

2026001434

Corporate Use

Contract Number (FI N°) 98.802

Operation Number (Serapis N°) 2024-0855

EIB Internal Classification Level - Corporate Use

KOSICE URBAN DEVELOPMENT AND JUST TRANSITION

Finance Contract

between the

European Investment Bank

and

Mesto Košice





WHEREAS:	6
INTERPRETATION AND DEFINITIONS	8
ARTICLE 1	19
1.1 AMOUNT OF CREDIT	19
1.2 DISBURSEMENT PROCEDURE	19
1.2.A TRANCHES	19
1.2.B DISBURSEMENT OFFER	19
1.2.C DISBURSEMENT ACCEPTANCE	19
1.2.D DISBURSEMENT ACCOUNT	20
1.3 CURRENCY OF DISBURSEMENT	20
1.4 CONDITIONS OF DISBURSEMENT	20
1.4.A CONDITION PRECEDENT TO THE FIRST REQUEST FOR DISBURSEMENT OFFER	20
1.4.B FIRST TRANCHE	20
1.4.C SUBSEQUENT TRANCHES	21
1.4.D DISBURSEMENT OF THE LAST 10% OF THE CREDIT	21
1.4.E ALL TRANCHES	21
1.5 DEFERMENT OF DISBURSEMENT	22
1.5.A GROUNDS FOR DEFERMENT	22
1.5.B CANCELLATION OF A DEFERRED DISBURSEMENT	22
1.6 CANCELLATION AND SUSPENSION	23
1.6.A BORROWER'S RIGHT TO CANCEL	23
1.6.B BANK'S RIGHT TO SUSPEND AND CANCEL	23
1.6.C INDEMNITY FOR SUSPENSION AND CANCELLATION OF A TRANCHE	23
1.7 CANCELLATION AFTER EXPIRY OF THE CREDIT	24
1.8 SUMS DUE UNDER ARTICLES 1.5 AND 1.6	24
1.9 ALLOCATION OF CREDIT TO SCHEME(S)	24
1.9.A ALLOCATION REQUEST	24
1.9.B ALLOCATION LETTER	24
1.9.C REALLOCATION	25
1.9.D REVIEW OF ALLOCATION CRITERIA AND/OR ALLOCATION PROCEDURES	26
1.10 NON-UTILISATION FEE FOR EXTENSION OF THE FINAL AVAILABILITY DATE	26
ARTICLE 2	26
2.1 AMOUNT OF LOAN	26
2.2 CURRENCY OF PAYMENTS	27
2.3 CONFIRMATION BY THE BANK	27
ARTICLE 3	27
3.1 RATE OF INTEREST	27
3.1.A FIXED RATE TRANCHES	27
3.1.B FLOATING RATE TRANCHES	27
3.1.C REVISION OR CONVERSION OF TRANCHES	27
3.2 INTEREST ON OVERDUE SUMS	27
3.3 MARKET DISRUPTION EVENT	28
ARTICLE 4	28
4.1 NORMAL REPAYMENT	28
4.2 VOLUNTARY PREPAYMENT	29
4.2.A PREPAYMENT OPTION	29
4.2.B PREPAYMENT INDEMNITY	29
4.2.C PREPAYMENT MECHANICS	29



4.2.D	ADMINISTRATIVE FEE	30
4.3	COMPULSORY PREPAYMENT AND CANCELLATION.....	30
4.3.A	PREPAYMENT EVENTS	30
4.3.B	PREPAYMENT MECHANICS	33
4.3.C	PREPAYMENT INDEMNITY.....	33
4.4	GENERAL	33
4.4.A	NO PREJUDICE TO ARTICLE 10	33
4.4.B	NO REBORROWING.....	34
ARTICLE 5		34
5.1	DAY COUNT CONVENTION	34
5.2	TIME AND PLACE OF PAYMENT	34
5.3	NO SET-OFF BY THE BORROWER.....	34
5.4	DISRUPTION TO PAYMENT SYSTEMS.....	34
5.5	APPLICATION OF SUMS RECEIVED.....	35
5.5.A	GENERAL	35
5.5.B	PARTIAL PAYMENTS	35
5.5.C	ALLOCATION OF SUMS RELATED TO TRANCHES.....	35
ARTICLE 6		35
A. PROJECT UNDERTAKINGS		35
6.1	USE OF LOAN AND AVAILABILITY OF OTHER FUNDS.....	35
6.2	COMPLETION OF PROJECT.....	35
6.3	INCREASED COST OF PROJECT.....	36
6.4	PROCUREMENT PROCEDURE	36
6.5	CONTINUING PROJECT UNDERTAKINGS	36
B. GENERAL UNDERTAKINGS		37
6.6	DISPOSAL OF ASSETS	37
6.7	COMPLIANCE WITH LAWS	38
6.8	FINANCIAL COVENANTS	38
6.9	BOOKS AND RECORDS	40
6.10	DATA PROTECTION	40
6.11	SANCTIONS.....	40
6.12	GENERAL REPRESENTATIONS AND WARRANTIES	40
ARTICLE 7		42
7.1	NEGATIVE PLEDGE.....	42
7.2	<i>PARI PASSU</i> RANKING.....	42
7.3	CLAUSES BY INCLUSION	43
ARTICLE 8		43
8.1	INFORMATION CONCERNING THE PROJECT AND SCHEMES.....	43
8.2	INFORMATION CONCERNING THE BORROWER AND FINAL BENEFICIARIES	44
8.3	VISITS BY THE BANK	45
8.4	VISIBILITY REQUIREMENTS.....	46
ARTICLE 9		46
9.1	TAXES, DUTIES AND FEES	46
9.2	OTHER CHARGES	46
9.3	INCREASED COSTS, INDEMNITY AND SET-OFF	47



ARTICLE 10	47
10.1 RIGHT TO DEMAND REPAYMENT	47
10.1.A IMMEDIATE DEMAND	47
10.1.B DEMAND AFTER NOTICE TO REMEDY.....	48
10.1.C OTHER RIGHTS AT LAW.....	49
10.2 INDEMNITY	49
10.2.A FIXED RATE TRANCHES.....	49
10.2.B GENERAL	49
10.3 NON-WAIVER	49
ARTICLE 11	49
11.1 GOVERNING LAW.....	49
11.2 JURISDICTION	49
11.3 PLACE OF PERFORMANCE.....	50
11.4 EVIDENCE OF SUMS DUE	50
11.5 ENTIRE AGREEMENT.....	50
11.6 INVALIDITY	50
11.7 AMENDMENTS	50
11.8 COMPLIANCE WITH SLOVAK ACT ON CITY OF KOŠICE	50
11.9 EFFECTIVE DATE	50
ARTICLE 12	51
12.1 NOTICES.....	51
12.1.A FORM OF NOTICE.....	51
12.1.B ADDRESSES	52
12.1.C NOTIFICATION OF COMMUNICATION DETAILS	52
12.2 ENGLISH LANGUAGE.....	52
12.3 RECITALS, SCHEDULES AND ANNEXES	52
SCHEDULE A	54
PROJECT SPECIFICATION AND REPORTING	54
SCHEDULE B	70
DEFINITION OF EURIBOR.....	70
SCHEDULE C	72
FORM OF DISBURSEMENT OFFER/ACCEPTANCE (ARTICLES 1.2.B AND 1.2.C)	72
SCHEDULE D	74
INTEREST RATE REVISION AND CONVERSION.....	74
SCHEDULE E	75
CERTIFICATES TO BE PROVIDED BY THE BORROWER.....	75
ANNEX I	78
RESOLUTION OF THE CITY ASSEMBLY OF THE BORROWER AND AUTHORISATION OF SIGNATORY	78
ANNEX II	79
FORM OF LEGAL OPINION	79



THIS CONTRACT IS MADE BETWEEN:

the European Investment Bank, having
its seat at 100 blvd Konrad Adenauer,
Luxembourg, L-2950 Luxembourg,
represented by Hanna Stępień,

(the "**Bank**")

of the first part, and

Mesto Košice, having its address at Trieda
SNP 48/A, 040 11 Košice, Slovak Republic,
represented by Jaroslav Polaček, Mayor,

(the "**Borrower**")

of the second part.

The Bank and the Borrower together are referred to as the "**Parties**" and any of them is a "**Party**".

**WHEREAS:**

- (a) The Borrower has stated that it is undertaking sustainable urban investment programme and just transition of the City of Košice in Slovakia, including, among others, investments in rehabilitation and energy efficiency in public buildings and social infrastructure, as well as sustainable urban mobility schemes, as more particularly described in the technical description (the "**Technical Description**") set out in Schedule A.1. All Schemes (as defined below) which are the subject of the Allocation Letter(s) (as defined below) from the Bank shall collectively constitute and be hereinafter collectively referred to as the "**Project**".
- (b) The applicable eligibility criteria as well as the allocation procedures for the Schemes are subject to certain conditions as set out in this Contract (as defined below). All Schemes will be implemented within the city of the Borrower. The Schemes will be implemented by the Borrower, its budgetary organisations (in Slovak: *rozpočtové organizácie*) and/or its contributory organisations (in Slovak: *príspevkové organizácie*) (each hereafter called a "**Final Beneficiary**" and together "**Final Beneficiaries**").
- (c) The total cost of the Project, as estimated by the Bank, is EUR 33,930,000.00 (thirty-three million nine hundred and thirty thousand euros) and the Borrower has stated that it intends to finance the Project as follows:

Source	Amount (EUR m)
Credit from the Bank	20.00
EU Funds (as defined below)	9.57
Own resources	4.36
TOTAL	33.93

- (d) In order to fulfil the financing plan set out in Recital (c), the Borrower has requested from the Bank a credit of EUR 20,000,000.00 (twenty million euros).
- (e) 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 EUR 20,000,000.00 (twenty million euros) under this finance contract (the "**Contract**"); provided that the amount of the Bank's loan shall not, in any case, exceed thresholds specified in section A.1.4 of Schedule A.1.
- (f) The City Assembly (in Slovak: *mestské zastupiteľstvo*) of the Borrower has authorised the borrowing of the sum of EUR 20,000,000.00 (twenty million euros) represented by this credit on the terms and conditions set out in this Contract and such authorisation is attached as Annex I.
- (g) On 8 August 2025, the Ministry of Finance of the Slovak Republic confirmed in writing that the present operation falls within the scope of the framework agreement.
- (h) The Statute of the Bank provides that the Bank shall ensure that its funds are used as rationally as possible in the interests of the European Union; and, accordingly, the terms and conditions of the Bank's loan operations must be consistent with relevant policies of the European Union.
- (i) The Borrower has applied for Union support for the Project under the PSLF (as defined below).
- (j) The financing of the Project includes certain EU Funds and state subsidies or grants and the provision of such funds has been or will be duly authorised and will be provided in compliance with all relevant EU Law.
- (k) The Bank considers that access to information plays an essential role in the reduction of environmental and social risks, including human rights violations, linked to the projects it finances and has therefore established its transparency policy, the purpose of which is to enhance the accountability of the Bank's group towards its stakeholders and the citizens of the European Union in general.



- (l) The processing of personal data shall be carried out by the Bank in accordance with applicable EU Law on the protection of individuals with regard to the processing of personal data by the European Union institutions and bodies and on the free movement of such data.
- (m) The Bank supports the implementation of international and European Union standards in the field of anti-money laundering and countering the financing of terrorism and promotes tax good governance standards. It has established policies and procedures to avoid the risk of misuse of its funds for purposes which are illegal or abusive in relation to applicable laws. The Bank's group statement on tax fraud, tax evasion, tax avoidance, aggressive tax planning, money laundering and financing of terrorism is available on the Bank's website and offers further guidance to the Bank's contracting counterparties.
- (n) This operation is financed under a programme mentioned in Article 51 of the Council Regulation (EU) No 833/2014 of 31 July 2014, which provides that it is prohibited to provide direct or indirect support including financing and financial assistance or any other benefit to (i) a legal person, entity or body established in Russia, or (ii) a legal person, entity or body whose proprietary rights are directly or indirectly owned for more than 50% (fifty per cent) by an entity referred to in (i) of this paragraph, unless permitted pursuant to such Council Regulation.



