [REDACTED] (or its equivalent) at any time;
- (f) any loan falling outside the scope of (a) – (e) above made by a member of the Group, not exceeding, in aggregate with any other such loans made under this paragraph (f), at any time [REDACTED]; or
- (g) loans made with the prior written consent of the Bank (which shall not be unreasonably withheld or delayed).

"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 net of the Margin 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 [REDACTED]).

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).

"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. For the avoidance of doubt the Redeployment Rate shall not include the Margin.

"Regulation" means Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast).

"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 Prague.

"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. The Spread shall include the Margin.

"Subsidiary" means:

- (a) ČD Cargo, a.s, ID No. 28196678, registered in the Commercial Register of the City Court in Prague under File No. B 12844 ("CD Cargo"); and

- (b) any person, company or corporation controlled, directly or indirectly, by the Borrower so that, together with CD Cargo, these cumulatively constitute at least 80% of the Group's consolidated EBITDA, at [REDACTED] consolidated Total [REDACTED] [REDACTED] ated tangible assets.

For these purposes, a company or corporation shall be treated as being controlled by another person if that other person is able to direct its affairs and/or to control the composition of majority of its statutory bodies, supervisory board or equivalent bodies.

"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.

"Treasury Transactions" means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

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 CZK [REDACTED] the financing of the Project (the "Credit").

1.2 Disbursement procedure**1.2.A Tranches**

The Bank shall disburse the Credit in up to 6 (six) Tranches. 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 1.6.B 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;
- (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 Bank shall disburse each Tranche in EUR or, subject to availability, in CZK.

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. Any request for a Disbursement Offer made by the Borrower shall specify, *inter alia*, the relevant sub-component of Project which shall be co-financed by the Tranche.

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) for the proposed Tranche, 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; and
- (c) a Compliance Certificate as set out in Schedule E.2 signed by two directors confirming compliance by the Borrower with the financial covenants pursuant to Article 6.11 and with evidence of such compliance and related calculations.

1.4.C Each Tranche for each sub-component of Component 1 and sub-component 2.1

The disbursement of each Tranche for financing of each sub-component of Component 1 and/or each Tranche for financing of sub-component 2.1 (both as described in more detail in Technical Description) 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) for the proposed Tranche, of the following documents or evidence:

- (a) evidence to the satisfaction of the Bank that, as far as the sub-component that is being financed by that Tranche is concerned, that the main technical responsibilities of the project are allocated to a company with personnel competent to discharge those responsibilities. These responsibilities shall include requirement capture, risk analysis, apportionment of system requirements, design and implementation, manufacture, installation and system validation, as well as preparation of the related technical documentation and manuals. This company shall have relevant experience in the field of railway control, command and signalling subsystems as defined in Regulation (EU) 2016/919 (CCS TSI) - 2. SUBSYSTEM DEFINITION AND SCOPE and in particular in retrofitting railway vehicles with ETCS on-board units (OBU). Such relevant experience can be shown by the company by means of meeting the following criteria:
 - (i) During past 7 (seven) years, experience with ETCS on-board unit installation/retrofit of at least 15 (fifteen) units including the European Commission verification process and placing into service; and
 - (ii) References in previous ETCS retrofitting projects and signed contractual arrangements indicating the risk allocation in the Project at hand to be provided to the Bank; and
- (b) evidence of vehicle type authorization for the ETCS retrofitted series in accordance with Regulation EU/2018/545 in relation to vehicles financed under the sub-component that is being financed by that Tranche.

1.4.D 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 (ten) 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) evidence of completion of the procurement procedure, in accordance with the applicable public procurement rules including a publication of the award notices in the Official Journal of the European Union (when applicable) for at least 200% of the amount disbursed in previous Tranches and to be disbursed in the requested Tranche; 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 6.19 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 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 falling not later than:
 - (i) 6 (six) months from its Scheduled Disbursement Date;
 - (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 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 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 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 or upon the occurrence of a Material Adverse Change, 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; or
 - (ii) by the Bank upon an Indemnifiable Prepayment Event or upon the occurrence of a Material Adverse Change 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 Articles 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

For the purposes of this Contract "Margin" means 28 (twenty-eight) basis points (0.28%).

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 or semi-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 [REDACTED]
- (b) for overdue sums related to Fixed Rate Tranches, the higher of (i) the applicable Fixed Rate plus [REDACTED]; or (ii) the Relevant Interbank Rate plus [REDACTED] points); and
- (c) for overdue sums other than under (a) or (b) above, the Relevant Interbank Rate plus [REDACTED].

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. Any unpaid but due interest may be capitalised in conformity with article 1154 of the Luxembourg Civil Code. For the avoidance of doubt, capitalisation of interest shall occur only for interest due but unpaid for a period of more than one year. The Borrower hereby agrees in advance to have the unpaid interest due for a period of more than one year compounded and that as of the capitalisation, such unpaid interest will in turn produce interest at the interest rate set out in this Article 3.2.

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 [REDACTED], 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 percentage rate per annum which is the sum of:
 - (i) the Margin; and
 - (ii) 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 accepted by the Borrower 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 17 (seventeen) 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.

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, the Prepayment Indemnity, if any, due on the Prepayment Amount, as specified in the Prepayment Notice and the fee under Article 4.2.D.

4.2.D Administrative Fee

If the Borrower prepays 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 60 (sixty) days from the date of the demand.

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

If the Borrower or any other member of the Group 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; or
- (c) such prepayment is not a voluntary prepayment of Ceske Drahy bonds in the amount cumulative of up to [REDACTED] during the lifetime of the Loan;

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 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 or any other member of the Group), credit bond or other form of financial indebtedness or any obligation for the payment or repayment of money originally granted to the Borrower or any other member of the Group for a term of more than 3 (three) years.

4.3.A(3) CHANGE OF CONTROL

- (a) The Borrower shall promptly inform the Bank if a Change-of-Control Event has occurred or is likely to occur in respect of itself. At any time after the occurrence of a Change-of-Control Event, 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 or outstanding under this Contract.

In addition, if the Borrower has informed the Bank that a Change-of-Control Event is about to occur, or if the Bank has reasonable cause to believe that a Change-of-Control Event has occurred or is about to occur, the Bank may request that the Borrower consults such Change-of-Control Event with it. Such consultation shall take place within 30 (thirty) days from the date of the Bank's request.

After the earlier of:

- (i) the lapse of 30 (thirty) days from the date of such request for consultation; or
- (ii) at any time thereafter, upon the occurrence of the anticipated Change-of-Control Event,

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 60 (sixty) days from the date of the demand.

(b) For the purposes of this Article:

- (i) a **"Change-of-Control Event"** occurs if:
 - (1) any person or group of persons acting in concert gains control of the Borrower or any of its Subsidiaries; or
 - (2) Czech Republic ceases to control the Borrower or be the sole beneficial owner directly or indirectly through wholly owned subsidiaries of the issued share capital of the Borrower;
- (ii) **"acting in concert"** means acting together pursuant to an agreement or understanding (whether formal or informal); and
- (iii) **"control"** means the power to direct the management and policies of an entity, whether through the ownership of voting capital, by contract or otherwise.

4.3.A(4) 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 60 (sixty) days from the date of the Bank's request. If, after the lapse of 60 (sixty) 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 60 (sixty) 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(5) 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, however, not earlier than 60 (sixty) days from the date of such notice, unless a shorter period is required by law.

4.3.A(6) LOSS OF LICENCE OR CONCESSION

If the Borrower loses licence to perform its core business activity carried on the date of this Contract or is not legally entitled to perform such core business activity anymore the Bank may, without prejudice to its other rights, 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.

4.3.A(7) EU EVENT

- (a) The Borrower shall promptly inform the Bank if an ESIF Event has occurred or is likely to occur in relation to the Project.
- (b) If the Borrower notifies the Bank of any event referred to in (a) above, or if the Bank becomes aware of any such event and notifies the Borrower to that effect, then the Borrower shall, within a period of 60 (sixty) days following its giving, or receiving of any such notice take steps to remedy, to the Bank's satisfaction, the event referred to in (a) above, failing which, the Bank may by further notice to the Borrower demand that the Borrower prepays 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 60 (sixty) days from the date of the demand.
- (c) For the purpose of this Contract, an **"ESIF Event"** means any of the following (whether directly or indirectly) in relation to the Project:
 - (i) the Borrower is required to reimburse or repay any contribution from ESI Funds in whole or in part as a result of a recovery, financial correction or similar procedures triggered by any irregularities in relation to such contribution from ESI Funds; or
 - (ii) otherwise than for the reasons indicated in (i), ESI Funds cease to be available or have been cancelled in full or in part and the financing of the Project from other resources has not been ensured by the Borrower to the satisfaction of the Bank.

4.3.A(8) DISPOSAL OF ROLLING STOCK

- (a) The Borrower shall promptly inform the Bank of any Disposal or Non-Acquisition.
- (b) If the Borrower notifies the Bank of any event referred to in (a) above, or if the Bank becomes aware of any such event and notifies the Borrower to that effect, then the Bank may, by notice to the Borrower demand prepayment of the portion of the Loan Outstanding in amount equal to the costs that were financed by the Loan related to the relevant asset being subject to Disposal or Non-Acquisition 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 60 (sixty) days from the date of the demand.
- (c) For the purpose of this Article 4.3.A(8):
 - (i) **"Disposal"** means a sale, lease, licence, transfer, loan or other disposal by a person of the rolling stock financed by the Bank (whether by a voluntary or involuntary single transaction or series of transactions), (however excluding acquisition by the Borrower of 9 locomotives series 750.7, currently belonging to a leasing company).
 - (ii) **"Non-Acquisition"** the situation that the Borrower does not acquire 9 locomotives series 750.7, currently belonging to a leasing company in accordance with the requirements of Article 6.5(b).

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 pro rata to each outstanding instalment, or, at the request of the Borrower, 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 pro rata to each outstanding instalment. 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 use all amounts borrowed by it 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 carry out the Project in accordance with the Technical Description as may be modified from time to time with the approval of the Bank (the approval not to be unreasonably withheld or delayed) 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 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 EU 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:

- (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:** retain title to and possession of all assets comprising the Project. In the case of 9 locomotives series 750.7, currently belonging to a leasing company, this can be done temporarily through a financial leasing structure, provided that by the end of year 2022, the Borrower will take over the ownership of these assets. The Borrower shall inform the Bank and confirm, not later than by first quarter of year 2023, that it took over ownership of these assets.
- (c) **Insurance:** insure all works and property forming part of the Project with first class insurance companies in accordance with the most comprehensive relevant industry practice;
- (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 management bodies/senior staff members who has been convicted by a court 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 any activity 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) **ESI Funds:**
- (i) when available, upon the Bank's request, provide the Bank with a certified copy of an official application of the Borrower for the ESI Funds in respect of the Project and inform the Bank periodically on the progress of the grant application process; and
 - (ii) ensure that all terms and conditions regarding the ESI Funds (whether contractual or statutory) are complied with.

