

Ceska exportni banka, a.s., registered in the Commercial Registry maintained by the City Court in Prague,
Section B, Insert 3042, with its seat in Prague 1, Vodickova 34 No. 701, Post Code 111 21, Company
Identification Number 63078333



Terms and Conditions

PU

For the Provision of Direct Loans for the Funding of Export Production, Funding of Export and Funding of Investments

Approved by the Board of the Czech Export Bank, a.s. on April 24th, 2007 under Ref. No.
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Terms and Conditions
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For the Provision of Direct Loans
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Czech Export Bank, a.s. (hereinafter referred to as the "Export Bank") issues in accordance with the § 6 of the Par. 14 of Act No. 58/1995 Coll., on Insuring and Financing Export with State Support and on amending Act No. 166/1993 Coll., on the Supreme Audit Office, as amended by later regulations, as amended by Law No. 60/1998 Coll., Law No. 188/1999 Coll., Law No. 282/2002 Coll., Law No. 377/2005 Coll. and Law No. 23/2006 Coll. (hereinafter referred to as the "Law") these Terms and Conditions that regulate basic procedures taken by the Export Bank and basic conditions to be met in the process of preparation and provision of supported financing through direct loans to the Producer and to the Exporter for the funding of export production and the funding of export, and through direct loans to the Investor for the funding of investment and the provision of export-related services in the form of direct loans to the foreign person for the funding of investment, loans to the Controlling Entrepreneur for the funding of investment and loans to the foreign person's partner for the funding of investment (hereinafter referred to as the "**Terms and Conditions**").

1. Introductory Provisions

The Terms and Conditions apply to the above supported financing regardless of the period of its repayment.

2. Definition of Terms

For the purposes of these Terms and Conditions the following means:

- a) "**Available Funds**" – In case of the provision of plain loans the amount of loan reduced by the total amount of drawdown already provided, and in case of the provision of revolving loans the loan limit reduced by the total amount of drawdown on the loan already provided and increased by the repayments of the revolving loan.
- b) "**Borrower**"
 - i) The Producer, Exporter or Investor, the Controlling Entrepreneur, the foreign person or the foreign person's partner as the recipient of the loan for the funding of export production, the funding of a supplier loan or the funding of investment, or
 - ii) the foreign person as the recipient of the loan (i.e. an Importer, a bank or a financial institution with its seat abroad that provides a loan to the Exporter), in other words the person to whom a supplier loan, that is, a loan for the purposes of the funding of the relevant export loan, that is, local costs, is being provided.
- c) "**Repayment Period**" – A period between the final drawing on the credit and the last payment of the credit as per the loan agreement.
- d) "**Supplier**" – A person who provides to the Exporter raw materials, material, services and components for the purposes of assembling and manufacturing the subject of export, i.e. sub-supplies.
- e) "**Supplier Invoice**" – An accounting document issued by the supplier to the Producer or the Exporter for supplies and/or services which are the subject of financing through a loan for the funding of export production, i.e. for sub-supplies.
- f) "**Supplier Credit**" – The provision of a time delay between the fulfilment of the Exporter's obligation and the obligation of the Importer to pay to the Exporter for their fulfilment provided by the Exporter to the Importer as per the loan agreement.
- g) "**Importer**" – A foreign party that performs import into the Czech Republic, i.e. the foreign party into whose favour the Exporter performs export on the basis of the concluded export agreement, and which may also be a company where the Exporter has its capital share.
- h) "**Export Insurance Company**" - Export Guarantee and Insurance Corporation, a.s. with which the Borrower or the Export Bank concludes the relevant insurance agreement on insuring export loan risks.
- i) "**Invoice**" – An accounting document issued by the supplier to the Importer for the payment of local costs, i.e. supplied goods and/or services, which in particular contains the identification (description) of supplied goods and/or services and their price, including the repayment period.
- j) "**Export Value**" – The price of the subject of export agreed between the Exporter and the Importer in the export agreement.
- k) "**Host Country**" - The territory of a foreign country where the foreign person has its seat and into which the investment is directed.
- l) "**Investment**" – Funds or other values and property rights appreciable financially having been spent for the period of at least 3 years by a legal person with its seat within the territory of the Czech Republic that is an enterprise under the Commercial Code, for the purposes of setting up, acquiring or increasing its share in a legal person with its seat outside the territory of the Czech Republic or for the purposes of expanding the business activities of such a legal person.
- m) "**Capital Assets**" – Real estate, equipment, know-how or services necessary for the launch or expansion of or an improvement in the production of the subject of export.

