

FI N° 24.008 (CZ)

Serapis N° 2006 0350

## **Czech Republic – Olomouc Region II SPL Project**

**Finance Contract**

*between*

**European Investment Bank**

*and*

**Olomoucký Kraj**

Olomouc, 28 June 2007

THIS CONTRACT IS MADE BETWEEN:

The European Investment Bank having its seat at  
100 boulevard Konrad Adenauer, Luxembourg,  
L-2950 Luxembourg, represented by Mr Ivan Pilip,  
Vice President,

hereinafter called : the "Bank"

of the first part, and

Olomoucký Kraj, having its address at  
Jeremenkova 40a, 779 11 Olomouc, Czech  
Republic, represented by Mr Ivan Kosatík, the  
Governor of the Region,

hereinafter called : the "Borrower"

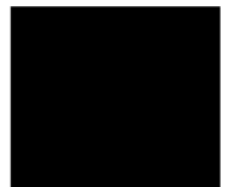
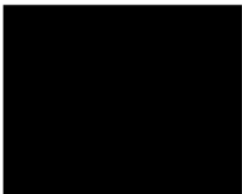
of the second part.



## WHEREAS:

1. The Borrower has stated that it intends to undertake a project (hereinafter called the "**Project**") comprising schemes (hereafter called the "**Schemes**" or individually the "**Scheme**") within the Regional Operational Programme Central Moravia (ROP/CM) and in several sectoral operational programmes (SOPs), within the framework of the EU Structural Funds Programming Period 2007-2013, as well as eligible priority schemes undertaken by the Borrower and/or its affiliated organisations without any EU grant assistance, mainly in the sectors of transport, education, social and health care, culture and tourism, as more particularly described in the technical description (hereafter called the "**Technical Description**") set out in Schedule A. 1 hereto.
2. The total cost of the Project, as estimated by the Bank, is CZK 9,000 million (nine billion Czech Koruna).
3. The Borrower has stated that it intends to finance the Project as follows:
 

	CZK million equivalent
Borrower's own funds, EU grants and other resources	6,000
Bank's loan	3,000
Total	9,000
4. In order to fulfil the financing plan set out in Recital (3), the Borrower has requested from the Bank a credit in the amount of CZK 3,000 million or the equivalent thereof.
5. In response to the Borrower's request, being satisfied that the financing of the Project comes within the scope of its functions, and relying, inter alia, on the statements and facts cited in these Recitals, the Bank is willing to make available to the Borrower a credit of CZK 3,000 million or the equivalent thereof under this finance contract (hereafter called the "**Contract**").
6. The Assembly of the Borrower has authorised the borrowing of the sum of CZK 3,000 million represented by the said credit in the terms and conditions set out herein out in Annex I.
7. On 8 August 2003, the Minister of Finance of the Czech Republic issued a letter of awareness regarding the Bank's unsecured financing of municipalities and/or regions in the Czech Republic, covering, inter alia, this operation.
8. On 5 April 2007 the Czech Republic confirmed in writing that the present operation is submitted to the Board with its agreement.
9. References herein to Articles, Recitals, Schedules and Annexes are references respectively to articles of, and recitals, schedules and annexes to this Contract; and the following terms have the respective meanings assigned to them in the Recitals and Articles specified hereafter:



<b>Terms defined in body of Contract</b>	<b>Article or Recital</b>
Acceptance Deadline	4.02C
Allocation(s)	1.07
Allocation Request	1.07
Annual Debt Service Obligations	6.07
Annual Operating Revenues	6.07
Bank	Page one
Borrower	Page one
Contract	Recital (5)
Credit	1.01
Disbursement Notice	1.02C
Disbursement Request	1.02B
Disposal	6.06
EIB Redeployment Rate	4.02B(1)
Environment	6.05
Fixed Rate	3.01A
Fixed-Rate Tranche	1.02B
Fixed Spread Floating-Rate Tranche	1.02B
FSFR	3.01C
FSFR Reference Period	3.01C
FSFR Tranche	1.02B
Guarantor(s)	7.01A
Guarantee	7.01A
Gross Operating Surplus	6.07
Indemnifiable Prepayment Event	4.03C
Letter	1.07
Loan	2.01
Luxembourg Business Day	1.02C
Loss-of-Rating Clause	7.03(B)
Material Adverse Change	10.01(A) (vii)
Maturity Date	4.01B
Regions Act	11.04
Notified Tranche	1.05B
Payment Date	5.01
Prepayment Amount	4.02A
Prepayment Date	4.02A
Prepayment Notice	4.02A
Project	Recital (1)
Qualifying Guarantor	7.01B
Quarter Day	3.01B
R1	Page 8
R2	Page 8
Regions Act	11.04
Relevant Business Day	5.01
Relevant Interbank Rate	1.02B
Revisable-Rate Tranche	1.02B
Scheduled Disbursement Date	1.02C
Scheme(s)	Recital (1)
Security Interest	7.02
Spread	3.01C
Technical Description	Recital (1)
Term Loan	4.03A(2)
Total Debt	6.07
Total Debt Service Obligations	6.07
Tranche	1.02A
Variable-Spread Floating Rate Tranche	1.02B
VSFR	3.01B
VSFR Reference Period	3.01B
VSFR Tranche	1.02B



**Terms defined in Schedules**

EURIBOR  
 LIBOR  
 London Business Day  
 New York Business Day  
 PRIBOR  
 Reference Banks  
 Reset Date  
 Representative Period

**Schedule**

Schedule B  
 Schedule B  
 Schedule B  
 Schedule B  
 Schedule B  
 Schedule B  
 Schedule B

Acceptance Notice  
 Reference Period  
 Revisable Rate  
 Revisable-Rate Reference Period  
 Revision Date  
 Revision Notice  
 Conversion Proposal  
 Interest Conversion  
 Interest Conversion Date  
 Interest Conversion Request  
 Request

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

## ARTICLE 1

### Credit and disbursement

#### 1.01 Amount of Credit

By this Contract the Bank establishes in favour of the Borrower, and the Borrower accepts, a credit (hereafter called the "**Credit**") in an amount of CZK 3,000,000,000 (three billion Czech Koruna) or the equivalent thereof for the financing of the Project.

#### 1.02 Disbursement procedure

##### 1.02A Tranches

The Bank shall disburse the Credit in up to 14 tranches. The amount of each tranche, if not being the undrawn balance of the Credit, shall be a minimum of CZK 200 000 000 (two hundred million Czech Koruna) or the equivalent thereof and a maximum of CZK 500 000 000 (five hundred million Czech Koruna) or the equivalent thereof. A tranche requested by the Borrower in accordance with Article 1.02B is hereafter referred to as a "**Tranche**".

##### 1.02B Disbursement Request

From time to time up to 31 August 2013, the Borrower may present to the Bank a written request (a "**Disbursement Request**"), substantially in the form set out in Schedule C. 1, for the disbursement of a Tranche. The Disbursement Request must reach the Bank at least fifteen (15) calendar days prior to the preferred date of disbursement. Save where the evidence has already been supplied, the Disbursement Request shall be accompanied by evidence of the authority of the signatory or signatories, together with their authenticated specimen signatures. The Disbursement Request shall specify:

- (i) the amount and currency of disbursement of the Tranche;
- (ii) the preferred date for disbursement, which shall be a Relevant Business Day (as defined in Article 5.01), it being understood that the Bank may disburse the Tranche up to four calendar months from the date of the Disbursement Request;
- (iii) whether the Tranche bears a fixed rate of interest (i.e. it is a "**Fixed-Rate Tranche**") or, subject to the limitation in Article 1.03, a floating rate of interest at a variable spread (i.e. a "**Variable-Spread Floating-Rate Tranche**" or "**VSFR Tranche**") or at a fixed spread (i.e. a "**Fixed-Spread Floating-Rate Tranche**" or "**FSFR Tranche**"), all pursuant to the relevant provisions of Article 3.01, or a revisable fixed rate of interest determined pursuant to Schedule D (i.e. a "**Revisable-Rate Tranche**");
- (iv) the preferred interest payment periodicity for the Tranche, chosen in accordance with Article 3.01;
- (v) the preferred terms for repayment of principal, chosen in accordance with Article 4.01;
- (vi) the preferred Payment Dates, chosen in accordance with Article 5.01;
- (vii) in the case of an FSFR Tranche, the Borrower's choice of Interest Conversion Date (as defined in Schedule F), if any; and
- (viii) in the case of a Revisable Rate Tranche, the first Revision Date, chosen in accordance with Schedule D.

The Borrower may also at its discretion specify in the Disbursement Request the following respective elements, if any, as indicated by the Bank without commitment to be applicable to the Tranche during its lifetime, that is to say:

- (ix) in the case of a Fixed-Rate Tranche, the interest rate;
- (x) in the case of a Revisable-Rate Tranche, the interest rate that applies up to the first Revision Date; and
- (xi) in the case of an FSFR Tranche, the Spread (as defined in Article 3.01) that applies up to the Maturity Date (as defined in Article 4.01C) or the Interest Conversion Date, if any.

For the purposes of this Contract generally, **"Relevant Interbank Rate"** means:

- (1) PRIBOR (as defined in Schedule B) in the case of a Tranche denominated in CZK;
- (2) EURIBOR (as defined in Schedule B) in the case of a Tranche denominated in EUR;
- (3) LIBOR (as defined in Schedule B) in the case of a Tranche denominated in GBP or USD, and
- (4) the market rate and its definition chosen by the Bank and separately communicated to the Borrower, in the case of a Tranche denominated in any other currency.

Subject to the second last paragraph of Article 1.02C, each Disbursement Request is irrevocable.

#### **1.02C Disbursement Notice**

Between 10 and 15 days before the date of disbursement of a Tranche the Bank shall, if the Disbursement Request conforms to Article 1.02B, deliver to the Borrower a notice (hereafter a **"Disbursement Notice"**), which shall specify:

- (i) the amount and currency of disbursement;
- (ii) the interest rate basis;
- (iii) the applicable Payment Dates;
- (iv) the terms for repayment of principal and the periodicity of the payment of interest;
- (v) the date on which the Tranche is scheduled to be disbursed (hereinafter referred to as the **"Scheduled Disbursement Date"**), disbursement being in any case subject to the conditions of Article 1.04;
- (vi) in the case of an FSFR Tranche, the Interest Conversion Date, if any;
- (vii) in the case of a Revisable-Rate Tranche, the first Revision Date; and
- (viii) for a Fixed-Rate Tranche, the fixed interest rate, for a Revisable-Rate Tranche, the interest rate for the first Reference Period and for an FSFR Tranche, the Spread.

If one or more of the elements specified in the Disbursement Notice does not conform to the corresponding element, if any, in the Disbursement Request, the Borrower may within three Luxembourg Business Days following receipt of the Disbursement Notice revoke the Disbursement Request by notice to the Bank and thereupon the Disbursement Request and the Disbursement Notice shall be of no effect.

For the purposes of this Contract generally **"Luxembourg Business Day"** means a day on which commercial banks are open for business in Luxembourg.

**1.02D Disbursement account**

Disbursement shall be made to such bank account of the Borrower as the Borrower shall notify in writing to the Bank (under IBAN format or if unavailable under the appropriate format) not less than fifteen days before the Scheduled Disbursement Date. Only one account may be specified for each Tranche.