NOW THEREFORE it is hereby agreed as follows:

INTERPRETATION AND DEFINITIONS

Interpretation

In this Contract:

- (a) references to Articles, Recitals, Schedules and Annexes are, save if explicitly stipulated otherwise, references respectively to articles of, and recitals, schedules and annexes to this Contract;
- (b) references to "law" or "laws" mean:
 - (i) any applicable law and any applicable treaty, constitution, statute, legislation, decree, normative act, rule, regulation, judgement, order, writ, injunction, determination, award or other legislative or administrative measure or judicial or arbitral decision in any jurisdiction which is binding or applicable case law; and
 - (ii) EU Law;
- (c) references to "applicable law", "applicable laws" or "applicable jurisdiction" mean:
 - (i) a law or jurisdiction applicable to the Borrower, its rights and/or obligations (in each case arising out of or in connection with this Contract), its capacity and/or assets and/or the Project and/or any Scheme; and/or, as applicable,
 - (ii) a law or jurisdiction (including in each case the Bank's Statute) applicable to the Bank, its rights, obligations, capacity and/or assets;
- (d) references to a provision of law or a treaty are references to that provision as amended, supplemented or re-enacted;
- (e) references to any other agreement or instrument are references to that other agreement or instrument as amended, novated, supplemented, extended or restated, including any change in the purposes of, any extension of or any increase in the amount of any facility or any additional facility;
- (f) a reference to a person includes any person, natural or juridical entity, firm, company, corporation, statutory body, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or 2 (two) or more of the foregoing and references to a "person" include its successors in title, permitted transferees and permitted assigns;
- (g) a day is a calendar day, unless otherwise specified;
- (h) including and include shall be deemed to be followed by "without limitation" where not so followed;
- (i) words and expressions in plural shall include singular and vice versa;
- (j) terms defined in the GDPR (as defined below), including the terms "controller", "data subject", "personal data", "processing" and "processor", have the same meanings when used in Recital (l) or Article 6.10 of this Contract;
- (k) references to "month" mean a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that and subject to the definition of Payment Date, Article 5.1 and Schedule B and unless provided otherwise in this Contract:
 - (i) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day; and
 - (ii) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month;



- (l) a reference in this Contract to a page or screen of an information service displaying a rate shall include:
 - (i) any replacement page of that information service which displays that rate; and
 - (ii) the appropriate page of such other information service which displays that rate from time to time in place of that information service,and, if such page or service ceases to be available, shall include any other page or service displaying that rate specified by the Bank;
- (m) any reference to the Project in the representations and undertakings set out in Article 6 and Article 8 and in any definition referred therein, shall be interpreted as including reference to any of the Allocated Schemes, unless explicitly stated otherwise or otherwise required by the context; and
- (n) "eligible" means, with respect to project costs of a Scheme, that such costs meet the criteria set out in Technical Description for Bank's financing under this Contract.



Definitions

In this Contract:

"4th and 5th AML Directives" means Directive 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, as amended by Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018, and as further amended, supplemented or restated.

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

"Affected Scheme" has the meaning given to it in Article 4.3.A(6).

"Affected Scheme Event" has the meaning given to it in Article 4.3.A(6).

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

"Allocated Scheme" has the meaning given to it in Article 1.9.

"Allocation" means the assignment of the Credit to the Schemes according to the Allocation Procedure, and **"allocated"** shall be construed accordingly.

"Allocation Criteria" means the criteria set out under sections A.1.1 to A.1.6 of the Technical Description.

"Allocation Letter" has the meaning given to it in Article 1.9.B.

"Allocation Period" means the period until 31 January 2030.

"Allocation Procedure" has the meaning given to it in Article 1.9.A.

"Allocation Request" has the meaning given to it in Article 1.9.A.

"AML Criminal Law Directive" means Directive (EU) 2018/1673 of the European Parliament and of the Council of 23 October 2018 on combating money laundering by criminal law, as amended, supplemented or restated.

"AML Directives" means the 4th and 5th AML Directives and the AML Criminal Law Directive.

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

"Authorised Signatory" means a specified person who has been duly authorised to sign and despatch all documents and notices on behalf of the Borrower (including any Disbursement Acceptance) under or in connection with this Contract and any other relevant document and who is specified in the most recent List of Signatories.

"Birds Directive" means Directive 2009/147/EC of the European Parliament and of the Council on the conservation of wild birds of 30 November 2009, as amended, supplemented or restated.

"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.

"Cancelled Tranche" has the meaning given to it in Article 1.6.C(2).

"Central Registry of Contracts" means the central registry of contracts (in Slovak: *Centrálny register zmlúv*) administered by the Government Office of the Slovak Republic as of the date of this Contract in an electronic form in accordance with the Slovak Public Information Access Act (as defined below) and the Regulation of the Government of the Slovak Republic No. 498/2011 Coll., on publishing of contracts in the Central Register of Contracts, as amended.

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

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

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



"Contract Number" means the Bank generated number identifying this Contract and indicated on the cover page of this Contract after the letters "FI N°".

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

"Deferment Fee" means a fee calculated on the amount of an Accepted Tranche deferred or suspended at the rate of the higher of:

- (a) 0.125% (12.5 basis points), per annum; and
- (b) the percentage rate by which:
 - (i) the interest rate net of the Margin that would have been applicable to such Tranche had it been disbursed to the Borrower on the Scheduled Disbursement Date, exceeds
 - (ii) the EURIBOR (one-month rate) less 0.125% (12.5 basis points), unless such rate is less than zero, in which case it shall be set at zero.

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

"Disbursement Acceptance" means a copy of the Disbursement Offer duly countersigned by the Borrower in accordance with the List of Signatories.

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

"Disbursement Account" means, in respect of each Tranche, the bank account(s) to which disbursements shall be made under this Contract specified by IBAN code (if the country is included in the IBAN Registry published by SWIFT), or in the appropriate account format in line with the local banking practice, BIC/SWIFT code of the bank and the name of the bank account(s) beneficiary, as set out in the most recent List of Accounts.

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

"Disbursement Offer" means a letter substantially in the form set out in Schedule C.

"Dispute" has the meaning given to it in Article 11.2.

"Disruption Event" means either or both of:

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

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

"DPMK" means Dopravný podnik mesta Košice, akciová spoločnosť, with its registered seat at Bardejovská 6, Košice 043 29, Slovakia ID No. 31 701 914, registered in the Commercial Register maintained by City Court Košice under File No. 559/V and any of its legal successors or permitted assignees.

"Effective Date" has the meaning given to it in Article 11.9.

"EIA" means the Environmental Impact Assessment in the meaning of the EIA Directive.

"EIA Directive" means the Directive 2014/52/EU of the European Parliament and of the Council of 16 April 2014 amending Directive 2011/92/EU on the assessment of the effects



of certain public and private projects on the environment, as amended, supplemented or restated.

"EIB Allocation" has the meaning given to it in Article 1.9.B.

"eIDAS Regulation" means Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC.

"Environment" means the following:

- (a) fauna and flora, living organisms including the ecological systems;
- (b) land, soil, water (including marine and coastal waters), air, climate and the landscape (natural or man-made structures, whether above or below ground);
- (c) cultural heritage (natural, tangible and intangible);
- (d) the built environment; and
- (e) human health and wellbeing.

"Environmental and Social Approval" means any Authorisation required by Environmental and Social Law.

"Environmental and Social Law" means:

- (a) EU Law, including principles and standards;
- (b) laws and regulations of the Slovak Republic; and
- (c) applicable international treaties,

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

"Environmental or Social Claim" means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental and Social Law.

"EU Funds" means any and all funds from the European Union.

"EU Funds Event" has the meaning given to it in Article 4.3.A(6).

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

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

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

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

"Exclusion Policy" means the European Investment Bank Exclusion Policy as published on the Bank's website.

"Failure to Allocate Event" has the meaning given to it in Article 4.3.A(5).

"Final Availability Date" means the day falling 36 (thirty-six) months from the Effective Date and if such day is not a Relevant Business Day, then the preceding Relevant Business Day.

"Final Beneficiary" has the meaning given to it in Recital (b).

"Financial Year" means the annual accounting period of the Borrower ending on or about 31 December in each year.

"Fixed Rate" means an annual interest rate including the Margin determined by the Bank in accordance with the applicable principles from time to time laid down by the governing bodies of the Bank for loans made at a fixed rate of interest, denominated in the currency of



the Tranche and bearing equivalent terms for the repayment of capital and the payment of interest. Such rate shall not be of negative value.

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

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

"Floating Rate Reference Period" means each period from one Payment Date to the next relevant Payment Date; the first Floating Rate Reference Period shall commence on the Disbursement Date of the Tranche and end on the first Payment Date, except if such period is 15 (fifteen) days or less, in which case the first Floating Rate Reference Period shall end on the next (second) Payment Date following the Disbursement Date of the Tranche and the applicable EURIBOR for that period shall be determined pursuant to Schedule B.

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

"GAAP" means generally accepted accounting principles in the Slovak Republic (including those applicable to municipalities), including IFRS.

"GDPR" means General Data Protection Regulation (EU) 2016/679, as amended, supplemented or restated.

"Group Client Portal" means the Bank's proprietary online platform currently named "Group Client Portal", that:

- (a) the Borrower has successfully registered to access for the purposes of this Contract;
- (b) is used in accordance with the terms of use applicable to the Group Client Portal, as amended from time to time; and
- (c) provides functionalities relevant to and available for, this Contract, as communicated by the Bank.

"Habitats Directive" means the Directive 92/43/EEC of 21 May 1992 of the Council on the conservation of natural habitats and of wild fauna and flora, as amended, supplemented or restated.

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

"Illegal Activity" means any of the following illegal activities or activities carried out for illegal purposes according to applicable laws in any of the following areas: (i) fraud, corruption, coercion, collusion or obstruction, (ii) money laundering, financing of terrorism or tax crimes each as defined in the AML Directives, and (iii) other illegal activity against the financial interests of the European Union as defined in the PIF Directive.

"Illegality Event" has the meaning given to it in Article 4.3.A(4).

"Indemnifiable Prepayment Event" means a Prepayment Event other than the Non-EIB Financing Prepayment Event, Illegality Event or Change-of-Law Event.

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

"Interest Revision/Conversion Date" means the date, which shall be a Payment Date, specified by the Bank in the Disbursement Offer.

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

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



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

"Large Scheme" means a Scheme with a total project investment cost of EUR 80,000,000.00 (eighty million euros) or more.

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

- (a) the Disbursement Account(s), together with evidence that such account(s) has/have been opened in the name of the bank account(s) beneficiary; and
- (b) the Payment Account(s), together with evidence that such account(s) has/have been opened in the name of the bank account(s) beneficiary.

The Borrower may designate one or more bank account(s) to serve as both the Disbursement Account(s) and the Payment Account(s), provided that such designation is expressly identified in the List of Accounts.

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

- (a) each Authorised Signatory, together with evidence that each Authorised Signatory is authorised to sign and despatch all documents and notices (including any Disbursement Acceptance) under or in connection with this Contract and other relevant documents;
- (b) whether such signatory has an individual representation right or a joint representation right; and
- (c) a specimen signature of each Authorised Signatory.

"Live Pricing Tranche" has the meaning given to it in Article 1.2.B(b).