- n) **“Investor”** – A legal person with its seat within the territory of the Czech Republic that is an enterprise under that Commercial Code which makes an investment.
- o) **“Purchase Agreement”** – An agreement arranged between the Exporter and the Producer or between the Producer and its sub-supplier for the purposes of fulfilling the export agreement. A purchase agreement shall contain in particular the identification (description) of the export item supplied, and delivery, price and payment conditions.
- p) **“Limits of Loans for the Funding of Production”** – The maximum amount of possible obligations of the Borrower towards to Export Bank resulting from drawing on the loan principal, which is set by the Export bank on the basis of the submission of documents that evidence the purpose of the loan, or the submission of other required documents.
- q) **“Advance Material Purchase”** – The purchase of material and services for the production of the item of export before the launch of individual production cycles under the framework export or export schedule agreement.
- r) **“Local Costs”** – Expenditures on services and goods that must be made in the country of export destination under the export agreement or the agreement between the Importer and the foreign person, either for the performance of export or for the completion of a project or contract the Exporter participates in in connection with the export agreement, and which shall not be funded under more favourable conditions than the conditions under which the export loan will be financed, and their amount may not exceed the amount of cash payment paid by the Importer to the Exporter in accordance with the export agreement. Local costs may be part of the agreement concluded between the Exporter and the Importer.
- s) **“Customer Credit”** - A loan provided by the Export Bank for the funding of the export agreement under the loan agreement concluded with a foreign person as the Borrower.
- t) **“Controlling Entrepreneur”** – A legal person with its seat within the territory of the Czech Republic that has been making an investment for the period of at least 3 years for the purpose of setting up, acquiring or increasing its share in an enterprise with its seat within the territory of the Czech Republic controlled by such an entrepreneur within a holding as defined by Czech law, in a foreign person or for the purposes of expanding the business activities of such a foreign person.
- u) **“Export Schedule”** - The schedule of expected export in time, volumes and prices.
- v) **“Payment System and Clearing”** - Provision of the movement of funds between the Export Bank and the Borrower or other persons, ensuring the execution of payments as per the export agreement or the investment agreement, or payments related to export production.
- w) **“Loan Start Date”** – The date specified in the loan agreement in accordance with the conditions of the OECD¹ Consensus and in relation to the export or investment agreement.
- x) **“Foreign Person’s Partner”** – A legal person with its seat outside the territory of the Czech Republic that controls a foreign person.
- y) **“Supported Financing”** – Short-term and long-term financing and the provision of export loans, loans for the funding of export production, loans for investments and for project financing, and the short and long-term provision of financial services related to export under the conditions of the Law.
- z) **“Plain Loan”** – A loan whose amount is limited particularly by available funds.
- aa) **“Estimated Export Value”** - The price of the subject of export calculated on the basis of the framework export agreement or the export schedule.
- bb) **“Subject of Export”** – Goods (products) and/or services designated for export as per the export agreement.
- cc) **“Framework Export Agreement”** – An agreement between the Exporter and the Importer, which contains particularly the type identification of the export and its estimated volume.
- dd) **“Revolving Loan”** – A loan provided within the loan limit agreed in the loan agreement. The amount of drawing on the revolving loan is limited in particular by the amount of available funds.
- ee) **“Supply Agreement”** – An agreement concluded between the Exporter and the supplier for the purposes of the provision of services and goods necessary for the performance of export or for the completion of a project or contract in which the Exporter participates in connection with the export agreement or with local costs.
- ff) **“Investment Agreement”** - An agreement usually concluded between the Investor and the foreign person that defines in particular the form of investment and financial debts and claims for financial performance related to the setting up, acquiring or increasing the Investor's share in the foreign person or for the purposes of expanding the business activities of such a foreign person, or another agreement that regulates relationships between the parties to the agreement for making investments.
- gg) **“Agreement on Transfer of Patent Rights”** - An agreement between the Exporter and the Importer, which contains in particular the identification of the patent and price and payment conditions, and from the content whereof it follows that the provision of goods (products) and/or services to a foreign person shall take place on the basis of patent rights being transferred.
- hh) **“Loan Agreement”** – An agreement between the Export Bank and the Borrower that shall specify the particular conditions of loan provision, in particular the amount, conditions and method of the drawdown and

¹ Arrangement on Guidelines for Officially Supported Export Credits
 VOP „PU“ for the provision of direct loans for the funding of export production,
 funding of export and funding of investments

repayment of the loan, the amount and method of payment of fees, and define documents after the submission whereof the loan shall be drawn on.