B. GENERAL UNDERTAKINGS

6.6 Disposal of assets

- (a) Except as provided below, the Borrower shall not, and shall procure that no other member of the Group will, either in a single transaction or in a series of transactions whether related or not and whether voluntarily or involuntarily dispose of any part of its assets.
- (b) Paragraph (a) above does not apply to;
 - (i) the sale of ČD – Telematika a.s. (accounting value [REDACTED]);
 - (ii) the sale of certain land plots (including land plots under infrastructure) to Správa železnic, státní organizace (accounting value [REDACTED] Czech crowns));
 - (iii) any disposal of assets for fair market value and at arm's length:
 - (1) where the higher of the market value or consideration (when aggregated with the higher of the market value or consideration for any other sale, lease, transfer or other disposal, other than any permitted disposal under paragraphs (i) to (iv) below) does not exceed, during the life of the Loan, exceed 5% (five per cent) of the Borrower's consolidated assets as reflected in the most recent consolidated audited annual accounts of the Borrower less the book value of all permitted Security established by the Borrower in accordance with Article 7.1;
 - (2) made in the ordinary course of trading of the disposing entity;
 - (3) made in exchange for other assets comparable or superior as to type, value and quality; or
 - (4) made with the prior written consent of the Bank, which shall not be unreasonably withheld or delayed,

in each case other than assets forming part of the Project pursuant to Article 6.5(b) and all shares in subsidiaries holding assets forming part of the Project which may not be disposed of.
- (c) For the purposes of this Article, "**dispose**" and "**disposal**" includes any act effecting sale, transfer, lease or other disposal.

6.7 Compliance with laws

The Borrower shall comply in all material respects with all laws and regulations to which it or the Project is subject including, in particular, with any substantive or procedural the EU Law on competition and the EU Law on state aid, any decisions of the European Commission in relation to competition or state aid or any court judgment in relation to the same.

6.8 Data Protection

- (a) Before disclosing any personal data (other than mere contact information relating to the Borrower's personnel involved in the management of this Contract ("**Contact Data**")) to the Bank in connection with this Contract, the Borrower shall ensure that each data subject of such personal data:
 - (i) has been informed of the disclosure to the Bank (including the categories of personal data to be disclosed); and
 - (ii) has been advised on the information contained in (or has been provided with an appropriate link to) the Bank's privacy statement in relation to its lending and investment activities set out from time to time at <https://www.eib.org/en/privacy/lending> (or such other address as the Bank may notify to the Borrower in writing from time to time).
- (b) When disclosing information (other than Contact Data) to the Bank in connection with this Contract, the Borrower shall redact or otherwise amend that information (as necessary) so that it does not contain any personal data, except where this Contract specifically requires, or the Bank specifically requests in writing, to disclose such information in the form of personal data.

6.9 Change in business

The Borrower shall procure that no substantial change is made to the core business of the Borrower or the Group as a whole from that carried on at the date of this Contract.

6.10 Merger

- (a) Except as permitted under paragraph (b) below, the Borrower shall not (and shall ensure that no other member of the Group will) enter into any amalgamation, demerger, merger or corporate reconstruction.
- (b) Paragraph (a) does not apply to:
 - (i) a Permitted Corporate Restructure; and
 - (ii) an amalgamation, demerger, merger or corporate reconstruction made with the prior written consent of the Bank, which shall not be unreasonably withheld or delayed.

6.11 Financial covenants

The Borrower shall ensure that the Total debt/EBITDA ratio in respect of any Relevant Period:

- (a) during the Covenant Reset Period does not exceed the ratio [REDACTED]
- (b) at any other point in time does not exceed the ratio [REDACTED]

In this Contract:

"Borrowings" means, at any time, the aggregate outstanding principal, capital or nominal amount (and any fixed or minimum premium payable on prepayment or redemption) of any indebtedness of members of the Consolidated Group for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;
- (b) any acceptances under any acceptance credit or bill discount facility (or dematerialised equivalent);
- (c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) any Finance Lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);



- (f) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of an entity which is not a member of the Group which liability would fall within one of the other paragraphs of this definition;
- (g) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the Maturity Date or are otherwise classified as borrowings under the GAAP;
- (h) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind the entry into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 180 days after the date of supply;
- (i) any amount raised under any other transaction (including any forward sale or purchase agreement, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under the GAAP; and
- (j) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above.

"Calculation Date" means each of 30 June and 31 December.

"Consolidated Group" means the Borrower and its Consolidated Subsidiaries.

"Consolidated Subsidiary" means any person, company or corporation controlled, directly or indirectly, by the Borrower, that is reported in its annual audited report.

"Covenant Reset Period" means the period from the date of signature of this Contract to and including 31 December 2025.

"EBITDA" means, in respect of any Relevant Period, the consolidated operating profit of the Group before taxation adjusted as follows: (i) adding back Gross Interest Expense; (ii) excluding Non-recurring Gains; (iii) excluding Financial Income; (iv) excluding share in profit of associates and Joint Ventures; (v) adding back depreciation and amortisation; and (vi) adding back impairment losses on property, plant and equipment;

"Financial Income" means foreign exchange income plus other financial income.

"Gross Interest Expense" means aggregate amount of the any interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any member of the Consolidated Group (calculated on a consolidated basis)

"Leverage" means, in respect of any Relevant Period, the ratio of Total Debt on the last day of that Relevant Period to EBITDA in respect of that Relevant Period.

"Non-recurring Gains" means gain from disposal of property, plant and equipment plus profit from disposal of redundant assets.

"Relevant Period" means each period of 12 (twelve) months ending on a Calculation Date. The first Relevant Period will end on the first Calculation Date after the date of signature of this Contract.

"Total Debt" means, at any time, the aggregate amount of all obligations of members of the Consolidated Group for or in respect of Borrowings at that time.

All expressions used in this Article and not otherwise defined above, shall be construed in accordance with the GAAP.

The ratios shall be calculated on the basis of the Consolidated Group's most recent audited consolidated annual or as the case may be, interim accounts, prepared in accordance with the GAAP, published by the Borrower.

**6.12 Books and records**

The Borrower shall ensure that it 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, including expenditures in connection with the Project, in accordance with GAAP as in effect from time to time.

6.13 Subsidiaries' Financial Indebtedness

- (a) Except as permitted under paragraph (b) below, the Borrower shall ensure that none of its Subsidiaries will incur or allow to remain outstanding any Financial Indebtedness.
- (b) Paragraph (a) above does not apply to Financial Indebtedness which is a Permitted Financial Indebtedness.

6.14 Acquisitions

- (a) Except as permitted under paragraph (b) below, the Borrower shall not and shall ensure that no other member of the Group will:
 - (i) acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them); or
 - (ii) incorporate a company.
- (b) Paragraph (a) above does not apply to an acquisition of a company, of shares, securities or a business or undertaking (or, in each case, any interest in any of them) or the incorporation of a company which is a Permitted Acquisition.

6.15 Joint ventures

- (a) Except as provided below, the Borrower shall not and shall ensure that no other member of the Group will:
 - (i) enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture; or
 - (ii) transfer any assets or lend to or guarantee or give an indemnity for or give Security for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing).
- (b) Paragraph (a) above does not apply to any acquisition of (or agreement to acquire) any interest in a Joint Venture or transfer of assets (or agreement to transfer assets) to a Joint Venture or loan made to or guarantee given in respect of the obligations of a Joint Venture if such transaction is a Permitted Joint Venture.

6.16 Loans or credit

- (a) Except as permitted under paragraph (b) below, the Borrower shall not (and shall ensure that no other member of the Group will) be a creditor in respect of any Financial Indebtedness.
- (b) Paragraph (a) above does not apply to a Permitted Loan.

6.17 No guarantees or indemnities

- (a) Except as provided below, the Borrower shall not and shall ensure that no other member of the Group will incur or allow to remain outstanding any guarantee or indemnity in respect of any obligation of any person.
- (b) Paragraph (a) above does not apply to a guarantee which is a Permitted Guarantee.



6.18 **Dividends and share redemption**

- (a) Except as permitted under paragraph (b) below, the Borrower shall not:
 - (i) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);
 - (ii) repay or distribute any dividend or share premium reserve;
 - (iii) pay any management, advisory or other fee to or to the order of any of its shareholders, controlling entities or entities with which it is under common control; or
 - (iv) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so.
- (b) Paragraph (a) above does not apply to a Permitted Distribution.

6.19 **General Representations and Warranties**

The Borrower represents and warrants to the Bank that:

- (a) it is duly incorporated and validly existing as a joint stock company under the laws of Czech Republic and it has power to carry on its business as it is now being conducted and to own its property and other assets;
- (b) 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;
- (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 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 is subject;
 - (ii) any agreement or other instrument binding upon it which might reasonably be expected to result in a Material Adverse Change in respect of its ability to perform its obligations under this Contract;
 - (iii) any provision of its constitutional documents;
- (e) the latest available consolidated audited accounts of the Borrower have been prepared on a basis consistent with previous years and have been approved by its auditors as representing a true and fair view of the results of its operations for that year and accurately disclose or reserve against all the liabilities (actual or contingent) of the Borrower;
- (f) there has been no Material Adverse Change since 13 November 2020;
- (g) no event or circumstance which constitutes a Prepayment Event or an Event of Default has occurred and is continuing unremedied or unwaived;
- (h) 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;
- (i) 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;
- (j) at the date of this Contract, no Security exists over its assets save as listed in Article 7.1;

- (k) 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;
- (l) 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; and
- (m) it is in compliance with all undertakings under this Article 6;
- (n) no loss-of-rating clause has been concluded with any other creditor of the Borrower;
- (o) no financial covenants concluded with any other creditor of the Borrower are more restrictive than the ones contained in this Contract;
- (p) to the best of its knowledge (having made all reasonable enquiries), no funds invested in the Project by the Borrower or by another member of the Group 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;
- (q) the entry into this Contract is for the corporate benefit of the Borrower;
- (r) (i) no petition has been presented or filed for the bankruptcy, insolvency, a moratorium or restructuring of the Borrower and the Borrower does not intend to file or initiate filing of any such petition, (ii) the Borrower has not been declared insolvent or bankrupt, no restructuring has been approved and no moratorium declared in respect of the Borrower and no insolvency trustee has been appointed to prepare a restructuring report, (iii) the Borrower has not commenced negotiations on restructuring plan or any other similar plan nor it prepares such plan nor has any such plan been prepared or negotiated by third person on its behalf, (iv) the Borrower is neither insolvent (in Czech: *v úpadku*) nor in the situation of imminent insolvency (in Czech: *hrozícího úpadku*) within the meaning of the applicable insolvency laws, (v) no insolvency or bankruptcy petition in respect of the Borrower has been rejected on the grounds of insufficient funds, (vi) the obligations of the Borrower are not of higher value than the respective assets of the Borrower, (vii) no decision has been made to wind-up the Borrower with or without liquidation, (viii) no analogous procedure, step or event analogous under the laws of any jurisdiction to any of the procedures, steps or events described in (i) through (vii) above has been taken or has occurred in any jurisdiction, and (ix) there is no threat of any of the above procedures, steps or events being taken or occurring;
- (s) it does not enter into this Contract with the intention to conceal its assets or defraud its creditors;
- (t) 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;
- (u) the Bank and the Borrower are not related parties pursuant to any applicable law;
- (v) 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; and
- (w) its Centre of Main Interests is situated in the Czech Republic and it has no Establishment in any other jurisdiction.