**1.03 Currency of disbursement**

Subject to availability, the Bank shall disburse each Tranche in the currency for which the Borrower has expressed a preference. The Bank shall disburse each requested Tranche in CZK or any other currency that is widely traded on the principal foreign exchange markets and which, in the case of an FSFR Tranche, is a currency that is available to the Bank at variable rate of interest. The Bank shall however disburse a VSFR Tranche solely in CZK.

For the calculation of the sums available to be disbursed in currencies other than CZK, and to determine their equivalent in CZK, the Bank shall apply the rate published by the European Central Bank in Frankfurt, on such date within fifteen days preceding disbursement as the Bank shall decide.

**1.04 Conditions of disbursement****1.04A First Tranche**

The Disbursement of the first Tranche under Article 1.02 is subject to the Bank's receipt, on or before the date falling five (5) Luxembourg Business Days preceding the Scheduled Disbursement Date, of the following documents or evidence in form and substance satisfactory to it:

- (i) a legal opinion in the English language issued by an internal legal counsel to the Borrower on the due execution of this Contract by the Borrower, such opinion substantially in the form annexed hereto as Annex II;
- (ii) evidence of the powers of Mr Kosatík to sign this Contract on behalf of the Borrower; and
- (iii) evidence that a project management unit within the Borrower shall have been established for the purpose of overseeing and co-ordinating the Project and appropriate arrangements shall have been taken by the Borrower to secure adequate technical and organisational support to the project management unit in fulfilling the above tasks.

**1.04B All Tranches**

The disbursement of each Tranche under Article 1.02, including the first, is subject to fulfilment of the following conditions before the date falling five (5) Luxembourg Business Days before the Scheduled Disbursement Date:

- (i) the Bank being at all times satisfied that aggregated disbursements represent a reasonable proportion of Allocations (as this term is defined in Article 1.07) it being understood that Allocations, at any time prior to the completion of the Project, may be reasonably lower than aggregated disbursements while at the time of the Project completion Allocations must coincide with aggregated disbursements; and
- (ii) receipt by the Bank, in form and substance satisfactory to it, of a certificate from the Borrower in the form of Schedule C. 2.

## **1.05 Deferment of disbursement**

### **1.05A Grounds for deferment**

The Bank shall, at the request of the Borrower, defer disbursement of any Tranche in whole or in part to a date specified by the Borrower being a date falling not more than six months from its Scheduled Disbursement Date. In such a case, the Borrower shall pay deferment indemnity as determined pursuant to Article 1.05B below. Any request for deferment shall have effect in respect of a Tranche only if it is made at least five (5) Luxembourg Business Days before its Scheduled Disbursement Date.

If any of the conditions referred to in Article 1.04 is not fulfilled as of the specified date, and at the Scheduled Disbursement Date, disbursement will be deferred to a date agreed between the Bank and the Borrower falling not less than five (5) Luxembourg Business Days following the fulfilment of all conditions of disbursement.

### **1.05B Deferment indemnity**

If the disbursement of any Notified Tranche (as defined below in this Article 1.05B) is deferred, whether on request of the Borrower or by reason of non-fulfilment of the conditions of disbursement, the Borrower shall, upon demand by the Bank, pay an indemnity on the amount of which disbursement is deferred. Such indemnity shall accrue from the Scheduled Disbursement Date to the actual disbursement date or, as the case may be, until the date of cancellation of the Tranche at a rate equal to R1 minus R2, where:

"R1" means the rate of interest that would have applied from time to time pursuant to Article 3.01 and the relevant Disbursement Notice, if the Tranche had been disbursed on the Scheduled Disbursement Date

and

"R2" means the Relevant Interbank Rate less 0.125% (12.5 basis points); provided that for the purpose of determining the Relevant Interbank Rate in relation to this Article 1.05, the relevant periods provided for in Schedule B shall be successive periods of one month commencing on the Scheduled Disbursement Date.

Furthermore, the indemnity:

- (i) if the deferment exceeds one month in duration, shall accrue at the end of every month;
- (ii) shall be calculated using the day count convention applicable to R1;
- (iii) where R2 exceeds R1, shall be set at zero; and
- (iv) shall be payable in accordance with Article 1.07.

In this Contract a "**Notified Tranche**" means a Tranche in respect of which the Bank has issued a Disbursement Notice.

### **1.05C Cancellation of disbursement deferred by six months**

The Bank may, by notice to the Borrower, cancel a disbursement which has been deferred under Article 1.05A by more than six months in aggregate. The cancelled amount shall remain available for disbursement under Article 1.02.

**1.06 Cancellation and suspension****1.06A Borrower's right to cancel**

The Borrower may at any time by notice given to the Bank cancel, in whole or in part and with immediate effect, the undisbursed portion of the Credit. However, the notice shall have no effect on a Notified Tranche whose Scheduled Disbursement Date falls within five (5) Luxembourg Business Days following the date of the notice.

**1.06B Bank's right to suspend and cancel**

The Bank may, by notice to the Borrower, in whole or in part suspend and/or cancel the undisbursed portion of the Credit at any time, and with immediate effect:

- (i) upon an event mentioned in Article 10.01; and
- (ii) in exceptional circumstances adversely affecting the Bank's access to the capital market, save as regards a Notified Tranche.

Furthermore, to the extent that the Bank may cancel the Credit under Article 4.03A, the Bank may also suspend it. Any suspension shall continue until the Bank ends the suspension or cancels the suspended amount.

**1.06C Indemnity for suspension and cancellation of a Tranche****1.06C(1) Suspension**

If the Bank suspends a Notified Tranche, whether upon an Indemnifiable Prepayment Event (as defined in Article 4.03C) or an event mentioned in Article 10.01 but not otherwise, the Borrower shall indemnify the Bank under Article 1.05B.

**1.06C(2) Cancellation**

If the Borrower cancels a Notified Tranche, it shall indemnify the Bank under Article 4.02B. If the Borrower cancels any part of the Credit other than a Notified Tranche, no indemnity is payable.

If the Bank cancels a Notified Tranche upon an Indemnifiable Prepayment Event or cancels a disbursement pursuant to Article 1.05C, the Borrower shall indemnify the Bank under Article 4.02B.

If the Bank cancels a Notified Tranche upon an event mentioned in Article 10.01, the Borrower shall indemnify the Bank under Article 10.03A or 10.03B. Save in the cases set out in this Article 1.06C(2), no indemnity is payable upon cancellation by the Bank.

An indemnity shall be calculated on the basis that the cancelled amount is deemed to have 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.

**1.06D Cancellation after expiry of Credit**

At any time after the deadline for the Borrower to submit a Disbursement Request under Article 1.02B, the Bank may by notice to the Borrower, and without liability arising on the part of either party, cancel any part of the Credit other than a Notified Tranche.

### 1.07 Allocation of Loan

Unless otherwise agreed with the Bank, the Borrower shall, until 31 December 2013 submit to the Bank a request for allocation of the Loan to a specific Scheme or Schemes (hereinafter referred to as the **"Allocation Request"**).

In order to qualify for financing hereunder, each Scheme must meet the eligibility criteria specified from time to time by the Bank to the Borrower in a letter containing practical provisions (**"Letter"**).

The Bank shall have full discretion whether or not to approve the Scheme or Schemes subject to the Allocation Request submitted by the Borrower and following such due diligence as it deems necessary; it being understood that the Bank may specify in the Letter that certain categories of Schemes may be approved directly by the Borrower and such approvals regularly reported to the Bank.

The Bank shall, in the event of approval, issue a letter of allocation (**"Allocation"** or **"Allocations"**) informing the Borrower of its approval of a Scheme or Schemes and specifying the portion of the Loan (as this is defined in Article 2.01) allocated to the Scheme or Schemes in question. If the Bank has delegated to the Borrower the right to approve certain categories of Schemes, the Borrower shall be entitled to establish a corresponding Allocation or Allocations. Unless the Bank expressly objects any such specific Allocation or Allocations in writing, the Allocation or Allocations shall be deemed approved and the corresponding portion of the Loan allocated to the Scheme or Schemes in question.

### 1.08 Reallocations of Loan

The Borrower may, by request to the Bank which shall include the reasons thereof, and not later than 31 December 2015, propose to reallocate in accordance with Article 1.07 any part of the Loan which has been allocated, however, not made available in full, directly or indirectly by the Borrower to a final beneficiary.

The Bank may, at its discretion, accept the Borrower's proposal for reallocation and reallocate any portion of the Loan in accordance with the provisions of Article 1.07.

However, if the reallocation is not possible or if it is possible only in part, the Borrower shall prepay immediately to the Bank the part of the Loan which has been disbursed by the Bank subject to the original Allocation, together with interest accrued on the amount repaid and a compensation, if any, calculated on that amount in accordance with Article 4.02.

### 1.09 Sums due under Article 1

Sums due under Articles 1.05 and 1.06 shall be payable in the currency of the Tranche concerned. They shall be payable within seven Relevant Business Days (as this term is defined in Article 5 below) of the Borrower's receipt of the Bank's demand or within any longer period specified in the Bank's notice of demand.

## **ARTICLE 2**

### **The Loan**

#### **2.01 Amount of Loan**

The loan made under the Credit (hereinafter the "**Loan**") shall comprise the aggregate of the amounts disbursed by the Bank in the currencies of disbursement, as notified by the Bank upon the occasion of the disbursement of each Tranche.

#### **2.02 Currency of repayments**

Each repayment of a Tranche under Article 4 or, as the case may be, Article 10 shall be in the currency of the Tranche.

#### **2.03 Currency of interest and other charges**

Interest and other charges payable by the Borrower under Articles 3, 4 and, where applicable, 10 shall be calculated and be payable in respect of each Tranche in the currency of the Tranche.

Any payment under Article 9.02 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.

#### **2.04 Confirmation by the Bank**

After each disbursement of a Tranche, the Bank shall deliver to the Borrower a summary statement showing the disbursement date, currency and amount, repayment terms and the interest rate of and for that Tranche. Such confirmation shall include an amortisation table.

Unless the Bank expressly objects any such specific Allocation in writing, the Allocation shall be deemed approved and the corresponding portion of the Loan allocated to the Scheme or Schemes in question.

## **ARTICLE 3**

### **Interest**

#### **3.01 Rate of interest**

##### **3.01A Fixed-Rate Tranches**

The Borrower shall pay interest on the outstanding balance of each Fixed-Rate Tranche semi-annually or annually in arrears on the relevant Payment Dates, as specified in the Disbursement Notice, commencing on the first such Payment Date following the date of disbursement of the Tranche.

Interest shall be calculated on the basis of Article 5.02(i) at the Fixed Rate.



In this Contract, "**Fixed Rate**" means an annual interest rate determined by the Bank in accordance with the applicable principles from time to time laid down by the governing bodies of the Bank for loans made at a fixed rate of interest, denominated in the currency of the Tranche and bearing equivalent terms for the repayment of capital and the payment of interest.

### 3.01B VSFR Tranches

The Borrower shall pay interest on the outstanding balance of each VSFR Tranche at VSFR (as defined below), quarterly, semi-annually or annually in arrears on the relevant Payment Dates, as specified in the Disbursement Notice, subject to a ceiling of PRIBOR plus 13 basis points (0.13%).

If the Tranche is disbursed on a day that is not a Quarter Day (or, where a Quarter Day is not a Relevant Business Day, on the first following day that is a Relevant Business Day), interest for the period from the date of disbursement to the first following Quarter Day shall be payable at the PRIBOR.