- ii) **“Account Maintenance Agreement”** – An agreement on the opening and maintenance of a current or deposit account.
 - jj) **“Export Agreement”** – An agreement concluded between the Exporter and the Importer, which in particular contains the identification (description) of the supplied subject of export, and delivery, price and payment terms, and an order and its confirmation by the Exporter, that is, an offer and its confirmation by the Exporter, which together contain the essentials of an import agreement shall also be considered as the export agreement.
 - kk) **“EGAP Agreement”** – An agreement with the export insurance company on the insurance of export loan risks under the relevant insurance terms and conditions of the export insurance company.
 - ll) **“Sub-supply”** – The supply of goods, including co-operations, and services that the Borrower purchases from its supplier for the purposes of the production and assembly of its own products or services intended for subsequent export performed on the basis of the export agreement.
 - mm) **“Account”** – The current and/or deposit account of the Borrower or the Exporter or the Producer with the Export Bank in which the payment system and clearing shall take place in connection with supported financing provided, or in which the funds of the Borrower or the Exporter, that is, the Producer shall be deposited with the Export Bank in relation to supported financing provided or with the securing of such financing.
 - nn) **“Loan”** – Funds provided by the Export Bank to the Borrower in the form of a plain or revolving loan for the purposes of the funding of production for export, for the performance whereof the Exporter has concluded or will conclude with the Importer an export agreement, or for the purposes of funding export, i.e. the provision or funding of the relevant export loan, or for the purposes of investment funding.
 - oo) **“Revenues”** – Amounts resulting from the investment that include in particular profits, capital gains, shares, dividends, interest and licensing or other fees.
 - pp) **“Producer”** – A natural person with permanent residency or a legal person with its seat within the territory of the Czech Republic that is an enterprise under the Commercial Code which produces or provides the subject of export intended for subsequent export.
 - qq) **“Export Production”** – Production including the purchase of raw materials, material, components and services intended for production, or the assembly of the subject of export for the performance whereof an export agreement has been concluded, as well as advance material purchase and the acquisition of capital assets.
 - rr) **“Exporter”** – A natural person with permanent residency or a legal person with its seat within the territory of the Czech Republic that is an enterprise under the Commercial Code and which carries out export.
 - ss) **“Export”** – The supply of goods or the provision of services, or the supply of goods and the provision of services to the Importer under the export agreement to be used outside the territory of the Czech Republic.
 - tt) **“Export Invoice”** – An accounting document issued by the Exporter to the Importer for the payment of the subject of export being exported, which in particular contains the specification of the subject of export being exported and its price including the period of repayment, that is, a document issued by the Investor to the foreign person for goods and/or services exported for the purposes of investment, which contains in particular the specification of goods and services exported for the purposes of investment and their cost.
 - uu) **“Export Loan”** – A supplier or customer loan for the purposes of funding export for the performance of whereof the Exporter has concluded or will conclude an export agreement with the Importer.
 - vv) **“Foreign Person”** - A natural person with permanent residency or a legal person with its seat outside the territory of the Czech Republic, a legal person in case of the provision of the loan for investment, for the purposes of its set-up or the acquisition or increase in its share in it, or for the purposes of the expansion of its business activities the Investor or the Controlling Entrepreneur is making the investment, or in connection with which the Export Bank is providing the loan.
- “Foreign Sub-supply”** – The supply of goods purchased by the Exporter or the Investor from a sub-supplier with its seat outside the territory of the Czech Republic for the purposes of the assembly of their own products or services intended for export or investment.
- “Request for Supported Financing”** - A request for the provision of supported financing submitted by the Exporter, the Investor or the Borrower under the Law and in accordance with the Article 5 of these Terms and Conditions.

Terms not covered by the previous paragraph shall have the meaning assigned to them by the Law, other provisions of these Terms and Conditions or by legal regulations.

