

FI N°
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2010 0299

Moravia-Silesia Regional Infra II (CZ)

Finance Contract

between the

European Investment Bank

and

Moravskoslezský kraj

[_____, 2010]

THIS CONTRACT IS MADE BETWEEN:

The European Investment Bank having its seat at 100 blvd Konrad Adenauer, Luxembourg, L-2950 Luxembourg, (the “**Bank**”) represented by

of the first part, and

Moravskoslezský kraj (Moravia-Silesia Region), having its address at 28. října 117, 702 18 Ostrava, Czech Republic, represented by Mr. Jaroslav Palas, the Governor of the Moravia-Silesia Region, (the “**Borrower**”)

of the second part.

WHEREAS:

- (1) The Borrower has stated that it is undertaking an operation to support regional investments within the Regional Operational Programme Moravia-Silesia and other sectoral Operational Programmes prepared for the 2007-2013 programming period to be co-financed with the EU Structural Funds, which will also include investments in the sectors of transport, public infrastructure (administrative, health and social care, education, culture and tourism), environment, ICT included in the Regional Development Plan financed from the Borrower's own resources (each hereafter called a "**Sub-Project**" and together, the "**Project**") as more particularly described in the technical description (hereafter called the "**Technical Description**") set out in Schedules A.1.1 to A.1.4 hereto. All Sub-Projects will be located in the Moravia-Silesia Region, Czech Republic. The Sub-Projects will be implemented by the Borrower and/or its contributory organisations, and may be implemented by other eligible public or private entities (each hereafter called a "**Final Beneficiary**" and together "**Final Beneficiaries**").
- (2) The total cost of the Project is estimated by the Bank to be CZK 4 500 million (four billion five hundred million Czech Crowns) and the Borrower has stated that it intends to finance the Project as follows:

Source	Amount (M CZK)
Credit from the Bank	2 000
EU grants, Borrower's own funds, state subsidies and other funds	2 500
TOTAL	4 500

- (3) In order to fulfil the financing plan set out in Recital (2), the Borrower has requested from the Bank a credit of CZK 2 billion (two billion Czech Crowns).
- (4) The Bank considering that the financing of the Project falls within the scope of its functions, and having regard to the statements and facts cited in these Recitals, has decided to give effect to the Borrower's request providing to it a credit in an amount of CZK 2 billion (two billion Czech Crowns) under this Finance Contract (the "**Contract**"); provided that the amount of the Bank loan shall not, in any case, exceed 50% (fifty per cent) of the total cost of the Project set out in Recital (2).
- (5) The Assembly of the Borrower has authorised the borrowing of the sum of CZK 2 billion (two billion Czech Crowns) represented by this credit on the terms and conditions set out in this Contract; the authorisation referred to in this Recital is attached as Annex I.
- (6) 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.
- (7) The Statute of the Bank provides that the Bank shall ensure that its funds are used as rationally as possible in the interests of the European Union; and, accordingly, the terms and conditions of the Bank's loan operations must be consistent with relevant European Union policies.
- (8) The financing of the Project includes or will include certain state subsidies or grants and the provision of such funds has been or will be duly authorised by the European Commission and/or the relevant national authority and will be provided in compliance with all relevant EU law.
- (9) References in this Contract to Articles, Recitals, Schedules and Annexes are, save if explicitly stipulated otherwise, references respectively to articles of, and recitals, schedules and annexes to this Contract.
- (10) In this Contract:
- "Acceptance Deadline"** for a notice means:
- (i) 16h00 Luxembourg time on the day of delivery, if the notice is delivered by 14h00 Luxembourg time on a Business Day; or
- (ii) 11h00 Luxembourg time on the next following day which is a Business Day, if the notice is delivered after 14h00 Luxembourg time on any such day or is delivered on a day which is not a Business Day.

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

"Accounting Date" means 31 December 2009.

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“Allocation” or **“Allocations”** means applying the proceeds of the Bank’s Loan to the financing of eligible Sub-Projects undertaken by the Borrower.

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

“Change-of-Law Event” has the meaning given to it in Article 4.03A(3).

“Contract” has the meaning given to it in Recital (4).

“Credit” has the meaning given to it in Article 1.01.

“Credit Rating” means any of the following ratings as assigned by a Rating Agency in respect of the Borrower:

- (a) the rating assigned to the Borrower's most recent unsecured and unsubordinated medium or long term debt;
- (b) the Long Term Issuer Credit Rating (or equivalent) defined as such by Standard and Poor's Rating Group or its successor;
- (c) the Long Term Issuer Default Rating (or equivalent) defined as such by Fitch Ratings Limited or its successor;
- (d) the Long Term Issuer Rating (or equivalent) defined as such by Moody's Investor Services, Inc. or its successor; or

in each of the cases (b) to (d) above the terms defined shall be deemed to refer to any equivalent term irrespective of the definition given to it and excludes any rating qualified by the terms “National Scale”, “NSR”, “Local”, “Local Currency”, “Domestic” or “Domestic Currency”.

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

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

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

“Environment” means the following, in so far as they affect human well-being: (a) fauna and flora; (b) soil, water, air, climate and the landscape; and (c) cultural heritage and the built environment.

“Environmental Law” means EU law and the national laws and regulations of the Czech Republic, as well as applicable international treaties, of which a principal objective is the preservation, protection or improvement of the Environment.

“EURIBOR” has the meaning given to it in Schedule B.

“Final Availability Date” means 30 September 2015.

“Final Beneficiary” has the meaning given to it in Recital (1).

“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.

“Fixed Rate Tranche” means a Tranche disbursed on a Fixed Rate basis.

“Floating Rate” 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 Floating Rate Reference Period.

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

“Floating Rate Tranche” means a Tranche disbursed on a Floating Rate basis.

“Indemnifiable Prepayment Event” means a prepayment event under Article 4.03A.

“Interest Revision/Conversion” means the determination of new financial conditions relative to the interest rate, specifically the same interest rate basis (“revision”) or a different interest rate basis (“conversion”) which can be offered for the remaining term of a Tranche or until a next Interest Revision/Conversion Date, if any.

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“**Interest Revision/Conversion Date**” means the date, being a Payment Date, specified by the Bank pursuant to Article 1.02B in the Disbursement Offer or pursuant to Article 3 and Schedule D.

“**Interest Revision/Conversion Proposal**” means a proposal made by the Bank under Schedule D, for an amount which, at the proposed Interest Revision/Conversion Date, is not less than EUR 10 000 000 (ten million euros) or the equivalent thereof.

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

- (i) Payment Dates chosen in accordance with the provisions of Article 3.01;
- (ii) the preferred repayment schedule chosen in accordance with Article 4.01; and
- (iii) any further Interest Revision/Conversion Date chosen in accordance with Article 3.01.

“**LIBOR**” has the meaning given to it in Schedule B.

“**Loan**” means the aggregate amount of Tranches disbursed from time to time by the Bank under this Contract.

“**Loss-of-Rating Event**” has the meaning given to it in and shall be determined in accordance with Article 4.03A(4).

“**Market Disruption Event**” has the meaning given to it in Article 1.06B.

“**Material Adverse Change**” means, in relation to the Borrower any event or change of condition affecting the Borrower, which, in the opinion of the Bank: (1) materially impairs the ability of the Borrower to perform its financial or any of its other obligations under this Contract; (2) materially impairs the business, prospects or financial condition of the Borrower; or (3) adversely affects any security provided by the Borrower.

“**Maturity Date**” means the last or sole repayment date of a Tranche specified pursuant to Article 4.01A(b) (iii) or Article 4.01B.

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

- (i) for a Fixed Rate Tranche, the following Relevant Business Day, without adjustment to the interest due under Article 3.01 except for those cases where repayment is made in a single instalment according to Article 4.01B, when the preceding Relevant Business Day shall apply instead to the repayment of the single instalment and to the last interest payment and only in this case with adjustment to the interest due under Article 3.01; and
- (ii) for a Floating Rate Tranche, the next day, if any, of that calendar month that is a Relevant Business Day or, failing that, the nearest preceding day that is a Relevant Business Day, in all cases with corresponding adjustment to the interest due under Article 3.01.

“**Prepayment Amount**” means the amount of a Tranche to be prepaid by the Borrower in accordance with Article 4.02A.

“**Prepayment Date**” means the date, which shall be a Payment Date, on which the Borrower proposes to effect prepayment of a Prepayment Amount.

“**Prepayment Notice**” means a written notice from the Borrower specifying, amongst other things, the Prepayment Amount and the Prepayment Date in accordance with Article 4.02A.

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

“**Project**” has the meaning given to it in Recital (1).

“**Rating Agency**” means any of (a) Standard and Poor's Ratings Group, (b) Fitch Ratings Limited and (c) Moody's Investors Services, Inc. or their respective successors.

“**Redeployment Rate**” means the Fixed Rate in effect on the day of the indemnity calculation for fixed-rate loans denominated in the same currency and which shall have the same terms for the payment of interest and the same repayment profile to the Interest Revision/Conversion Date, if any, or the Maturity Date as the Prepayment Amount.

“**Relevant Business Day**” means:

- (i) for EUR, a day which is a business day according to the TARGET2 operating days calendar; and

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- (ii) for any other currency, a day on which banks are open for general business in the principal domestic financial centre of the relevant currency.

“Relevant Interbank Rate” means:

- (i) EURIBOR for a Tranche denominated in EUR;
- (ii) LIBOR for a Tranche denominated in GBP or USD;
- (iii) PRIBOR for a Tranche denominated in CZK; and
- (iv) the market rate and its definition chosen by the Bank and separately communicated to the Borrower, for a Tranche denominated in any other currency.

“Scheduled Disbursement Date” means the date on which a Tranche is scheduled to be disbursed in accordance with Article 1.02B.

“Security” and **“Security Interest”** means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having the effect of conferring security.

“Spread” means the 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 Offer or Interest Revision/Conversion Proposal.

“Sub-Project” has the meaning given to it in Recital (1).

“Technical Description” has the meaning given to it in Recital (1).

“Tranche” means each disbursement made or to be made under this Contract.

NOW THEREFORE it is hereby agreed as follows:

ARTICLE 1
Credit and
disbursement

Amount of Credit

By this Contract the Bank establishes in favour of the Borrower, and the Borrower accepts, the credit in an amount of CZK 2 000 000 000 (two billion Czech Crowns) or the equivalent thereof for the financing of the Project (the "Credit").