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 (f) above, deemed repeated on each date of Disbursement Acceptance, date of Compliance Certificate, Disbursement Date and on each Payment Date.

6.20 Centre of Main Interests

The Borrower shall not, without the prior written consent of the Bank, change the place of its Centre of Main Interests.

6.21 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 as the Bank may reasonably require.

ARTICLE 7

Security

The undertakings in this Article 7 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.

7.1 Negative pledge

- (a) The Borrower shall not and shall ensure that no other member of the Group will create or permit to subsist any Security over any of its assets.
- (b) For the purposes of this Article 7.1, the term Security shall also include any arrangement or transaction on assets or receivables or money (such as the sale, transfer or other disposal of assets on terms whereby they are or may be leased to or re-acquired by the Borrower or any other member of the Group, the sale, transfer or other disposal of any receivables on recourse terms or any arrangement under which money or the benefit of a bank account or other account may be applied or set-off or any preferential arrangement having a similar effect) in circumstances where the arrangement or transaction is entered into primarily as a method of raising credit or of financing the acquisition of an asset.
- (c) Paragraph (a) above does not apply to any Security, listed below:
 - (i) any Security listed in Schedule F.2 (*Existing Security*);
 - (ii) any Security made under the EUROFIMA Security Documents for the fulfilment of the EUROFIMA Financing, provided that such Security does not exceed a fair value of EUR [REDACTED];
 - (iii) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;
 - (iv) any payment or close out netting or set-off arrangement pursuant to any hedging transaction entered into by a member of the Group for the purpose of:
 - (1) hedging any risk to which any member of the Group is exposed in its ordinary course of trading; or
 - (2) its interest rate or currency management operations which are carried out in the ordinary course of business and for non-speculative purposes only, excluding, in each case, any Security under a credit support arrangement in relation to a hedging transaction;
 - (v) any security interest or preference arising by operation of law and in the ordinary course of trading or in connection with ordinary banking operations of the Borrower, including, but not limited to, any loans secured by security in the form of security assignments or similar operations;
 - (vi) any Security over or affecting any asset acquired by a member of the Group after the date of this Contract if:
 - (1) the Security was not created in contemplation of the acquisition of that asset by a member of the Group;
 - (2) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset by a member of the Group; and

- (3) the Security is removed or discharged within 2 (two) months of the date of acquisition of such asset;
- (vii) any Security over or affecting any asset of any company which becomes a member of the Group after the date of this Contract, where the Security is created prior to the date on which that company becomes a member of the Group, if:
 - (1) the Security was not created in contemplation of the acquisition of that company;
 - (2) the principal amount secured has not increased in contemplation of or since the acquisition of that company; and
 - (3) the Security is removed or discharged within 2 (two) months of that company becoming a member of the Group;
- (viii) any Security entered into pursuant to this Contract;
- (ix) any Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the Group; and
- (x) any Security securing indebtedness the principal amount of which (when aggregated with the principal amount of any other indebtedness which has the benefit of Security given by any member of the Group other than any permitted under paragraphs (i) to (ix) (above) does not exceed [REDACTED] the Borrower's consolidated total assets.

7.2 **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.

7.3 **Clauses by inclusion**

If, after the date of this Contract, the Borrower or any other member of the Group 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 or other positive or negative undertaking or an event of default or requirement to create any Security over any of its assets, 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.

ARTICLE 8

Information and Visits

8.1 **Information concerning the Project**

The Borrower shall:

- (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 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, 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:
 - (i) a certificate of its insurers showing fulfilment of the requirements of Article 6.5 (c); and
 - (ii) annually, a list of policies in force covering the insured property forming part of the Project, together with confirmation of payment of the current premiums.
- (e) With every Project Progress Report and Project Completion Report, provide an update on the European Commission procedure with respect to potential breach of competition laws by the Borrower. In case the European Commission issues a decision in this procedure, the Borrower shall comply with the European Commission decision.

8.2 Information concerning the Borrower

The Borrower shall:

- (a) deliver to the Bank:
 - (i) as soon as they become available but in any event within 180 (one hundred and eighty) days after the end of each of its financial years its audited consolidated and unconsolidated annual report, balance sheet, cash flow statement, profit and loss account and auditors report for that financial year together with a Compliance Certificate as set out in Schedule E.2 signed by two directors confirming compliance by the Borrower with the financial covenants pursuant to Article 6.11 and with evidence of such compliance and related calculations; and
 - (ii) as soon as they become available but in any event within 120 (one hundred and twenty) days after the end of each of the relevant accounting periods its interim consolidated and unconsolidated semi-annual report, balance sheet, profit and loss account and cash flow statement for the first half-year of each of its financial years together with a Compliance Certificate as set out in Schedule E.2 signed by two directors confirming compliance by the Borrower with the financial covenants pursuant to Article 6.11 and with evidence of such compliance and related calculations; and

- (b) deliver to the Bank such further information, evidence or document concerning:
 - (i) its general financial situation or such certificates of compliance with the undertakings of Article 6;
 - (ii) the compliance with the due diligence requirements of the Bank for the Borrower, including, but not limited to "know your customer" (KYC) or similar identification procedures; and
 - (iii) any factual information provided by the Borrower or by another member of the Group for the purposes of entering into this Contract;
 when requested and within a reasonable time; and
- (c) inform the Bank immediately of:
 - (i) any material alteration to its constitutional documents or shareholding structure and of any change of ownership of 5% or more of its shares after the date of this Contract;
 - (ii) any fact which obliges it to prepay any financial indebtedness or any European Union funding;
 - (iii) any event or decision that constitutes or may result in a Prepayment Event;
 - (iv) any intention on its part to grant any Security over any of its assets in favour of a third party;
 - (v) any intention on its part to relinquish ownership of any material component of the Project;
 - (vi) any fact or event that is reasonably likely to prevent the substantial fulfilment of any obligation of the Borrower under this Contract;
 - (vii) any Event of Default having occurred or being threatened or anticipated;
 - (viii) 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 its controlling entities or members of the Borrower's management bodies in connection with Criminal Offence related to the Credit, the Loan or the Project;
 - (ix) any measure taken by the Borrower pursuant to Article 6.5(f) of this Contract;
 - (x) 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; and
 - (xi) any Change in the Beneficial Ownership of the Borrower; and
 - (xii) any material development in the following:
 - (1) investigation by the Czech Office for the Protection of Competition ("ÚOHS") and the European Commission for alleged abuse of Borrower's dominant market position; the proceedings relate to pricing on a line where the Borrower faces competition from private carriers;
 - (2) two ongoing legal disputes against a regulatory fine (for abuse of its dominant market position) imposed on the Borrower by ÚOHS originally in 2017; and
 - (3) investigation of participation in an alleged cartel agreement made for the mutual sale of railway vehicles allegedly colluded by the Borrower with Austrian Railways ÖBB over the sale of decommissioned rolling stock with the aim of restricting the market entry of private competitors.

8.3 **Provision and contents of Compliance Certificate**

- (a) The Borrower shall supply a Compliance Certificate to the Bank with each set of its annual and semi-annual financial statements.

- (b) The Compliance Certificate shall, amongst other things, set out (in reasonable detail) computations as to compliance with financial covenants set out in Article 6.11 and with evidence of such compliance and related calculations.
- (c) Each Compliance Certificate shall be signed by two directors of the Borrower and, if required to be delivered with the annual financial statements of the Borrower, shall be reported on by the Borrower's auditors in the form agreed by the Borrower and the Bank.

8.4 Requirements as to financial statements

- (a) The Borrower shall ensure that each set of financial statements delivered by the Borrowers pursuant to Article 8.2(a):
 - (i) shall be certified by an authorised representative of the relevant company as fairly representing the financial condition as at the date at which those financial statements were drawn up;
 - (ii) is prepared using GAAP; and
 - (iii) is prepared using accounting practices and financial reference periods consistent with those applied in the preparation of the financial statements (other than in respect of any amendments to such accounting practices and financial reference periods as are required as a result of the change of accounting principles to IFRS) unless, in relation to any set of financial statements, it notifies the Bank that there has been a change in GAAP, the accounting practices or reference periods and the auditors deliver to the Bank:
 - (1) a description of any change necessary for those financial statements to reflect the GAAP, accounting practices and reference periods upon which that financial statements were prepared; and
 - (2) sufficient information, in form and substance as may be reasonably required by the Bank, to enable the Bank to determine whether Article 6.11 has been complied with and make an accurate comparison between the financial position indicated in those financial statements and that financial statements.
- (b) Any reference in this Contract to those financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the financial statements were prepared.

8.5 Visits by the Bank

The Borrower 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 EU Law:

- (a) to visit the sites, installations and works comprising the Project;
- (b) to interview representatives of the Borrower, and not obstruct contacts with any other person involved in or affected by the Project; and
- (c) to review the Borrower'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 provide the Bank, or ensure that the Bank is provided, with all necessary assistance for the purposes described in this Article.

The Borrower acknowledges that the Bank may be obliged to communicate information relating to the Borrower and the Project to any competent institution or body of the European Union in accordance with the relevant mandatory provisions of EU Law.