3. Basic Conditions for the Provision and Drawdown of Loans

- 3.1 A loan may be provided by the Export bank to the Borrower provided that particularly the following conditions are met:
 - 3.1.1 In case of direct loans for the funding of export production or direct loans to a foreign person for the funding of export:
 - 3.1.1.1 The Export Bank has concluded an agreement with EGAP which specifies that the Export Bank is the insured party and, if required by the export insurance company, that the Borrower has

- declared by signing the EGAP agreement that they are aware of their obligations and rights resulting for the Borrower from the above-mentioned agreement, and that they are aware of the possibility of sanctions against the Borrower should they fail to comply with them; and/or
- 3.1.1.2 The Borrower has provided to the Export Bank sufficient guarantee and security of the repayment of their obligations from the loan provided.
- 3.1.2 In case of direct loans to the Exporter for the funding of export:
- 3.1.2.1 The Export Bank has concluded an agreement with EGAP, or the Exporter or the Producer has concluded an agreement with EGAP in connection with the export loan in the form acceptable by the Export Bank, and submitted to the Export Bank its duplicate or copy together with the declaration of correspondence of the copy with the duplicate. The agreement with EGAP concluded by the Exporter or the Producer specifies that the Borrower is the insured party and the Export Bank is the recipient of insurance, in other words that the agreement with EGAP has been concluded in favour of the Export Bank, or that rights to insurance benefits have been transferred by the Borrower in favour of the Export Bank.
And/or
- 3.1.2.2 The Borrower has provided to the Export Bank sufficient guarantee and security of the repayment of their obligations from the loan provided.
- 3.1.3 In case of loans for the funding of investments:
- 3.1.3.1 The investment has one of the following forms:
- a) Funds
 - b) Other non-monetary assets appreciable by money (in particular goods and services)
 - c) Property rights (in particular intangible rights in the area of intellectual property, claims, legal rights such as mortgages, liens or guarantees),
all this on condition that they are spent for the purposes of setting up, acquiring or increasing the Investor' s share, that is, the share of the entrepreneur with its seat in the Czech Republic controlled by the Controlling Entrepreneur in a foreign person or for the purposes of the expansion of the business activities of a foreign person and subject to providing evidence that the export transaction relating to the investment was effected, if the borrower is different from the investor.
- 3.1.3.2 a) If the Borrower is the Investor and/or the Controlling Entrepreneur, they have concluded an agreement with EGAP in the form acceptable by the Export Bank and submitted it to the Export Bank. The agreement with EGAP stipulates that the Borrower is the insured party and rights to insurance benefits shall be transferred to the Export Bank, in other words the insurance agreement is concluded in favour of the Export Bank and/or the Borrower has provided to the Export Bank sufficient security and guarantee of the repayment of their obligations resulting from the loan provided.
- b) If the Borrower is a foreign person and/or the partner of a foreign person, they have concluded an agreement with EGAP in the form acceptable by the Export Bank and/or The Borrower has provided to the Export Bank sufficient guarantee and security of the repayment of their obligations from the loan provided.
- 3.1.4 If the subject of financing is the transfer of patent rights, the Export Bank may provide to the Borrower a loan provided that conditions from the Articles 3.1.2.1 and 3.1.2.2 of the Terms and Conditions and the following conditions have been met:
- a) The Exporter shall submit an expert opinion verifying the patent and its cost; and
 - b) The Exporter shall evidence in a manner acceptable by the Export Bank that on the basis of patent rights being transferred goods (products) and/or services will be provided by a foreign person.
- 3.1.5 If required by the Export Bank, the Borrower or the Exporter, that is, the Producer shall have an account with the Export Bank.
- 3.2 The amount and conditions of the loan depend on the guarantee and security of loan risks, i.e. on the conditions of the agreed security of the repayment of the Borrower's obligations from the loan being provided, or on the conditions of the agreement with EGAP, if any, in particular on the amount coinsurance of the Export Bank in property loss.
- 3.3 The investment agreement must be consistent with the conditions of the rule of law in the country of the seat of the foreign person. The Borrower, the Investor, the Investor's partner and/or the Controlling Entrepreneur have acquired necessary permits from the organs of the host country, and those have been submitted to the Export Bank.
- 3.4 The loan shall be provided to the Borrower solely for the following purposes:
- a) The funding of export production (possibly including advance material purchase and capital assets) and it may be used for the payment of the costs of such export production on condition of the submission of documents mentioned in the Article 3.5 of the Terms and Conditions. On the basis of these documents the Export Bank may in justifiable cases set a limit for loans for the funding of production, however, always only in cases when no agreement with EGAP has been concluded. The Borrower is obliged to evidence within the period defined in the loan agreement the performance of export in such a manner as