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

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

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

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

- (a) in relation to any Tranche, there are, in the opinion of the Bank:
 - (i) events or circumstances adversely affecting the Bank's access to its sources of funding; or
 - (ii) funds are not available from the Bank's ordinary sources of funding in order to adequately fund a Tranche; or
- (b) in relation to a Floating Rate Tranche:
 - (i) the cost to the Bank of obtaining funds from its sources of funding, as determined by the Bank, for a period equal to the Floating Rate Reference Period of such Tranche would be in excess of the applicable Relevant Interbank Rate; or
 - (ii) the Bank determines that adequate and fair means do not exist for ascertaining the applicable Relevant Interbank Rate for the relevant currency of such Tranche.

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

- (a) the ability of the Borrower to perform its obligations under this Contract;
- (b) the business, operations, property, condition (financial or otherwise) or prospects of the Borrower; or
- (c) the legality, validity or enforceability of, or the effectiveness or ranking of, or the value of any Security granted to the Bank in relation with this Contract, or the rights or remedies of the Bank under this Contract or any agreement creating Security in favour of the Bank in relation with this Contract.



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

"Medium Scheme" means a Scheme with a total project investment cost of at least EUR 40,000,000.00 (forty million euros) and below EUR 80,000,000.00 (eighty million euros).

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

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

"Payment Account" means the bank account(s) from which payments under this Contract shall be made by the Borrower specified by IBAN code (if the country is included in the IBAN Registry published by SWIFT), or in the appropriate account format in line with the local banking practice, BIC/SWIFT code of the bank and the name of the bank account(s) beneficiary, as set out in the most recent List of Accounts.

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

- (a) for a Fixed Rate Tranche the following Relevant Business Day, without adjustment to the interest due under Article 3.1; and
- (b) for a Floating Rate Tranche, the following Relevant Business Day in that month, or, failing that, the nearest preceding Relevant Business Day, in all cases with corresponding adjustment to the interest due under Article 3.1.

"PIF Directive" means Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law as amended, supplemented or restated.

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

"Prepayment Date" means the date, as requested by the Borrower and agreed by the Bank or indicated by the Bank (as applicable) on which the Borrower shall effect prepayment of a Prepayment Amount.

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

"Prepayment Indemnity" means in respect of any principal amount to be prepaid, the amount communicated by the Bank to the Borrower as the present value (calculated as of the Prepayment Date) of the excess, if any, of:

- (a) the interest net of the Margin that would accrue thereafter on the Prepayment Amount over the period from the Prepayment Date to the Interest Revision/Conversion Date, if any, or the Maturity Date, if it were not prepaid; over
- (b) the interest that would so accrue over that period, if it were calculated at the Redeployment Rate, less 0.19% (nineteen basis points).

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

"Prepayment Notice" means a written notice from the Bank to the Borrower in respect of prepayment of a Fixed Rate Tranche and/or a Floating Rate Tranche in accordance with Article 4.2.C, specifying the Prepayment Amount, the Prepayment Date, the accrued interest due, the fee under Article 4.2.D, if any, and in respect of Fixed Rate Tranches only, the Prepayment Indemnity, if any, due on the Prepayment Amount

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

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

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

"Project Cost Reduction Event" has the meaning given to it in Article 4.3.A(1).



"**PSLF**" means a public sector loan facility set up by Regulation (EU) No 2021/1229 of the European Parliament and of the Council of 14 July 2021 on the public sector loan facility under the Just Transition Mechanism and its implementing arrangements.

"**QES**" or "**Qualified Electronic Signature**" means a qualified electronic signature in the meaning of the eIDAS Regulation.

"**Reallocation**" means a re-assignment (in whole or in part) of the EIB Allocation from an Allocated Scheme to another Scheme, according to the procedure set out in Article 1.9.C, and "**reallocate**" shall be construed accordingly.

"**Reallocation Period**" means the period until 31 March 2030.

"**Reallocation Request**" has the meaning given to it in Article 1.9.C.

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

"**Relevant Business Day**" means a day on which real time gross settlement system operated by the Eurosystem (T2), or any successor system, is open for settlement of payments in EUR.

"**Relevant Person**" means, with respect to:

- (a) the Borrower, its mayor, any other official or representative, or any other person acting for it, on its behalf or under its control, having the authority to manage and/or supervise the Credit, the Loan, the Project or any Scheme; and
- (b) any Final Beneficiary:
 - (i) any official or representative, or any other person acting for it, on its behalf or under its control, having the authority to manage and/or supervise the Credit, the Loan or any Scheme; and
 - (ii) any member of its management bodies, or any of its employees or any other person acting for it, on its behalf or under its control, having the authority to manage and/or supervise the Credit, the Loan or any Scheme.

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

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

"**Road Safety Directive**" means the Directive 2008/96/EC of the European Parliament and of the Council of 19 November 2008 as amended by Directive (EU) 2019/1936 of the European Parliament and of the Council of 23 October 2019 on road infrastructure safety management.

"**Sanctioned Person**" means any individual or entity (for the avoidance of doubt, the term entity includes, but is not limited to, any government, group or terrorist organisation) who is a designated target of, or who is otherwise a subject of, Sanctions (including, without limitation, as a result of being owned or otherwise controlled, directly or indirectly, by any individual or entity, who is a designated target of, or who is otherwise a subject of, Sanctions).

"**Sanctions**" means the economic or financial sanctions laws, regulations, trade embargoes or other restrictive measures (including, in particular, but not limited to, measures in relation to the financing of terrorism) enacted, administered, implemented or enforced from time to time by any of the following:

- (a) the United Nations including, *inter alia*, the United Nations Security Council; and
- (b) the European Union including, *inter alia*, the Council of the European Union and the European Commission, and any other competent bodies/institutions or agencies of the European Union.



"Scheduled Disbursement Date" means the date on which a Tranche is scheduled to be disbursed in accordance with Article 1.2.B, which shall be a Relevant Business Day falling at least 10 (ten) days after the date of the Disbursement Offer or the successful live pricing call, and on or before the Final Availability Date.

"Schemes" means the investment schemes of the Project described in Recital (a), and **"Scheme"** means any of them.

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

"Slovak Budget Rules Act" means the Act of the Slovak Republic No. 583/2004 Coll., on Budget Rules of the Regional Self-Administration and amending and supplementing other laws, as amended from time to time.

"Slovak Civil Code" means the Act of the Slovak Republic No. 40/1964 Coll., Civil Code, as amended from time to time.

"Slovak Public Information Access Act" means the Act of the Slovak Republic No. 211/2000 Coll., on Free Access to Public Information, as amended from time to time.

"Slovak Act on City of Košice" means the Act of the Slovak Republic No. 401/1990 Coll., on the City of Košice, as amended from time to time.

"Small Scheme" means a Scheme with a total project investment cost below EUR 40,000,000.00 (forty million euros).

"Social Matters" means all, or any of, the following:

- (a) labour and working conditions;
- (b) occupational health and safety;
- (c) rights and interests of vulnerable groups;
- (d) rights and interests of indigenous peoples;
- (e) gender equality;
- (f) public health, safety and security;
- (g) avoidance of forced evictions and alleviation of hardship arising from involuntary resettlement; and
- (h) stakeholder engagement.

"Spread" means the fixed spread (being of either positive or negative value) to the EURIBOR as determined by the Bank and notified to the Borrower in the relevant Disbursement Offer or in the Interest Revision/Conversion Proposal. The Spread shall include the Margin.

"Subsidiary" means an entity of which the Borrower has direct or indirect control or owns directly or indirectly more than 50% (fifty per cent) of the voting capital or similar right of ownership, and **"control"** for this purpose means the power to direct the management and the policies of the entity, whether through the ownership of voting capital, by contract or otherwise.

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

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

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

"UK Sanctions" means the economic or financial sanctions laws, regulations, trade embargoes or other restrictive measures (including, in particular, but not limited to, measures in relation to the financing of terrorism) enacted, administered, implemented or enforced from time to time by the government of the United Kingdom, and any department, division, agency,



office or authority, including, *inter alia*, the Office of Financial Sanctions Implementation of His Majesty's Treasury and the Department for International Trade of the United Kingdom.

"US Sanctions" means the economic or financial sanctions laws, regulations, trade embargoes or other restrictive measures (including, in particular, but not limited to, measures in relation to the financing of terrorism) enacted, administered, implemented or enforced from time to time by the government of the United States of America, and any department, division, agency, or office thereof, including, *inter alia*, the Office of Foreign Asset Control (OFAC) of the United States Department of the Treasury, the United States Department of State and/or the United States Department of Commerce.



ARTICLE 1

Credit and Disbursements

1.1 Amount of Credit

By this Contract the Bank establishes in favour of the Borrower, and the Borrower accepts, a credit in an amount of EUR 20,000,000.00 (twenty million euros) for the financing of the Project (the "**Credit**").

1.2 Disbursement procedure

1.2.A Tranches

The Bank shall disburse the Credit in up to 4 (four) Tranches. The amount of each Tranche shall be in a minimum amount of EUR 5,000,000.00 (five million euros) or (if less) the entire undrawn balance of the Credit.

1.2.B Disbursement Offer

Upon request by the Borrower and subject to Article 1.4.A, provided that neither a Market Disruption Event nor an event mentioned in Article 1.6.B has occurred and is continuing, the Bank shall after the receipt of such request, in its own discretion either:

- (a) send to the Borrower within 5 (five) Business Days after the receipt of such request a Disbursement Offer for the disbursement of a Tranche. The Disbursement Offer shall include information as set out in Schedule C; or
- (b) notify the Borrower that the terms of the disbursement of the requested Tranche shall be agreed during a recorded live pricing call to be held between the Bank and the Borrower (the "**Live Pricing Tranche**"). In such case, subject to Articles 1.4.B and 1.4.C, and following a successful live pricing call between the Bank and the Borrower during which the Parties agree on the terms of the disbursement of the requested Tranche, the Bank shall send to the Borrower, on the same Business Day and after such successful pricing call, a Disbursement Offer reflecting the terms agreed during the call, which shall include information as set out in Schedule C. The Borrower shall confirm the Live Pricing Tranche as an Accepted Tranche and accept a Disbursement Offer by delivering a Disbursement Acceptance to the Bank by no later than the Disbursement Acceptance Deadline pursuant to Article 1.2.C(a). The latest time for conclusion of a successful live pricing process is 10 (ten) days before the Final Availability Date.

The latest time for receipt by the Bank of such Borrower's request under this Article 1.2.B is 15 (fifteen) Business Days before the Final Availability Date.

The Parties agree that a Disbursement Offer may be issued by the Bank as an unsigned document and in such case shall be considered validly executed and delivered on behalf of the Bank provided that such Disbursement Offer is sent by e-mail from the following e-mail address | to the e-mail address of the Borrower indicated in Article 12.1.B.

1.2.C Disbursement Acceptance

- (a) The Borrower may accept a Disbursement Offer by delivering a Disbursement Acceptance to the Bank no later than the Disbursement Acceptance Deadline, to be followed by registered letter in accordance with Article 12.1.A. The Disbursement Acceptance shall be signed by an Authorised Signatory with individual representation right or 2 (two) or more Authorised Signatories with joint representation right and shall specify the Disbursement Account to which the disbursement of the Tranche should be made in accordance with Article 1.2.D.
- (b) 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.



- (c) For Tranches other than Live Pricing Tranches, 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.
- (d) The Bank may rely on the information set out in the most recent List of Signatories provided to the Bank by the Borrower. If a Disbursement Acceptance is signed by a person defined as Authorised Signatory under the most recent List of Signatories provided to the Bank by the Borrower, the Bank may assume that such person has the power to sign and deliver in the name and on behalf of the Borrower such Disbursement Acceptance.