ARTICLE 9**Charges and expenses****9.1 Taxes, duties and fees**

- (a) 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.
- (b) 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.

9.4 Mitigation

- (a) The Bank shall, in consultation with the Borrower, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Article or 4.3.A(4) (*Illegality*), Article 9.1 (*Taxes, duties and fees*) or Article 9.2 (*Other charges*) or Article 9.3 (*Increased costs, indemnity and set-off*).

- (b) Paragraph (a) above does not in any way limit the obligations of the Borrower under the Contract.
- (c) The Borrower shall promptly indemnify the Bank for all costs and expenses reasonably incurred by it as a result of steps taken by it under this Article 9.4 (*Mitigation*).
- (d) The Bank is not obliged to take any steps under this Article 9.4 (*Mitigation*) if, in the opinion of the Bank (acting reasonably), to do so might be prejudicial to it.

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 of this Article 10.

10.1.A Immediate demand

The Bank may make such demand immediately without prior notice (*mise en demeure préalable*) 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 5 (five) 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, pursuant to or for the purposes of entering into 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, as a result of an event of default (however described) in relation to any Financial Indebtedness, other than the Loan:
 - (i) the Borrower or any other member of the Group 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 Financial Indebtedness; or
 - (ii) any commitment for such Financial Indebtedness is cancelled or suspended;
- (d) if the Borrower or any member of the Group 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 any corporate action, legal proceedings or other procedure or step is taken in relation to the suspension of payments, a moratorium of any indebtedness, dissolution, administration or reorganisation (by way of voluntary arrangement or otherwise), including in particular without limitation to bankruptcy (*faillite*), controlled management (*gestion contrôlée*), suspension of payments (*sursis de paiement*) arrangement with creditors (*concordat préventif de la faillite*) and judicial liquidation (*liquidation judiciaire*) proceedings or any analogous procedure or step is taken under any applicable law in any jurisdiction or an order is made or an effective resolution is passed for the winding up of the Borrower or any member of the Group, or if the Borrower or any member of the Group takes steps towards a substantial reduction in its capital, is declared insolvent or ceases or resolves to cease to carry on the whole or any substantial part of its business or activities, or the Borrower (or any member of the Group) is in the situation of insolvency (in Czech: *v úpadku*) or imminent insolvency (in Czech: *hrozícího úpadku*)

within the meaning of the applicable insolvency laws or any situation similar to any of the above occurs under any applicable law;

- (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 business or assets of the Borrower or any member of the Group having an aggregate book value exceeding [REDACTED] or any property forming part of the Project;
- (g) if the Borrower or any member of the Group 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, or in respect of any state subsidies or any EU Grants;
- (h) if the Borrower or any member of the Group 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 of any member of the Group having an aggregate book value exceeding [REDACTED] 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 (*mise en demeure préalable*) 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 6.7 or Article 10.1.A);
- (b) if the Borrower fails to comply with Article 6.7 (except if a failure to comply (whether material or not) would constitute a Criminal Offence, in which case paragraph (a) above shall apply without any exception); or
- (c) 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 (ten) 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 net of the Margin 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 [REDACTED]

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 [REDACTED] 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 jurisdiction, 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 Luxembourg.

11.2 Jurisdiction

- (a) The courts of Luxembourg-City have exclusive jurisdiction to settle any dispute (a "**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 courts of Luxembourg-City are the most appropriate and convenient courts to settle any Disputes between them and, accordingly, that they will not argue to the contrary.
- (c) This Article 11.2 is for the benefit of the Bank only. As a result and notwithstanding Article 11.2(a), it does not prevent the Bank from taking proceedings relating to a Dispute (including a Dispute relating to the existence, validity or termination hereof or any non-contractual obligation arising out of or in connection with this Contract) in any other courts with jurisdiction. To the extent allowed by law, the Bank may take concurrent proceedings in any number of jurisdictions.

**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.

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 and electronic mail.
- (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 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) in the case of any electronic mail only when such electronic mail is actually received in readable form and only if it is addressed in such a manner as the other party 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 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 (*sous seing privé*).

12.1.B Addresses

The address 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 100 boulevard Konrad Adenauer L-2950 Luxembourg E-mail address: contactline-92117@eib.org
For the Borrower	Attention: Financial Department České dráhy, a.s. Praha 1, Nábřeží L.Svobody 1222, PSČ 11015, Czech Republic E-mail address: konfirmace@gr.cd.cz

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:
 - (i) to the European Central Bank, any national central bank which is a member of the European System of Central Banks, or the EU Commission prior to occurrence of an Event of Default; or
 - (ii) to any other third party upon occurrence of an Event of Default.

12.4 Recitals, Schedules and Annexes

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	Form of Disbursement Offer/Acceptance
Schedule D	Interest Rate Revision and Conversion
Schedule E	Certificates to be provided by the Borrower
Schedule F	List of Existing Financial Indebtedness
Schedule G	Financial Indebtedness Outlook

The following Annexes are attached hereto:

Annex I Resolution of Board of Directors of Borrower and authorisation of signatory

The parties hereto have caused this Contract to be executed in 3 (three) originals in the English language.

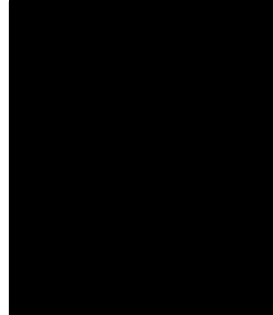
At Prague, this 1 AUGUST 2022; and
at Luxembourg, this 25 JULY 2022

Signed for and on behalf of
EUROPEAN INVESTMENT BANK

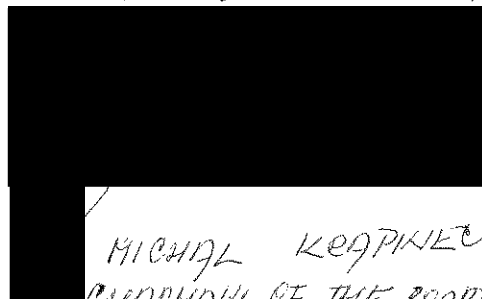


Manuel Dueñas
Head of Division

Signed for and on behalf of
České dráhy, a.s.



LUKÁŠ SVOBODA
MEMBER OF THE BOARD OF DIRECTORS



MICHAEL KEPPNER
CHAIRMAN OF THE BOARD DIRECTORS

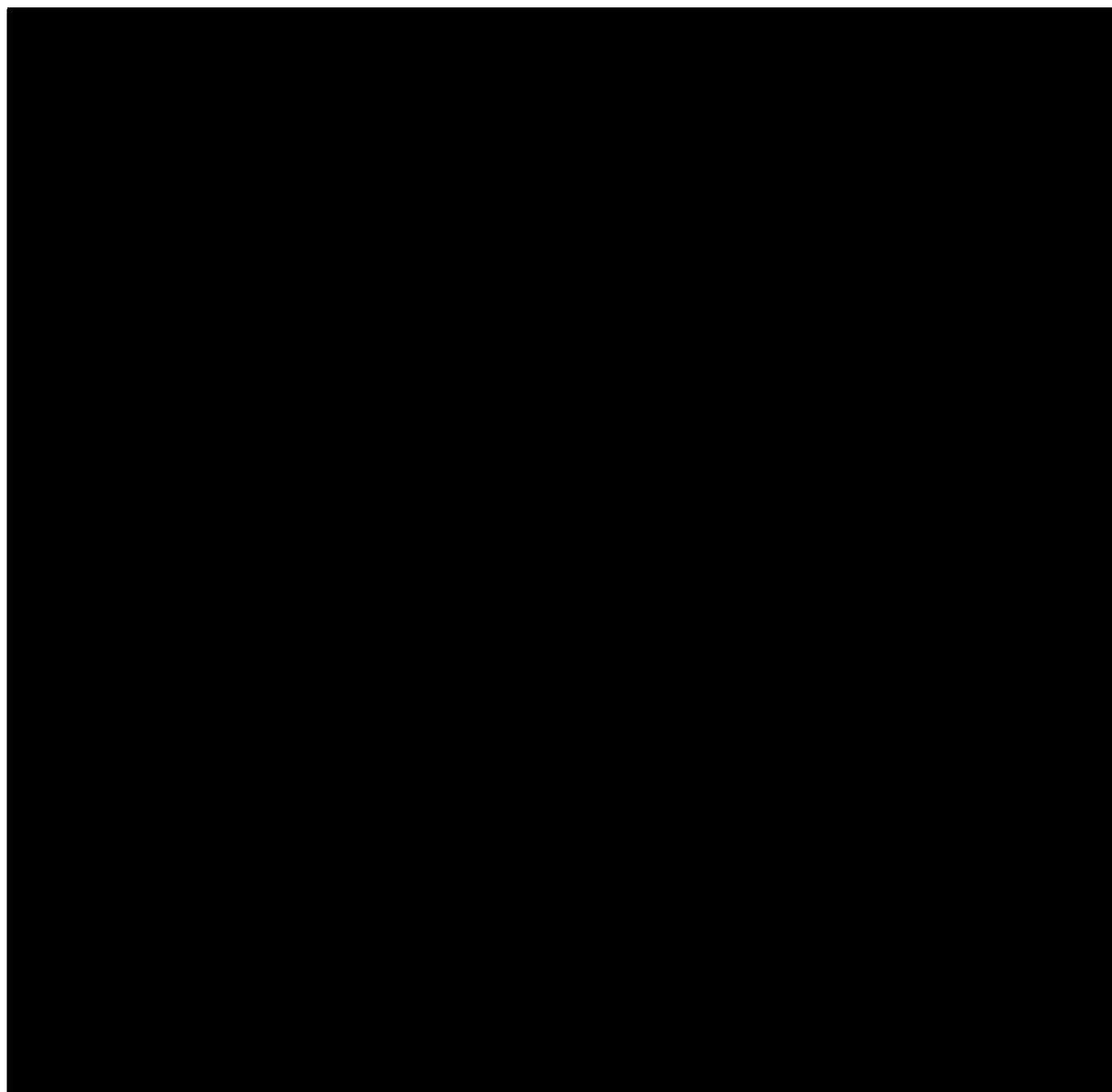
Project Specification and Reporting**A.1 Technical Description (Article 6.2)****Purpose, Location**