- specified in the agreement. If the Borrower fails to do so, the Export Bank shall have the right to change the conditions of the provision and further drawdown of the loan or its repayment, including the option of withdrawing from the loans agreement; and/or
- b) The funding of export; or
 - c) The funding of investments (with the period of repayment no shorter than 3 years from the beginning of the investment, which period of repayment of the investment loan may be shorter provided that the Borrower proves to the Export Bank that they are spending funds on an investment with the duration of at least 3 years and they are able to fund the investment also from sources other than the loan provided by the Export Bank).
- 3.5 The Borrower shall prove the purpose of the loan by submitting:
- 3.5.1 In case of a loan for the funding of export production and a loan for the funding of export:
- a) The export agreement concluded in the form and under conditions acceptable by the Export bank, which may be replaced in case of the funding of export production in the form of advance material purchase and capital assets by a framework export agreement or an export schedule, with the subsequent submission of confirmed orders and the export agreement.
 - b) The export invoice in case of the funding of export.
 - c) The purchase agreement between the Producer and the Exporter in case of the funding of export production, where the Producer is the Borrower.
 - d) The price calculation of the subject of export (in case of the funding of export production in the form of advance material purchase and capital assets the price calculation of the estimated export value), if not specified otherwise by the Export Bank, and
 - e) The cash flow (the overview of drawing and repayment), if not specified otherwise by the Export Bank.
- After the performance of export further by the submission of the relevant document evidencing the export, in particular:
- f) Export invoices, if they have not been already submitted, and
 - g) Consignment notes or the confirmation of handing over, that is, receiving the subject of export that shall comply with the requirements of the Export Bank, i.e. in particular the unified administration document or other document related to the export invoice; or
 - h) In case of local costs in lieu of documents specified in f) and g) the copy of the document verifying the realization of local costs.
- The Export Bank shall require from the Borrower for the purposes of evidencing the purpose of the loan for the funding of export production the submission of other documents as defined by the Export Bank.
- 3.5.2 In case of a loan for the funding of investments the Investor, that is, the Controlling Entrepreneur shall certify the purpose of the loan by submitting:
- a) The investment plan
 - b) The calculation of return on the investment and the financial plan of the Borrower for the period of loan repayment.
 - c) The investment agreement, if any, or also another document that certifies the set-up or acquisition of or an increase in the Investor's share in a foreign person, or the expansion of business activities of a foreign person, and in case of an investment in the form of the supply of goods and/or services the Export Bank may additionally require the submission of the copies of export invoices, the shipping document, the unified administration document or other document that certifies the performance of the investment.
 - d) export contract if the borrower is different from the investor.
- 3.5.3 In case of a loan for the funding of the transfer of patent rights the Borrower, that is, the Exporter shall certify the purpose of the loan by the agreement on the transfer of patent rights and the expert opinion as per the Article 3.1.4 of the Terms and Conditions, and shall prove to the Export Bank in a manner acceptable by it that goods (products) and/or services will be provided on the basis of the patent rights being transferred.
- The Borrower, that is, the Investor and/or the Controlling Entrepreneur shall submit together with the copies of documents to certify the purpose of the loan a declaration of correspondence of the copy with the duplicate of such documents.
- 3.6 The Export Bank shall provide the loan and the Borrower shall draw on it and pay interest and fees in the agreed currency. The conditions of the drawdown and repayment of the loan and the payment of interest and fees by the Borrower are agreed in the loan agreement, which is not in contradiction with the export agreement or the export schedule, or the framework export agreement or the investment agreement.
- 3.7 No legal right is in existence to the provision of a loan.