The Bank shall notify VSFR to the Borrower within 10 days following the commencement of each VSFR Reference Period to which it applies.

Interest shall be calculated in respect of each VSFR Reference Period on the basis of Article 5.02(ii).

In this Contract:

"**Quarter Day**" means each 15th March, 15th June, 15th September and 15th December;

"**VSFR**" means a variable-spread floating interest rate, that is to say an annual interest rate determined by the Bank for each VSFR Reference Period in accordance with the applicable principles from time to time laid down by the governing bodies of the Bank for loans made at a floating rate of interest, not determined by reference to the PRIBOR; and

"**VSFR Reference Period**" means each period from one Quarter Day to the next Quarter Day (whether or not the Quarter Day is a Payment Date).

### 3.01C FSFR Tranches

The Borrower shall pay interest on the outstanding balance of each FSFR Tranche at FSFR (as defined below) quarterly or semi-annually in arrears on the relevant Payment Dates, as specified in the Disbursement Notice.

The Bank shall notify FSFR to the Borrower within 10 days following the commencement of each FSFR Reference Period.

Interest shall be calculated in respect of each FSFR Reference Period on the basis of Article 5.02(iii).

In this Contract:

"**FSFR**" means a fixed-spread floating interest rate, that is to say an annual interest rate equal to the Relevant Interbank Rate plus or minus the Spread, determined by the Bank for each successive FSFR Reference Period;

"**FSFR Reference Period**" means each period of three or six months from one Payment Date to the next relevant Payment Date, provided that the first FSFR Reference Period shall commence on the date of disbursement of the Tranche; and

**"Spread"** means such fixed spread to the Relevant Interbank Rate (being either plus or minus) determined by the Bank and notified to the Borrower in the relevant Disbursement Notice.

### **3.01D Revisable-Rate Tranches**

The Borrower shall pay interest on the outstanding balance of each Revisable-Rate Tranche in accordance with Article 3.01A. In accordance with Schedule D, interest shall be reset as of each Revision Date and shall be calculated at an annual rate equal to the Revisable Rate applicable to the relevant Revisable-Rate Reference Period.

### **3.01E Conversion of Tranches**

Where the Borrower exercises an option to convert the interest rate basis of a Tranche, it shall, from the effective date of the conversion, pay interest at a rate determined in accordance with the provisions of the relevant Schedule to this Contract.

### **3.02 Interest on overdue sums**

Without prejudice to Article 10 and by way of exception to Article 3.01, interest shall accrue on any overdue sum payable under the terms of this Contract from the due date to the date of payment at an annual rate equal to the Relevant Interbank Rate plus 2% (200 basis points) and shall be payable in accordance with the demand of the Bank. For the purpose of determining the Relevant Interbank Rate in relation to this Article 3.02, the relevant periods within the meaning of Schedule B shall be successive periods of one month commencing on the due date.

However, interest on a Fixed-Rate Tranche or Revisable-Rate Tranche shall be charged at the annual rate that is the sum of the rate defined in Article 3.01A or 3.01D plus 0.25% (25 basis points) if that annual rate exceeds, for any given relevant period, the rate specified in the preceding paragraph.

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

## **ARTICLE 4** **Repayment**

### **4.01 Normal repayment**

#### **4.01A By instalments**

The Borrower shall repay each Tranche by instalments on the Payment Dates specified in the relevant Disbursement Notice in accordance with the terms of the amortisation table delivered pursuant to Article 2.04.

Each amortisation table shall be drawn up on the basis that:

- (i) repayment of a Tranche shall be made:
  - (a) in the case of a Fixed-Rate Tranche either (i) by equal annual or semi-annual instalments of principal or (ii) on a constant annuity basis, so that the aggregate of principal and interest payable in respect of the Tranche shall be nearly as possible the same on each repayment date; and

- (b) in the case of a Revisable-Rate Tranche, a FSFR Tranche or a VSFR Tranche, by equal annual or semi-annual instalments of principal; and
- (ii) the first repayment date of each Tranche shall be a Payment Date falling not later than the first Payment Date immediately following the seventh anniversary of the Scheduled Disbursement Date of the Tranche and the last repayment date shall be a Payment Date falling not earlier than four years and not later than thirty (30) years from the Scheduled Disbursement Date.

#### **4.01B Single instalment**

Alternatively, the Borrower may elect in the relevant Disbursement Request to repay the Tranche in a single instalment on a specified Payment Date, being a date falling not less than three years or more than eighteen (18) years from the Scheduled Disbursement Date.

#### **4.01C Maturity Date definition**

The last or sole repayment date of a Tranche specified pursuant to Article 4.01A (ii) or Article 4.01B is hereinafter referred to as the Maturity Date.

### **4.02 Voluntary prepayment**

#### **4.02A Prepayment option**

Subject to Articles 4.02B and 4.03D, the Borrower may prepay all or part of any Tranche, together with accrued interest thereon, upon giving one month's prior written notice (hereafter a "**Prepayment Notice**") specifying the amount thereof to be prepaid (the "**Prepayment Amount**") and the date on which the Borrower proposes to effect prepayment (the "**Prepayment Date**"), which date shall be a Payment Date for that Tranche.

#### **4.02B Prepayment indemnity**

##### **4.02B(1) Fixed-Rate Tranche**

In respect of each Prepayment Amount of a Fixed-Rate Tranche, the Borrower shall pay to the Bank on the Prepayment Date an indemnity equal to the present value (as of the Prepayment Date) of the excess, if any, of:

- (i) the interest that would accrue thereafter on the Prepayment Amount over the period from the Prepayment Date to the Maturity Date, if it were not prepaid; over
- (ii) the interest that would so accrue over that period, if it were calculated at the EIB Redeployment Rate (as defined below), less 15 basis points.

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

In this Contract, "**EIB Redeployment Rate**" means the Fixed Rate in effect one month prior to the Prepayment Date and having the same terms for the payment of interest and the same repayment profile to Maturity Date or, in the case of a Revisable-Rate Tranche, the same repayment profile to the next Revision Date, as the Prepayment Amount.

##### **4.02B(2) VSFR Tranche**

The Borrower may prepay a VSFR Tranche without indemnity on any relevant Payment Date.

**4.02B(3) FSFR Tranche**

The Borrower may prepay an FSFR Tranche without indemnity on any relevant Payment Date.

**4.02B(4) Revisable-Rate Tranche**

The Borrower may prepay a Revisable-Rate Tranche without indemnity on any Revision Date. However, to the extent that the Borrower accepts an option quoted in a Revision Notice for a Reference Period, it shall pay on the Prepayment Amount an indemnity determined under the next paragraph of this Article 4.02B(4) on the basis of the choice of term accepted by it.

In respect of each Prepayment Amount of a Revisable-Rate Tranche that is paid other than on a Revision Date, the Borrower shall pay an indemnity equal to the present value (as of the Prepayment Date) of the excess, if any, of:

- (i) the interest that would accrue thereafter on the Prepayment Amount over the period from the Prepayment Date to the next Revision Date, if it were not prepaid, over
- (ii) the interest that would so accrue over that period, if it were calculated at the EIB Redeployment Rate (as defined in Article 4.02B(1)) in effect one month prior to the Prepayment Date, less 15 basis points.

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

**4.02C Prepayment mechanics**

The Bank shall notify the Borrower, not later than 15 days prior to the Prepayment Date, of the Prepayment Amount, of the interest due thereon, and, in case of prepayment of a Fixed-Rate Tranche or Revisable Rate Tranche of the indemnity payable under Article 4.02B or, as the case may be, that no indemnity is due.

Not later than the Acceptance Deadline (as defined below), the Borrower shall notify the Bank either:

- (i) that it confirms the Prepayment Notice on the terms specified by the Bank; or
- (ii) that it withdraws the Prepayment Notice.

If the Borrower gives the confirmation under (i), it shall effect the prepayment. If the Borrower withdraws the Prepayment Notice or fails to confirm it in due time, it may not effect the prepayment. Save as aforesaid, the Prepayment Notice shall be binding and irrevocable.

The Borrower shall accompany the prepayment by the payment of accrued interest and indemnity, if any, due on the Prepayment Amount.

For the purpose of this Article 4.02C, the “**Acceptance Deadline**” for a notice is:

- (i) 16h00 Luxembourg time on the day of delivery, if the notice is delivered by 12h00 on a Luxembourg Business Day; or
- (ii) 11h00 on the next following day which is a Luxembourg Business Day, if the notice is delivered after 12h00 Luxembourg time on any such day or is delivered on a day which is not a Luxembourg Business Day.

#### **4.03 Compulsory prepayment**

##### **4.03A Grounds for prepayment**

###### **4.03A(1) Project cost reduction**

If the total cost of the Project should be reduced from the figure stated in the Recital (2) to a level at which the amount of the Credit exceeds 50% of such cost, the Bank may in proportion to the reduction forthwith, by notice to the Borrower, cancel the Credit or demand prepayment of the Loan.

###### **4.03A(2) Pari passu to another Term Loan**

If the Borrower voluntarily prepays a part or the whole of any other loan, or any other financial indebtedness or credit, originally granted to it for a term of more than five years (hereafter a "**Term Loan**") otherwise than out of the proceeds of a new loan having a term at least equal to the unexpired term of the loan prepaid, the Bank may, by notice to the Borrower, cancel the Credit or demand prepayment of the Loan in such proportion as the repaid amount of the Term Loan bears to the aggregate outstanding amount of all Term Loans.

The Bank shall address its notice to the Borrower within 30 days of receipt of notice under Article 8.02 (vi) (c).

###### **4.03A(3) Change of law or regulation**

If any material change in the laws or in the regulatory environment in the Czech Republic or any material change of the Borrower's activities occurs which is likely to affect the ability of the Borrower to perform any of its obligations under this Contract or to affect the carrying out of the Project, the Borrower shall promptly inform the Bank. Upon receipt of such information the Bank may demand that the Borrower consult with it. Such consultation shall take place within 30 days from the date of the Bank's request. If, after the elapse of 30 days from the date of such a request, the Bank is of the reasonable opinion that the change is likely to affect the future servicing of the Loan, the financial stability of the Borrower or the ability of the Borrower to perform any of its obligations under this Contract, it may demand that the Borrower repay the Loan.

###### **4.03A(4) Non-utilisation**

The Borrower shall prepay immediately to the Bank the part of the Loan that has been disbursed but has not been utilised for any Scheme in line with the corresponding Allocation by 31 December 2015.

##### **4.03B Prepayment mechanics**

Any sum demanded by the Bank pursuant to Article 4.03A, together with any interest accrued and any indemnity due under Article 4.03C, shall be paid on the date indicated by the Bank, which date shall fall not less than 30 days from the date of the Bank's notice of demand.

##### **4.03C Prepayment indemnity**

In the case of prepayment upon an event mentioned under Article 4.03A, other than paragraphs 4.03A(1) and 4.03A(2), (each such event herein referred to as an "**Indemnifiable Prepayment Event**"), the indemnity, if any, shall be determined in accordance with Article 4.02B.

If, moreover, pursuant to any provision of Article 4.03B the Borrower prepays a Tranche on a date other than a relevant Payment Date, the Borrower shall indemnify the Bank in such amount as the Bank shall certify is required to compensate it for receipt of funds otherwise than on a relevant Payment Date.

#### **4.03D Application of partial prepayments**

If the Borrower partially prepays a Tranche, the Prepayment Amount shall be applied pro rata or, at its option, by inverse order of maturity to each outstanding instalment.