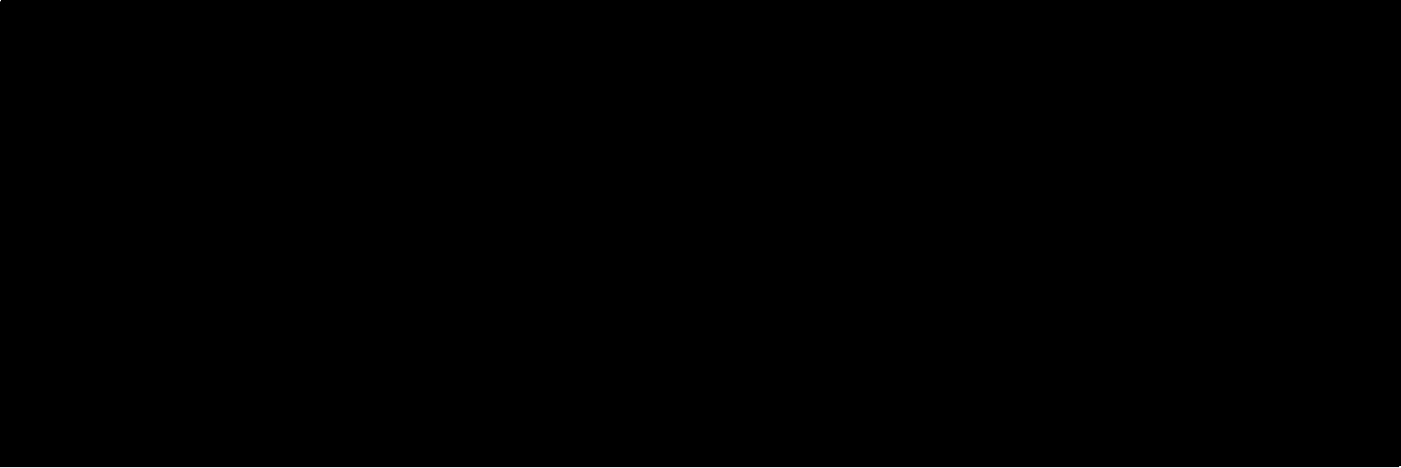
The Project consists of retrofit of 37 electric multiple units, 37 diesel units and 21 driving trailers with ETCS on-board units (OBU), including 8 prototypes.

Description

The vehicles will be retrofitted with Level 2 ETCS Baseline 3.4.0 or later version on-board units in conformity with Regulation 2016/919 (CCS).

All units will continue to have the Czech class b signalling system LS IV/LS 90/Mirel VZ 1 as applicable provided by means of Specific Transmission Module (STM) or by existing equipment, as indicated below.





All units retrofitted under Bank financing will have GSM-R in accordance with TSI CCS EU/2016/919.

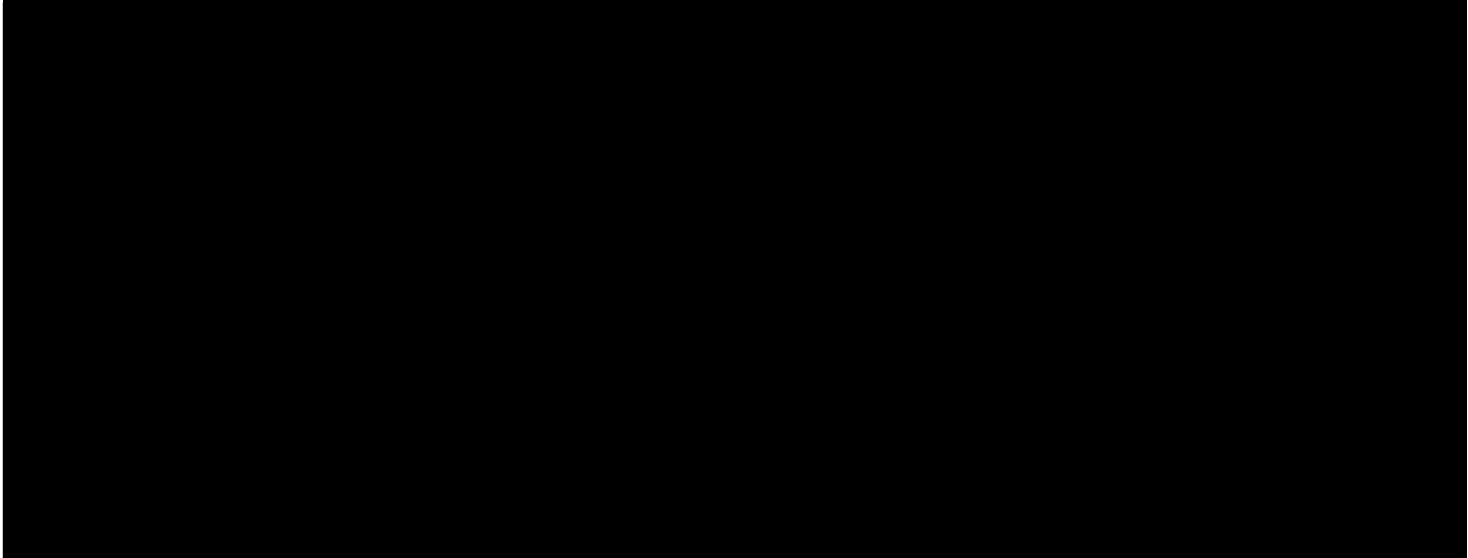
The retrofitted trainsets shall have all relevant certification and authorisation for placing on the market and be ready for passenger service in the Czech Republic. The ETCS equipment shall be supplied with the relevant insurance spare parts or appropriate arrangements for availability of such insurance spare parts.

Calendar

The retrofit will take place between 



A.2 Information Duties under Article 8.1



2. Information on specific subjects

Not used.

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.

Document / information	Deadline	Frequency of reporting
<p>Project Progress Report</p> <ul style="list-style-type: none"> - A brief update on the Technical Description, explaining the reasons for significant changes vs. initial scope; - Update on the number of units prototyped and retrofitted per series; - Update on the date of completion of each of the Project's components and sub-components, explaining reasons for any possible delay; - Update on the cost of the Project, explaining reasons for any possible cost variations vs. initial budgeted cost; Spending to date; Amount of EU grants approved and received to date; - A description of any major issue with impact on the Environment; - Update on the Project's demand or usage and comments; - Any significant issue that has occurred and any significant risk that may affect the Project's operation; - Any legal action concerning the Project that may be on-going; - Information about progress in obtaining ownership of vehicles of 750.7 series financed by the Bank; - Update on the European Commission procedure with respect to potential breach of competition laws by the Borrower. - Non-confidential Project-related pictures, if available. 	31 March	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: A final Technical Description of the Project as completed, explaining the reasons for any significant change compared to the Technical Description in A.1.;</p> <ul style="list-style-type: none"> - The date of completion of each of the main Project's components, explaining reasons for any possible delay; - European vehicle numbers of the retrofitted vehicles; - The final cost of the Project, explaining reasons for any possible cost variations vs. initial budgeted cost; Amount of EU grants approved and received; - Employment effects of the Project: person-days required during implementation as well as permanent new jobs created; - A description of any major issue with impact on the Environment or social impacts; - Update on the Project's demand or usage and comments; - Any significant issue that has occurred and any significant risk that may affect the Project's operation; - Any legal action concerning the Project that may be on going; - Non-confidential Project-related pictures, if available; - Confirmation that the Borrower owns all rolling stock subject to this operation; - Progress of ERTMS trackside implementation in the Czech Republic. - Information about the Public Service Contracts under which the rolling stock are used (how they were awarded, tenor, main terms, scope) - Update on the European Commission procedure with respect to potential breach of competition laws by the Borrower. - Confirmation, that the Borrower obtained ownership of vehicles of 750.7 series financed by the Bank; - An update on the following Monitoring Indicators: <ul style="list-style-type: none"> • number and series of vehicles prototyped • number and series of vehicles retrofitted; • number of passengers and passenger*km transported under the Public Service Contracts for last 5 years; • number of train*km and seat*km performed under the Public Service Contracts for last 5 years; • information on overcrowding, punctuality and reliability of the retrofitted rolling stock under the Public Service Contracts in the last 5 years. 	15 months after completion

Language of reports	English
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Schedule B

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 (a) to (c) above:

- (i) **"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), or any successor to that function of EMMI, as determined by the Bank; and
- (ii) **"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 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 11:00 a.m., 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 no sufficient 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 11:00 a.m., 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. The Bank shall inform the Borrower without delay of the quotations received by the Bank.

All percentages resulting from any calculations referred to in this Section A will be rounded, if necessary, to the nearest one thousandth of a percentage point, with halves being rounded up.

If any of the foregoing provisions becomes inconsistent with provisions adopted under the aegis of EMMI (or any successor to that function of EMMI as determined by the Bank) in respect of EURIBOR, the Bank may by notice to the Borrower amend the provision to bring it into line with such other provisions.

If the Screen Rate becomes permanently unavailable, the EURIBOR replacement rate will be the rate (inclusive of any spreads or adjustments) formally recommended by (i) the working group on euro risk-free rates established by the European Central Bank (ECB), the Financial Services and Markets Authority (FSMA), the European Securities and Markets Authority (ESMA) and the European Commission, or (ii) the European Money Market Institute, as the administrator of EURIBOR, or (iii) the competent authority responsible under Regulation (EU) 2016/1011 for supervising the European Money Market Institute, as the administrator of the EURIBOR, (iv) the national competent authorities designated under Regulation (EU) 2016/1011, or (v) the European Central Bank.



If no Screen Rate and/or the EURIBOR replacement 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" 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.

"Prague Business Day" means a day on which banks are open for normal business in Prague.

All percentages resulting from any calculations referred to in this Section B will be rounded, if necessary, to the nearest one hundredth (in respect of PRIBOR) of a percentage point, with halves being rounded up.

The Bank shall inform the Borrower without delay of the quotations received by the Bank.

If any of the foregoing provisions becomes inconsistent with provisions adopted under the aegis 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.

Schedule C

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

To: České dráhy, a.s.
 From: European Investment Bank
 Date:
 Subject: Disbursement Offer/Acceptance for the Finance Contract between
 European Investment Bank and České dráhy, a.s. dated ● (the
"Finance Contract")
 Project name: CESKE DRAHY ROLLING STOCK MODERNISATION
 Contract Number: 92117 Operation Number: 2020-0158

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 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 České dráhy, a.s.

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.

Schedule D

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 and/or 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 this 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 this 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 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.