4. Share of Export Value Created in the Czech Republic

If it is required for the conclusion of the agreement with EGAP to certify the share of export value created in the Czech Republic, the Exporter has the obligation to submit to the Export Bank together with the request for supported financing the certification of the share of export value on the relevant form of the export insurance company. The certification of the share of export value created in the Czech Republic may be, if the insurance of export loan risks is not arranged, also required by the Export Bank as a condition for the provision of the loan. The manner of such certification is defined by the internal instructions of the Export Bank, which shall make the Exporter acquainted with them. The Investor, the Investor's partner, the Controlling Entrepreneur and/or the Borrower have no obligation to certify the share of export value created in the Czech Republic when a loan for investments is being provided.

5. Request for Supported Financing

- 5.1 A request for the provision of a loan shall be submitted by the Exporter, the Producer, the Investor, the Controlling Entrepreneur in terms of the definition of the Investor in the law, the foreign person, the partner of the foreign person in terms of the definition of the foreign person in the law as the applicant to the Export Bank on a properly completed request for supported financing loan.
 - 5.2 The applicant shall include among other things the following in the request for supported financing:
 - 5.2.1 Information required in the § 7 of the Par. 2 of the law, which in case of a loan for investment relates to the Investor or the Controlling Entrepreneur and does not include the expected share of export value created in the Czech Republic.
 - 5.2.2 Basic information regarding the Producer, that is, the Exporter, and the Importer, that is, the partner of the foreign person or the foreign person into which the investment is being made, if it has already been set up (the business company name, the legal form etc.), and information regarding their financial situation and payment discipline.
 - 5.2.3 Other information necessary for the assessment of the Borrower' ability to meet its obligation.
 - 5.3 Current information regarding in particular the following shall form an appendix and integral part of the request for supported financing:
 - 5.3.1 The links of the Borrower, that is, the Investor and the Controlling Entrepreneur to other entities.
 - 5.3.2 Accepted loans, financial assistance schemes and other obligations, with the exception of obligations resulting from trade relationships.
 - 5.3.3 The structure of and additional information on assets and liabilities resulting from trade relationships.
 - 5.3.4 The settlement of the obligations of the Borrower, that is, the Investor and the Controlling Entrepreneur towards the state.
- And in particular a declaration that
- 5.3.5 Bankruptcy has not been filed or a proposal for such bankruptcy has not been made on its assets, the company is not in liquidation, its assets are not subject to execution proceedings or other execution of a judgment, nor has a proposal been made for the commencement of execution or a public auction.
 - 5.3.6 It is not a person with a special relationship towards the Export Bank in terms of the § 19 of Act No. 21/1992 on banks as amended by later regulations.
- All documents submitted to the Export Bank as copy are identical with their duplicates.
- 5.4 The submitted request for supported financing shall be evaluated both in technical and in factual terms.
 - 5.5 If the Exporter, the Investor or the Controlling Entrepreneur or the Export Bank arrange the insurance of export risks with the export insurance company in connection with the relevant export loan or investment for the funding whereof the loan is to be provided, and the export insurance company requires the assessment of the influence of export or investments on the environment in the country of export or investment destination, the Exporter, the Producer or the Investor or the Controlling Entrepreneur have the obligation to attach to the request of supported financing a certificate of assessment for the export insurance company of the influence of export or investments on the environment in the country of export or investment destination.
 - 5.6 If the Exporter, the Investor or the Controlling Entrepreneur or the Export Bank has not arranged the insurance of export risks with the export insurance company in connection with the relevant export loan (with the period of repayment no shorter than 2 years) or investment for the funding whereof the loan is requested, the Producer or the Investor or the Controlling Entrepreneur have the obligation to attach to the request of supported financing a certificate of assessment for the export insurance company of the influence of export or investments on the environment in the country of export or investment destination in the form acceptable by the Export Bank.
 - 5.7 If the Exporter, the Investor or the Controlling Entrepreneur or the Export Bank has not arranged the insurance of export risks with the export insurance company in connection with the relevant export or investment loan, and such an export or investment loan is part of a larger project funded or supported by an international financial institution and it is financed by such an institution or secured by a guarantee or insurance of this institution, or the export is a sub-supply of a larger project insured by the export credit agency from an OECD country (hereinafter referred to as the "ECA") and it is also insured by this ECA, the Exporter, the Investor or the Investor's partner have the obligation to follow the rules of the relevant international financial institution or

ECA that insure the project. If such institutions do not require for different procedures to be taken, the Export Bank shall in assessing the influence of the selected export or investment on the environment in the country of destination follow its internal regulations, and it shall inform the Borrower on request the conditions and procedure of such an assessment. In such a case a completed form shall be an integral part of the request for supported financing for the assessment of the influence of the export (investment) on the country of its destination, which form shall be handed over by the Export Bank to the Exporter, the Producer or the Investor or the Investor's partner.