If the Bank demands a partial prepayment of the Loan, the Borrower, in complying with the demand, may, by notice to the Bank, delivered within five Luxembourg Business Days of its receipt of the Bank's demand, choose the Tranches to be prepaid and exercise its option for application of the prepaid sums.

### **ARTICLE 5** **Payments**

#### **5.01 Payment Date definition**

In this Contract:

**"Payment Date"** means:

- (i) for a Fixed-Rate Tranche or Revisable-Rate Tranche, the semi-annual or annual dates specified in the Disbursement Notice,
- (ii) for a VSFR Tranche, each Quarter Day; and
- (iii) for an FSFR Tranche, the dates falling at quarterly or semi-annual dates from the Scheduled Disbursement Date

until the Maturity Date, save that, in case any such date is not a Relevant Business Day, it means:

- (iv) for a Fixed-Rate Tranche, Revisable-Rate Tranche or VSFR Tranche, the following Relevant Business Day, without adjustment to the interest due under Article 3.01; and
- (v) for an FSFR 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, with corresponding adjustment to the interest due under Article 3.01; and

**"Relevant Business Day"** means:

- (vi) for CZK, a day on which banks are open for normal business in Prague;
- (vii) for the EUR, a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) payment system operates; and
- (viii) for any other currency, a day on which banks are open for normal business in the principal domestic financial centre of the currency concerned.

**5.02 Day count convention**

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

- (i) for a Fixed-Rate Tranche or Revisable-Rate Tranche, a year of 360 days and a month of 30 days;
- (ii) for a VSFR Tranche, 360 days and the number of days elapsed; and
- (iii) for an FSFR Tranche, a year of 360 days (but 365 days (invariable) for GBP) and the number of days elapsed.

**5.03 Time and place of payment**

All sums other than of interest, indemnity and principal are payable within seven Relevant Business Days of the Borrower's receipt of the Bank's demand.

Each sum payable by the Borrower under this Contract shall be paid to the respective account notified by the Bank to the Borrower. The Bank shall indicate the account not less than fifteen days before the due date for the first payment by the Borrower and shall notify any change of account not less than 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.

A sum due from the Borrower shall be deemed paid when the Bank receives it.

**ARTICLE 6**  
**Borrower undertakings**

**6.01 Use of Loan and available other funds**

The Borrower shall use the Loan exclusively for the execution of the Project.

The Borrower shall ensure that it has available to it the other funds listed in Recital (3) and that such funds are expended, to the extent required, on the financing of the Project.

**6.02 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, and complete it by the final date specified therein.

**6.03 Increased cost of Project**

If the cost of the Project exceeds the estimated figure set out in Recital (2), 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.



#### 6.04 Procurement procedure

The Borrower undertakes to purchase equipment, secure services and order works for the Project:

- (i) in so far as they apply to the Project, in accordance with the relevant EU Directives; and
- (ii) in so far as EU Directives do not apply, by procurement procedures which, to the satisfaction of the Bank, respect the criteria of economy and efficiency.

#### 6.05 Continuing Project undertakings

So long as the Loan is outstanding, the Borrower shall:

- (i) **Maintenance:** maintain, repair, overhaul and renew all property forming part of the Project as required to keep it in good working order;
- (ii) **Project assets:** unless the Bank shall have given its prior consent in writing, retain title to and possession of all or substantially all the assets comprising the Project or, as appropriate, replace and renew such assets and maintain the Project in substantially continuous operation in accordance with its original purpose; provided that the Bank may withhold its consent only where the proposed action would prejudice the Bank's interests as lender to the Borrower or would render the Project ineligible for financing by the Bank under the Statute or under Article 267 of the Treaty of Rome;
- (iii) **Insurance:** insure all works and property forming part of the Project in accordance with normal practice in the Czech Republic (including self-insurance);
- (iv) **Rights and Permits:** maintain in force all rights of way or use and all permits necessary for the execution and operation of the Project; and
- (v) **Environment:** implement and operate the Project in conformity with those laws of the European Union and the Czech Republic, as well as applicable international treaties, of which a principal objective is the preservation, protection or improvement of the Environment; for which purpose "**Environment**" means the following, in so far as they affect human well-being: (a) fauna and flora; (b) soil, water, air, climate and landscape; and (c) cultural heritage and the built environment.

#### 6.06 Disposal of assets

Where the disposal would materially affect its ability to meet its obligations under this Contract, the Borrower undertakes not to dispose of the whole or any substantial part of its assets, without the prior written consent of the Bank.

For the purpose of this Article 6.06, "**Disposal**" includes any act effecting sale, transfer, loan, lease or assignment.

#### 6.07 Financial covenants

So long as the Loan is outstanding, the Borrower shall maintain a sound financial situation and, in particular, shall maintain for each financial year:

- (i) a ratio of no more than 50% of Total Debt to Annual Operating Revenues;
- (ii) a ratio of no more than 15% of Annual Debt Service Obligations to Annual Operating Revenues; and
- (iii) a ratio of no less than 150% of Gross Operating Surplus to interest payments.



The ratios under (i) to (iii) above for the preceding financial year shall be calculated based on the audited consolidated budget statements of the Borrower at the end of the respective financial year. Pro-forma calculations of the ratios under (i) to (iii) above for the following year shall be made based on the pro-forma consolidated budget statements.

The terms used in this Article 6.07 shall have the following meanings.

**"Annual Operating Revenues"** means the aggregate of the Borrower's:

- (iv) tax revenues;
- (v) non-tax revenues;
- (vi) operating subsidies; and
- (vii) transfers from own funds (if any).

**"Total Debt"** means the aggregate of the total outstanding financial indebtedness of the Borrower including any guarantee granted by the Borrower in relation to the financial indebtedness of any third party.

**"Annual Debt Service Obligations"** means the aggregate annual amount of the Borrower's:

- (viii) principal repayments on the Borrower's Total Debt; and
- (ix) interest payments and other similar charges on the Borrower's Total Debt.

**"Gross Operating Surplus"** means the aggregate of the Borrower's Annual Operating Revenues minus the Borrower's operating expenditures before interest payments and other similar charges on financial indebtedness.

#### **6.08 Financial projections model**

The Borrower shall establish, in an agreement with the Bank and for the purpose of monitoring of future fulfilment of the financial covenants under Article 6.07, a financial projections model which shall be based on its historical annual budget statements, the budget for the current financial year and the annual budget projections for the following three financial years (as provided by the Borrower to the Bank under Article 8.02 (i) to (iii)).

So long as the Loan is outstanding, the Borrower shall provide to the Bank annually, without undue delay after the approval of its budget for the following financial year but in any case by 30 June of the following year, the relevant financial projections derived from such model. The Borrower shall up-date the relevant financial projections every time when any of the ratios under Article 6.07 indent (i) to (iii) could be materially deteriorated and provide such up-dated financial projections to the Bank without undue delay.

**ARTICLE 7**  
**Security**

**7.01 Cash Collateral and Substitution with Guarantee**

**7.01A Alternative Security**

If, at any time while the Loan is outstanding, the Borrower is in breach of Article 6.07, then the Bank may request the Borrower to consult it within fifteen days from the date of the Bank's request at the venue specified in the request.

By a notice delivered to the Borrower not earlier than sixteen or later than thirty days from the date of such request, the Bank may demand that, within a reasonable period specified in such notice, the Borrower:

- (i) shall provide the Bank with a duly issued guarantee (herein the "**Guarantee**") whereby the guarantor (the "**Guarantor**") or guarantors (the "**Guarantors**") unconditionally guarantee the due performance of the Borrower's financial obligations under this Contract. Any such Guarantor shall be a Qualifying Guarantor; or
- (ii) shall make, with a bank approved by the Bank, a cash collateral deposit in euro, as specified by the Bank in its notice, charged in favour of the Bank on such terms as the Bank may reasonably require, as security for the Borrower's financial obligations under this Contract; or
- (iii) shall execute other security offering protection in manner, form and substance acceptable to the Bank.

If none of the foregoing actions is taken within the period specified by the Bank in its relevant notice and to its satisfaction, the Borrower shall, upon demand by the Bank, immediately prepay to the Bank the outstanding Loan together with all unpaid interest accrued to the date of prepayment on the amount prepaid, a compensation, if any, calculated in accordance with Article 4.02B and any other sums then payable under this Contract on the amount prepaid.

The provisions of this Article 7.01A shall not in any way limit or restrict the right of the Bank to demand prepayment of the Loan pursuant to Article 10.

The non-exercise by the Bank of the right to demand the issuance of the Guarantee, or to demand the making of a cash collateral deposit or the execution of other securities shall not be deemed to be a waiver of the Bank's right hereunder.

**7.01B Qualifying Guarantor**

For the purpose of this Article 7.01B, "**Qualifying Guarantor**" means a bank or other financial institution which satisfies one of the following conditions:

- (i) at the time of issue of the Guarantee Agreement, or, as the case may be, at the time it accedes to the Guarantee, each credit rating that it holds, in respect of its most recent unsecured and unsubordinated long-term issue on any capital market, is not lower than: BBB+ if the rating is assigned by Standard and Poor's Corporation or its successor; Baa1 if the rating is assigned by Moody's Investors Services Inc. or its successor; and BBB+ if the rating is assigned by Fitch Ratings Limited or its successor; and that such bank or other financial institution is otherwise acceptable to the Bank; or
- (ii) is accepted by the Bank by notice in writing, with copy to the Borrower, subject to the conditions the Bank may in its discretion deem appropriate, and to the acceptance thereof by the relevant Guarantor and acknowledgement by the Borrower.

### 7.01C Substitution of Guarantor

If an event of the nature described in any of Article 10.01(A) (iii) to (vi) inclusive occurs to any Guarantor, the Borrower shall replace such Guarantor with a Qualifying Guarantor. If the Borrower fails to demonstrate to the Bank, promptly upon the latter's request, that it has a reasonable prospect of replacing such Guarantor or if, in any case, the Borrower does not, following demand by the Bank, replace the Guarantor, within 30 days of the date when the said event occurred, the Bank may require the Borrower to prepay immediately all or part of the Loan outstanding, together with all unpaid interest accrued to the date of prepayment on the amount prepaid, as well as an indemnity calculated on the amount to be prepaid in accordance with Article 4.02B and all other sums accrued payable under this Contract on the amount prepaid.

### 7.02 Negative pledge

So long as any part of the Loan remains outstanding, the Borrower shall not, except for specific cases in which the Bank has, upon a written request of the Borrower, provided its prior written consent, create or permit to subsist any Security Interest on, or with respect to, any of its present or future activity, undertaking, assets or revenues.

For this purpose "**Security Interest**" means any mortgage, pledge, lien, charge, hypothecation or security interest or any other agreement or arrangement having the effect of conferring security.

Provided however that the foregoing shall not apply to the following:

- (i) Security Interest(s) securing financial indebtedness up to a maximum aggregate amount of 5/1000 (0.5%) of the Borrower's consolidated total assets;
- (ii) Security Interest(s) on land or other assets, where such encumbrance secures only any credit obtained to finance it;
- (iii) any pledge over stocks or other Security Interest(s) created to secure any credit granted for a term less than twelve months; or
- (iv) Security Interest(s) created pursuant to mandatory provisions of law.

The Borrower represents that at the date of this Contract no Security Interest exists over its assets, except as permitted under indents (i) to (iv) above.