Disbursement procedure

Tranches

The Bank shall disburse the Credit in up to 8 (eight) Tranches. The amount of each Tranche, if not being the undrawn balance of the Credit, shall be in a minimum amount of CZK 250 000 000 (two hundred fifty million Czech Crowns) or the equivalent thereof.

Disbursement Offer

From time to time up to 15 (fifteen) days before the Final Availability Date at the Borrower's request, the Bank shall send to the Borrower a Disbursement Offer for the disbursement of a Tranche. The Disbursement Offer shall specify:

- (a) the currency, amount and CZK equivalent of the Tranche;
- (b) the Scheduled Disbursement Date, which shall be a Relevant Business Day, falling at least 15 (fifteen) days after the date of the Disbursement Offer and on or before the Final Availability Date;
- (c) the interest rate basis of the Tranche, being: (i) a Fixed Rate Tranche; or (ii) a Floating Rate Tranche all pursuant to the relevant provisions of Article 3.01;
- (d) the interest payment periodicity for the Tranche, in accordance with the provisions of Article 3.01;
- (e) the first Payment Date for the Tranche;
- (f) the terms for repayment of principal for the Tranche, in accordance with the provisions of Article 4.01;
- (g) the first and last repayment dates of principal for the Tranche;
- (h) the Interest Revision/Conversion Date, if any, for the Tranche;
- (i) for a Fixed Rate Tranche, the fixed interest rate and for a Floating Rate Tranche the Spread, applicable until the Maturity Date or until the Interest Revision/Conversion Date, if any; and
- (j) the Disbursement Acceptance Deadline.

Disbursement Acceptance

The Borrower may accept a Disbursement Offer by delivering a Disbursement Acceptance to the Bank no later than the Disbursement Acceptance Deadline. The Disbursement Acceptance shall be accompanied:

- (a) by the IBAN code (or appropriate format in line with local banking practice) and SWIFT BIC of the bank account to which disbursement of the Tranche should be made in accordance with Article 1.02D; and
- (b) by evidence of the authority of the person or persons authorised to sign the Disbursement Acceptance and the specimen signature of such person or persons.

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

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

Disbursement Account

Disbursement shall be made to the account of the Borrower as the Borrower shall notify in writing to the Bank not later than 15 (fifteen) days before the Scheduled Disbursement Date (with IBAN code or with the appropriate format in line with local banking practice).

Only one account may be specified for each Tranche.

Currency of disbursement

Subject to availability, disbursement of each Tranche shall be made in CZK, EUR or any other currency that is widely traded on the principal foreign exchange markets.

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, available on or shortly before submission of the Disbursement Offer as the Bank shall decide.

Conditions of disbursement**First Tranche**

The disbursement of the first Tranche, which shall not exceed 30% of the Credit, under Article 1.02 is conditional upon receipt by the Bank in form and substance satisfactory to it, on or before the date falling 5 (five) Business Days before the Scheduled Disbursement Date, of the following documents or evidence:

- (a) evidence satisfactory to the Bank that the execution of this Contract by the Borrower has been duly authorised and that the person or persons signing the Contract on behalf of the Borrower is/are duly authorised to do so together with the specimen signature of each such person or persons;
- (b) a legal opinion in the English language from an internal legal advisor of the Borrower in form and substance satisfactory to the Bank on the due execution of this Contract by the Borrower and on its enforceability in the Czech Republic, such opinion substantially in the form annexed hereto as Annex II; and
- (c) a declaration by the Borrower, signed by a person or persons duly authorised to act on behalf of the Borrower, that the Borrower has obtained all necessary consents, authorisations, licences or approvals of governmental or public bodies or authorities required in connection with this Contract and the Project.

1.1.A Second and Subsequent Tranches

The disbursement of the second and any subsequent Tranche is conditional upon receipt by the Bank in form and substance satisfactory to it, on or before the date falling 5 (five) Business Days before the Scheduled Disbursement Date for the proposed Tranche, of the following additional evidence:

- (a) 80% of the previously disbursed Tranches have been committed by the Borrower and allocated to eligible Sub-Projects by the Bank; or
- (b) 50% of the previously disbursed Tranches have been effectively paid out to Final Beneficiaries of the eligible Sub-Projects.

All Tranches

The disbursement of each Tranche under Article 1.02, including the first, is conditional upon:

- (a) receipt by the Bank in form and substance satisfactory to it, on or before the date falling 5 (five) Business Days before the Scheduled Disbursement Date for the proposed Tranche, of the following documents or evidence:
 - (i) the Bank being at all times satisfied that aggregated disbursements represent a reasonable proportion of Allocations (and satisfy the Allocation procedure under Article 1.09) 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;
 - (ii) a certificate from the Borrower in the form of Schedule C.2; and
 - (iii) a copy of any other authorisation or other document, opinion or assurance which the Bank has notified the Borrower is necessary or desirable in connection with the entry into and performance of, and the transactions contemplated by, the Contract or the validity and enforceability of the same.
- (b) that on the Scheduled Disbursement Date for the proposed Tranche:
 - (i) the representations and warranties which are repeated pursuant to Article 6.08 are correct in all material respects; and
 - (ii) no event or circumstance which constitutes or would with the passage of time or giving of notice under this Contract constitute an event of default under Article 10.01 or a prepayment event under Article 4.03 has occurred and is continuing unremedied or unwaived or would result from the proposed Tranche.

Deferment of disbursement**Grounds for deferment**

Upon the written request of the Borrower, the Bank shall defer the disbursement of any Accepted Tranche in whole or in part to a date specified by the Borrower being a date falling not later than 6 (six) months from its Scheduled Disbursement Date. In such case, the Borrower shall pay the 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 5 (five) Business Days before its Scheduled Disbursement Date.

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

Deferment indemnity

If the disbursement of any Accepted Tranche is deferred, whether at the 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 disbursement 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 Accepted Tranche in accordance with this Contract 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, 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 1 (one) month commencing on the Scheduled Disbursement Date.

Furthermore, the indemnity:

- (a) if the deferment exceeds one (1) month in duration, shall accrue at the end of every month;
- (b) shall be calculated using the day count convention applicable to **R1**;
- (c) where **R2** exceeds **R1**, shall be set at zero; and
- (d) shall be payable in accordance with Article 1.08.

Cancellation of disbursement deferred by 6 (six) months

The Bank may, by notice in writing to the Borrower, cancel a disbursement which has been deferred under Article 1.05A by more than 6 (six) months in aggregate. The cancelled amount shall remain available for disbursement under Article 1.02.

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

The Borrower may at any time by notice in writing 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 in respect of an Accepted Tranche which has a Scheduled Disbursement Date falling within 5 (five) Business Days of the date of the notice.

Bank's right to suspend and cancel

- (a) The Bank may, by notice in writing to the Borrower, suspend and/or cancel the undisbursed portion of the Credit in whole or in part at any time and with immediate effect:
 - (i) upon the occurrence of an event or circumstance mentioned in Article 10.01 or an event or circumstance which would with the passage of time or giving of notice under this Contract constitute an event of default under Article 10.01; or
 - (ii) if a Material Adverse Change occurs as compared with the Borrower's condition at the date of this Contract.
- (b) 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.

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(c) Market Disruption Event:

(i) If at any time a Market Disruption Event occurs and, for so long as it is continuing, then the Bank may by notice to the Borrower given in accordance with Article 12.02 (each such notice a “**MDE Suspension Notice**”), advise the Borrower that the Credit is suspended as a result of such Market Disruption Event, whereupon:

(A) the Bank shall not disburse any further Tranches under the Credit (including any Tranche in relation to which a Disbursement Offer and/or Disbursement Acceptance has been issued on or before the date the MDE Suspension Notice was advised to the Borrower; and

(B) the Borrower shall not deliver to the Bank any further Disbursement Acceptance, but without prejudice to all the other rights and obligations of the parties under this Contract.

(ii) Any suspension notified by the Bank under this Article 1.06B(c) shall continue until the Bank gives notice to the Borrower that the Market Disruption Event is no longer continuing and the suspension situation therefore revoked.

(iii) For the purposes of this Contract, “**Market Disruption Event**” means:

(A) there are, in the opinion of the Bank, exceptional events or circumstances adversely affecting the Bank's access to its source of funding;

(B) in relation to a specific undisbursed Tranche, in the opinion of the Bank funds are not available from its ordinary sources of funding to fund such Tranche in the relevant currency and/or for the reimbursement profile of such Tranche;

(C) in relation to a specific undisbursed Floating Rate Tranche:

(x) the cost to the Bank of obtaining funds from its sources of funding, as determined by the Bank, would be in excess of the applicable Relevant Interbank Rate for the relevant currency and Floating Rate Reference Period of such Tranche; or

(y) the Bank determines that adequate and fair means do not exist for ascertaining the applicable Relevant Interbank Rate for the relevant currency of such Tranche; OR

(D) there are, in the opinion of the Bank, other exceptional events or circumstances preventing the Bank from disbursing funds under this Contract.

Indemnity for suspension and cancellation of a Tranche

1.06C(1) SUSPENSION

If the Bank suspends an Accepted Tranche, whether upon an Indemnifiable Prepayment Event or an event mentioned in Article 10.01, the Borrower shall indemnify the Bank under Article 1.05B.

1.06C(2) CANCELLATION

If pursuant to Article 1.06A, the Borrower cancels:

(a) a Fixed Rate Accepted Tranche, it shall indemnify the Bank under Article 4.02B;

(b) a Floating Rate Accepted Tranche or any part of the Credit other than an Accepted Tranche, no indemnity is payable.

If the Bank cancels a Fixed Rate Accepted Tranche upon an Indemnifiable Prepayment Event or pursuant to Article 1.05C, the Borrower shall indemnify the Bank under Article 4.02B. If the Bank cancels an Accepted Tranche upon an event mentioned in Article 10.01, the Borrower shall indemnify the Bank under Article 10.03. Save in these cases, no indemnity is payable upon cancellation of a Tranche 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.

Cancellation after expiry of the Credit

Any time following the expiry of a period of 4 (four) months after the Final Availability Date, the Bank may by notice to the Borrower and without liability arising on the part of either party, cancel any part of the Credit in respect of which no Disbursement Acceptance has been made in accordance with Article 1.02C.