1.2.D Disbursement Account

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

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

Only 1 (one) Disbursement Account may be specified for each Tranche.

1.3 Currency of disbursement

The Bank shall disburse each Tranche in EUR.

1.4 Conditions of disbursement

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

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

- (a) evidence that the execution of this Contract by the Borrower has been duly authorised and that the person or persons signing this Contract on behalf of the Borrower is/are duly authorised to do so;
- (b) the pdf file containing this Contract duly executed by all Parties with a QES;
- (c) the List of Accounts; and
- (d) the List of Signatories,

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

1.4.B First Tranche

The disbursement of the first Tranche under Article 1.2 is conditional upon receipt by the Bank, in form and substance satisfactory to it, on or before the date falling 6 (six) Business Days before the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively) for the proposed Tranche, of the following documents or evidence:

- (a) evidence that the Borrower has obtained all necessary Authorisations required in connection with this Contract and the Project;
- (b) a legal opinion in English on the legal capacity and due authorisation of the Borrower, and the due execution of this Contract by the Borrower and on the legal, valid, binding and enforceable character of the Borrower's obligations under this Contract under Slovak law substantially in the form set out in Annex II; and
- (c) evidence that the amount of the first Tranche does not exceed EUR 6,000,000.00 (six million euros) unless the Bank receives evidence, in form and substance satisfactory to it, showing that least EUR 4,800,000.00 (four million eight hundred thousand euros) has been allocated to Scheme(s) and approved by the Bank by the Allocation Letter(s).



1.4.C Subsequent Tranches

The disbursement of each Tranche under Article 1.2, except for the first Tranche, is conditional upon receipt by the Bank, in form and substance satisfactory to it, on or before the date falling 6 (six) Business Days before the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively) for the proposed Tranche, of a written evidence demonstrating that the aggregate amount of the EIB Allocations is at least equal to 80% (eighty per cent) of all Loans disbursed.

1.4.D Disbursement of the last 10% of the Credit

The disbursement of a Tranche under Article 1.2, which, when aggregated with the Loan disbursed so far, exceeds EUR 18,000,000.00 (eighteen million euros), is conditional upon receipt by the Bank, in form and substance satisfactory to it, on or before the date falling 6 (six) Business Days before the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively) for the proposed Tranche, of a written evidence demonstrating that:

- (a) the aggregate amount of the EIB Allocations is at least equal to EUR 18,000,000.00 (eighteen million euros); and
- (b) a list of Scheme(s) expected to be allocated under the remaining amount of EUR 2,000,000.00 (two million euros) has been made available to the Bank.

1.4.E All Tranches

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

- (a) that the Bank has received, in form and substance satisfactory to it, on or before the date falling 6 (six) Business Days before the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively) for the proposed Tranche, of the following documents or evidence:
 - (i) a certificate from the Borrower in the form of Schedule E.1 signed by an authorised representative of the Borrower and dated no earlier than the date falling 10 (ten) days before the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively); and
 - (ii) a copy of any other authorisation or other document, opinion or assurance which the Bank has notified the Borrower is necessary or desirable in connection with the entry into and performance of, and the transactions contemplated by, this Contract or the legality, validity, binding effect or enforceability of the same;
- (b) that on the Scheduled Disbursement Date (and, in the case of deferment under Article 1.5, on the Requested Deferred Disbursement Date or the Agreed Deferred Disbursement Date, respectively) for the proposed Tranche:
 - (i) the representations and warranties which are repeated pursuant to Article 6.12 are correct in all respects; and
 - (ii) no event or circumstance which constitutes or would with the passage of time or the giving of notice or the making of any determination under this Contract (or any combination of the foregoing) constitute:
 - (1) an Event of Default; or
 - (2) a Prepayment Event,has occurred and is continuing unremedied or unwaived or would result from the disbursement of the proposed Tranche; and



- (c) in respect of a Live Pricing Tranche, that a Disbursement Acceptance duly countersigned by the Borrower has been delivered to the Bank within the deadline specified therein, pursuant to Article 1.2.B(b).

1.5 Deferment of disbursement

1.5.A Grounds for deferment

1.5.A(1) BORROWER'S REQUEST

- (a) The Borrower may send a written request to the Bank requesting the deferral of the disbursement of an Accepted Tranche. The written request must be received by the Bank at least 5 (five) Business Days before the Scheduled Disbursement Date of the Accepted Tranche and specify:
- (i) whether the Borrower would like to defer the disbursement in whole or in part and if in part, the amount to be deferred; and
 - (ii) the date until which the Borrower would like to defer a disbursement of the above amount (the "**Requested Deferred Disbursement Date**"), which must be a date falling not later than:
 - (1) 6 (six) months from its Scheduled Disbursement Date;
 - (2) 30 (thirty) days prior to the first Repayment Date; and
 - (3) the Final Availability Date.
- (b) Upon receipt of such a written request, the Bank shall defer the disbursement of the relevant amount until the Requested Deferred Disbursement Date.

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

- (a) The disbursement of an Accepted Tranche shall be deferred if any condition for disbursement of such Accepted Tranche referred to in Article 1.4 is not fulfilled both:
- (i) at the date specified for fulfilment of such condition in Article 1.4; and
 - (ii) at its Scheduled Disbursement Date (or, where the Scheduled Disbursement Date has been deferred previously, the date expected for disbursement).
- (b) The Bank and the Borrower shall agree the date until which the disbursement of such Accepted Tranche shall be deferred (the "**Agreed Deferred Disbursement Date**"), which must be a date falling:
- (i) not earlier than 6 (six) Business Days following the fulfilment of all conditions of disbursement; and
 - (ii) not later than the Final Availability Date.
- (c) Without prejudice to the Bank's right to suspend and/or cancel the undisbursed portion of the Credit in whole or in part pursuant to Article 1.6.B, the Bank shall defer disbursement of such Accepted Tranche until the Agreed Deferred Disbursement Date.

1.5.A(3) DEFERMENT FEE

If disbursement of an Accepted Tranche is deferred pursuant to Article 1.5.A(1) or 1.5.A(2), the Borrower shall pay the Deferral Fee.

1.5.B Cancellation of a deferred disbursement

If a disbursement has been deferred (i) by more than 6 (six) months in aggregate, or (ii) up to the Final Availability Date (whatever happens earlier) pursuant to Article 1.5.A, the Bank may notify the Borrower in writing that such disbursement shall be cancelled and such cancellation shall take effect on the date of such written notification. The amount of the disbursement which is cancelled by the Bank pursuant to item (i) above shall remain available for disbursement under Article 1.2.



1.6 Cancellation and suspension

1.6.A Borrower's right to cancel

- (a) The Borrower may send a written notice to the Bank requesting a cancellation of the undisbursed Credit or a portion thereof.
- (b) In its written notice, the Borrower:
 - (i) must specify whether the Credit shall be cancelled in whole or in part and, if in part, the amount of the Credit to be cancelled; and
 - (ii) must not request any cancellation of an Accepted Tranche, which has a Scheduled Disbursement Date falling within 5 (five) Business Days of the date of such written notice.
- (c) Upon receipt of such written notice, the Bank shall cancel the requested portion of the Credit with immediate effect.

1.6.B Bank's right to suspend and cancel

- (a) At any time upon the occurrence of the following events, the Bank may notify the Borrower in writing that the undisbursed portion of the Credit shall be suspended and/or cancelled in whole or in part:
 - (i) a Prepayment Event;
 - (ii) an Event of Default; or
 - (iii) an event or circumstance which would, with the passage of time or the giving of notice or the making of any determination under this Contract (or any combination of the foregoing) constitute a Prepayment Event or an Event of Default.
- (b) On the date of such written notification from the Bank the relevant portion of the Credit shall be suspended and/or cancelled with immediate effect. Any suspension shall continue until the Bank ends the suspension or cancels the suspended amount.

1.6.C Indemnity for suspension and cancellation of a Tranche

1.6.C(1) SUSPENSION

If the Bank suspends an Accepted Tranche upon the occurrence of an Indemnifiable Prepayment Event or an Event of Default or of an event or circumstance which would with the passage of time or the giving of notice or the making of any determination under this Contract (or any combination of the foregoing) constitute an Indemnifiable Prepayment Event or an Event of Default, the Borrower shall pay to the Bank the Deferment Fee calculated on the amount of such Accepted Tranche.

1.6.C(2) CANCELLATION

- (a) If an Accepted Tranche which is a Fixed Rate Tranche (the "**Cancelled Tranche**") is cancelled:
 - (i) by the Borrower pursuant to Article 1.6.A; or
 - (ii) by the Bank upon an Indemnifiable Prepayment Event or an event or circumstance which would, with the passage of time or the giving of notice or the making of any determination under this Contract (or any combination of the foregoing) constitute an Indemnifiable Prepayment Event or pursuant to Article 1.5.B,the Borrower shall pay to the Bank an indemnity on such Cancelled Tranche.
- (b) Such indemnity shall be:
 - (i) calculated assuming that the Cancelled Tranche had been disbursed and repaid on the same Scheduled Disbursement Date or, to the extent the disbursement of the Tranche is currently deferred or suspended, on the date of the cancellation notice; and



- (ii) in the amount communicated by the Bank to the Borrower as the present value (calculated as of the date of cancellation) of the excess, if any, of:
 - (1) the interest net of the Margin that would accrue thereafter on the Cancelled Tranche over the period from the date of cancellation pursuant to this Article 1.6.C(2), to the Interest Revision/Conversion Date, if any, or the Maturity Date, if it were not cancelled; over
 - (2) the interest that would so accrue over that period, if it were calculated at the Redeployment Rate, less 0.19% (nineteen basis points).

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

- (c) If the Bank cancels any Accepted Tranche upon the occurrence of an Event of Default, the Borrower shall indemnify the Bank in accordance with Article 10.2.

1.7 Cancellation after expiry of the Credit

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

1.8 Sums due under Articles 1.5 and 1.6

Sums due under Articles 1.5 and 1.6 shall be payable:

- (a) in EUR; and
- (b) within 15 (fifteen) days of the Borrower's receipt of the Bank's demand or within any longer period specified in the Bank's demand.

1.9 Allocation of Credit to Scheme(s)

The Credit shall be allocated to Schemes that meet the Allocation Criteria and are included in an Allocation Letter issued by the Bank (each an "**Allocated Scheme**").

1.9.A Allocation Request

- (a) The Borrower shall present to the Bank 1 (one) or more requests to allocate the Credit to Schemes during the Allocation Period, by using the applicable form depending on the size (and/or type, if applicable) of the Scheme(s) proposed, together with all other documents and evidence, all as set out in sections A.1.5, A.1.7 to A.1.9 of the Technical Description (each, an "**Allocation Request**").
- (b) The Borrower shall not include in an Allocation Request a Scheme that requires an EIA or appropriate assessment according to EU and national law without having received the consent from the competent authority, and the EIA report having been made available to the public.
- (c) The Bank shall examine the Scheme(s) presented in the Allocation Request by applying the appropriate allocation procedure and level of review as set out in section A.1.5 of the Technical Description (the "**Allocation Procedure**").
- (d) The Borrower shall provide the Bank with such information regarding the Schemes as set out in the Technical Description and any other information reasonably required for the purposes of the allocation review.