Schedule E

Certificates to be provided by the Borrower

E.1 Form of Certificate from Borrower (Article 1.4.D)

To: European Investment Bank
 From: České dráhy, a.s.
 Date:
 Subject: Certificate for the Finance Contract between European Investment Bank and České dráhy, a.s. dated ● (the "Finance Contract")
 Project Name: CESKE DRAHY ROLLING STOCK MODERNISATION
 Contract Number: 92117 Operation Number: 2020-0158

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) we are in compliance with the financial covenants pursuant to Article 6.11 and attached is evidence of such compliance and related calculations;
- (c) no Security, save as permitted under Article 7.1, has been created or is in existence;
- (d) 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;
- (e) 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;
- (f) 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;
- (g) the representations and warranties to be made or repeated by us under Article 6.19 are true in all respects; and
- (h) 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 České dráhy, a.s.

Date:

E.2 Form of Compliance Certificate

To: European Investment Bank
From: České dráhy, a.s.
Date:
Subject: Compliance Certificate for the Finance Contract between European Investment Bank and České dráhy, a.s. dated ● (the "Finance Contract")
Project Name: CESKE DRAHY ROLLING STOCK MODERNISATION
Contract Number: 92117 Operation Number: 2020-0158

Dear Sirs,

We refer to the Finance Contract. This is a Compliance Certificate. Terms defined in the Finance Contract have the same meaning when used in this Compliance Certificate.

We hereby confirm:

- (a) on a [insert the date of calculation of the financial covenants], [insert financial covenant name and repeat for every financial covenant] amounts to [insert number] compared to [minimum / maximum] level of [insert number];
- (b) [no asset disposal prohibited under Article 6.6 has taken place] / [insert information regarding asset disposal];
- (c) [no Security, save as permitted under Article 7.1, has been created or is in existence];
- (d) the fair value of the Security in place at the date of this Compliance Certificate is EUR [insert amount]. Attached to this Compliance Certificate is the latest list of Existing Security;
- (e) [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]. [If this statement cannot be made, this certificate should identify any potential event of default that is continuing and the steps, if any, being taken to remedy it].

Yours faithfully,

For and on behalf of České dráhy, a.s.

[director]

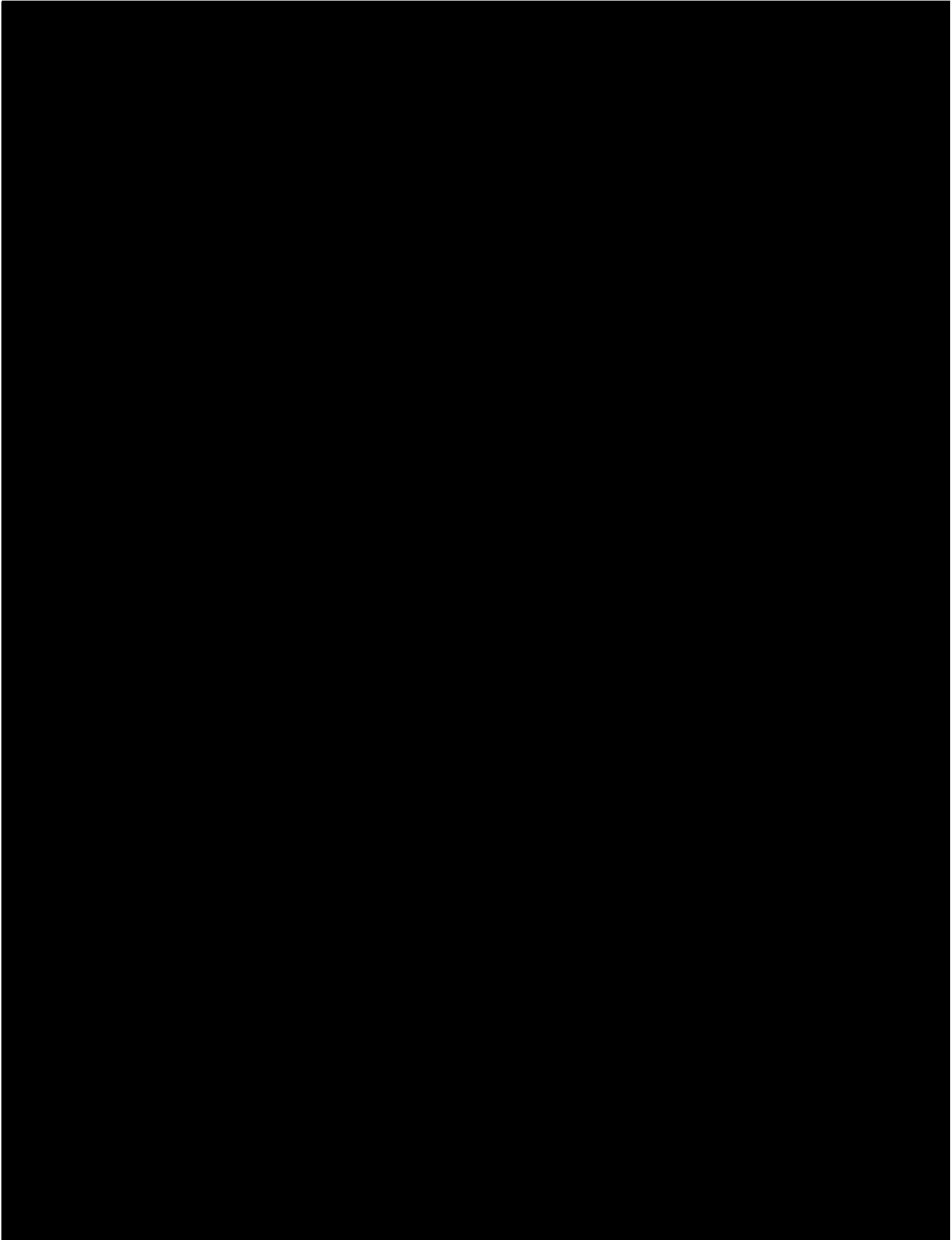
[director]