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 7 (seven) days of the Borrower's receipt of the Bank's demand or within any longer period specified in the Bank's demand.

Allocation procedure

Between the date hereof and 30 September 2015, the Borrower may submit to the Bank a request for allocation (hereinafter referred to as an "**Allocation Request**").

The Loan may solely be allocated to Sub-Projects identified as eligible for financing in the Technical Description, annexed hereto as Schedules A.1.1 to A.1.4. In order for a Sub-Project to qualify for financing hereunder, the Borrower must comply with the allocation procedure under this Article 1.09 and Schedule A.1.5, and with allocation undertakings under Article 1.10.

The Bank shall have full discretion whether or not to approve the Allocation Request so submitted following such examination of the Sub-Projects as it deems necessary and shall, in the event of approval, issue a letter of allocation (hereinafter referred to as a "**Letter of Allocation**"), informing the Borrower of its approval of the Sub-Projects submitted and of the amount in CZK of the Loan allocated to them. In the event the Bank does not approve a submitted Allocation Request, the Bank shall inform the Borrower thereof in writing.

The Borrower shall provide the Bank with any additional information regarding the Sub-Projects as the Bank, in its own discretion, may request.

In agreement with the Borrower, the Bank may amend the allocation procedures as the Project develops, inter alia, to amend and/or simplify such allocation procedures in line with the Bank's policy on framework loans.

Allocation undertakings

- (a) In relation to Allocation Requests for:
- (i) eligible Sub-Projects co-financed with EU Structural Funds with an investment cost below EUR 25 million, the Sub-Projects may be selected by the Borrower. The selected Sub-Projects are subject to ex-post approval by the Bank's services;
 - (ii) eligible Sub-Projects not co-financed with EU Structural Funds with an investment cost below EUR 25 million, the Sub-Projects are submitted ex-ante to the Bank for approval, before funding;
 - (iii) all eligible Sub-Projects with an investment cost between EUR 25 million and EUR 50 million, the Sub-Projects are submitted ex-ante to the Bank for approval, before funding. The Bank reserves the right to request that the Borrower provide additional information or, if deemed necessary, perform a partial or an in-depth appraisal of the Sub-Projects; and
 - (iv) all eligible Sub-Projects with an investment cost above EUR 50 million, the Sub-Projects are to be treated in principle like separate loans and appraised separately by the Bank's services, and will be subject to the Bank's approval before disbursement of the Bank's funds to the Borrower. The Borrower shall provide information requested by the Bank, at its discretion, as individually indicated by the Bank to the Borrower.
- (b) The Borrower shall provide together with each Allocation Request the following documents:
- (i) for Sub-Projects not requiring an Environmental Impact Assessment ("**EIA**"), a copy of the relevant consent from the competent authority reasoning why an EIA was not necessary (screening decision);
 - (ii) for Sub-Projects requiring an EIA, either the Non-Technical Summary of the EIA or a link to a public version of the Non-Technical Summary of the EIA, together with a copy of the relevant consent evidencing that public consultation has been performed and its results taken into consideration;
 - (iii) for Sub-Projects without significant impact, potential or likely, on a conservation site (Natura 2000 or otherwise), a declaration from the competent authority that the Sub-Project is in compliance with EU Habitats Directive 92/43/EEC and EU Birds Directive 79/409/EEC (Form A); and
 - (iv) for Sub-Projects with a significant impact, potential or likely, on a conservation site (Natura 2000 or otherwise), Form B or the equivalent thereof signed by the competent authority together with the relevant opinion from the European Commission, if applicable.

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- (c) The Borrower shall not commit any funds of the Bank against Sub-Projects that require an EIA or biodiversity assessment according to EU and national law without, prior to commitment, receiving the consent from the competent authority and making the Non-Technical Summary of the EIA available to the public.

Reallocation

1.11A Reallocation at the request of the Borrower

The Borrower may, by request to the Bank which shall include reasons therefor, and not later than 31 December 2015, propose to reallocate in accordance with Article 1.09 any part of the Loan which has been allocated but not spent by the Borrower on a Sub-Project or made available in full, directly or indirectly, by the Borrower to the relevant Final Beneficiaries.

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 1.09.

If the reallocation is not possible or 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 accrued interest on the prepaid amount and compensation, if any, calculated in accordance with Article 4.02.

1.11B Reallocation at the request of the Bank

The Borrower shall propose to reallocate any part of the Loan which has been allocated, in accordance with the procedures described in Article 1.09, in relation to a Sub-Project if such Sub-Project, in the reasonable opinion of the Bank, is ineligible for financing by the Bank under the Bank's Statute, policies or guidelines or under Article 309 of the Treaty on the Functioning of the European Union. If within the timeframe provided for in the Bank's written request the Borrower fails to replace such Sub-Project, the Borrower shall repay all or part of the Loan in accordance with Article 10.01A.

ARTICLE 2

The Loan

Amount of Loan

The Loan shall comprise the aggregate amount of Tranches disbursed by the Bank under the Credit, as confirmed by the Bank pursuant to Article 2.03.

Currency of repayment, interest and other charges

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

Any other payment 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.

Confirmation by the Bank

Within 10 (ten) days after disbursement of each Tranche, the Bank shall deliver to the Borrower the amortisation table referred to in Article 4.01, if appropriate, showing the disbursement date, currency, the amount disbursed, the repayment terms and the interest rate of and for that Tranche.

ARTICLE 3

Interest

Rate of interest

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

Fixed Rate Tranches

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

Interest shall be calculated on the basis of Article 5.01(a) at an annual rate that is the Fixed Rate.

Floating Rate Tranches

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

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

If pursuant to Articles 1.05 and 1.06 disbursement of any Floating Rate Tranche takes place after the Scheduled Disbursement Date the interest rate applicable to the first Floating Rate Reference Period shall be determined as though disbursement had taken place on the Scheduled Disbursement Date.

Interest shall be calculated in respect of each Floating Rate Reference Period on the basis of Article 5.01(b).

Revision or Conversion of Tranches

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

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 shall be charged at the annual rate that is the sum of the rate defined in Article 3.01A plus 0.25% (25 basis points) if the annual rate referred to in the above paragraph does not adequately cover the loss suffered by the Bank as a result of the late payment for any given relevant period.

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

ARTICLE 4**Repayment Normal repayment****t****Repayment by instalments**

- (a) The Borrower shall repay each Tranche by instalments on the Payment Dates specified in the relevant Disbursement Offer in accordance with the terms of the amortisation table delivered pursuant to Article 2.03.
- (b) Each amortisation table shall be drawn up on the basis that:
 - (i) in the case of a Fixed Rate Tranche without an Interest Revision/Conversion Date, repayment shall be made on a constant annuity basis or by equal annual, semi-annual or quarterly instalments of principal;
 - (ii) in the case of a Fixed Rate Tranche with an Interest Revision/Conversion Date or a Floating Rate Tranche, repayment shall be made by equal annual, semi-annual or quarterly instalments of principal; and
 - (iii) the first repayment date of each Tranche shall be a Payment Date falling not later than the first Payment Date immediately following the 7 (seventh) anniversary of the Scheduled Disbursement Date of the Tranche and the last repayment date shall be a Payment Date falling not earlier than 4 (four) years and not later than 25 (twenty-five) years from the Scheduled Disbursement Date.

Single instalment

Alternatively, the Borrower may repay the Tranche in a single instalment on a Payment Date specified in the Disbursement Offer, being a date falling not less than 3 (three) years or more than 16 (sixteen) years from the Scheduled Disbursement Date.

Voluntary prepayment

Prepayment option

Subject to Articles 4.02B, 4.02C and 4.04, the Borrower may prepay all or part of any Tranche, together with accrued interest and indemnities if any, upon giving a Prepayment Notice with at least 1 (one) month's prior notice specifying the Prepayment Amount and the Prepayment Date.

Subject to Article 4.02C the Prepayment Notice shall be binding and irrevocable.

Prepayment indemnity

4.02B(1) FIXED RATE TRANCHE

- (a) Subject to paragraph (b) below, if the Borrower prepays 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 Interest Revision/Conversion Date, if any, or 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 Redeployment Rate, less 0.15% (fifteen basis points).

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

- (b) The Borrower may prepay a Fixed Rate Tranche without indemnity on the Interest Revision/Conversion Date in the event of the non-fulfilment of an Interest Revision/Conversion pursuant to Schedule D.

4.02B(2) FLOATING RATE TRANCHE

The Borrower may prepay a Floating Rate Tranche without indemnity on any relevant Payment Date. If the Borrower has accepted an Interest Revision/Conversion Proposal to convert a Floating Rate Tranche to a Fixed Rate Tranche pursuant to Schedule D Article 4.02B(1) applies.

Prepayment mechanics

The Bank shall notify the Borrower, not later than 15 (fifteen) days prior to the Prepayment Date, of the Prepayment Amount, of the accrued interest due thereon and 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, the Borrower shall notify the Bank either:

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

If the Borrower gives the confirmation under paragraph (a) above, 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.

Compulsory prepayment

Grounds for prepayment

4.03A(1) PROJECT COST REDUCTION

If the total cost of the Project should be reduced from the figure stated in Recital 12 to a level at which the amount of the Credit exceeds 50% (fifty per cent) of such cost, the Bank may in proportion to the reduction forthwith, by notice to the Borrower, cancel the Credit and/or demand prepayment of the Loan.

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4.03A(2) PARI PASSU TO ANOTHER TERM LOAN

If the Borrower voluntarily prepays a part or the whole of any other loan originally granted to it for a term of more than 5 (five) years (a “**Term Loan**”) otherwise than out of the proceeds of a loan having a term at least equal to the unexpired term of the Term Loan prepaid, the Bank may, by notice to the Borrower, cancel the Credit and demand prepayment of the Loan, in such proportion as the prepaid 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 (thirty) days of receipt of notice under Article 8.02(f)(iii).

For the purposes of this Article, “**loan**” includes any loan, bond or other form of financial indebtedness or any obligation for the payment or repayment of money.