1.9.B Allocation Letter

- (a) The Bank approves the Allocation Request/s by issuing an allocation letter (the "**Allocation Letter**"), which will confirm, based on the tables and lists received from the Borrower according to Article 1.9.A:



- (i) the Allocated Scheme(s);
 - (ii) the project investment cost related to each Allocated Scheme;
 - (iii) the amount of Credit allocated to each Scheme (the "**EIB Allocation**"); and
 - (iv) if so required by the Bank, in case of Medium Schemes, any conditions and/or undertakings that shall apply to the relevant Allocated Scheme(s) according to paragraph (c) below.
- (b) If the Bank does not approve fully or partially the Allocation Request, the Bank shall inform the Borrower thereof and no Credit will be allocated to non-approved Scheme(s).
- (c) The Bank's approval of Medium Schemes may be made conditional on additional undertakings and reporting requirements specified in the Allocation Letter sent to the Borrower. Should this be the case, the Borrower shall send to the Bank the countersigned Allocation Letter as acceptance within 10 (ten) Business Days from the date of receipt of such Allocation Letter.
- (d) If the Borrower does not send the countersigned Allocation Letter within 10 (ten) Business Days from the date of receipt of such Allocation Letter, no Credit shall be deemed as allocated to such Schemes.

1.9.C Reallocation

1.9.C(1) REALLOCATION AT THE REQUEST OF THE BORROWER

- (a) During the Reallocation Period, the Borrower may (in the event described in Article 4.3.A(6) or otherwise as decided by the Borrower) request the Bank to reallocate an EIB Allocation (in whole or in part) to other Scheme(s) meeting the Allocation Criteria, by submitting an Allocation Request as set out in Article 1.9.A, with the following additional information:
- (i) the EIB Allocation and the Allocated Scheme subject to such request to reallocate;
 - (ii) the Schemes proposed for allocation, along with the supporting documentation as specified in section A.1.5 of the Technical Description depending on the size (and/or type, if applicable) of the Scheme/s proposed; and
 - (iii) the amount of Credit to be allocated to each of the new Schemes, (the "**Reallocation Request**").
- (b) If the Bank approves the Reallocation Request, the procedure under Article 1.9.B shall apply.
- (c) If the Bank does not approve the submitted Reallocation Request, the Bank shall inform the Borrower thereof. Should this be the case the EIB Allocation will not be reallocated to the non-approved Scheme and remain allocated to the original Allocated Scheme.

1.9.C(2) REALLOCATION AT THE REQUEST OF THE BANK

- (a) If, during the Reallocation Period:
- (i) in the reasonable opinion of the Bank, any of the Allocated Schemes ceases to meet the Allocation Criteria and/or any of the Allocated Schemes is or becomes 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; and/or
 - (ii) the eligible investment cost of an Allocated Scheme has been reduced to the extent that the EIB Allocation made towards such Allocated Scheme exceeds the amount eligible for its financing under the Technical Description,
- the Bank may ask the Borrower to submit a Reallocation Request to propose new Scheme(s) for Reallocation.



- (b) If the Bank approves the Reallocation Request, the procedure under Article 1.9.B shall apply.
- (c) If:
 - (i) the Borrower does not submit a Reallocation Request within the earlier of:
 - (1) 20 (twenty) Business Days from the date of the Bank's request under paragraph (a) above, and (2) the end of the Reallocation Period; or
 - (ii) the Bank does not approve the submitted Reallocation Request,the Bank shall inform the Borrower thereof. Should this be the case, the relevant EIB Allocation will be treated as it had never been allocated, including for the purposes of Article 4.3.A(5).

1.9.D Review of Allocation Criteria and/or Allocation Procedures

- (a) The Bank reserves the right to review the Allocation Criteria and/or Technical Description, and to amend the Allocation Procedure to align it with the Bank's policy on framework loans and/or based on the results of a review of the Borrower's implementation capacity and performance.
- (b) In such case, the Bank shall inform the Borrower in writing and the Borrower shall promptly adapt its internal allocation procedures accordingly, and the Borrower shall execute any such amendment to this Contract and or any other documents, as may be required by the Bank to reflect the modifications made.

1.10 Non-utilisation fee for extension of the Final Availability Date

- (a) If the Borrower requests an extension of the Final Availability Date and the Bank, at its sole discretion, agrees to such an extension, the Borrower shall pay to the Bank a non-utilisation fee calculated on the daily undrawn and uncanceled balance of the Credit from the Final Availability Date until the extended availability date (the "**Extended Final Availability Date**") at a rate of 0.1% (10 basis points) per annum as agreed between the Borrower and the Bank.
- (b) The accrued non-utilisation fee shall be payable by the Borrower on:
 - (i) 5 August, 5 November, 5 February, 5 May; and
 - (ii) the Extended Final Availability Date; or if the Credit is cancelled in full under Article 1.6 prior to the Extended Final Availability Date, at the time specified by the Bank.
- (c) The fee will be calculated using the day count convention of a year of 360 (three hundred and sixty) days and the number of days elapsed.
- (d) If the date on which the non-utilisation fee is due to be paid is not a Relevant Business Day, payment shall be made on the next day, if any, of that month that is a Relevant Business Day or, failing that, the nearest preceding day that is a Relevant Business Day, in all cases with a corresponding adjustment to the amount of non-utilisation fee due.
- (e) Sums due under this Article 1.10 shall be payable in the currency of the Credit.

ARTICLE 2

The Loan

2.1 Amount of Loan

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



2.2 Currency of payments

The Borrower shall pay interest, principal and other charges payable in respect of each Tranche in the currency in which such Tranche was disbursed.

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

2.3 Confirmation by the Bank

The Bank shall deliver to the Borrower the amortisation table referred to in Article 4.1, if any, showing the Disbursement Date, the currency, the amount disbursed, the repayment terms and the interest rate for each Tranche, not later than 10 (ten) days after the Scheduled Disbursement Date for such Tranche.

ARTICLE 3

Interest

3.1 Rate of interest

For the purposes of this Contract, "**Margin**" means 2 (two) basis points (0.02%).

3.1.A Fixed Rate Tranches

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

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

3.1.B Floating Rate Tranches

The Borrower shall pay interest on the outstanding balance of each Floating Rate Tranche at the Floating Rate quarterly or semi-annually in arrear on the relevant Payment Dates, as specified in the Disbursement Offer commencing on the first such Payment Date following the Disbursement Date of the Tranche.

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

If pursuant to Articles 1.5 and 1.6 disbursement of any Floating Rate Tranche takes place after the Scheduled Disbursement Date, the EURIBOR applicable to the first Floating Rate Reference Period shall be determined, in accordance with Schedule B, for the Floating Rate Reference Period commencing on the Disbursement Date and not the Scheduled Disbursement Date.

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

3.1.C Revision or Conversion of Tranches

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

3.2 Interest on overdue sums

Without prejudice to Article 10 and by way of exception to Article 3.1, if the Borrower fails to pay any amount payable by it under this Contract on its due date, interest shall accrue on any



overdue amount payable under the terms of this Contract from the due date to the date of actual payment at an annual rate equal to:

- (a) for overdue sums related to Floating Rate Tranches, the applicable Floating Rate plus 2% (200 basis points);
- (b) for overdue sums related to Fixed Rate Tranches, the higher of:
 - (i) the applicable Fixed Rate plus 2% (200 basis points); or
 - (ii) the EURIBOR (one month) plus 2% (200 basis points); and
- (c) for overdue sums other than under paragraph (a) or (b) above, the EURIBOR (one month) plus 2% (200 basis points),

and shall be payable in accordance with the demand of the Bank. For the purpose of determining the EURIBOR in relation to paragraphs (b) and (c) above, the relevant periods within the meaning of Schedule B shall be successive periods of 1 (one) month commencing on the due date. Any unpaid but due interest may be capitalised in conformity with article 1154 of the Luxembourg Civil Code.

Notwithstanding paragraph (c) above, if the overdue sum is in a currency for which no relevant interbank rate is specified in this Contract, the relevant interbank rate, or as determined by the Bank, the relevant risk-free rate that is generally retained by the Bank for transactions in that currency, shall apply plus 2% (200 basis points), calculated in accordance with the market practice for such rate.

3.3 Market Disruption Event

If at any time:

- (a) from the receipt by the Bank of a Disbursement Acceptance in respect of a Tranche; and
- (b) until the date falling 20 (twenty) Business Days prior to the Scheduled Disbursement Date,

a Market Disruption Event occurs, the Bank may notify the Borrower that this Article 3.3 has come into effect.

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

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

The Spread or Fixed Rate previously accepted by the Borrower shall no longer be applicable.

ARTICLE 4

Repayment

4.1 Normal repayment

- (a) The Borrower shall repay each Tranche by instalments on the Repayment Dates specified in the relevant Disbursement Offer in accordance with the terms of the amortisation table delivered pursuant to Article 2.3.



- (b) Each amortisation table shall be drawn up on the basis that:
- (i) in the case of a Fixed Rate Tranche without an Interest Revision/Conversion Date, repayment shall be made quarterly, semi-annually or annually by equal instalments of principal or constant instalments of principal and interest;
 - (ii) in the case of a Fixed Rate Tranche with an Interest Revision/Conversion Date or a Floating Rate Tranche, repayment shall be made by equal quarterly, semi-annual or annual instalments of principal;
 - (iii) the first Repayment Date of each Tranche shall fall not earlier than 15 (fifteen) days from the Scheduled Disbursement Date and not later than the Repayment Date immediately following the 3rd (third) anniversary of the Scheduled Disbursement Date of the Tranche; and
 - (iv) the last Repayment Date of each Tranche shall fall not earlier than 4 (four) years and not later than 21 (twenty-one) years from the Scheduled Disbursement Date.

4.2 Voluntary prepayment

4.2.A Prepayment option

Subject to Articles 4.2.B, 4.2.C and 4.4, the Borrower may prepay all or part of any Tranche, together with accrued interest and indemnities if any, upon giving a Prepayment Request not earlier than 60 (sixty) days and not later than 10 (ten) Business Days' prior notice specifying:

- (a) the Prepayment Amount;
- (b) the Prepayment Date;
- (c) if applicable, the choice of application method of the Prepayment Amount in line with Article 5.5.C(a); and
- (d) the Contract Number.

The Prepayment Request shall be irrevocable.

4.2.B Prepayment indemnity

4.2.B(1) FIXED RATE TRANCHE

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

4.2.B(2) FLOATING RATE TRANCHE

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

4.2.B(3) REVISION/CONVERSION

Prepayment of a Tranche on its Interest Revision/Conversion Date may be effected without indemnity except if the Borrower has accepted pursuant to Schedule D a Fixed Rate under an Interest Revision/Conversion Proposal.

4.2.C Prepayment mechanics

Upon presentation by the Borrower to the Bank of a Prepayment Request in respect of a Fixed Rate Tranche, the Bank shall issue a Prepayment Offer to the Borrower, not later than 4 (four) Business Days prior to the Prepayment Date. The Prepayment Offer shall specify the Prepayment Amount, the Prepayment Date, the accrued interest due thereon, the Prepayment Indemnity payable under Article 4.2.B(1), the fee under Article 4.2.D, if any, the method of application of the Prepayment Amount and, the deadline by which the Borrower may accept the Prepayment Offer.

If the Borrower accepts the Prepayment Offer no later than by the deadline specified therein, the Bank shall send to the Borrower, no later than 2 (two) Business Days prior to the relevant



Prepayment Date, a Prepayment Notice. If the Borrower does not duly accept the Prepayment Offer, the Borrower may not effect the prepayment in respect of such Fixed Rate Tranche.

Upon presentation by the Borrower to the Bank of a Prepayment Request in respect of a Floating Rate Tranche, the Bank shall issue a Prepayment Notice to the Borrower, not later than 2 (two) Business Days prior to the Prepayment Date.

The Borrower shall pay the amount specified in the Prepayment Notice on the relevant Prepayment Date.