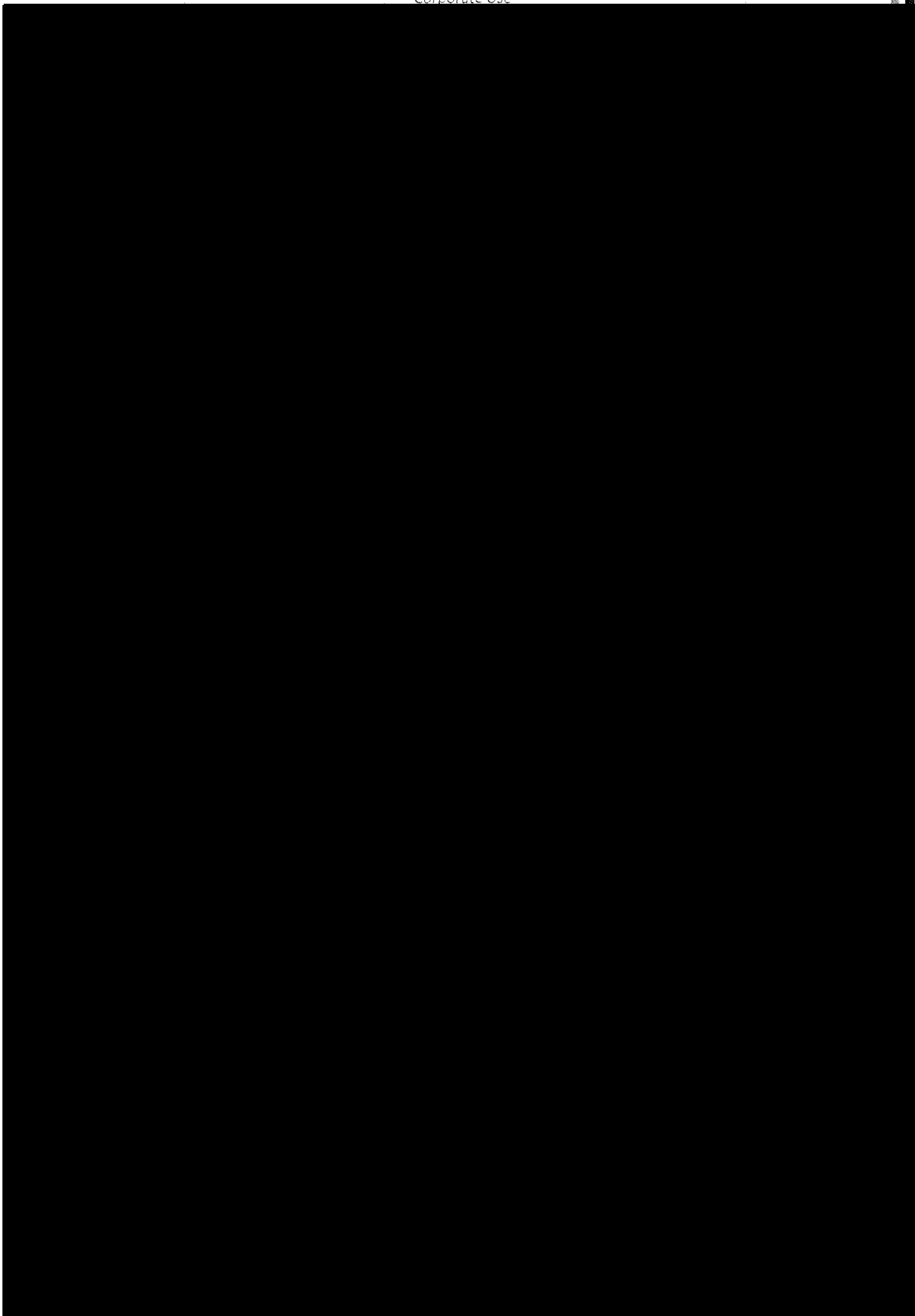


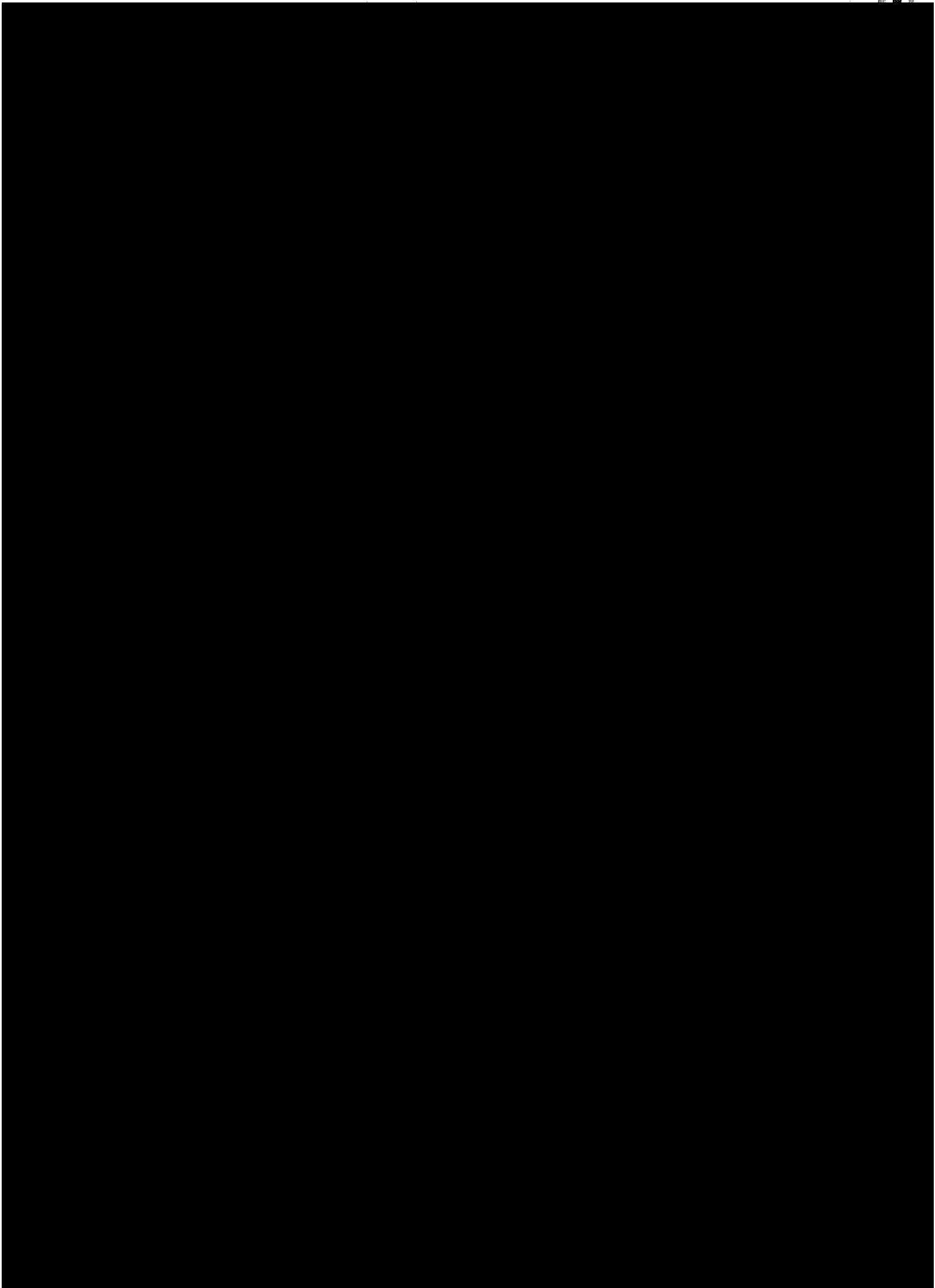
Schedule F

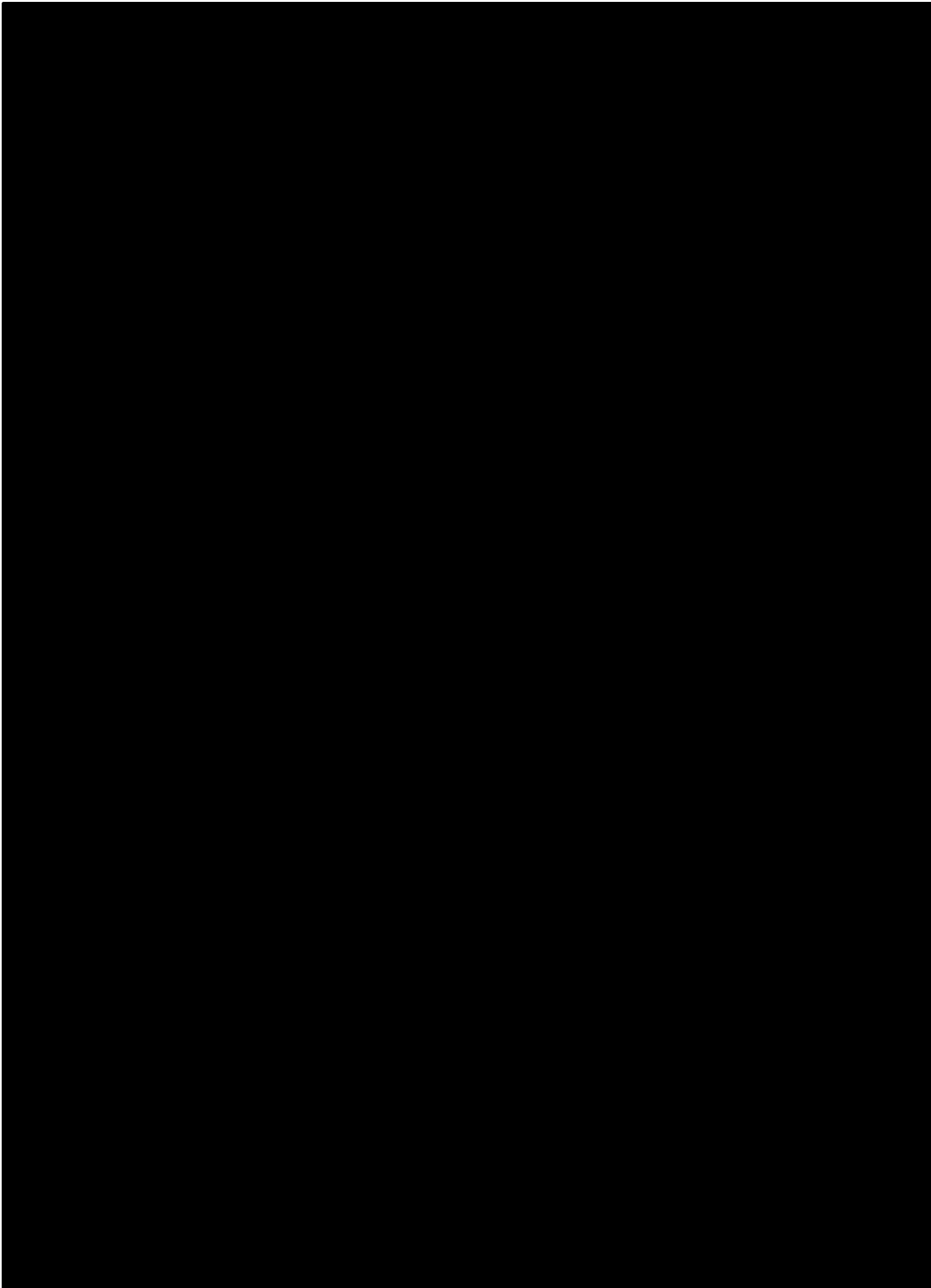
List of Existing Financial Indebtedness

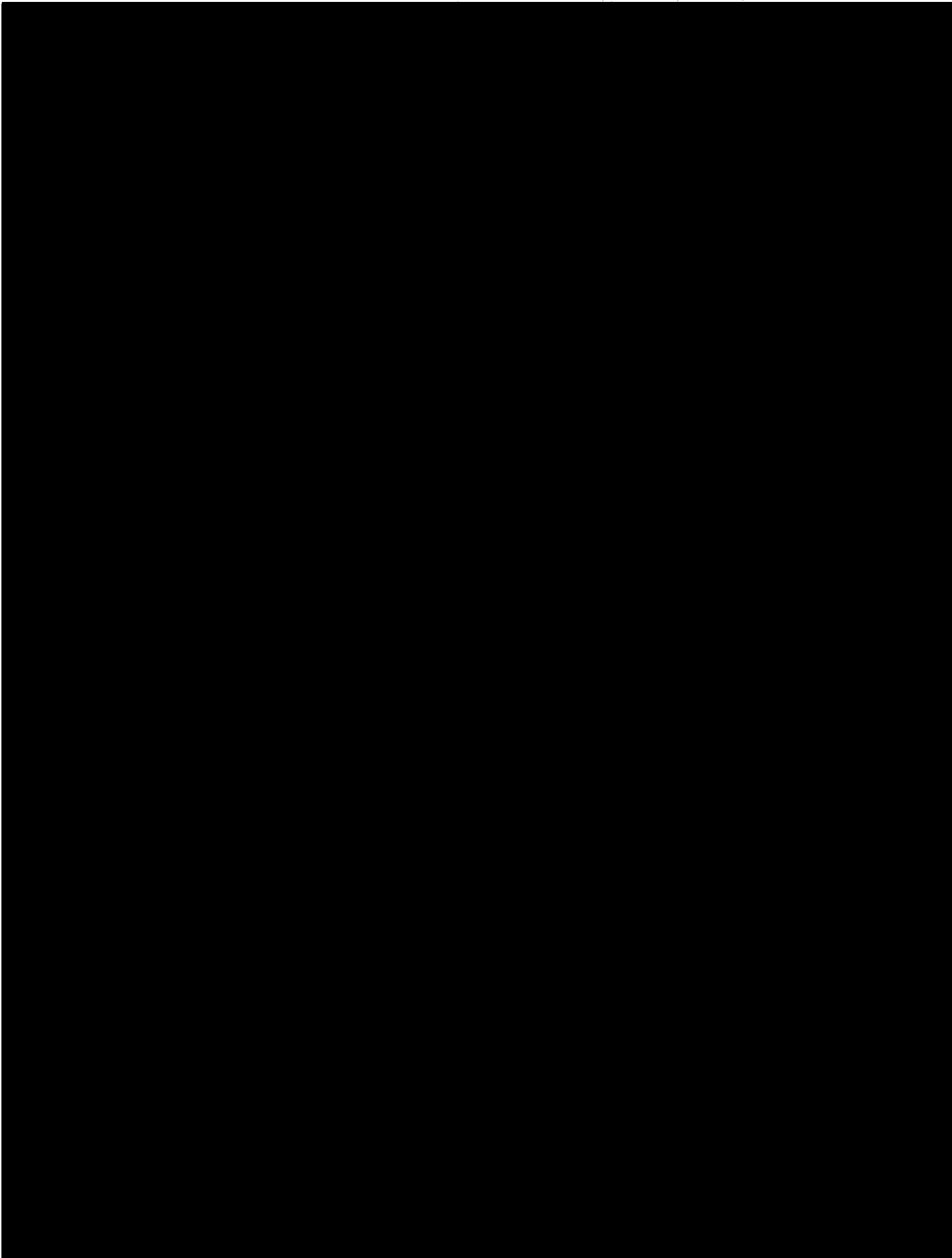