4.03A(3) CHANGE OF LAW

The Borrower shall promptly inform the Bank if a Change-of-Law Event has occurred or is imminent in respect to the Borrower. In such case, or if the Bank has reasonable cause to believe that a Change-of-Law Event has occurred or is about to occur, the Bank may request that the Borrower consult with it. Such consultation shall take place within 30 (thirty) days from the date of the Bank’s request. After the earlier of (a) the lapse of 30 (thirty) days from the date of such request for consultation or (b) the occurrence of the anticipated Change-of-Law Event, the Bank may, by notice to the Borrower, cancel the Credit and demand prepayment of the Loan, together with accrued interest and all other amounts accrued and outstanding under this Contract. The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date being a date falling not less than 30 (thirty) days from the date of the demand.

For the purposes of this Article “**Change-of-Law Event**” means the enactment, promulgation, execution or ratification of or any change in or amendment to any law, rule or regulation (or in the application or official interpretation of any law, rule or regulation) that occurs after the date of this Contract which results or is reasonably likely to result in a Material Adverse Change.

4.03A(4) LOSS-OF-RATING EVENT

For the purposes of this Contract, a “**Loss-of-Rating Event**” means:

- (a) any case where any Credit Rating as assigned by Moody’s Investors Service, Inc. or its successor is Baa2 or below, or
- (b) the Credit Rating assigned under paragraph (a) above ceases to be published.

If the Borrower obtains Credit Rating from any of the below rating agencies, for the purpose of this Contract, a “**Loss-of-Rating Event**” shall also mean:

- (c) any case where any Credit Rating:
 - (i) as assigned by Fitch Ratings Limited or its successor is BBB or below; or
 - (ii) as assigned by Standard and Poor’s Ratings Group or its successor is BBB or below, or
- (d) all of the Credit Ratings of one or both Rating Agencies, assigned under paragraph (c) above cease to be published.

If a Loss-of-Rating Event occurs, the Borrower shall provide security for the Loan in the form of a guarantee on terms and from a bank acceptable to the Bank, cash collateral or other security acceptable to the Bank.

If within a period of 15 (fifteen) days following the Loss-of-Rating Event the security has not been executed in manner, form and substance satisfactory to the Bank, the Bank may by notice to the Borrower, forthwith cancel the undisbursed portion of the Credit and demand immediate prepayment of the Loan together with accrued interest and all other amounts accrued or outstanding under this Contract.

Prepayment mechanics

Any sum demanded by the Bank pursuant to Article 4.03A, together with any interest or other amounts accrued and outstanding 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 (thirty) days from the date of the Bank’s notice of demand and shall be applied in accordance with Article 10.05.

Prepayment indemnity

In the case of an Indemnifiable Prepayment Event, the indemnity, if any, shall be determined in accordance with Article 4.02B for a Fixed Rate Tranche.

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If, moreover, pursuant to any provision of Article 4.03A 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.

Application of partial prepayments

If the Borrower partially prepays a Tranche, the Prepayment Amount shall be applied pro rata to each outstanding instalment.

A prepaid amount may not be reborrowed. This Article 4 shall not prejudice Article 10.

**ARTICLE 5
Payments**

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:

- (a) or a Fixed Rate Tranche, a year of 360 (three hundred and sixty) days and a month of 30 (thirty) days; and
- (b) for a Floating Rate Tranche, a year of 360 (three hundred and sixty) days (but 365 (three hundred and sixty five) days (invariable) for GBP) and the number of days elapsed.

Time and place of payment

Unless otherwise specified, all sums other than sums of interest, indemnity and principal are payable within 7 (seven) 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 15 (fifteen) days before the due date for the first payment by the Borrower and shall notify any change of account not less than 15 (fifteen) days before the date of the first payment to which the change applies. This period of notice does not apply in the case of payment under Article 10.

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

Set-off

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

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

**ARTICLE 6
Borrower
undertakings and
representations**

Use of Loan and availability of other funds

The Borrower shall use the proceeds of 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 (2) and that such funds are expended, to the extent required, on the financing of the Project.

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.

Increased cost of Project

If the total 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. The plans for funding the excess cost shall be communicated to the Bank without delay.

Procurement procedure

The Borrower undertakes to, and shall procure that the Final Beneficiaries will, purchase equipment, secure services and order works for the Project (a) in so far as they apply to it or to the Project, in accordance with EU law in general and in particular with the relevant EU Directives and (b) 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.

Continuing Project undertakings

So long as the Loan or any part thereof is outstanding, the Borrower shall, and shall procure that the Final Beneficiaries will:

- (a) **Maintenance:** maintain, repair, overhaul and renew all property forming part of the Project as required to keep it in good working order;
- (b) **Project assets:** unless the Bank shall have given its prior consent in writing, retain title to and possession of all or substantially all the assets comprising the Project or, as appropriate, replace and renew such assets and maintain the Project in substantially continuous operation in accordance with its original purpose; 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 its Statute or under Article 309 of the Treaty on the Functioning of the European Union;
- (c) **Insurance:** insure all works and property forming part of the Project in accordance with the relevant industry practice (including self-insurance);
- (d) **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
- (e) **Environment:** implement and operate the Project in conformity with Environmental Law.

Disposal of assets

- (a) The Borrower shall not, without the prior written consent of the Bank, either in a single transaction or in a series of transactions whether related or not dispose of all or any part of its business, undertaking or assets.
- (b) Paragraph (a) above does not apply to the disposal of assets, other than assets forming part of the Project, for fair market value and at arm's length, provided that, during the life of the Loan, the aggregate book value of the assets disposed of by the Borrower shall not exceed 10% (ten per cent) of the Borrower's total consolidated assets as reflected in the latest consolidated balance sheet of the Borrower prior to signature of this Contract.

For the purposes of this Article, "**dispose**" and "**disposal**" includes any act effecting sale, transfer, lease or other disposal.

Compliance with laws

The Borrower shall, and shall procure that the Final Beneficiaries will, comply in all respects with all laws to which it or the Project is subject where failure to do so results or is reasonably likely to result in a Material Adverse Change.

General Representations and Warranties

The Borrower represents and warrants to the Bank that:

- (a) it is validly existing as a *kraj* under the laws of the Czech Republic and it has power to carry on its business as it is now being conducted and to own its property and other assets;
- (b) it has the power to execute, deliver and perform its obligations under this Contract and all necessary action has been taken to authorise the execution, delivery and performance of the same by it;
- (c) this Contract constitutes its legally valid, binding and enforceable obligations;
- (d) the execution and delivery of, the performance of its obligations under and compliance with the provisions of this Contract do not and will not:

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- (i) contravene or conflict with any applicable law, statute, rule or regulation, or any judgement, decree or permit to which it is subject;
- (ii) contravene or conflict with any agreement or other instrument binding upon it which might reasonably be expected to have a material adverse effect on its ability to perform its obligations under this Contract;
- (e) the consolidated audited accounts of the Borrower for the year ending on the Accounting Date have been prepared on a basis consistent with previous years and have been approved by its auditors or the Ministry of Finance of the Czech Republic as representing a true and fair view of the results of its operations for that year and accurately disclose or reserve against all the liabilities (actual or contingent) of the Borrower;
- (f) there has been no Material Adverse Change since the Accounting Date;
- (g) no event or circumstance which constitutes an event of default under Article 10.01 has occurred and is continuing unremedied or unwaived;
- (h) no litigation, arbitration, administrative proceedings or investigation is current or to its knowledge is threatened or pending before any court, arbitral body or agency which has resulted or if adversely determined is reasonably likely to result in a Material Adverse Change, nor is there subsisting against it any unsatisfied judgement or award;
- (i) it has obtained all necessary consents, authorisations, licences or approvals of governmental or public bodies or authorities in connection with this Contract and the Project and all such consents, authorisations, licences or approvals are in full force and effect and admissible in evidence;
- (j) at the date of this Contract, no Security Interest exists over its assets save for Permitted Security Interest; and
- (k) its payment obligations under this Contract rank not less than *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations under any of its debt instruments except for obligations mandatorily preferred by law.

The representations and warranties set out above shall survive the execution of this Contract and are, except paragraph (f) above, deemed repeated on each Scheduled Disbursement Date and each Payment Date.

ARTICLE 7

The undertakings in this Article 7 remain in **Security** force from the date of this Contract for so long as any amount is outstanding under this Contract or the Credit is in force.

Negative pledge

The Borrower shall not, without the prior written consent of the Bank, create or permit to subsist any Security Interest on, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) other than Permitted Security Interest.

“**Permitted Security Interest**” shall mean:

- (a) any Security Interest securing financial indebtedness up to the aggregate amount of 1/1000 (0.1%) of the Borrower’s consolidated total assets as reflected in the most recent consolidated balance sheet of the Borrower;
- (b) any Security Interest on land or other assets, where such encumbrance secures only any credit obtained to finance such asset;
- (c) any pledge over stocks or other Security Interest created to secure any credit granted for a term of less than 12 (twelve) months; and
- (d) any Security Interest created pursuant to mandatory provisions of law.

Pari passu ranking

The Borrower shall ensure that its payment obligations under this Contract rank, and will rank, not less than *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations under any of its debt instruments except for obligations mandatorily preferred by law.

Clauses by inclusion

If the Borrower concludes 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, if applicable, that is stricter than any equivalent provision of this Contract, the Borrower shall 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 concerning the Project**

n and visits The Borrower shall:

(a) deliver to the Bank:

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

provided always that if such information or document is not delivered to the Bank on time, and the Borrower does not rectify the omission within a reasonable time set by the Bank in writing, the Bank may remedy the deficiency, to the extent feasible, by employing its own staff or a consultant or any other third party, at the Borrower's expense and the Borrower shall provide such persons with all assistance necessary for the purpose;

- (b) submit for the approval of the Bank without delay any material change to the Project, including, inter alia, in respect of the price, design, plans, timetable or to the expenditure programme or financing plan for the Project, in relation to the disclosures made to the Bank prior to the signing of this Contract;
- (c) promptly inform the Bank of:
 - (i) any action or protest initiated or any objection raised by any third party or any genuine complaint received by the Borrower or any material litigation that is commenced or threatened against it with regard to environmental or other matters affecting the Project; and
 - (ii) any fact or event known to the Borrower, which may substantially prejudice or affect the conditions of execution or operation of the Project; and
- (d) deliver to the Bank in form and substance satisfactory to the Bank:
 - (i) annual Project progress reports during Project implementation in the form specified in Schedule A.2;
 - (ii) annually and with each Allocation Request, a list of Sub-Projects allocated with updated information on each Sub-Project in the form attached to this Contract as Schedule A.1.6; and
 - (iii) a Project completion report in the form specified in Schedule A.2.