4.2.D Administrative Fee

If the Bank exceptionally accepts, solely upon the Bank's discretion, a Prepayment Request with prior notice of less than 10 (ten) Business Days, the Borrower shall pay to the Bank a fee of EUR 10,000.00 (ten thousand euros) per each Tranche requested to be prepaid, partly or in full, in consideration of the administrative costs incurred by the Bank in connection with such voluntary prepayment. In such case, the Bank shall not be under an obligation to observe the deadlines to send a Prepayment Offer and/or the Prepayment Notice, as applicable, pursuant to this Contract.

4.3 Compulsory prepayment and cancellation

4.3.A Prepayment Events

4.3.A(1) PROJECT COST REDUCTION EVENT

- (a) The Borrower shall promptly inform the Bank if a Project Cost Reduction Event has occurred or is likely to occur. At any time after the occurrence of a Project Cost Reduction Event the Bank may, by notice to the Borrower, cancel the undisbursed portion of the Credit and/or demand prepayment of the Loan Outstanding up to the amount by which the Credit (or its portion, as applicable) exceeds the limits referred to in paragraph (c) below together with accrued interest and all other amounts accrued and outstanding under this Contract in relation to the proportion of the Loan Outstanding to be prepaid.
- (b) The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date falling not less than 30 (thirty) days from the date of the demand.
- (c) For the purpose of this Article 4.3.A(1), "**Project Cost Reduction Event**" means that, after the end of the Allocation Period or after the end of the Reallocation Period, the amount of the:
 - (i) portion of the Credit (to the extent not cancelled) allocated to Schemes not cofinanced with PSLF is more than 50% (fifty per cent) of the combined investment cost of such Schemes;
 - (ii) portion of the Credit (to the extent not cancelled) allocated to Schemes cofinanced with PSLF is more than 72% (seventy-two per cent) of the combined investment cost of such Schemes;
 - (iii) Credit (to the extent not cancelled) is more than when aggregated with the amount of any EU Funds made available for the Project, 90% (ninety per cent) of the total cost of the Project; or
 - (iv) Credit (to the extent not cancelled) is more than 100% (one hundred per cent) of eligible investment costs in relation to the Project,

where the relevant costs mentioned above shall be assessed at the end of the Allocation Period or at the end of the Reallocation Period, as applicable.

4.3.A(2) NON-EIB FINANCING PREPAYMENT EVENT

- (a) The Borrower shall promptly inform the Bank if a Non-EIB Financing Prepayment Event has occurred or is likely to occur. At any time after the occurrence of a Non-EIB Financing Prepayment Event the Bank may, by notice to the Borrower, cancel the undisbursed portion of the Credit and demand prepayment of the Loan Outstanding,



together with accrued interest and all other amounts accrued and outstanding under this Contract in relation to the proportion of the Loan Outstanding to be prepaid.

- (b) The proportion of the Credit that the Bank may cancel and the proportion of the Loan Outstanding that the Bank may require to be prepaid shall be the same as the proportion that the prepaid amount of the Non-EIB Financing bears to the aggregate outstanding amount of all Non-EIB Financing.
- (c) 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.
- (d) Paragraph (a) does not apply to any voluntary prepayment (or repurchase or cancellation, as the case may be) of a Non-EIB Financing:
 - (i) made with a prior written consent of the Bank;
 - (ii) made within a revolving credit facility; or
 - (iii) made out of the proceeds of any financial indebtedness having a term at least equal to the unexpired term of such Non-EIB Financing prepaid.
- (e) For the purposes of this Article 4.3.A(2):
 - (i) **"Non-EIB Financing Prepayment Event"** means any case where the Borrower voluntarily prepays (for the avoidance of doubt, such prepayment shall include a voluntary repurchase or cancellation of any creditor's commitment, as the case may be) a part or the whole of any Non-EIB Financing; and
 - (ii) **"Non-EIB Financing"** means any financial indebtedness (save for the Loan and any other direct financial indebtedness from the Bank to the Borrower), or any other obligation for the payment or repayment of money originally made available to the Borrower for a term of more than 5 (five) years.

4.3.A(3) CHANGE-OF-LAW EVENT

- (a) The Borrower shall promptly inform the Bank if a Change-of-Law Event has occurred or is likely to occur. In such case, or if the Bank has reasonable cause to believe that a Change-of-Law Event has occurred or is about to occur, the Bank may request that the Borrower consult with it. Such consultation shall take place within 30 (thirty) days from the date of the Bank's request. If, after the lapse of 30 (thirty) days from the date of such request for consultation, the Bank is of the opinion that:
 - (i) such Change-of-Law Event would materially impair the Borrower's ability to perform its obligations under this Contract or any Security provided in respect of this Contract; and
 - (ii) the effects of such Change-of-Law Event cannot be mitigated to its satisfaction (acting reasonably),

the Bank may by notice to the Borrower, cancel the undisbursed portion of the Credit and/or demand prepayment of the Loan Outstanding, together with accrued interest and all other amounts accrued and outstanding under this Contract.
- (b) 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.
- (c) For the purposes of this Article 4.3.A(3), **"Change-of-Law Event"** means the enactment, promulgation, execution or ratification of or any change in or amendment to any law, rule or regulation (or in the application or official interpretation of any law, rule or regulation) that occurs after the date of this Contract and which could impair the Borrower's ability to perform its obligations under this Contract or any Security provided in respect of this Contract.



4.3.A(4) ILLEGALITY EVENT

- (a) Upon becoming aware of an Illegality Event:
 - (i) the Bank shall promptly notify the Borrower, and
 - (ii) the Bank may immediately (1) suspend or cancel the undisbursed portion of the Credit, and/or (2) demand prepayment of the Loan Outstanding, together with accrued interest and all other amounts accrued and outstanding under this Contract on the date indicated by the Bank in its notice to the Borrower.
- (b) For the purposes of this Article 4.3.A(4), "**Illegality Event**" means that it becomes unlawful in any applicable jurisdiction, or if it becomes contrary to any Sanctions, any UK Sanctions, or any US Sanctions, for the Bank to:
 - (i) perform any of its obligations as contemplated in this Contract; or
 - (ii) fund or maintain the Loan.

4.3.A(5) FAILURE TO ALLOCATE EVENT

- (a) The Borrower shall promptly inform the Bank if a Failure to Allocate Event has occurred or is likely to occur.
- (b) If a Failure to Allocate Event occurs, the Bank may by notice to the Borrower demand that the Borrower prepays to the Bank on the date indicated by the Bank in its notice to the Borrower (such date being a date falling not less than 30 (thirty) days from the date of the demand), any part of the Loan Outstanding that corresponds to any part of the Loan that is subject to such Failure to Allocate Event together with accrued interest and all other amounts accrued or outstanding under this Contract.
- (c) For the purpose of this Article 4.3.A(5), "**Failure to Allocate Event**" means that any part of the Loan that had been disbursed by the Bank to the Borrower at any time hereunder has failed to be allocated or reallocated according to the Allocation Procedure, by the end of the Reallocation Period.

4.3.A(6) AFFECTED SCHEME EVENT

- (a) The Borrower shall promptly inform the Bank if an Affected Scheme Event has occurred.
- (b) If the Borrower notifies the Bank of an Affected Scheme Event or if the Bank becomes aware thereof and notifies the Borrower, then the Borrower shall, within 90 (ninety) days of any such notice:
 - (i) remedy, to the Bank's satisfaction (acting reasonably), the Affected Scheme Event; and/or
 - (ii) if the Reallocation Period has not yet expired, request the Bank to reallocate the relevant EIB Allocation to another Scheme pursuant to Article 1.9.C,failing which (and insofar as the Bank does approve the Reallocation), the Bank may by notice to the Borrower demand that the Borrower prepays to the Bank on the date indicated by the Bank in its notice to the Borrower (such date being a date falling not less than 30 (thirty) days from the date of the demand) any part of the Loan Outstanding up to the amount originally allocated to such Affected Scheme(s), together with accrued interest and all other amounts accrued and outstanding under this Contract.
- (c) For the purpose of this Contract:
 - (i) an "**Affected Scheme**" means an Allocated Scheme affected by an Affected Scheme Event;
 - (ii) an "**Affected Scheme Event**" means that 1 (one) or more of the following events occur with respect to any of the Allocated Schemes:
 - (1) it ceases meeting, in the reasonable opinion of the Bank, the Allocation Criteria and/or is or becomes 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;
- (2) it is cancelled, abandoned or terminated;
 - (3) the Borrower or any Final Beneficiary does not comply with any of the undertakings set out in the following Articles: 6.4 (*Procurement procedure*), 6.5 (*Continuing Project undertakings*), 6.7 (*Compliance with laws*), 6.11 (*Sanctions*), and/or, if any, with any condition/undertaking provided for in the relevant Allocation Letter;
 - (4) a representation in Article 6.12 applicable to it or a representation made or information provided in connection with the relevant Allocation Request is incorrect, incomplete or misleading in any material respect (and in particular when it concerns whether a Scheme is eligible);
 - (5) the eligible investment cost of such Allocated Scheme (as such costs are defined in the Technical Description) has been reduced to the extent that the EIB Allocation made towards such Allocated Scheme exceeds the amount eligible for financing thereof under the Technical Description;
 - (6) a Final Beneficiary is a Sanctioned Person or it is in breach of any Sanctions; and/or
 - (7) an EU Funds Event has occurred or is likely to occur in relation to a Scheme; and
- (iii) an "**EU Funds Event**" means any of the following (whether directly or indirectly) in relation to any of the Allocated Schemes:
- (1) the Borrower is required to reimburse or repay any contribution from EU Funds in whole or in part as a result of a recovery, financial correction or similar procedures triggered by any irregularities in relation to such contribution from EU Funds for the reasons attributable to the Borrower or the relevant Final Beneficiary; or
 - (2) otherwise than for the reasons indicated in paragraph (1) above, EU Funds cease to be available or have been cancelled in full or in part and the financing of such Allocated Scheme from other resources has not been ensured by the Borrower or the relevant Final Beneficiary to the satisfaction of the Bank (acting reasonably).

4.3.B Prepayment mechanics

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

4.3.C Prepayment indemnity

4.3.C(1) FIXED RATE TRANCHE

If the Borrower prepays a Fixed Rate Tranche in case of an Indemnifiable Prepayment Event, the Borrower shall pay to the Bank on the Prepayment Date the Prepayment Indemnity in respect of the Fixed Rate Tranche that is being prepaid.

4.3.C(2) FLOATING RATE TRANCHE

The Borrower may prepay the Floating Rate Tranches without the Prepayment Indemnity.

4.4 General

4.4.A No prejudice to Article 10

This Article 4 shall not prejudice Article 10.

**4.4.B No reborrowing**

A repaid or prepaid amount may not be reborrowed.

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

Any amount due by way of interest, indemnity or the Deferment 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) under a Fixed Rate Tranche, a year of 360 (three hundred and sixty) days and a month of 30 (thirty) days; and
- (b) under a Floating Rate Tranche, a year of 360 (three hundred and sixty) days and the number of days elapsed.

5.2 Time and place of payment

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

5.3 No set-off by the Borrower

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

5.4 Disruption to Payment Systems

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

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



5.5 Application of sums received

5.5.A General

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

5.5.B Partial payments

If the Bank receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under this Contract, the Bank shall apply that payment, in the order set out below, in or towards:

- (a) *pro rata* to each of any unpaid fees, costs, indemnities and expenses due under this Contract;
- (b) any accrued interest due but unpaid under this Contract;
- (c) any principal due but unpaid under this Contract; and
- (d) any other sum due but unpaid under this Contract.

5.5.C Allocation of sums related to Tranches

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

ARTICLE 6

Borrower undertakings and representations

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

A. PROJECT UNDERTAKINGS

6.1 Use of Loan and availability of other funds

- (a) The Borrower shall, and shall procure that each Final Beneficiary will, use all amounts borrowed by it under this Contract for the execution of the Project.
- (b) The Borrower shall ensure that it has available to it the other funds listed in Recital (c) and that such funds are expended, to the extent required, on the financing of the Project.