- 5.8 The Borrower shall pay all costs related to the assessment of the influence of the selected export or investment on the environment in the country of export or investment destination.

6. Rights and Obligations of the Export Bank

- 6.1 Before entering into the loan agreement and during the period of the drawdown and repayment of the loan, the Export Bank shall have the right to engage in negotiations with all relevant persons, bodies and organizations. The Export Bank shall have the right to use information acquired as a result for assessing loan risks and the fulfilment of the Borrower's obligations under the loan agreement.
- 6.2 The Export Bank shall have the right to check the correctness of information submitted by the Exporter or Borrower.
- 6.3 The Export Bank shall have the right to carry out inspection of fulfilling the conditions of the loan agreement and the purposefulness of and the right to loan drawdown, including possible inspection at the foreign party's within the territory of the host country, and to do so through a third person as well. The Exporter, the Investor or the Controlling Entrepreneur and the Borrower must ensure that the Export Bank or the third person delegated by it can carry out such inspection. The Exporter, the Investor or the Controlling Entrepreneur or the Borrower shall reimburse the costs incurred by the Export Bank related to the inspection of the purposefulness of and the right to loan drawdown.
- 6.4 If the Borrower fails to comply with conditions agreed in the loan agreement and with obligations following thereof, or breaches legal regulations or shows such deterioration in their financial and income situation that will threaten the fulfilment of obligations by the Borrower, the Export Bank shall have the right to apply sanctions defined in the loan agreement and take measures leading to the securing of the repayment of the loan being drawn on.
- 6.5 If the loan is not being drawn on in the agreed amount and period, the Export Bank shall have the right to discuss with the Borrower and the Exporter, the Investor or the Controlling Entrepreneur further details of drawdown on the loan or withdraw from the loan agreement, if not stipulated otherwise in the loan agreement.
- 6.6 In order to secure the repayment of its claims the Export Bank has the legal obligation to arrange the insurance of export loan risks with the export insurance company or other risk security arranged with the Borrower.

7. Rights and Obligations of the Borrower, Investor, Controlling Entrepreneur and the Exporter

- 7.1 The Borrower shall have the obligation in particular to:
- 7.1.1 Submit to the Export Bank all required information and documents and at the same time submit all information and document required by the export insurance company in order to arrange the insurance of loan risks.
- 7.1.2 Repay the loan provided in a proper and timely manner, to fulfil other obligations under the loan agreement and take all measures necessary to the proper fulfilment of their obligations.
- 7.1.3 Inform the Export Bank of all changes that might have a major impact on the export case or investment, and of other significant facts that could result in an increase in the level of risk of the loan, a failure to meet conditions under the loan agreement, and of circumstances affecting the quality of the security and guarantee of the repayment of the loan provided.
- 7.1.4 Provide to the Export Bank sufficient guarantee and security for the repayment of obligations. The method and extent of guaranteeing and securing the repayment of obligations from the loan provided is agreed in the loan agreement.
- 7.1.5 Follow the standards and rules of the international law that are binding for the Czech Republic, and the provisions of legal regulations related thereto and provide to the Export Bank all necessary cooperation in this area.
- 7.1.6 Declare that they are aware of the provisions of the OECD Treaty on fighting the corruption of foreign officials in international trade, and to undertake to take all measures necessary to achieve compliance.
- 7.1.7 Prove in a manner acceptable by the Export Bank that they have developed and have been applying such management control systems that fight bribery in accordance with the Czech system of law.
- 7.1.8 Declare that neither they nor anybody else acting on their behalf as agents have been or will be involved in the act of bribery in relation to the transaction in question.
- 7.1.9 Declare that neither they nor anybody else acting on their behalf in relation to the transaction are currently accused in court or have been sentenced in court during the period of 5 years prior to the submission of the request for supported financing, nor have they been the subject of an equivalent

administrative measure for the breach of laws against the bribery of the foreign public official of any country.