Information concerning the Borrower

The Borrower shall:

- (a) deliver to the Bank in the English language or with English translation:
 - (i) each year as soon as available and in any event within 7 (seven) months after the end of each financial year, a copy of a summary of the executed consolidated budget statement, consolidated balance sheet and profit and loss account at the end of and for that financial year of the Borrower, together with the related external auditors' report or certificate from the Ministry of Finance of the Czech Republic, and a summary balance sheet and profit and loss account, at the end of and for that financial year, for the Borrower's contributory organisations; and
 - (ii) at the Bank's request, a copy of the full version of said annual budget statement;
- (b) deliver to the Bank in the English language or with English translation, as soon as available and in any event prior to 28 February of the relevant financial year, a copy of the consolidated annual budget for such financial year, as approved by the Borrower's Assembly or, if not approved, deliver to the Bank, prior to 28 February of the relevant financial year, a copy of a pro-forma annual budget for that financial year and a copy of the approved annual budget prior to 30 June of the relevant financial year;

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- (c) deliver to the Bank in the English language or with English translation no later than 31 October each year, its annual budget projections including capital expenditures and investment plan for each of the following three years;
- (d) deliver to the Bank, from time to time, such further information on its general financial situation as the Bank may reasonably require;
- (e) ensure that its accounting records fully reflect the operations relating to the financing, execution and operation of the Project; and
- (f) inform the Bank immediately of:
 - (i) any material change in the laws or regulatory environment in the Czech Republic or any material change in the Borrower's activities, which may affect its ability to complete the Project or service the Loan;
 - (ii) any fact which obliges it to prepay any financial indebtedness or any EU funding;
 - (iii) any event or decision that constitutes or may result in the events described in Article 4.03A;
 - (iv) any intention on its part to grant any security over any of its assets in favour of a third party except as permitted under Article 7.01;
 - (v) any event or decision that constitutes or may result in the events described in Article 7.03;
 - (vi) any intention on its part to relinquish ownership of any material component of the Project;
 - (vii) any fact or event that is reasonably likely to prevent the substantial fulfilment of any obligation of the Borrower under this Contract;
 - (viii) any event listed in Article 10.01 having occurred or being threatened or anticipated;
 - (ix) any litigation, arbitration or administrative proceedings or investigation which is current, threatened or pending which might if adversely determined result in a Material Adverse Change; or
 - (x) any decision made by the Borrower to sell, transfer, grant, lease or otherwise dispose of any of its assets except as permitted under Article 6.06.

Visits by the Bank

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

The Borrower acknowledges that the Bank may be obliged to divulge such information relating to the Borrower, the Final Beneficiaries and the Project to any competent European Union institution or body in accordance with the relevant mandatory provisions of European Union law.

ARTICLE 9

Taxes, duties and fees

Charges and expenses

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

The Borrower shall pay all principal, interest, 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.

Other charges

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

ARTICLE 10
Events of
default

Right to demand repayment

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

Immediate demand

The Bank may make such demand immediately:

- (a) if the Borrower fails on the due date to repay any part of the Loan, to pay interest thereon or to make any other payment to the Bank as provided in this Contract;
- (b) if any information or document given to the Bank by or on behalf of the Borrower or any representation or statement made or deemed to be made by the Borrower in this Contract or in connection with the negotiation of this Contract is or proves to have been incorrect or misleading in any material respect;
- (c) if, following any default in relation thereto, the Borrower is required or is capable of being required or will, following expiry of any applicable contractual grace period, be required or be capable of being required to prepay, discharge, close out or terminate ahead of maturity any other loan or obligation arising out of any financial transaction or any commitment for any other loan or obligation arising out of any financial transaction is cancelled or suspended;
- (d) if the Borrower is unable to pay its debts as they fall due, or suspends its debts, or makes or, without prior written notice to the Bank, seeks to make a composition with its creditors;
- (e) if any action, legal proceedings or other procedure or step is taken in relation to or an order is made or an effective resolution is passed for the winding up of the Borrower, or if the Borrower takes steps towards a substantial reduction in its assets, becomes insolvent or ceases or resolves to cease to carry on the whole or any substantial part of its business or activities;
- (f) if an encumbrancer takes possession of, or a receiver, liquidator, administrator, administrative receiver or similar officer is appointed, whether by a court of competent jurisdiction or by any competent administrative authority or by any person, of or over, any part of the business or assets of the Borrower or any property forming part of the Project;
- (g) if the Borrower defaults in the performance of any obligation in respect of any other loan or financial instrument granted by the Bank or to the Bank or in respect of any state subsidies or EU grants related to the Project;
- (h) 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 within 14 (fourteen) days;
- (i) if a Material Adverse Change occurs, as compared with the Borrower's condition at the date of this Contract; or
- (j) if it is or becomes unlawful for the Borrower to perform any of its obligations under this Contract or this Contract is not effective in accordance with its terms or is alleged by the Borrower to be ineffective in accordance with its terms.

Demand after notice to remedy

The Bank may also make such demand:

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

unless the non-compliance or circumstance giving rise to the non-compliance is capable of remedy and is remedied within a reasonable period of time specified in a notice served by the Bank on the Borrower.

Other rights at law

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

Indemnity

Fixed Rate Tranches

In case of demand under Article 10.01 in respect of any Fixed Rate Tranche, the Borrower shall pay to the Bank the amount demanded together with a sum calculated in accordance with Article 4.02B on any amount 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.

Floating Rate Tranches

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

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

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.

Non-Waiver

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

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

Governing Law

**Law and
jurisdiction**

This Contract shall be governed by the laws of Luxembourg.

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.

Evidence of sums due

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

Compliance with the Regions Act

Pursuant to Section 23 of the Act on Regions (regional establishment) No. 129/2000 Coll., as amended (the "**Regions Act**"), the Borrower confirms that it has fulfilled all conditions, including without limitation, any publications, if required, and obtained all approvals, and/or consents required for the execution of this Contract according to the Regions Act and other mandatory provisions of law, in order for this Contract to become valid and effective.

ARTICLE 12

Notices to either party

**Final
clauses**

Notices and other communications given under this Contract addressed to either party to this Contract shall be made to the address or facsimile number as set out below, or to such other address or facsimile number as a party previously notifies to the other in writing:

For the Bank	Attention: Ops A 100 boulevard Konrad Adenauer L-2950 Luxembourg Facsimile no.: +352 4379 67196
For the Borrower	Attention: Department of Finance 28. října 117 702 18 Ostrava Czech Republic Facsimile no.: +420 595 622 308

Form of notice

Any notice or other communication given under this Contract must be in writing.

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

Other notices and communications may be made by hand delivery, registered letter or facsimile.

Without affecting the validity of any notice delivered by facsimile according to the paragraphs above, a copy of each notice delivered by facsimile shall also be sent by letter to the relevant party on the next following Business Day at the latest.

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.

Changes to parties

The Borrower may not assign or transfer any of its rights or obligations under this Contract without the prior written consent of the Bank.

The Bank may assign all or part of its rights and benefits or transfer (by way of novation, sub-participation or otherwise) all or part of its rights, benefits and obligations under this Contract.

Recitals, Schedules and Annexes

The Recitals and following Schedules form part of this Contract:

Schedule A	Technical Description and Reporting
Schedule B	Definition of EURIBOR, LIBOR and PRIBOR
Schedule C	Forms for Borrower
Schedule D	Interest Rate Revision and Conversion

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 3 (three) originals in the English language and have respectively caused Ms Dita Sole, Legal Counsel, on behalf of the Bank, and Ms Anna Klimšová, Head of Department of Finance, and Mr Petr Pospíšil, Head of Legal Section, on behalf of the Borrower, to initial each page of this Contract.

[_____, 2010]

The acceptance of this Credit and the execution of this Contract was approved by the Assembly of the Moravia-Silesia Region on _____ 2010 in its ____ meeting, by Resolution No _____, in accordance with Section 36 i) of the Act on Regions (regional establishment) No. 129/2000 Coll., as amended.

Signed for and on behalf of
EUROPEAN INVESTMENT BANK

Signed for and on behalf of
MORAVSKOSLEZSKÝ KRAJ

J. Palas

A.1 TECHNICAL DESCRIPTION

A.1.1 Purpose, Location

This project will support regional investments within the Regional Operational Programme (ROP) Moravia-Silesia and other sectoral Operational Programmes (OPs) prepared for the 2007-2013 programming period to be co-financed with the EU Structural Funds. It will also include Sub-Projects in the sectors of transport, public infrastructure (administrative, health and social care, education, culture and tourism), environment, ICT included in the Regional Development Plan financed from the Region's own resources. The Bank will support the Region's contribution. All Sub-Projects will be located in the Moravian-Silesian Region in the Czech Republic.

A.1.2 Description

For the majority of Sub-Projects, the Final Beneficiaries will be the Moravian-Silesian Region itself and/or its contributory organisations. On an exceptional basis, Final Beneficiaries may also be other entities (e.g. municipalities, non-profit organisations, businesses). Such Sub-Projects will be:

Category A: those submitted for financing from selected priorities and measures from the ERDF in Regional Operational Programme, Integrated Operational Programme, OP Environment and OP CR-Poland/Slovakia Cross-border Cooperation, are specifically indicated in Table A.1.3 (below), and normally subject to an automatic ex-post approval by the Bank;

Category B: and other investment Sub-Projects approved by the Bank ex-ante as being eligible for its financing are in the following sectors:

- Transport
- Education
- Health
- Social care
- Culture
- Other public infrastructure (tourism, public services, rescue system, etc.)