### 7.03 Relative position of creditors

#### 7.03A Pari Passu status of Loan

So long as any part of the Loan remains outstanding, the Borrower shall ensure that the Credit ranks, and will rank, not less than pari passu in right of payment with all other present and future unsecured and unsubordinated obligations under any debt instrument of the Borrower.

#### 7.03B Equal Treatment

So long as any part of the Loan is outstanding, if any rating agency of international repute awards a rating to the Borrower's unsecured and unsubordinated long-term debt and the Borrower agrees with regard to any indebtedness contracted with any third party to provide additional security to such third party in case such rating is fixed at or falls below a certain agreed level ("**Loss-of-Rating Clause**") then the present Contract shall be amended accordingly to include an equivalent Loss-of-Rating Clause.

**7.03C Clauses by inclusion**

If, at any time while the Loan is outstanding, the Borrower shall conclude with any other medium or long term financial creditor a financing agreement that includes a loss-of-rating clause or a covenant or other provision regarding its financial ratios that is stricter than any equivalent provision of this Contract, the Borrower shall so inform the Bank and shall, at the request of the Bank, execute an agreement to amend this Contract so as to provide for an equivalent provision in favour of the Bank.

**ARTICLE 8**  
**Information and visits**

**8.01 Information concerning Project**

The Borrower shall:

- (i) deliver to the Bank:
  - (a) the information in content and in form, and at the times, specified in the Schedule A2 or otherwise as agreed from time to time by the parties to this Contract; and
  - (b) any such information or further document concerning the financing, procurement, implementation, operation and environmental impact of or for the Project as the Bank may reasonably require;

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;

- (ii) submit for the approval of the Bank without delay any material change to the price, design, plans, timetable or expenditure programme for the Project, in relation to the disclosures made to the Bank prior to the signing of this Contract;
- (iii) promptly inform the Bank of:
  - (a) any material litigation that is commenced or threatened against it with regard to environmental or other matters affecting the Project; and
  - (b) any fact or event known to the Borrower, which may substantially prejudice or affect the conditions of execution or operation of the Project.

**8.02 Information concerning Borrower**

The Borrower shall:

- (i) deliver to the Bank in the English language or with English translation:

- (a) each year as soon as available and in any event within seven months after the end of each of financial year, a copy of the summary of the annual consolidated budget statement of the Borrower and the consolidated financial statement including all the Borrower's subsidised affiliates at the end of and for that financial year, together with the related external auditors' or the Ministry of Finance's report and the Borrower's consolidated balance sheet and the consolidated balance sheet including all its subsidised affiliates; and
- (b) at the Bank's request, a copy of the full version of said annual budget statement;
- (ii) deliver to the Bank in the English language or with English translation, prior to 31 March of the following financial year, a copy of the annual budget for that financial year approved by the Borrower's Assembly and, if not approved, deliver to the Bank a copy of a pro-forma annual budget for that financial year;
- (iii) deliver to the Bank in the English language or with English translations by no later than 30 November in each year, its annual budget projections including capital expenditures for each of the following three years;
- (iv) submit with each budget statement delivered under Article 8.02 (i) (a) a certificate by its external auditors or the Ministry of Finance declaring compliance of the Borrower's obligations under Article 6.07 as at 31 December of the preceding year, starting with 31 December 2007; such certification shall include the computations necessary to demonstrate said compliance, in a form satisfactory to the Bank;
- (v) ensure that its accounting records fully reflect the operations relating to the financing, execution and operation of the Project; and
- (vi) inform the Bank immediately of:
  - (a) any material change in the laws or regulatory environment in the Czech Republic or of any material change in the Borrower's activities, which may affect its ability to complete the Project or service the Loan;
  - (b) any fact which obliges it to prepay any financial indebtedness;
  - (c) any decision made by it to make a prepayment of a Term Loan as referred to in Article 4.03A(2);
  - (d) any intention on its part to grant any Security Interest over any of its assets in favour of a third party except as permitted under Article 7.02 above;
  - (e) any intention on its part to relinquish title and possession of any material asset comprising the Project and any Disposal which may lead to a breach by the Borrower of Article 6.06;
  - (f) any rating of its unsecured and unsubordinated debt accorded by any of Standard and Poor's Ratings Group or its successor, Moody's Investor Services Inc. or its successor or Fitch Ratings Limited or its successor; and
  - (g) any fact or event that is reasonably likely to prevent the substantial fulfilment of any obligation of the Borrower under this Contract.

### 8.03

#### Visits by Bank

The Borrower shall allow persons designated by the Bank to visit the sites, installations and works comprising the Project and to conduct such checks as they may wish, and shall provide them, or ensure that they are provided, with all necessary assistance for this purpose.

**ARTICLE 9**  
**Charges and expenses**

**9.01 Taxes, duties and fees**

The Borrower shall pay all taxes, duties, fees and other impositions of whatsoever nature, including stamp duty and registration fees, arising out of the execution or implementation of this Contract or any related document and in the creation of any security for the Loan.

The Borrower shall pay all principal, interest, indemnity and other amounts due under this Contract gross without deduction of any national or local impositions whatsoever, provided that, if the Borrower is obliged to make any such deduction, it will gross up the payment to the Bank so that after deduction, the net amount received by the Bank is equivalent to the sum due.

**9.02 Other charges**

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

**ARTICLE 10**  
**Prepayment upon an event of default**

**10.01 Right to demand repayment**

The Borrower shall repay the Loan or any part thereof forthwith, together with interest accrued thereon, upon written demand being made therefor by the Bank in accordance with the following provisions.

**10.01A Immediate demand**

The Bank may make such demand immediately:

- (i) if the Borrower fails on due date to repay any part of the Loan, to pay interest thereon or to make any other payment to the Bank as herein provided;
- (ii) if any information or document given to the Bank by or on behalf of the Borrower in connection with the negotiation of this Contract or during its lifetime proves to have been incorrect in any material particular;
- (iii) if, following any default in relation thereto, the Borrower is required or will, following expiry of any applicable contractual grace period, be required to prepay or discharge ahead of maturity any other loan or obligation arising out of any financial transaction;
- (iv) if the Borrower is unable to pay its debts as they fall due, or makes or, without prior written notice to the Bank, seeks to make a composition with its creditors;
- (v) if the Borrower defaults in the performance of any obligation of any EU grant provided to co-finance any part of the Project;
- (vi) if any distress, execution, sequestration or other process is levied or enforced upon the property of the Borrower or any property forming part of the Project and is not discharged or stayed; or



- (vii) if a Material Adverse Change occurs in relation to the Borrower.

**"Material Adverse Change"** means for the purposes of this Contract, in relation to the Borrower, any event or change of condition, as compared with its condition at the date of this Contract, affecting the Borrower, which, in the reasonable opinion of the Bank, materially impairs the ability of the Borrower to perform its financial and other obligations under this Contract, or which materially affects any security.

#### **10.01B Demand after notice to remedy**

The Bank may also make such demand, upon the matter not being remedied within a reasonable period of time specified in a notice served by the Bank on the Borrower:

- (i) if the Borrower fails to comply with any material obligation under this Contract not being an obligation mentioned in Article 10.01(A); or
- (ii) if any fact stated in the Recitals materially alters and is not materially restored and the alteration either prejudices the interests of the Bank as lender to the Borrower or adversely affects the implementation or operation of the Project.

#### **10.02 Other rights at law**

Article 10.01 shall not restrict any other right of the Bank at law to require prepayment of the Loan.

#### **10.03 Indemnity**

##### **10.03A Fixed-Rate Tranches and Revisable-Rate Tranches**

In case of demand under Article 10.01 in respect of any Fixed-Rate Tranche or Revisable-Rate Tranche, the Borrower shall pay to the Bank the sum demanded together with a sum calculated in accordance with Article 4.02B on any sum that has become due and payable. Such sum shall 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.

##### **10.03B VSFR Tranches and FSFR Tranches**

In case of demand under Article 10.01 in respect of an FSFR Tranche or a VSFR Tranche, the Borrower shall pay to the Bank the sum demanded together with a sum equal to the present value of 0.15% (15 basis points) per annum calculated and accruing on the amount due to be prepaid in the same manner as interest would have been calculated and would have accrued, if that amount would have remained outstanding according to the original amortisation schedule of the Tranche (in case of a FSFR Tranche, until the Interest Conversion Date, if any).

Such present value shall be determined using a discount rate, applied as of each relevant Payment Date. The discount rate shall be the Fixed Rate applicable one month prior to the date of prepayment and having the same terms for the payment of interest and the same term to Maturity Date (or, in case of a FSFR Tranche, the Interest Conversion Date, if any) as the amount to be prepaid.

##### **10.03C General**

Amounts due by the Borrower pursuant to this Article 10.03 shall be payable on the date of prepayment specified in the Bank's demand.

**10.04 Non-Waiver**

No failure or delay by the Bank in exercising any of its rights under this Article 10 shall be construed as a waiver of such right.

**10.05 Application of sums received**

Sums received by the Bank following a demand under Article 10.01 shall be applied first in payment of expenses, interest and indemnities and secondly in reduction of the outstanding instalments in inverse order of maturity. The Bank may apply sums received between Tranches at its discretion.

**ARTICLE 11**  
**Law and jurisdiction**

**11.01 Governing Law**

This Contract shall be governed by the laws of the Czech Republic.

**11.02 Jurisdiction**

The parties hereby submit to the jurisdiction of Luxembourg courts.

A decision of such courts given pursuant to this Article 11.02 shall be binding on the parties. The Borrower hereby waives any immunity it may enjoy from the execution of such decision.

**11.03 Evidence of sums due**

In any legal action arising out of this Contract the certificate of the Bank as to any amount due to the Bank under this Contract shall be prima facie evidence of such amount.

**11.04 Compliance with the Regions Act**

Pursuant to Section 23 of the Regions Act No. 129/2000 Coll., as amended (the "**Regions Act**"), the Borrower confirms that with regard to the lawful acts of this Contract, it has complied with all conditions, approval of or consent to the execution of this Contract, compliance with the Regions Act and other mandatory provisions of law, in order for this Contract to be valid. The Regional Assembly of the Borrower has approved the acceptance of the Credit the execution of this Contract in accordance with Section 36(i) of the Region Act by decision No. UZ/18/4/2007 dated 22 June 2007.



**ARTICLE 12**  
**Final clauses**

**12.01 Notices to either party**

Notices and other communications given hereunder addressed to either party to this Contract shall be in writing and shall be sent to its address set out below, or to such other address as it previously notifies to the other in writing:

for the Bank

100 boulevard Konrad Adenauer  
L-2950 Luxembourg, and

for the Borrower

Olomoucký kraj  
Krajský úřad  
Attention: Head of Economics Department  
Jeremenkova 40a  
779 11 Olomouc  
Česká republika.

**12.02 Form of notice**

Notices and other communications, for which fixed periods are laid down in this Contract or which themselves fix periods binding on the addressee, shall be served by hand delivery, registered letter, facsimile or other means of transmission which affords evidence of receipt by the addressee. The stated date of receipt of transmission shall be conclusive for the determination of a period.

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.