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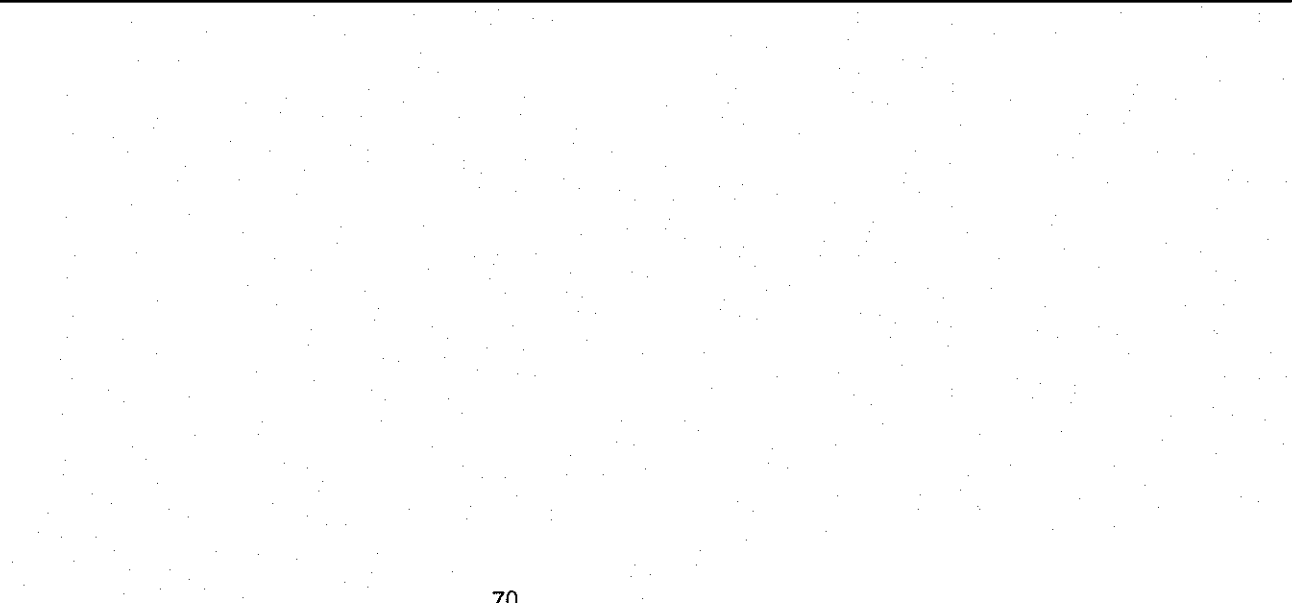
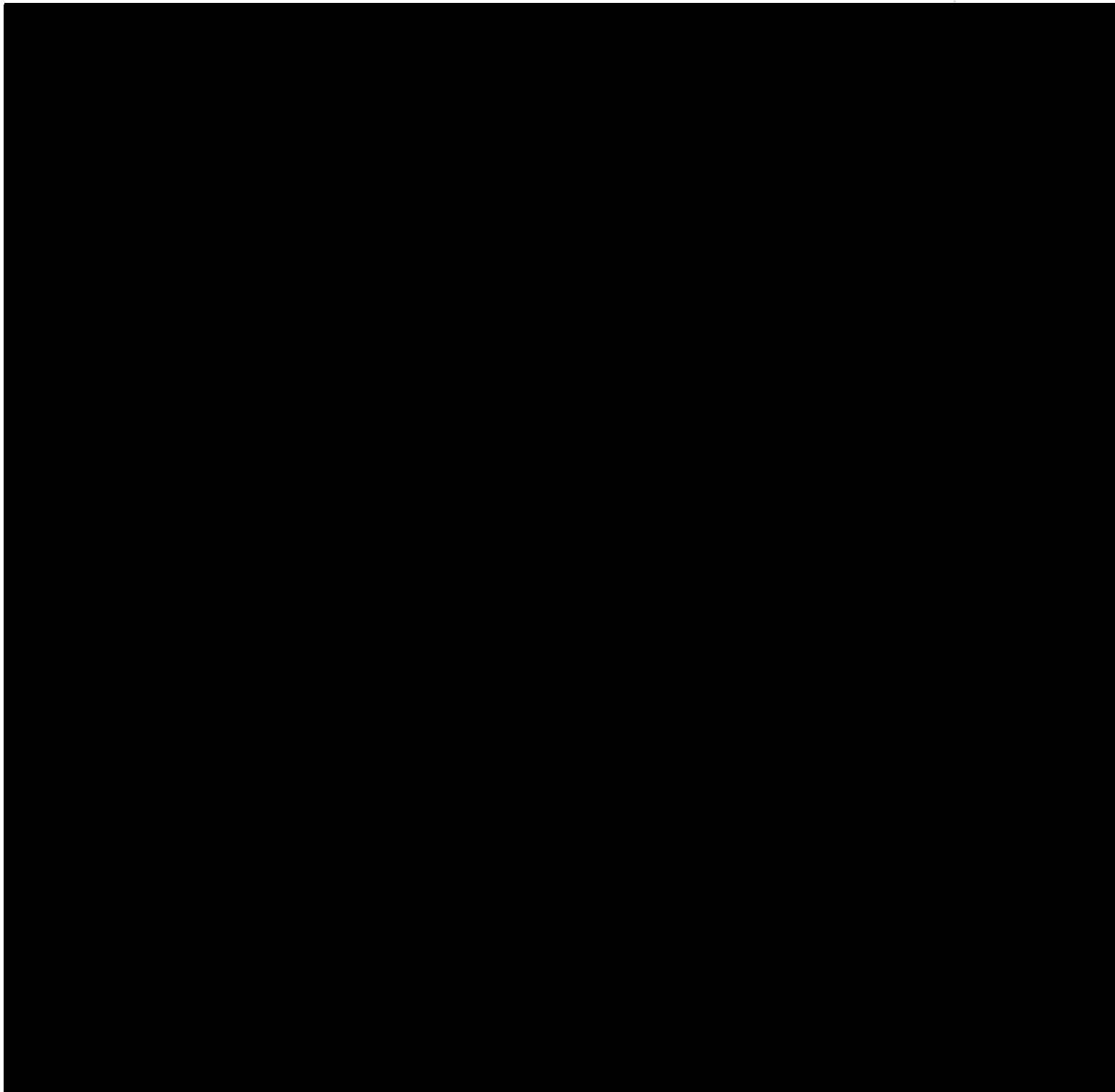


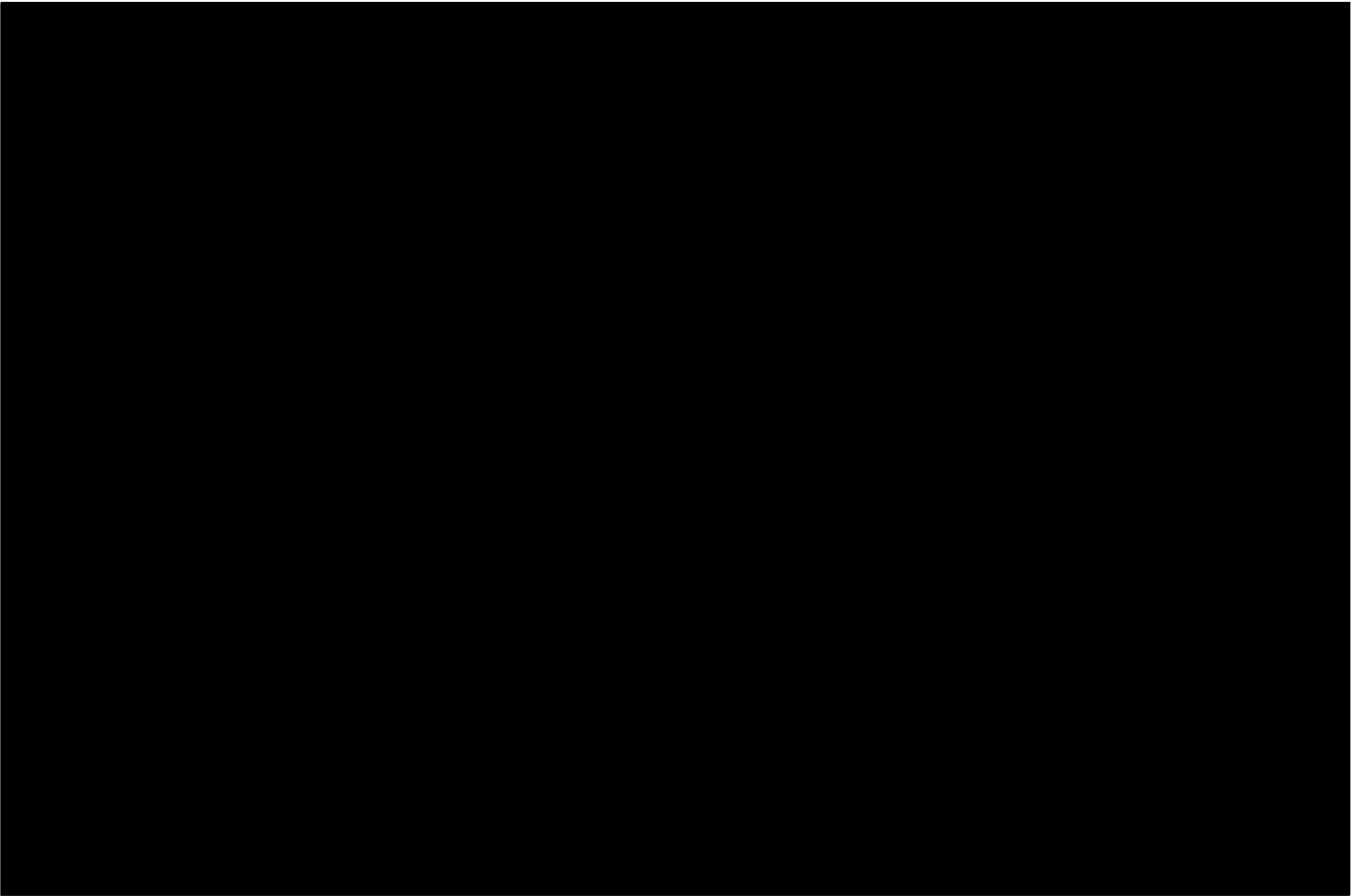


















Annex I

Resolution of Board of Directors of Borrower and authorisation of signatory