A.1.3 Eligible priorities and measures for EIB Project

Operational Programme	Priority Axis	Intervention area
Regional Operational Programme	1 Regional Infrastructure and accessibility	1.1 Regional road transport infrastructure
		1.2 Development and accessibility of the Ostrava Airport
	2 Support for the prosperity of the Region	2.1 Infrastructure for public services
		2.2 Development of tourism
Integrated OP	2 ICT implementation in local public administration	2.1 ICT implementation in local public administration
	3 Improved quality and accessibility of public services	3.1 Services in the area of social integration
		3.2 Services in the area of public health
		3.3 Services in the area of employment
		3.4 Services in the area of safety, prevention and risk management
OP Environment	3 Sustainable use of energy sources	3.1 Increase the use of renewable energy sources (shorten title)
		3.2 Implementation of energy savings and the utilisation of lost heat

Operational Programme	Priority Axis	Intervention area
OP CR / Poland Cross-border Cooperation	1 Enhancement of accessibility, environment protection and risk prevention	1.1 Enhancement of accessibility
OP CR / Slovakia Cross-border Cooperation	1 Support of social, cultural and economic development of the cross-border region	1.2 Cooperation and networking
	2 Development of Accessibility of Cross-border territory and environment	2.1 Development of Transport Infrastructure and Accessibility of Border Territory
		2.2 Maintenance of environment and development of landscape

A.1.4 Calendar

2008 – 2015 – implementation and eligibility of cost

2008 – 2010 – preparatory works

30 September 2015 – final availability date and allocation deadline

31 December 2015 – Project completion deadline

A.1.5 Allocation procedure

The Allocation of the Loan will be made on the basis of formal Allocation Requests.

The required information in support of the Allocation Request and the Allocation procedures (i.e. procedures for the Bank's approval) will be modulated according to the presence or absence of EU grant support and according to Sub-Project size.

Under Category A, two groups of Sub-Projects are to be distinguished, with different procedures for approving allocations:

- Small Sub-Projects (with cost below EUR 25 m equivalent)
 - the Borrower shall submit, as an annex of the Allocation Request letter:
 - a summary financial table for SF co-financed Sub-Projects (**Annex A.1.6**)
 - brief Sub-Project description (**Annex A.1.7**)
 - normally automatic ex-post approval by the Bank after commitment (contracting) by the Management Authority will apply;
 - the Bank retains nevertheless the option of requesting additional information before authorising the Allocation.
- Large Sub-Projects (with cost equal or above EUR 25 m equivalent)
 - the Borrower shall submit, as an annex of the Allocation Request letter:
 - a summary financial table for co-financed Sub-Projects (**Annex A.1.6**)
 - a project template for each Sub-Project based on the structure of **Annex A.1.9**
 - ex-ante approval by the Bank (i.e. prior to disbursement against such *Sub-Project*) is required.

For all Sub-Projects under Category B

- the Borrower shall submit, as an annex of the Allocation Request letter:
 - a summary financial table for non-co-financed Sub-Projects (**Annex A.1.6**)
 - a project template for each Sub-Project (the extent of the project template shall be proportional to the size of the Sub-Project: cf. sample template in **Annex A.1.7** for Sub-Projects with total costs below EUR 5 m, **Annex A.1.8** for Sub-Projects with total costs between EUR 5 m – EUR 25 m and **Annex A.1.9** for Sub-Projects with total costs above EUR 25 m)
- ex-ante approval by the Bank (i.e. prior to disbursement against such Sub-Project) is required.

For all Sub-Projects with total project cost exceeding EUR 50 m

- the Borrower shall submit, as an annex of the Allocation Request letter:
 - a summary financial table for non-co-financed Sub-Projects (**Annex A.1.6**)
 - full project dossier (project application) including technical annexes, studies and other documents indicated individually by the Bank. Such Sub-Projects will be treated in principle like separate loans,

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appraised separately by the Bank's services, and will be subject to the Bank's approval before disbursement of the Bank's funds to the Borrower.

All road Sub-Projects, irrespective to the source of funding, are to be submitted in tabular form according to **Annex A.1.10**.

All templates will be made available by the Bank in electronic format and the Borrower will also submit them in electronic format, in addition to the usual form of correspondence by letter/fax.

Before the funds are allocated by the Bank to the Sub-Projects concerned, the Promoter should provide:

- for Sub-Projects not requiring an EIA a copy of the relevant consent from the competent authority reasoning why an EIA was not necessary (screening decision).
- for Sub-Projects requiring an EIA, either the Non-Technical Summary of the EIA or a link to a public version of the Non-Technical Summary of the EIA, together with a copy of the relevant consent showing that public consultation has been performed and its results taken into consideration.
- for Sub-Projects without significant impact, potential or likely, on a conservation site (Natura 2000 or otherwise), a declaration from the Competent Authority that the Sub-Projects are in compliance with EU Habitats and Birds Directives (Form A) – **Annex A.1.11**.
- for Sub-Projects with a significant impact, potential or likely, on a conservation site, Form B – or its equivalent – has to be signed by the Competent Authority and submitted to the Bank together with the opinion of the European Commission (if required by the Article 6(4) of the Habitats Directive) – **Annex A.1.11**.

The Borrower shall not commit any EIB funds against Sub-Projects that require an EIA or biodiversity assessment according to EU and national law without, prior to commitment, receiving the consent from competent authority, and the Non-Technical Summary of the EIA having been made available to the public.

All other requirements regarding eligibility and information on procurement and environment (including EIA statements) are to be met.

A.1.6 Summary allocation table

SUMMARY ALLOCATION TABLE

Allocation number :
Number of schemes :
Date of allocation request :

Currency (and order):

EIB Project number	Project identification	Sector	Name of project	Operational Programme	Priority	Measure	Total costs		EU contribution	Region's contribution	Other resources	Implementation - plan (duration of works)		EIA required *	Natura 2000 *	Public procurement	
							Plan	Plan	Plan	Plan	Plan	Start (dd/mm/yyyy)	End (dd/mm/yyyy)	(yes/no)	(yes/no)	Type	
Category A) Schemes financed from the EIB facility and co-financed at the same time by the European Commission (from the Structural Funds)																	
- please sort the schemes according to the sectors																	
Category A) - Total							0	0	0	0							
Category B) Schemes financed from the Region's own budget only (refer to the Region's development programme or other)																	
- please sort the schemes according to the sectors																	
Category B) - total							0	0	0	0							
Allocation No. Total							0	0	0	0							

of that EIB's contribution

Date: DD/MM/YYYY

*) Relevant document is required (EIA: statement of relevant authority, NATURA 2000: Form A or Form B signed by relevant authority)

Total Project Cost of that EIB 0
EIB loan/ total Project Cost #DIV/0!
EIB allocation / EIB loan 0,00%

Attachments:

Project summary or fiche for each project (according to its type and size):

Project	Schemes co-financed with the EU Structural Funds with total cost below EUR 25m Schemes financed from the Region's budget only with total cost below EUR 5m
Project fiche - short version	Schemes financed from the Region's budget only with total cost between EUR 5m and EUR 25m
Project fiche - full version	For all schemes with total project cost between EUR 25m and EUR 50m

- for templates see the word document

Explanatory notes:

- 1 Yes/No: write Yes if the project is subject to an Environmental Impact Assessment (EIA) or Strategic Environmental Assessment (SEA); EIA Directive: 85/337/EEC, 97/11/EC, 2003/35/EC (see the National and Regional law transposition) and SEA Directive: 2001/42/EC (in case of a yes answer, please give summary details).
- 2 Yes/No: write Yes if the project is located in a natural reserve area (current or planned one) or in an area subject to specific environmental limits. Please complete Form A (in case of no impact, could be based on a list of schemes) or Form B (in case of significant).
- 3 "I": International Tender Procedure; "E": European Tender; "N": National Tender; "Ne": Negotiation Procedures; "D": Direct attribution; "Em": Emergency procedure; "C": Consultation (when only few companies are asked for an offer).

A.1.7 Brief project summary

Project number	Project identification	Name of Project (as specific as possible indicating type and location)	Total costs (in CZK)
		Project description (Brief but specific indicating all physical outputs/indicators particularly those which are measurable)	
<i>Example:</i>			
001	12.03.05.00045654	Road II/456 rehabilitation	1.465.000
		<i>Rehabilitation of 2nd class road between towns X and Y of length of 17 km, up-grade of road surface, modernisation of bridge...</i>	

A.1.8 Project template (short)

Sub-project code: [number used for EIB] **Sub-project identification:** [own number]
Sub-project title: [short but meaningful and predicative project title including location]
Promoter: [applicant, owner,...]
Location: [country – region – district – town]
Nature/sector: transport – agriculture – health care – social care – education – environment – tourism – culture – other:.....
Type: new construction – extension – rehabilitation – other:.....
Implementing agency: [public or private body responsible for deliver of the project for the Promoter]
Contact person: [person in charge of the project available for eventual additional questions]
Contact: [e-mail, telephone]

1. Sub-project

1.1 Background – Basic information

[Context information, basic technical information on output and impact of the project]

1.2 Reasons for undertaking the Project

[Justification of the project, objective reasons, results of an analysis or measurement]

1.3 Technical description of the project

1.4 Investment cost (total, in *currency*)

Indicate overall figure with breakdown if possible

EIB contribution (total, in *currency*)

[absolute and percental share of the EIB contribution, how much is requested?]

1.5 Expected expenditure schedule (in CZK)

year	2006	n	Total
CZK					

1.6 Implementation period (dates: month, year)

a) Start: [of works]

b) Completion: [of works]

1.7 Indicators - quantification of outputs/results

[Please quantify main outputs/results of the project in relevant units (persons, m², beds,...) corresponding to the investment]

1.8 Procurement

Tender completed: YES – NO – Partially

[Please indicate the type of the tender (local, national, international, opened, limited, etc. and eventually the winner of the bid, if known]

1.9 Environmental impacts

[Please indicate results of EIA and Natura 2000 screening/assessments. If an EIA had to be undertaken, provide the EIB with a copy of the Non-technical Summary of the final EIA report. If not, indicate effects of the project and main environmental risks.]

1.10 Economic and financial aspects

[Please indicate key financial or economical aspects of the project which can be quantified (increased population served, increased capacity, reduction of pollution, etc.)]

2. Overall conclusions and recommendations

Place: [city, town]

Date: [date when this template has been drafted]

I hereby confirm that all information provided in this project template is true and correct.