**12.03 Recitals, Schedules and Annexes**

The Recitals and following Schedules form part of this Contract:


Schedule A	Technical Description and Information Duties
Schedule B	Definitions of PRIBOR, EURIBOR and LIBOR
Schedule C.1	Form of Disbursement Request (Article 1.02B)
Schedule C.2	Form of Certificate from Borrower (Article 1.04)
Schedule D	Revisable-Rate Tranches
Schedule E	Conversion of Tranche from VSFR to Fixed, Révisable or FSFR
Schedule F	Conversion of Tranche from FSFR to Fixed, Revisable or VSFR.

The following Annexes are attached hereto:

Annex I	Resolution of Assembly of Borrower and authorisation of signatory
Annex II	Form of Legal Opinion.

IN WITNESS WHEREOF the parties hereto have caused this Contract to be executed in four originals in the English language and have respectively caused Mr Jaroslav Salač, Legal Counsel, on behalf of the Bank, and Mr Jiří Juřena, Head of Economics Department, on behalf of the Borrower, to initial each page of this Contract on their behalf.

Olomouc, 28 June 2007



## A.1 Technical Description

## Description

The Project will comprise Schemes of the Region or its subsidised affiliates (or other entities, e. g. local authorities, within its territory). Such Schemes will in particular be:

- a) those submitted for financing from selected priorities and measures financed from ERDF in Regional Operational Programme, Integrated Operational Programme, OP Environment and OP CR/PL Cross-border Cooperation, as are more specifically indicated in the Table A.1 (below);
- b) and other investment schemes financed or co-financed from their own resources (outside any Operational Programmes) and classified by the Bank as eligible for its financing in the following sectors:
  - o **Transport**
  - o **Tourism**
  - o **Education**
  - o **Culture, Health and social care**
  - o **Other public infrastructure (public services, rescue system, etc.)**

Table A.1 Eligible priorities and measures for EIB Project

Operational Programme		Priority Axis	Intervention area
Regional Programme	Operational	1 - Transport	1.1 – Regional transport infrastructure
		2 - Integrated Regional Development and Regeneration	2.1 – Development of regional centres
			2.2 – Municipal development
			2.3 – Rural development
		3 - Tourism	3.1 – Integrated tourism development
			3.2 – Public infrastructure and services
			3.4 – Promotion and management
Integrated OP	1 - Public administration and services modernisation	1.2 – ICT implementation in local public administration	
	2 - Improved quality and accessibility of public services	2.4 – Services in the area of safety, prevention and risk management	
	3 - National Support for Regional Development	3.4 – Modernisation and development of territorial policy-making formulation	
OP Environment		3 - Sustainable use of energy sources	3.2 – Implementation of energy savings and the utilisation of lost heat
OP CR/Poland Cross-border Cooperation		1 - Accessibility support, environmental protection and risk prevention	1.1 – Support for transport accessibility

## A.2. Information Duties under Article 8.01(i)

### PROJECT INFORMATION TO BE SENT TO THE BANK AND METHOD OF TRANSMISSION

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

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

Institution	<i>Olomouc Region</i>
Contact person	
	<i>Head of Department of Strategic Development</i>
Address	<i>Jeremenkova 40a, 779 11 Olomouc, Czech Republic</i>
Phone	
Fax	
Email	

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

#### 2. Information on specific subjects

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

Document / information	Deadline
<i>Final documents of ROP, guidelines and procedure manuals.</i>	<i>By the date of the first disbursement</i>
<i>Information on environmental obligations:</i> <ul style="list-style-type: none"> <li><i>for Schemes subject to EIA, provide the non-technical summary of the EIA or website connection providing the information</i></li> <li><i>for Schemes located in or impacting on Natura 2000 sites, Form A or Form B properly signed by the environmental authority in charge, or equivalent appropriate information</i></li> </ul>	<i>At allocation, for each applicable scheme</i>
<i>Final documents of SOP</i>	<i>Once agreed with the Commission</i>

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

The Project will use as much as possible the monitoring structures put in place to report to the European Commission.

Document / information	Deadline	Frequency of reporting
<i>The Project Progress Report (i.e. any implementation reports must include the following information:</i> <ul style="list-style-type: none"> <li><i>- The progress made in the SOP/ ROP implementation and its priority axes compared to the established indicators – the stage of the projects implementation;</i></li> <li><i>- A declaration regarding the observance of the community regulations regarding the SOP and ROP implementation;</i></li> <li><i>- A brief update on the technical description, explaining the reasons for significant changes vs. initial scope;</i></li> <li><i>- Update on the date of completion of each of the main project's components, explaining reasons for any possible delay;</i></li> <li><i>- A description of any major issue with impact on the environment;</i></li> <li><i>- Update on the project's demand or usage and comments;</i></li> <li><i>- Any significant issue that has occurred and any significant risk that may affect the project's operation;</i></li> <li><i>- Any legal action concerning the project that may be ongoing.</i></li> </ul>	<i>June 30 for the previous calendar year</i>	<i>Annually</i>

#### 4. Information on the end of works

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
Project Completion Report, including: <ul style="list-style-type: none"> <li>- A brief description of the technical characteristics of the project as completed, explaining the reasons for any significant change;</li> <li>- The date of completion of each of the main project's components, explaining reasons for any possible delay;</li> <li>- The final cost of the project, explaining reasons for any possible cost increases vs. initial budgeted cost;</li> <li>- The number of new jobs created by the project: both jobs during implementation and permanent new jobs created;</li> <li>- A description of any major issue with impact on the environment;</li> <li>- Update on the project's demand or usage and comments;</li> <li>- Any significant issue that has occurred and any significant risk that may affect the project's operation;</li> <li>- Any legal action concerning the project that may be ongoing.</li> </ul>	31 March 2017

Language of reports	Czech or English if possible
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**Schedule B****Definitions of PRIBOR, EURIBOR and LIBOR****1. "PRIBOR" means:**

- (i) in respect of any relevant period, including a VSFR Reference Period or FSFR Reference Period or any other period of time, of one month or more, the rate of interest for deposits in CZK for a term being the number of whole months most closely corresponding to the duration of the period; and
- (ii) in respect of a relevant period of less than a month, the rate of interest for deposits in CZK for a term of one month,

(the period for which the rate is taken being hereafter called the "**Representative Period**")

as published at 11.00 a.m. Prague time or at a later time acceptable to the Bank on the day (the "**Reset Date**") which falls two Relevant Business Days prior to the first day of the relevant period, on Reuters page screen PRBO page or its successor page under the caption "AVG 11.00" or, failing which, by any other means of publication chosen for this purpose by the Bank.

If such rate is not so published, the Bank shall request the principal Prague offices of four major banks operating 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 11:00 a.m., 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 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 two Relevant 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.

**2. "EURIBOR" means:**

- (i) in respect of any relevant period, including a FSFR Reference Period or any other period of time, of one month or more, the rate of interest for deposits in EUR for a term being the number of whole months most closely corresponding to the duration of the period; and
- (ii) in respect of a relevant period of less than a month, the rate of interest for deposits in EUR for a term of one month,

(the period for which the rate is taken being hereafter called the "**Representative Period**") as published at 11.00 a.m. Brussels time or at a later time acceptable to the Bank on the day (the "**Reset Date**") which falls 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 rate is not so published, the Bank shall request the principal euro-zone offices of four major banks in the euro-zone, selected by the Bank, to quote the rate at which EUR deposits in a comparable amount are offered by each of them as at approximately 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 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 euro-zone, selected by the Bank, at approximately 11:00 a.m. Brussels time on the day which falls 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.

3. "LIBOR" means, in respect of USD:

- (i) in respect of any relevant period, including a FSFR Reference Period or any other period of time, of one month or more, the rate of interest for deposits for a period being the number of whole months most closely corresponding to the duration of the period, and
- (ii) in respect of a relevant period of less than a month, the rate of interest for deposits in USD for a period of one month,

(the period for which the rate is taken being hereafter called the "**Representative Period**")

as set by the British Bankers Association and released by financial news providers at 11.00 a.m. London time or at a later time acceptable to the Bank on the day (the "Reset Date") which falls two London Business Days prior to the first day of the relevant period.

If such rate is not so released by any financial news provider acceptable to the Bank, the Bank shall request the principal London offices of four major Banks in the London interbank market selected by the Bank to quote the rate at which USD deposits in a comparable amount are offered by each of them at approximately 11.00 a.m. London time on the Reset Date, to prime banks in the London interbank market for a period equal to the Representative Period. If at least two such quotations are provided, the rate will be the arithmetic mean of the quotations provided.

If fewer than two quotations are provided as requested, the Bank shall request the principal New York City offices of four major Banks in the New York City interbank market, selected by the Bank, to quote the rate at which USD deposits in a comparable amount are offered by each of them at approximately 11.00 a.m. New York City time on the day falling two New York Business Days after the Reset Date, to prime banks in the European market for a period equal to the Representative Period. If at least two such quotations are provided, the rate will be the arithmetic mean of the quotations provided.

4. "LIBOR" means, in respect of GBP:

- (i) in respect of any relevant period, including a FSFR Reference Period or any other period of time, of one month or more, the rate of interest for deposits for a period being the number of whole months most closely corresponding to the duration of the period; and
- (ii) in respect of a relevant period of less than a month, the rate of interest for deposits in GBP for a period of one month,

(the period for which the rate is taken being hereafter called the "**Representative Period**"),

as set by the British Bankers Association and released by financial news providers at 11.00 a.m. London time or at a later time acceptable to the Bank on the day (the "Reset Date") on which the relevant period starts or, if that day is not a Business Day in London, on the next following day which is such a Business Day.

If such rate is not so released by any financial news provider acceptable to the Bank, the Bank shall request the principal London offices of four major banks in the London interbank market, selected by the Bank (the "**Reference Banks**"), to quote the rate at which GBP deposits in a comparable amount are offered by each of them at approximately 11.00 a.m. London time on the Reset Date, to prime banks in the London interbank market for a period equal to the Representative Period. If at least two such quotations are provided, the rate will be the arithmetic mean of the quotations provided.

If fewer than two quotations are provided as requested, the rate will be the arithmetic mean of the rates quoted at approximately 11.00 a.m. London time on the Reset Date by major banks in London (selected by the Bank) for loans in GBP in a comparable amount to leading European banks for a period equal to the Representative Period.

5. For the purposes of the foregoing definitions:

- (i) "**London Business Day**" means a day on which banks are open for normal business in London and "**New York Business Day**" means a day on which banks are open for normal business in New York.
- (ii) All percentages resulting from any calculations referred to in this Schedule will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with halves being rounded up.
- (iii) 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 European Banking Federation, the International Exchange Dealers Association, the Bank may by notice to the Borrower amend the provision to bring it into line with such other provisions.