6.2 Completion of Project

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



6.3 Increased cost of Project

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

6.4 Procurement procedure

- (a) The Borrower shall, and shall procure that each Final Beneficiary will, procure works, services or goods for each Allocated Scheme:
 - (i) in accordance with EU Law in general and in particular with the relevant European Union procurement directives, if the latter are applicable;
 - (ii) in accordance with procurement procedures which, to the satisfaction of the Bank, respect the criteria of economy and efficiency and the principles of transparency, equal treatment and non-discrimination on the basis of nationality, in case of public contracts not subject to the European Union procurement directives; or
 - (iii) in accordance with procurement procedures which, to the satisfaction of the Bank, respect the criteria of economy and efficiency in case of contracts other than public contracts not subject to the European Union procurement directives.
- (b) For cases of paragraphs (a)(i) and (a)(ii) above, the Borrower shall, and shall procure that each Final Beneficiary will, request in the tender documents or other reference documents for the procurement procedures referred to in paragraph (a) above (in each case, for documents dated on or after the date of this Contract) that the bidder declares whether or not it is subject to any exclusion decision or temporary suspension pursuant to the Exclusion Policy.
- (c) If a bidder declares to the Borrower and/or any Final Beneficiary prior to the contract award that it is subject to any exclusion decision or temporary suspension covered by the Exclusion Policy, the Borrower shall:
 - (i) ensure that each Final Beneficiary will promptly inform the Borrower thereof, as the case may be; and
 - (ii) engage with the Bank in good faith and shall make best efforts in order to:
 - (1) achieve an exclusion of such a bidder under applicable law so that the bidder does not participate in the Allocated Scheme; or, should such an exclusion not be possible,
 - (2) restructure the scope of the Allocated Scheme (or the Project, as the case may be, including through Reallocation) so that no proceeds of the Loan be applied towards any works or services under any contract awarded to that bidder, unless otherwise agreed with the Bank.

6.5 Continuing Project undertakings

The Borrower shall, and shall procure that each Final Beneficiary will:

- (a) **Maintenance:** maintain, repair, overhaul and renew all property forming part of any Allocated Scheme as required to keep it in good working order;
- (b) **Project assets:** unless the Bank shall have given its prior consent in writing, either directly or through the Final Beneficiaries, retain title to and possession of substantially all the assets comprising any Allocated Scheme or, as appropriate, replace and renew such assets and maintain each Allocated Scheme in substantially continuous operation in accordance with its original purpose; the Bank may withhold its consent only where the proposed action would prejudice the Bank's interests as lender to the Borrower or would render the Allocated Scheme 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 any Allocated Scheme with reputable insurers in accordance with prudent public sector practice;
- (d) **Rights and Permits:** maintain in force all rights of way or use and all Authorisations necessary for the execution and operation of each Allocated Scheme;
- (e) **Environment and Social Matters:**
 - (i) implement and operate the Project and act in compliance with Environmental and Social Law (including in particular the EIA Directive, the Habitats Directive, the Birds Directive and the and the Road Safety Directive) and other applicable EU Law;
 - (ii) obtain and maintain requisite Environmental and Social Approvals for the Project; and
 - (iii) comply with any such Environmental and Social Approvals;
- (f) **Integrity:** take, within a reasonable timeframe, appropriate measures in respect of:
 - (i) any of its or each Final Beneficiary's employees with direct control and/or decision powers over the Credit, the Loan, the Project or any Allocated Scheme; or
 - (ii) any member of its or each Final Beneficiary's administrative or management bodies (as applicable),
 who has been convicted by a final and irrevocable court ruling of an Illegal Activity perpetrated in the course of the exercise of his/her professional duties, in order to ensure that such employee or member is excluded from any Borrower's or the relevant Final Beneficiary's (as applicable) activity in relation to the Credit, Loan, the Project or any Allocated Scheme;
- (g) **Integrity Audit Rights:** ensure that all contracts under the Project to be procured after the date of signature of this Contract in accordance with EU Directives on procurement provide for:
 - (i) the requirement that the relevant contractor promptly informs the Bank of a genuine allegation, complaint or information with regard to Illegal Activities related to the Project;
 - (ii) the requirement that the relevant contractor keeps books and records of all financial transactions and expenditures in connection with the Project; and
 - (iii) the Bank's right, in relation to an alleged Illegal Activity, to review the books and records of the relevant contractor in relation to the Project and to take copies of documents to the extent permitted by law;
- (h) **EU Law:**
 - (i) neither make nor propose to make Allocations to Schemes that do not fully comply with applicable EU Law, whether or not fully transposed to the national legislation; and
 - (ii) verify the compliance of the Schemes with the relevant and applicable EU Law, in particular in the fields of environment, procurement, state aid and road safety; and
- (i) **No double financing:** ensure that no Allocated Scheme is financed from the proceeds of any financing made available to the Borrower by the Bank other than the Loan.

B. GENERAL UNDERTAKINGS

6.6

Disposal of assets

- (a) Except as provided below, the Borrower shall not either in a single transaction or in a series of transactions whether related or not and whether voluntarily or involuntarily dispose of any part of its assets.



- (b) Paragraph (a) above does not apply to any disposal of assets for fair market value and at arm's length:
- (i) where the higher of the market value or consideration (when aggregated with the higher of the market value or consideration for any other sale, lease, transfer or other disposal, other than any permitted disposal under paragraphs (ii) and (iii) below) does not exceed, during the life of the Loan, 5% (five per cent) of total assets of the Borrower based on the latest available audited unconsolidated balance sheet of the Borrower;
 - (ii) made in exchange for other assets comparable or superior as to type, value and quality; or
 - (iii) made with the prior written consent of the Bank,
- in each case other than assets forming part of the Project pursuant to Article 6.5(b) and all shares in subsidiaries holding assets forming part of the Project which may not be disposed of.
- (c) For the purposes of this Article 6.6, "**dispose**" and "**disposal**" includes any act effecting sale, transfer, lease or other disposal.

6.7 Compliance with laws

The Borrower shall, and shall procure that each Final Beneficiary will, comply in all respects with all laws to which it, the Project or the relevant Allocated Scheme is subject.

6.8 Financial covenants

- (a) The Borrower shall ensure that so long as there is any Loan Outstanding, the Borrower shall maintain a sound financial situation and, in particular, shall maintain for each Financial Year:
- (i) a ratio of no more than 70% (seventy per cent) of Total Debt to Annual Operating Revenues;
 - (ii) a ratio of no more than 15% (fifteen per cent) of Annual Debt Service Obligations to Annual Operating Revenues; and
 - (iii) a ratio of no less than 150% (one hundred and fifty per cent) of Gross Operating Surplus to interest payments.

The ratios under paragraphs (i) to (iii) above for the preceding Financial Year shall be calculated (without counting any item twice) based on the approved executed budget statement (final account, Slovak: *záverečný účet*) of the Borrower, the audited individual financial statements of the Borrower and also the audited (if legally required) or otherwise approved financial statements of its budgetary organisations (in Slovak: *rozpočtové organizácie*) and contributory organisations (in Slovak: *príspevkové organizácie*) at the end of the respective Financial Year.

For the avoidance of doubt, the ratios shall be calculated on a non-consolidated basis by aggregating the relevant figures of the Borrower and its budgetary and contributory organisations without double counting inter-entity transfers and exclusively on the basis of figures reported in the above-mentioned officially approved financial statements.

- (b) The terms used in this Article 6.8 shall have the following meanings:
- "Annual Debt Service Obligations"** means (without counting any item twice) the aggregate annual amount of the Borrower's and (if applicable) its budgetary organisations' (in Slovak: *rozpočtové organizácie*) and contributory organisations' (in Slovak: *príspevkové organizácie*):
- (i) principal repayments on the Borrower's and (if applicable) its budgetary organisations' (in Slovak: *rozpočtové organizácie*) and contributory organisations' (in Slovak: *príspevkové organizácie*) Total Debt; and



- (ii) interest payments and other similar charges on the Borrower's and (if applicable) its budgetary organisations' (in Slovak: *rozpočtové organizácie*) and contributory organisations' (in Slovak: *príspevkové organizácie*) Total Debt.

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

- (i) tax revenues;
- (ii) non-tax revenues;
- (iii) operating subsidies; and
- (iv) transfers from own funds (if any).

"Financial Indebtedness" means (without counting any item twice) with respect to any period, any indebtedness raised, assumed or incurred by the Borrower and (if applicable) its budgetary organisations (in Slovak: *rozpočtové organizácie*) and contributory organisations (in Slovak: *príspevkové organizácie*) and (whether planned or realized, as the context requires) in that period, as recognised in accordance with the applicable Slovak public sector accounting rules, for or in respect of:

- (i) any principal amount of any moneys borrowed;
- (ii) any debit balances at banks or other financial institutions;
- (iii) any principal amount of any bond, note, debenture, loan stock or other similar instrument;
- (iv) any principal amount of any financing arrangement in relation to any asset, service, supply or construction, which has the commercial effect of a borrowing, including under:
 - (1) any factoring arrangements (with recourse);
 - (2) any public-private partnership (PPP) which is classified as public debt;
 - (3) any financial instruments of a limited transferability;
 - (4) any purchase agreements paid in instalments;
 - (5) any leasing where the risks and benefits are transferred to a party in possession of a leased asset; and/or
 - (6) any other agreement which provides for payment deferred beyond a period of 1 (one) year;
- (v) any deposits collected by the Borrower and (if applicable) its budgetary organisations (in Slovak: *rozpočtové organizácie*) and contributory organisations (in Slovak: *príspevkové organizácie*), which are used as a source of financing of the Borrower's and (if applicable) its budgetary organisations' (in Slovak: *rozpočtové organizácie*) and contributory organisations' (in Slovak: *príspevkové organizácie*) needs;
- (vi) any counter-indemnity obligation in respect of any guarantee, indemnity, bond, letter of credit or any other instrument issued by a bank or financial institution; and
- (vii) any liability (to the extent claimable in the relevant period) under any surety, guarantee, indemnity, contractual penalty, or similar assurance against any financial loss of any person (including such under any support agreement or similar arrangements having the commercial effect of a surety, guarantee or similar assurance) in respect of any item referred to in the above paragraphs.

"Gross Operating Surplus" means the aggregate of the Borrower's Annual Operating Revenues minus the Borrower's operating expenditures, being current expenditures under the applicable Slovak budget classification, and excluding interest payments and other similar charges on Financial Indebtedness.

"Total Debt" means (without counting any item twice) the aggregate of the total outstanding Financial Indebtedness of the Borrower and (if applicable) its budgetary



organisations (in Slovak: *rozpočtové organizácie*) and contributory organisations (in Slovak: *príspevkové organizácie*) including any guarantee granted by the Borrower and (if applicable) its budgetary organisations (in Slovak: *rozpočtové organizácie*) and contributory organisations (in Slovak: *príspevkové organizácie*) in relation to the Financial Indebtedness of any third party.

6.9 **Books and records**

The Borrower shall, and shall procure that each Final Beneficiary will, ensure that it and each Final Beneficiary have kept and will continue to keep proper books and records of account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Borrower and the Final Beneficiary, including expenditures in connection with the Project and/or the relevant Allocated Scheme, in accordance with GAAP as in effect from time to time.