Responsible person: [person verifying verity of the information above]

Signature:

A.1.9 Project template (full)

Sub-project code: [number used for EIB]	Sub-project identification: [own number]
Sub-project title: [short but meaningful and predicative project title including location]	
Promoter: [applicant, owner,...]	
Location: [country – region – district – town]	
Nature/sector: transport – agriculture – health care – social care – education – environment – tourism – culture – other:.....	
Type: new construction – extension – rehabilitation – other:.....	
Implementing agency: [public or private body responsible for deliver of the project for the Promoter]	
Contact person: [person in charge of the project available for eventual additional questions]	
Contact: [e-mail, telephone]	

1. Sub-project

1.1 Background

1.2 Reasons for undertaking the Project and key objectives

1.3 Technical description of the project, including relevant key dimensions and capacities

1.4 Entity(ies) responsible for project design, construction and supervision

1.5 Investment cost (total)

in CZK

Engineering and supervision	
Land	
Civil works (Building work)	
Equipment	
Miscellaneous	
Technical contingencies	
Price contingencies (...% escalation p.a.), if applicable	
Interest during construction	
Total	

1.6 Financial plan and requested allocation

Sources of financing	in CZK
EU funds	
State/Region/City* Budget	
Other	
Total	
of which requested EIB loan	

31 use as appropriate

1.7 Expected expenditure schedule (in CZK)

year	2007	n	Total
CZK					

1.8 Expected technical/ economical life-span (years)

1.9 Implementation period (dates: month, year)

a) Start: [of works]

b) Completion: [of works]

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1.10 Authorisation required to implement/operate the project

Please provide the name(s) of the authority(ies) issuing the relevant permit(s) and whether or not the authorisation(s) has (have) been issued. If permits are not issued, please indicate the expected date.

1.11 Jobs affected by the investment

Number of jobs that will be created, secured or lost as a consequence of the project

a) during construction:	
b) post construction (operation and maintenance) – secured:	

1.12 Physical indicators

Please indicate (quantify) planned physical output/result of the project.

Indicator name and definition	Baseline (year)	Target value (year)
a) ...		
b)		
c)		

1.13 Procurement

Tender completed: YES – NO – Partially

[Please indicate the type of the tender (local, national, international, opened, limited, etc. and eventually the winner of the bid, if known]

1.14 Environmental impacts

- a) Please explain briefly the effects of the project on the environment.
- b) Does the Project have any particular environmental risks or benefits?
- c) Compliance with environmental requirements (local, national, EU) and summary description of mitigating measures adopted, if any; indicate if an EIA is required and if the project is located within/impacts on Natura 2000 sites- in the affirmative cases, please provide information on the relevant assessment and administrative decisions for such projects, the Bank services may require further information (such as a copy of the non-technical EIA summary, analysis of impact on Natura 2000 sites).

1.15 Operation and maintenance of the facilities:

- a) Organisation in charge of the operation and maintenance of the Sub-project:
- b) Operating and maintenance costs and available budget for operation and maintenance:

1.16 Economic and financial aspects

- a) Population served by the Sub-project, or other pertinent demand analysis (e.g. traffic);
- b) If applicable, a summary of cost-benefit or economic feasibility analysis
- c) If applicable, cost recovery mechanism (Will users be required to contribute to the cost of the Sub-project? Tariff policy?)

2. Overall conclusions and recommendations

Place: [city, town]

Date: [date when this template has been drafted]

I hereby confirm that all information provided in this project template is true and correct.

Responsible person: [person verifying verity of the information above]

Signature:

Type and coding of defects

Codes in the Catalogue of Defects for Flexible Pavements TP82
(as approved by the Ministry of Transport and Communications of the Czech Republic, ref. 17861/96-230)

Group of defects	Indication of defect	Code of defect (MSHV Catalogue)	Code of defect (VSVH Catalogue)
Loss of rugosity	Loss of microtexture	01	-
	Loss of macrotexture	02	11
Pavement surface deformation	Blistering in mastic asphalt wearing course	03	10
	Longitudinal waves	04	-
	Ruts	05	-
	Irregular humps	06	-
Loss of material from pavement	Loss of bituminous binding material	07	01
	Corrosion of slurry seal	08	12
	Loss of aggregate from surface treatment	09	11
	Caverns in pavement surface	10	01
	Deep corrosion	11	02
	Potholes in wearing course	12	03
Cracks	Potholes in pavement structure	13	03
	Narrow transversal cracks	14	13
	Wide transversal cracks	15	06
	Ramified transversal cracks	16	08
	Narrow longitudinal cracks	17	09
	Wide longitudinal cracks	18	07
	Ramified longitudinal cracks	19	08
Mosaic cracks	20	14	
Structural defects	Pavement borders breaking-off	21	-
	Local subsidence	22	15
	Transvers subsidence	23	15
	Local hump	24	04
	Transverse hump	25	04
	Longitudinal hump	26	-
	Areal pavement deformation	27	05
	Net cracks	28	08
Pavement structure breach	29	-	

A.1.11 Natura 2000

Form A – No risk of significant effect

**DECLARATION BY THE AUTHORITY RESPONSIBLE FOR MONITORING
SITES OF NATURE CONSERVATION IMPORTANCE¹**

Responsible Authority.....

Having examined² the project application (title)

.....

which is to be located at

we declare that following the screening whether an appropriate assessment is needed or not the project is not likely to have significant effects on a site of nature conservation importance⁴ on the following grounds:

..... *[this should be duly justified and filled in by the competent authority]*

.....

Therefore an appropriate assessment required by Article 6 (3) of Directive 92/43/EEC was not deemed necessary.

A map at scale of 1:100.000 (or the nearest possible scale) is attached, indicating the location of the project as well as the site of nature conservation importance⁴ concerned, if any.

Name:

Position:

Organisation:

(Authority responsible for monitoring sites of nature conservation importance)

Signed:

Date:

Official Seal:

¹ This includes sites protected as part of the Natura 2000 network (including Special Areas of Conservation and Special Protection Areas), potential Natura 2000 sites, Ramsar sites, International Bird Areas, sites of the Emerald Network, or others as relevant.

² Taking into account the requirements of Art. 6(3) of Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora.

Form B – Risk of significant effect

**INFORMATION FROM THE AUTHORITY RESPONSIBLE FOR MONITORING
SITES OF NATURE CONSERVATION IMPORTANCE³**

Responsible Authority.....

Having examined⁴ the project application

(title).....

which is to be located at

provides the following information

Country:

Competent national authority:

Address:

Contact person:

Tel., fax, e-mail:

Date:

³ This includes sites protected as part of the Natura 2000 network (including Special Areas of Conservation and Special Protection Areas), potential Natura 2000 sites, Ramsar sites, International Bird Areas, sites of the Emerald Network, or others as relevant.

⁴ Taking into account the requirements of Art. 6(4) of Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora.

1. PROJECT

Name of the site affected:

This site is (please tick):

- a site identified by the national competent authority as qualifying under Art. 4(1) and (2) of the **Birds** directive (79/409/EEC) (Special Protection Area equivalent to Natura 2000)
- a site identified by the national competent authority as qualifying under Art. 4 (1) of the Habitats directive (92/43/EEC) (Special Area of Conservation equivalent to Natura 2000)
- For European Union Member States only, does the site concern a priority habitat or species?
 yes no
- a site listed in the latest inventory on **Important Bird Areas** (IBA 2000) or (if available) in an equivalent more detailed scientific inventories endorsed by national authorities
- a wetland of international importance designated under the **Ramsar** Convention or qualifying for such protection
- a site to which the Bern convention on the conservation of European Wildlife and Natural Habitats (Art. 4) applies, in particular a site meeting the criteria of the **Emerald network**
- areas protected under national nature conservation legislation

Summary of the project having an effect on the site :

2. NEGATIVE EFFECTS

Summary of the assessment of the negative effects on the site:

N.B.: this summary should focus on the adverse effect expected on the conservation value of the site (habitats and species), include the appropriate maps and describe the already decided mitigation measures.

3. ALTERNATIVE SOLUTIONS

Summary of alternative solutions studied:

Reasons why the competent national authorities have concluded that there is absence of alternative solutions:

4. IMPERATIVE REASONS

Reason to nevertheless carry out this plan or project:

Imperative reasons of overriding public interest, including those of a social or economic nature (in the absence of priority habitat/species)

human health

public safety

beneficial consequences of primary importance for the environment

other imperative reasons of overriding public interest⁵

Short description of the reason :

5. COMPENSATION MEASURES

Foreseen compensatory measures and timetable:

⁵ If the project is in the EU, obtain the opinion of the Commission (see Article 6(4).2 of the Habitats Directive)

A.2. 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:

Company	Moravia – Silesia Region
Contact person	Mr. Leo Nevřela
Function	Head of Department
Department	Department of Regional Office Director
Address	28. října 117, 702 18 Ostrava
Phone	+420 595 622 178
Fax	+420 595 622 951
Email	leo.nevrela@kr-moravskoslezsky.cz

The above-mentioned contact person is the responsible contact for the time being.

The Borrower shall inform the Bank immediately in case of any change.

2. Information on specific subjects

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

Document / information	Deadline
<i>Information on environmental obligations:</i> <ul style="list-style-type: none">• for Sub-projects subject to EIA, provide the non-technical summary of the EIA or website connection providing the information• for Sub-projects 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>At allocation, for each applicable sub-project</i>
<i>Updated development strategies, plans for sectors: education, health, social care or other documents for decision making indicating that demographic projections, requirements of service delivery and/or economic factors are taken into consideration for investments</i>	<i>As soon as available or in any case in December 2015 at the latest</i>

3. Information on the project's implementation

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

Document / information	Deadline	Frequency of reporting
<p><i>Project Progress Report</i> in a form of an updated Summary Allocation Table accompanied by a text explanation covering mainly:</p> <ul style="list-style-type: none"> - a brief update on the technical description, explaining the reasons for significant changes vs. initial scope; - update on the date of completion of each of the main project's components, explaining reasons for any possible delay; - update on the cost of the project, explaining reasons for any possible cost increases vs. initial budgeted cost; - any major issue with impact on the environment; - any major issues concerning procurement; - any significant issue that has occurred and any significant risk that had an impact on the project's operation; - any legal action concerning the project that may be ongoing. 	<p><i>June 30 for the previous calendar year</i></p>	<p><i>Annually</i></p>

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
<p><i>Project Completion Report</i> in a form of a final Summary Allocation Table accompanied by a text explanation covering mainly:</p> <ul style="list-style-type: none"> - any major issue with impact on the environment; - any major issues concerning procurement; - any significant issue that has occurred and any significant risk that had an impact on the project's operation; - any legal action concerning the project. 	<p><i>30 June 2016</i> <i>(i.e. 6 months after the completion of OPs)</i></p>

Language of report	English
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Definitions of EURIBOR, LIBOR and PRIBOR**A. EURIBOR**

"EURIBOR" means:

- (a) in respect of a relevant period of less than one month, the rate of interest for deposits in EUR for a term of one month;
- (b) in respect of a relevant period of one or more whole months, the rate of interest for deposits in EUR for a term for the corresponding number of whole months; and
- (c) in respect of a relevant period of more than one month (but not whole months), the rate resulting from a linear interpolation by reference to two rates for deposits in EUR, one of which is applicable for a period of whole months next shorter and the other for a period of whole months next longer than the length of the relevant period,

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

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

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

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

B. LIBOR USD

"LIBOR" means, in respect of USD:

- (a) in respect of a relevant period of less than one month, the rate of interest for deposits in USD for a term of one month;
- (b) in respect of a relevant period of one or more whole months, the rate of interest for deposits in USD for a term for the corresponding number of whole months; and
- (c) in respect of a relevant period of more than one month (but not whole months), the rate resulting from a linear interpolation by reference to two rates for deposits in USD, one of which is applicable for a period of whole months next shorter and the other for a period of whole months next longer than the length of the relevant period,

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

as set by the British Bankers Association and released by financial news providers at 11h00 London time or at a later time acceptable to the Bank on the day (the "**Reset Date**") which falls 2 (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 4 (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 11h00 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 2 (two) such quotations are provided, the rate will be the arithmetic mean of the quotations provided.