**Schedule C****C. 1 Form of Disbursement Request (Article 1.02B)**

**Disbursement Request**  
**Czech Republic – Olomouc Region II SPL Project**

Date: 

Please proceed with the following disbursement:

Loan Name (\*):

**CZECH REPUBLIC – OLOMOUC REGION II SPL Project**

Signature Date (\*):

Contract FI number:

Currency & amount requested	
Currency	Amount
<input type="text"/>	<input type="text"/>

Proposed disbursement date: 

<b>INTEREST</b>	Int. rate basis (Art. 3.01)	<input type="text"/>
	Rate (% or Spread)	<input type="text"/>
	Frequency (Art. 3.01)	Annual <input type="checkbox"/> Semi-annual <input type="checkbox"/> Quarterly <input type="checkbox"/>
	Payment Dates (Art. 5)	<input type="text"/>
	Revision/Conversion date (if any)	<input type="text"/>

<b>CAPITAL</b>	Repayment frequency	Annual <input type="checkbox"/> Semi-annual <input type="checkbox"/>
	Repayment methodology (Art. 4.01)	Equal instalments <input type="checkbox"/> Constant annuities <input type="checkbox"/> Single instalment <input type="checkbox"/>
	First repayment date	<input type="text"/>
	Last repayment date:	<input type="text"/>

<b>Reserved for the EIB (contract currency)</b>	
Total Credit Amount:	<input type="text"/>
Disbursed to date:	<input type="text"/>
Balance <u>for</u> disbursement:	<input type="text"/>
Current disbursement:	<input type="text"/>
Balance <u>after</u> disbursement:	<input type="text"/>
Disbursement deadline:	<input type="text"/>
Max. number of disbursements:	<input type="text"/>
Minimum Tranche size:	<input type="text"/>
Total allocations to date:	<input type="text"/>
Conditions precedent:	Yes / No

Borrower's account to be credited:

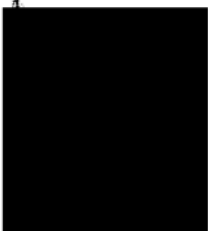
Acc. N°: 

(please, provide IBAN format in case of disbursements in EUR, or appropriate format for the relevant currency)

Bank name and address: .....

Please transmit information relevant to request to:

Borrower's authorised name(s) and signature(s):



Schedule C**C. 2 Form of Certificate from Borrower (Article 1.04B)**

To: European Investment Bank

From: <///>

[Date]

Dear Sirs,

**Subject:** Finance Contract between European Investment Bank and the Region of Olomouc dated <///> 2007 (hereafter referred to as the "**Finance Contract**") ref n° <///>

Terms defined in the Finance Contract have the same meaning when used in this letter.  
For the purposes of Article 1.04 of the Finance Contract we hereby certify to you as follows:

- (i) no Security Interest of the type prohibited under Article 7.02 has been created or is in existence;
- (ii) there has been no material change to any aspect of the Project on which the Borrower is obliged to report under Article 8.01, save as previously communicated by the Borrower;
- (iii) we have received all material approvals and consents necessary to proceed with the implementation of the Schemes expected to be co-financed by the relevant Tranche;
- (iv) no event mentioned in Article 10.01 has occurred; and
- (v) no current litigation, arbitration or regulatory proceeding or investigation, for which process has been served on us, and which, if adversely determined, could have a material adverse effect on our ability to perform our obligations under the Finance Contract.

Yours faithfully,

for and on behalf of

Olomoucký kraj

**Schedule D****Revisable-Rate Tranches**

In connection with a Tranche to which, according to the Disbursement Notice, Schedule D applies, the following provisions shall apply.

**A. Definitions**

In this Schedule:

**"Acceptance Notice"** has the meaning given to it in Paragraph B.

**"Revisable Rate"** means a rate initially specified in the Disbursement Notice and subsequently in a Revision Notice, which rate shall be the Fixed Rate for a Tranche having a term within the relevant Reference Period equivalent to that of the relevant Revisable-Rate Tranche.

**"Revisable-Rate Reference Period"** or **"Reference Period"** means a period of an integral number of years, commencing on the Disbursement Date or, as the case may be, a Revision Date; provided that no Reference Period shall (i) extend beyond the Maturity Date or (ii) have a term of less than four years or, if no repayment instalment falls due on the Tranche before the end of the Reference Period, three years.

**"Revision Date"** means the end date of each Revisable-Rate Reference Period other than the final such period.

**"Revision Notice"** has the meaning given to it in Paragraph B.

**B. Mechanics of Revision**

The Bank shall, on each Luxembourg Business Day falling in the interval between 60 and 30 days prior to a Revision Date, until the date the Borrower accepts, deliver to the Borrower a notice (a **"Revision Notice"**) stating the Borrower's choice of term for the Revisable-Rate Reference Period and the Revisable Rate applicable to each choice.

The Borrower may accept a Revision Notice by 17h00 Luxembourg time on the day of receipt, unless and until the Revision Notice is revoked in accordance with its own terms. Acceptance shall take the form of a notice (an **"Acceptance Notice"**) selecting the term for the next Revisable-Rate Reference Period and accepting the applicable Revisable Rate.

**C. Option of Conversion to FSFR or VSFR**

In the Revision Notice, the Bank may indicate that, on the relevant Revision Date, the Revisable-Rate Tranche may be converted into a VSFR Tranche (if the Tranche is denominated in CZK) or an FSFR Tranche for its remaining term. If the Bank does so indicate, the Borrower may in the Acceptance Notice, instead of providing the elements specified in Paragraph B, request the conversion, into a VSFR Tranche or an FSFR Tranche, of any specified amount of the Tranche such that, immediately after the Conversion, and unless the Bank otherwise agrees, the converted amount and any unconverted amount shall each be at least € 10 million or equivalent.

Any amendment to the Contract requested by the Bank in connection with the conversion shall be effected by an agreement between the Bank and the Borrower to be concluded not later than 15 days prior to the relevant Revision Date.

In the case of conversion into a VSFR Tranche:

- (i) interest shall be payable in accordance with Article 3.01B, quarterly, semi-annually or annually, on the Quarter Days indicated in the Acceptance Notice; and interest from the Interest Conversion Date to the first following indicated Quarter Day shall be payable at PRIBOR;
- (ii) any Payment Date that is not already a Quarter Day shall be advanced to the immediately preceding Quarter Day, and all payment obligations shall be adjusted accordingly; and
- (iii) the Tranche shall become a VSFR Tranche for all purposes of the Contract.

In the case of conversion into an FSFR Tranche:

- (i) as from the Interest Conversion Date interest shall be payable quarterly or semi-annually in accordance with Article 3.01 as indicated in the Acceptance Notice; and
- (ii) the Tranche shall become an FSFR Tranche for all purposes of the Contract.

**D. Non-fulfilment of Revision or Conversion**

The Borrower shall repay a Revisable-Rate Tranche on the last day of the Reference Period:

- (i) if that Reference Period is the last allowable such period;
- (ii) to the extent that the Borrower does not deliver an Acceptance Notice in due time; or
- (iii) if the parties fail to effect in due time an amendment pursuant to the second subparagraph of Paragraph C.

**Schedule E****Conversion of Tranche from VSFR to Fixed, Revisable or FSFR**

To all VSFR Tranches (denominated in CZK), the following provisions apply:

**A. Definitions**

In this Schedule:

**"Conversion Proposal"** means a proposal made by the Bank under Paragraph B.

**"Interest Conversion"** means the conversion of the Tranche from a variable to fixed or revisable interest rate for its remaining term.

**"Interest Conversion Date"** means the date indicated in an Interest Conversion Request, being a Quarter Day falling not less than four years or, in the case of a Tranche repayable in one instalment, not less than three years before the Maturity Date.

**"Interest Conversion Request"** or **"Request"** means a written notice from the Borrower, delivered at least 75 days before an Interest Conversion Date, requesting the Bank to submit to it a Conversion Proposal for the whole of the Tranche, or for a specified amount of the Tranche such that, immediately after the Conversion, the converted amount shall each be at least € 10 million or equivalent. The Request shall confirm the Interest Conversion Date and specify:

- (i) whether the conversion is into a Fixed-Rate Tranche or a Revisable-Rate Tranche and, in the latter case, the first Revision Date; and
- (ii) the semi-annual or annual Payment Dates.

**B. Mechanics of Conversion**

Upon receiving an Interest Conversion Request, and, where appropriate, after prior consultation with the Borrower, and subject to availability the Bank shall, on each Luxembourg Business Day in the interval falling between 60 and 30 days before the Interest Conversion Date indicated in the Request, until the date the Borrower accepts, deliver to the Borrower a proposal (a **"Conversion Proposal"**) stating:

- (i) the interest rate that would apply to the Tranche, or the part thereof indicated in the Request, being a Fixed Rate determined in accordance with Article 3.01A or, as the case may be, a Revisable Rate determined in accordance with Schedule D; and
- (ii) that the Fixed Rate or, as the case may be, the Revisable Rate shall apply as from the relevant Interest Conversion Date, interest being payable semi-annually or, as the case may be, annually in arrears on designated Payment Dates.

The Borrower may accept a Conversion Proposal by 17h00 Luxembourg time on the day of receipt.

Only if the Bank fails duly to deliver Conversion Proposals in response to a Request, may the Borrower make a further Request. Any further Request shall be in respect of a later Interest Conversion Date.

Any amendment to the Contract requested by the Bank in this connection shall be effected by an agreement between the Bank and the Borrower to be concluded not later than 15 days prior to the relevant Interest Conversion Date.

**C. Option of Conversion to FSFR**

If the Bank does so indicate, the Borrower may, instead of accepting the Conversion Proposal, request conversion into an FSFR Tranche of any specified amount of the Tranche.

Any amendment to the Contract requested by the Bank in connection with the conversion shall be effected by an agreement between the Bank and the Borrower to be concluded not later than 15 days prior to the Interest Conversion Date.

As from the Interest Conversion Date:

- (i) interest shall be payable quarterly or semi-annually in accordance with Article 3.01; and
- (ii) the Tranche shall become an FSFR Tranche for all purposes of the Contract.

**D. Effects of Conversion**

To the extent that the Borrower duly accepts a Conversion Proposal, the Borrower shall pay accrued interest on the Interest Conversion Date and on subsequent designated Payment Dates.

Prior to the Interest Conversion Date, the provisions of the Contract relating to VSFR Tranches shall apply to the entire Tranche. From the Interest Conversion Date, the provisions relating to Fixed-Rate Tranches or, as the case may be, to Revisable-Rate Tranches shall apply to the whole or, as the case may be, the converted part of the Tranche, and the previously applicable provisions shall apply to the balance.

**E. Non-fulfilment of Interest Conversion**

To the extent that the Borrower does not accept a Conversion Proposal or accept conversion into an FSFR Tranche under paragraph C or in case the parties fail to effect an amendment requested by the Bank pursuant to paragraph B or C, the Interest Conversion shall not take place and interest shall continue to be paid in accordance with Article 3.01B.

**Schedule F****Conversion of Tranche from FSFR to Fixed, Revisable or VSFR**

For any FSFR Tranche the following provisions shall apply:

**A. Definitions in this Schedule**

**"Conversion Proposal"** means a proposal made by the Bank under Paragraph B of this Schedule.

**"Interest Conversion"** means the conversion of the Tranche from a variable to fixed or revisable interest rate for its remaining term.

**"Interest Conversion Date"** means the date specified by the Borrower under Article 1.02B (vii) on condition that at least € 10 million remains outstanding at that date, being a date falling not less than four years or, in the case of a Tranche repayable in one instalment, not less than three years before the last allowed Payment Date stated in Article 4.01A.

**"Interest Conversion Request" or "Request"** means a written notice from the Borrower, delivered at least 75 days before the Interest Conversion Date, requesting the Bank to submit to it a Conversion Proposal for the Tranche. The Request shall also specify:

- (i) whether the conversion is into a Fixed-Rate Tranche, a VSFR Tranche (if the Tranche is denominated in CZK) or a Revisable-Rate Tranche and, in the latter case, the first Revision Date;
- (ii) Payment Dates chosen in accordance with the respective provisions of Article 3.01; and
- (iii) the preferred repayment schedule chosen in accordance with Article 4.01A.