7.1.10 On request by the Export Bank disclose the identity of persons acting on their behalf in relation to the transaction, and the amount and purpose of commissions and fees paid or agreed to be paid to these persons.

Should the Borrower fail to comply with obligations from the Articles 7.1.6. to 7.1.10 of the Terms and Conditions, supported financing shall not be provided. If the supported facts and declared statements as per the Articles 7.1.6. to 7.1.10 of the Terms and Conditions prove to be false in the future after the provision of supported financing, the Export Bank shall have the right to apply sanctions specified in the loan agreement, discontinue further drawdown on the loan and take measures leading to the securing of the repayment of the loan already being drawn on.

7.2 The Exporter and the Investor, and/or the Controlling Entrepreneur, if they are not identical with the Borrower, are with the exception of the Article 7.1.2 of the Terms and Conditions bound by the same obligations as the Borrower as defined in the Article 7.1 of the Terms and Conditions, and they are further obliged to conclude with the Export Bank an agreement regulating relationships in the provision of supported financing.

8. Provision of the Payment System and Clearing

- 8.1 The payment system and clearing are considered as integral parts of supported financing. The particular conditions of the payment system and clearing shall be specified by the account maintenance agreement, if these conditions are not specified directly in the loan agreement.
- 8.2 The costs of the provision of the payment system and clearing shall be charged along with fees paid by the Borrower on providing the loan in accordance with the price tariff for services provided issued by the Export Bank, if not otherwise agreed in the loan agreement.
- 8.3 The Export Bank only uses a non-cash system of payment in relation to the provision of loans.
- 8.4 For the purposes of providing the services of the payment system and clearing the Export Bank may require from the Borrower to open an account where the payment system and clearing shall take place.
- 8.5 Otherwise the payment system and clearing shall be governed by "Terms and Conditions that stipulate the principles of account maintenance and the execution of the payment system and clearing in those accounts" issued by the Czech National Bank, "Terms and Conditions of the Export Bank, a.s., for the opening and maintenance of current Czech-crown and foreign-currency accounts", and in foreign payment systems by bilateral agreements between the Export Bank and foreign partner banks that maintain accounts for the Export Bank and ensure for the bank the payment system and clearing in foreign currencies. The Export Bank shall make the Exporter familiar with the provisions of the bilateral agreements mentioned above that relate to the Exporter.

9. Final Provisions

- 9.1 These Terms and Conditions shall form the integral part of the loan agreement.
- 9.2 Relationships following from the concluded loan agreement and the account maintenance agreement shall be governed by the rule of law of the Czech Republic, if the client is a person with its seat within the territory of the Czech Republic, or by the rule of law agreed upon by the contractual parties if a contractual party is a foreign person. Should disputes arise that cannot be resolved amicably, jurisdiction shall be with the Arbitration Court attached to the Economic Chamber of the Czech Republic and Agricultural Chamber of the Czech Republic in Prague. The arbitration proceedings shall be conducted in Prague under the rules of this Arbitration Court by one or three arbitrators designated under its Order; if a foreign person is a contractual party, jurisdiction for the resolution of disputes shall be defined in the loan agreement and the account maintenance agreement.
- 9.3 Terms and Conditions "PU" for the provision of direct loans for the funding of export production, the funding of export and the funding of investments replace
 - Terms and Conditions for the provision of loans to Producers and Exporters for the funding of export production - F1 (p)
 - Terms and Conditions for the provision of direct loans to Producers and Exporters for the funding of export production with the subsequent funding of export with the repayment period of up to two years – F2 and
 - Terms and Conditions for the provision of direct loans to Producers and Exporters for the funding of export production (without the subsequent funding of export) with the repayment period of up to two years – F3
 - Terms and Conditions D1(p) for the provision of direct loans to foreign persons for the funding of export with the repayment period of at least two years
 - Terms and Conditions D2(p) for the provision of direct loans to foreign persons for the short-term funding of export
 - Terms and Conditions C(p) for the provision of direct loans to Exporters for the funding of export with the repayment period of at least two years

- Terms and Conditions B1(p) - GA for the provision of direct loans for the funding of export with the repayment period of up to two years
 - Terms and Conditions I(p) for the provision of loans for investments abroad,
- All approved by the Board of the Czech Export Bank, a.s. on March 28th, 2006.