If fewer than 2 (two) quotations are provided as requested, the Bank shall request the principal New York City offices of 4 (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 11h00 New York City time on the day falling 2 (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 2 (two) such quotations are provided, the rate will be the arithmetic mean of the quotations provided.

C. LIBOR GBP

"LIBOR" means, in respect of **GBP**:

- (a) in respect of a relevant period of less than one month, the rate of interest for deposits in GBP for a term of one month;
- (b) in respect of a relevant period or of one or more whole months, the rate of interest for deposits in GBP for a term for the corresponding number of whole months; and
- (c) in respect of a relevant period of more than one month (but not whole months), the rate resulting from a linear interpolation by reference to two rates for deposits in GBP, one of which is applicable for a period of whole months next shorter and the other for a period of whole months next longer than the length of the relevant period,

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

as set by the British Bankers Association and released by financial news providers at 11h00 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 4 (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 11h00 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 2 (two) such quotations are provided, the rate will be the arithmetic mean of the quotations provided.

If fewer than 2 (two) quotations are provided as requested, the rate will be the arithmetic mean of the rates quoted at approximately 11h00 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.

D. PRIBOR

"PRIBOR" means:

- (i) in respect of a relevant period of one month or less than a month, the rate of interest for deposits in CZK for a term of one month;
- (ii) in respect of a relevant period of one or more whole months, the rate of interest for deposits in CZK for a term for the corresponding number of whole months; and
- (iii) in respect of a relevant period of more than one month (but not whole months), the rate resulting from a linear interpolation by reference to two rates for deposits in CZK, one of which is applicable for a period of whole months next shorter and the other for a period of whole months next longer than the length of the relevant period,

(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.

E. General

For the purposes of the foregoing definitions:

- (a) **“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.
- (b) 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.
- (c) The Bank shall inform the Borrower without delay of the quotations received by the Bank.
- (d) If any of the foregoing provisions becomes inconsistent with provisions adopted under the aegis of EURIBOR FBE and EURIBOR ACI in respect of EURIBOR or of the British Bankers Association in respect of LIBOR, the Bank may by notice to the Borrower amend the provision to bring it into line with such other provisions.

C.1 Form of Disbursement Offer/Acceptance (Articles 1.02B and 1.02C)

To: Moravskoslezský kraj
From: European Investment Bank
Date: <>
Subject: Disbursement Offer/Acceptance for the Finance Contract between European Investment Bank and Moravskoslezský kraj dated _____ 2010 (the "Finance Contract")
FI number <> Serapis number 2010 0299

Dear Sirs,

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

Following your request for a Disbursement Offer from the Bank, in accordance with Article 1.02B of the Finance Contract, we hereby offer to make available to you the following Tranche:

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

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

The Disbursement Acceptance must be accompanied (if it has not been previously supplied) by:

- (i) the indication of the bank account (with IBAN code in case of disbursements in EUR or the appropriate format for the relevant currency) where disbursement of the Tranche should be made; and
- (ii) evidence of the authority of the person or persons authorised to sign it on behalf of the Borrower and the specimen signature of such person or persons.

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

If you do accept the Tranche as described in this Disbursement Offer, all the related terms and conditions of the Finance Contract shall apply, in particular, the provisions of Article 12.

Yours faithfully,

EUROPEAN INVESTMENT BANK

We hereby accept the above Disbursement Offer:

For and behalf of Moravskoslezský kraj

Date:

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

To: European Investment Bank
From: Moravskoslezský kraj
Date: <>
Subject: Finance Contract between European Investment Bank and Moravskoslezský kraj dated
_____ 2010 (the "Finance Contract")
FI number <> Serapis number 2010 0299

Dear Sirs,

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:

- (a) no Loss-of-Rating Event has occurred and is continuing unremedied;
- (b) no security of the type prohibited under Article 7.01 has been created or is in existence;
- (c) there has been no material change to any aspect of the Project or in respect of which we are obliged to report under Article 8.01, save as previously communicated by us;
- (d) no event or circumstance which constitutes or would with the passage of time or giving of notice under the Finance Contract constitute an event of default under Article 10.01 has occurred and is continuing unremedied or unwaived;
- (e) no litigation, arbitration administrative proceedings or investigation is current or to our knowledge is threatened or pending before any court, arbitral body or agency which has resulted or if adversely determined is reasonably likely to result in a Material Adverse Change, nor is there subsisting against us any unsatisfied judgement or award;
- (f) the representations and warranties to be made or repeated by us under Article 6.08 are true in all material respects; and
- (g) no Material Adverse Change has occurred, as compared with our condition at the date of the Finance Contract.

Yours faithfully,

For and on behalf of Moravskoslezský kraj

Date:

Interest Rate Revision and Conversion

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

A. Mechanics of Interest Revision/Conversion

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

- (a) the interest rate and/or Spread that would apply to the Tranche, or the part thereof indicated in the Interest Revision/Conversion Request pursuant to Article 3.01; and
- (b) that such rate shall apply until the Maturity Date or until a new Interest Revision/Conversion Date, if any, and that interest is payable quarterly, semi-annually or annually in arrears on designated Payment Dates.

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

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

B. Effects of Interest Revision/Conversion

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

Prior to the Interest Revision/Conversion Date, the relevant provisions of the Contract and Disbursement Offer and Disbursement Acceptance shall apply to the entire Tranche. From and including the Interest Revision/Conversion Date onwards, the provisions contained in the Interest Revision/Conversion Proposal relating to the new interest rate or Spread shall apply to the Tranche (or part thereof) until the new Interest Revision/Conversion Date, if any, or until the Maturity Date.

C. Non-fulfillment of Interest Revision/Conversion

If the Borrower does not submit an Interest Revision/Conversion Request or does not accept in writing the Interest Revision/Conversion Proposal for the Tranche or if the parties fail to effect an amendment requested by the Bank pursuant to Paragraph A above, the Borrower shall repay the Tranche (or part thereof) on the Interest Revision/Conversion Date, without indemnity. The Borrower will repay on the Interest Revision/Conversion Date any part of a Tranche which is unaffected by the Interest Revision/Conversion.

Resolution of Assembly of Borrower and Authorisation of Signatory

Form of Legal Opinion

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 Moravia-Silesia Regional Infra II (CZ)

Dear Sirs,

I am acting as internal counsel to Moravskoslezský kraj (the "Borrower") in connection with the finance contract (the "Finance Contract") for Moravia-Silesia Regional Infra II (CZ) in an amount of CZK 2 billion, made on < / > 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.

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

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

1. The Borrower is a *kraj* validly existing under the laws of the Czech Republic and has full powers to own the properties which it owns and to carry out the business which it carries out.
2. The Borrower has the requisite power to enter into and perform the Finance Contract.
3. Pursuant to < / >, the < / > 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.
4. The Finance Contract has been duly executed and delivered on behalf of the Borrower by < / >, < / > by virtue of the powers given to them by < / >.
5. The entry into the Finance Contract and the compliance with its terms:
 - (i) will not result in violation of any provision contained in any law applicable to the Borrower;
 - (ii) will not conflict with or result in the breach of any provision of, or require any consent under, or result in the imposition of any Security (as defined in the Finance Contract) under, any agreement or instrument to which the Borrower is a party or by which the Borrower or any of its assets is bound; and
 - (iii) will not constitute a default or an event that, with the giving of notice or the passing of time or both, would constitute a default under any such agreement or instrument.
6. 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.
7. The Finance Contract constitutes a direct, unconditional obligation of the Borrower which ranks in priority of payment at least *pari passu* with all other present and future indebtedness of the Borrower other than indebtedness mandatorily preferred by law.
8. To the best of my knowledge after due inquiry:
 - (i) the Borrower is not in violation of any present statute, regulation, judgement or order applicable to it in the Czech Republic;
 - (ii) no statute or regulation has been proposed and no judgement or order is expected which may have any materially adverse effect on the Borrower's business prospects or financial condition;
 - (iii) the Borrower is not engaged in, or threatened by, any litigation, arbitration or administrative

- proceeding the outcome of which may materially and adversely affect its business prospects or financial condition;
- (iv) the Borrower is not in default under any material agreement, obligation or duty to which it is a party or by which it or any of its properties or assets is bound; and
 - (v) there exists no event of default (as set out in Article 10.01 of the Finance Contract) and no event which, with the giving of notice, the passage of time or the making of any determination, or any combination thereof, could become such an event of default.
9. The choice of the laws of Luxembourg as the law governing the Finance Contract is valid and enforceable.
 10. Pursuant to Article 11.02 of the Finance Contract, the Luxembourg courts 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 in accordance with Council Regulation No. 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters (the "**Regulation**").
 11. 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.
 12. 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 and binding obligations of the Borrower enforceable in the Czech Republic in accordance with their terms.

Yours faithfully,