**B. Mechanics of Conversion**

Upon receiving an Interest Conversion Request, and, where appropriate, after prior consultation with the Borrower, and subject to availability, the Bank shall, on each Luxembourg Business Day in the interval falling between 60 and 30 days before the Interest Conversion Date, until the date the Borrower accepts, deliver to the Borrower a proposal (a **"Conversion Proposal"**) stating:

- (i) the interest rate that would apply to the Tranche, or the part thereof indicated in the Request, being a Fixed Rate, a VSFR Rate or a Revisable Rate all pursuant to Article 3.01; and
- (ii) that the Fixed Rate, VSFR Rate or the Revisable Rate shall apply as from the relevant Interest Conversion Date, interest being payable quarterly, semi-annually or annually in arrears on designated Payment Dates.

The Borrower may accept a Conversion Proposal by 17h00 Luxembourg time on the day of its delivery.

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



**C. Effects of Conversion**

To the extent that the Borrower duly accepts a Conversion Proposal, the Borrower shall pay accrued interest on the Interest Conversion Date and thereafter on the designated Payment Dates. Prior to the Interest Conversion Date, the provisions of the Contract relating to FSFR Tranches shall apply to the entire Tranche. From the Interest Conversion Date, the provisions relating to Fixed-Rate Tranches, VSFR Tranches or, as the case may be, to Revisable-Rate Tranches shall apply to the whole or, as the case may be, the converted part of the Tranche and, in particular, to any prepayment of the converted part that occurs after the Borrower has duly accepted a Conversion Proposal. The previously applicable provisions shall apply to the balance.

In the case of conversion into a VSFR Tranche:

- (i) interest shall be payable on the Quarter Days indicated in the Borrower's notice of acceptance; and interest from the Interest Conversion Date to the first following indicated Quarter Day shall be payable at PRIBOR; and
- (ii) any Payment Date that is not already a Quarter Day shall be advanced to the immediately preceding Quarter Day, and all payment obligations shall be adjusted accordingly.

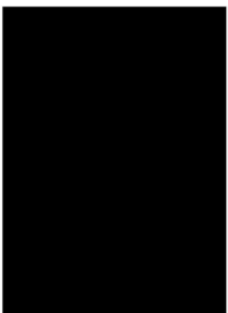
**D. Non-fulfilment of Interest Conversion**

If the Borrower requests the Conversion Proposal for less than the whole Tranche or if the parties fail to effect an amendment requested by the Bank pursuant to Paragraph B, the Borrower shall repay the balance of the Tranche on the Interest Conversion Date.

If the Borrower requests a new Spread to be proposed by the Bank and following confirmation of the new Spread by the Bank, the provisions of the Contract relating to FSFR Tranches shall further apply to the Tranche bearing the new Spread.

**ANNEX I**

**Resolution of the Assembly of the Borrower  
and Authorisation of Signatory**





OLMOUCKÝ  
KRAJ

VÝPIS USNESENÍ  
z 1. ZASEDÁNÍ ZASTUPITELSTVA OLMOUCKÉHO KRAJE  
KONANÉHO DNE 2. 12. 2004

UZ/1/1/2004 Usnesení ustavujícího zasedání Zastupitelstva Olomouckého kraje konaného dne 2. 12. 2004

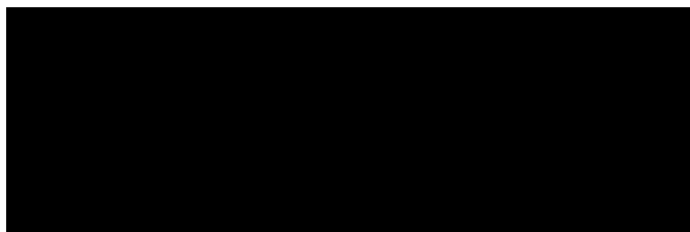
Zastupitelstvo Olomouckého kraje po projednání:

1. **schvaluje** program 1. zasedání Zastupitelstva Olomouckého kraje konaného dne 2. 12. 2004
2. **stanovuje** počet uvolněných členů Zastupitelstva Olomouckého kraje na šest, a to hejtmán, čtyři náměstci hejtmána a jeden uvolněný člen rady s účinností od 2. 12. 2004
3. **zvolilo**
  - 3.1. hejtmánem Olomouckého kraje RNDr. Ivana Kosatíka
  - 3.2. náměstkem hejtmána Olomouckého kraje Ing. Pavla Horáka, který bude ze zákona zastupovat hejtmána v jeho nepřítomnosti
  - 3.3. náměstkem hejtmána Olomouckého kraje Ing. Pavla Sekaninu
  - 3.4. náměstkyní hejtmána Olomouckého kraje MUDr. Jitku Chalánkovou
  - 3.5. náměstkem hejtmána Olomouckého kraje Ing. Ladislava Kavřika
  - 3.6. uvolněným členem Rady Olomouckého kraje Mgr. Petra Poláška
  - 3.7. neuvolněnými členy Rady Olomouckého kraje Mgr. Eleny Grambličkovou, Dalibora Horáka, Ing. Jana Tesaře, Vladimíra Mikešku a Františka Kubička
4. **schvaluje** navržený systém odměňování neuvolněných členů Zastupitelstva Olomouckého kraje dle závěrů důvodové zprávy

RNDr. Ivan Kosatík, v. r.  
hejtmán Olomouckého kraje



Ing. Pavel Horák, v. r.  
náměstek hejtmána



VÝPIS USNESENÍ z 18. ZASEDÁNÍ  
ZASTUPITELSTVA OLOMOUCKÉHO KRAJE  
KONANÉHO DNE 22. 6. 2007



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**UZ/18/4/2007 Úvěrová smlouva s Evropskou investiční bankou**

Zastupitelstvo Olomouckého kraje po projednání:

1. **bere na vědomí** důvodovou zprávu
2. **schvaluje** úvěrovou smlouvu s Evropskou investiční bankou
3. **zmocňuje** Radu Olomouckého kraje ke všem úkonům souvisejících s čerpáním jednotlivých tranší z úvěrové smlouvy s Evropskou investiční bankou
4. **ukládá podepsat** smlouvu dle bodu 2 usnesení

O: RNDr. Ivan Kosatík, hejtman Olomouckého kraje

5. **pověřuje** Ing. Jiřího Juřenu, vedoucího ekonomického odboru, k parafování smlouvy s Evropskou investiční bankou

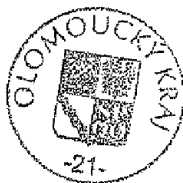
6. **ukládá** informovat Zastupitelstvo Olomouckého kraje o realizaci projektu, na který se čerpá úvěr z Evropské investiční banky

O: Rada Olomouckého kraje

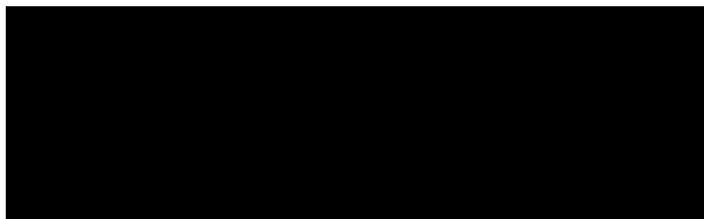
T: prosinec příslušného roku

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RNDr. Ivan Kosatík, v. r.  
hejtman Olomouckého kraje



Ing. Pavel Horák, v. r.  
1. náměstek hejtmána



**ANNEX II**

**Sample of Legal Opinion from Legal Adviser**

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

To the attention of the Legal Department - Operations

< / >, < / >

**Re: Finance Contract for the Czech Republic – Olomouc Region II SPL Project**

Dear Sirs,

I am acting as internal counsel to The Region of Olomouc (the "**Borrower**") in connection with the finance contract (the "**Finance Contract**") for the Czech Republic – Olomouc Region II SPL Project in an amount equivalent to CZK 3,000,000,000, made on < / > 2007 between the European Investment Bank (the "**Bank**") and the Borrower. I am giving this opinion pursuant to Article 1.04A of the Finance Contract. All terms used herein and not otherwise defined shall have the same meaning as in the Finance Contract.

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

1. Subject to the foregoing, I am of the opinion that:
  - (a) pursuant to < / > the Borrower's < / > is the competent organ to authorise the Borrower to enter into the Finance Contract and such organ has authorised the execution of the Finance Contract by < / >; and
  - (b) the Finance Contract has been duly executed and delivered on behalf of the Borrower by < / >, < / > by virtue of the powers given to them by < / >.
2. No provision exists in the Czech Republic which would make it necessary that the Finance Contract be filed, recorded or enrolled with any court or authority in order to ensure its legality, validity or enforceability.
3. The choice of the laws of the Czech Republic as the law governing the Finance Contract is valid and enforceable.
4. Pursuant to Paragraph 11.02 of the Finance Contract, the Tribunal d'Arrondissement de et à Luxembourg shall have jurisdiction in connection with any claim or dispute between the Borrower and the Bank, and any judgement of such court pertaining to the Finance Contract can be enforced in the Czech Republic.
5. No taxes, duties, fees or other charges, including, without limitation, any registration or transfer tax, stamp duty or similar levy, imposed by the Czech Republic or any political subdivision or taxing authority thereof or therein are payable in connection with the execution and delivery of the Finance Contract, nor in connection with any payment to be made by the Borrower to the Bank pursuant to the same Finance Contract.
6. All exchange control consents which may be necessary pursuant to the laws of the Czech Republic to receive disbursements, to repay the same and to pay interest and all other amounts due under the Finance Contract are in full force and effect.

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

Yours faithfully,



Европейска инвестиционна банка  
Evropská investiční banka  
Den Europæiske Investeringsbank  
Europäische Investitionsbank  
Euroopa Investeeringipank  
Ευρωπαϊκή Τράπεζα Επενδύσεων  
European Investment Bank  
Banco Europeo de Inversiones  
Banque européenne d'investissement  
Banca europea per gli investimenti  
Eiropas Investīciju banka

Europos investicijų bankas  
Európai Beruházási Bank  
Bank Ewropejski ta' l-Investiment  
Europese Investeringsbank  
Europejski Bank Inwestycyjny  
Banco Europeu de Investimento  
Banca Europeană de Investiții  
Európska investičná banka  
Evropska investicijska banka  
Euroopan Investointipankki  
Europelska Investeringsbanken

## Side Letter

Olomoucký kraj  
Jeremenkova 40a  
779 11 Olomouc  
Czech Republic

Olomouc, 28 June 2007

JU II/JS/nd

N° 1532

**Subject: Czech Republic – Olomouc Region II SPL Project**

Finance Contract between European Investment Bank (the "Bank") and Olomoucký Kraj (the "Borrower") for an amount of or equivalent to three billion Czech Koruna (the "Finance Contract")

Dear Sirs,

We write to you with reference to certain provisions of the above-mentioned Finance Contract.

Terms defined therein and not otherwise defined in this letter shall bear the same meaning herein.

With respect to Article 1.02B (ii), we can confirm that the four calendar months which the Bank reserves for making the disbursement are meant to protect the Bank against an exceptional situation where the Bank would face difficulties in refinancing itself at the time the Borrower submits a Disbursement Request. To date, it has been the Bank's normal practice to disburse within approximately 15 days following the date of such Disbursement Request. We know of no reason why this practice should not continue to be applied to disbursement under the Finance Contract.

Would you please signify your acknowledgement of the foregoing by signing and dating the form on each original of this letter.