6.10 **Data Protection**

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

6.11 **Sanctions**

The Borrower shall not, and shall procure that each Final Beneficiary will not, directly or indirectly:

- (a) enter into a business relationship with, and/or make any funds and/or economic resources available to, or for the benefit of, any Sanctioned Person (including Final Beneficiaries) in connection with the Project and/or any Allocated Scheme;
- (b) use all or part of the proceeds of the Loan or lend, contribute or otherwise make available such proceeds to any person (including Final Beneficiaries) in any manner that would result in a breach by itself and/or by the Bank of any Sanctions; or
- (c) fund all or part of any payment under this Contract out of proceeds derived from activities or businesses with a Sanctioned Person (including Final Beneficiaries), a person in breach of the Sanctions (including Final Beneficiaries) or in any manner that would result in a breach by itself and/or by the Bank of any Sanctions.

It is acknowledged and agreed that the undertakings set out in this Article 6.11 are only sought by and given to the Bank to the extent that to do so would be permissible pursuant to any applicable anti-boycott rule of the EU such as Regulation (EC) 2271/96.

6.12 **General Representations and Warranties**

The Borrower represents and warrants to the Bank that:



- (a) it is validly existing as a municipality (in Slovak: *mesto*) under the laws of the Slovak Republic and it has power to carry on its activities 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 statutory action has been taken to authorise the execution, delivery and performance of the same by it;
- (c) the acceptance of the Credit and the execution of this Contract was approved by the City Assembly (in Slovak: *mestské zastupiteľstvo*) of the Borrower on 13 November 2025 in its XXXII. meeting by the Resolution No. 917, in accordance with Section 10(3)(g) of the Slovak Act on City of Košice;
- (d) this Contract constitutes its legally valid, binding and enforceable obligations;
- (e) the execution and delivery of, the performance of its obligations under and compliance with the provisions of this Contract do not and will not contravene or conflict with:
 - (i) any applicable law, statute, rule or regulation, or any judgement, decree or permit to which it is subject;
 - (ii) any agreement or other instrument binding upon it which might reasonably be expected to have a material adverse effect on its ability to perform its obligations under this Contract;
 - (iii) any provision of its statutes and any Final Beneficiary's by-laws, constitutional documents or regulatory instruments (as the case may be); and
 - (iv) the applicable tendering rules.
- (f) the latest available annual unconsolidated financial statements and related documents of the Borrower reviewed by the external auditors have been prepared on a basis consistent with previous years and have been approved by the external auditors in their revision or other report 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;
- (g) there has been no Material Adverse Change since 23 April 2026;
- (h) no event or circumstance which constitutes an Event of Default has occurred and is continuing unremedied or unwaived;
- (i) no litigation, arbitration, administrative proceedings or investigation is current or to its knowledge is threatened or pending before any court, arbitral body or agency which has resulted or if adversely determined is reasonably likely to result in a Material Adverse Change, nor is there subsisting against it or any of its subsidiaries any unsatisfied judgement or award;
- (j) it has obtained all necessary Authorisations in connection with this Contract and in order to lawfully comply with its obligations hereunder, and the Project and all such Authorisations are in full force and effect and admissible in evidence;
- (k) no Security exists over its assets (save as permitted under Article 7.1(c));
- (l) its payment obligations under this Contract rank not less than *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations under any of its debt instruments except for obligations mandatorily preferred by law applying to municipalities generally;
- (m) it is in compliance with Article 6.5(e) and to the best of its knowledge and belief (having made due and careful enquiry) no material Environmental or Social Claim has been commenced or is threatened against it or any Final Beneficiary in relation to the Project or any Allocated Scheme;
- (n) it and each Final Beneficiary is in compliance with all undertakings under this Article 6;
- (o) no loss-of-rating clause or financial covenants concluded with any other creditor of the Borrower are more restrictive than the ones contained in this Contract;



- (p) none of the Borrower, any Final Beneficiary and/or any Relevant Person:
- (i) is a Sanctioned Person; or
 - (ii) is in breach of any Sanctions;

It is acknowledged and agreed that the representations set out in this paragraph (p) are only sought by and given to the Bank to the extent that to do so would be permissible pursuant to any applicable anti-boycott rule of the EU such as Regulation (EC) 2271/96;

- (q) it is in compliance with the rules for the use of repayable sources of funding and rules for preparation of its budget and final account under applicable laws, in each case in particular the Slovak Budget Rules Act; and
- (r) no action, legal proceeding or other procedure or step described in Article 10.1.A(e) has been taken or, to the knowledge of the Borrower, threatened in relation to the Borrower.

The representations and warranties set out above are made on the date of this Contract and are, with the exception of the representation set out in paragraph (g) above, deemed repeated with reference to the facts and circumstances then existing on the date of each Disbursement Acceptance, the date of each Compliance Certificate, each Disbursement Date and each Payment Date.

ARTICLE 7

Security

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

7.1 Negative pledge

- (a) The Borrower shall not create or permit to subsist any Security on, or with respect to, any of its present or future activity, undertaking, assets or revenues.
- (b) For the purposes of this Article 7.1, the term Security shall also include any arrangement or transaction on assets or receivables or money (such as the sale, transfer or other disposal of assets on terms whereby they are or may be leased to or re-acquired by the Borrower, the sale, transfer or other disposal of any receivables on recourse terms or any arrangement under which money or the benefit of a bank account or other account may be applied or set-off or any preferential arrangement having a similar effect) in circumstances where the arrangement or transaction is entered into primarily as a method of raising credit or of financing the acquisition of an asset.
- (c) Paragraph (a) above does not apply to any Security, listed below:
- (i) any Security created pursuant to mandatory provision of law and not as a result of any default or omission by the Borrower; or
 - (ii) any Security over assets with net book value (when aggregated with the net book value of any assets subject to Security other than any Security permitted under paragraph (i) above) does not exceed 3.5% (three point five per cent) of total assets of the Borrower based on the latest available audited unconsolidated balance sheet of the Borrower.

7.2 Pari passu ranking

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



7.3 Clauses by inclusion

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

ARTICLE 8

Information, Visits and Visibility

8.1 Information concerning the Project and Schemes

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; and
 - (ii) any such information or further document concerning the financing, procurement, implementation, operation and environmental or social matters of or for the Project, as the Bank may reasonably require within a reasonable time,provided always that if such information or document is not delivered to the Bank on time, and the Borrower does not rectify the omission within a reasonable time set by the Bank in writing, the Bank may remedy the deficiency, to the extent feasible, by employing its own staff or a consultant or any other third party, at the Borrower's expense and the Borrower shall provide such persons with all assistance necessary for the purpose;
- (b) submit for the approval of the Bank without delay any material change to the Project, also taking into account the disclosures made to the Bank in connection with the Project prior to the signing of this Contract, in respect of, *inter alia*, the price, design, plans, timetable or to the expenditure programme or financing plan for the Project;
- (c) promptly inform the Bank, or procure that each Final Beneficiary will promptly inform the Bank, as soon as it becomes aware of or as soon as it is informed thereof by any Final Beneficiary 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 Final Beneficiary), which is material, or any material Environmental or Social Claim that is to its knowledge (or to the knowledge of any Final Beneficiary) commenced, pending or threatened against it (or any Final Beneficiary) with regard to Environment, Social Matters or other matters affecting the Project and/or any Allocated Scheme;
 - (ii) any fact or event known to the Borrower (or any Final Beneficiary), which may substantially prejudice or affect the conditions of execution or operation of the Project and/or any Allocated Scheme;
 - (iii) an Affected Scheme Event, that has occurred or is likely to occur;
 - (iv) any incident or accident relating to the Project and/or any Allocated Scheme which has or is likely to have a significant adverse effect on the Environment or on Social Matters;
 - (v) a genuine allegation, complaint or information with regard to Illegal Activities or any Sanctions, any UK Sanctions or any US Sanctions related to the Project and/or any Allocated Scheme;



- (vi) any self-declared exclusion by a bidder that occurs prior to the contract award and is covered by the Exclusion Policy;
 - (vii) any material non-compliance by it or any Final Beneficiary with any applicable Environmental and Social Law;
 - (viii) any suspension, revocation or material modification of any Environmental and Social Approval;
 - (ix) any event when the implementation of any Allocated Scheme is suspended or any such Allocated Scheme is cancelled; and
 - (x) any suspension of payments or infringement procedures initiated by the European Commission,
- and set out the action to be taken with respect to such matters;
- (d) provide, or procure that each Final Beneficiary will provide, to the Bank, if so requested:
 - (i) a certificate of its insurers showing fulfilment of the requirements of Article 6.5(c);
 - (ii) annually, a list of policies in force covering the insured property forming part of the Project, together with confirmation of payment of the current premiums;
 - (iii) relevant updates (if any) on Project's procurement procedures; and
 - (iv) evidence of the Borrower's and each Final Beneficiary's compliance with the undertakings under Article 6.5;
 - (e) promptly inform the Bank about any material modifications in the Borrower's planning and development strategies and, if so requested, promptly deliver to the Bank a copy of any such modification or any new strategy, together with any relevant documents; and
 - (f) promptly inform the Bank for the purpose of Article 4.3.A(5) in case the Loan disbursed towards the Schemes under the Project exceeds the amount of allocations made by the Bank in relation to such Schemes under respective Allocation Letter(s).

8.2 Information concerning the Borrower and Final Beneficiaries

The Borrower shall:

- (a) deliver to the Bank:
 - (i) as soon as available but in any event prior to 31 March of each Financial Year, a copy of the annual budget for such Financial Year, as approved by the Borrower's City Assembly (in Slovak: *mestské zastupiteľstvo*) or, if not approved, deliver to the Bank, prior to 31 March of the relevant Financial Year, a copy of a pro-forma annual budget for such Financial Year and a copy of the approved annual budget prior to 30 June of Financial Year;
 - (ii) as soon as available but in any event within 30 (thirty) days of its approval, a copy of the final account (in Slovak: *záverečný účet*) for such Financial Year, as approved by the Borrower's City Assembly (in Slovak: *mestské zastupiteľstvo*) or in case of its non-approval within 30 (thirty) days thereafter the draft proposal and the proposal of next steps;
 - (iii) each year as soon as they become available but in any event within 9 (nine) months after the end of each of its Financial Years, a copy the audited individual financial statements of the Borrower for that Financial Year, together with the related report from the external auditors and a summary balance sheet and profit and loss account, at the end of and for that Financial Year, for the Borrower's budgetary organisations (in Slovak: *rozpočtové organizácie*) and contributory organisations (in Slovak: *príspevková organizácia*), together with a Compliance Certificate as set out in section E.2.1 of Schedule E.2 signed by the Borrower's external auditors confirming compliance by the Borrower with the financial covenants pursuant to Article 6.8 and with evidence of such compliance and related calculations and a Compliance Certificate as set out



- in section E.2.2 of Schedule E.2 signed by an authorised signatory of the Borrower and countersigned by the Chief Controller of Mesto Košice (in Slovak: *hlavný kontrolór mesta Košice*);
- (iv) samples of the selected (by the Bank) Energy Performance Certificates, obtained in line with the applicable national and EU legislation on the energy performance for buildings; and
 - (v) such further information, evidence or document concerning:
 - (1) its or any of the Final Beneficiaries' general financial situation or such certificates of compliance with the undertakings of Article 6; and
 - (2) the compliance with the due diligence requirements of the Bank for the Borrower or any Final Beneficiary, including, but not limited to "know your customer" (KYC) or similar identification and verification procedures, when requested and within a reasonable time; and
- (b) inform the Bank immediately of:
- (i) any change in the laws or regulatory environment in the Slovak Republic or any change in the Borrower's activities, which may materially affect its ability to complete the Project or service the Loan;
 - (ii) any fact which obliges it to prepay any financial indebtedness or any European Union funding;
 - (iii) any event or decision that constitutes or may result in a Prepayment Event;
 - (iv) any intention on its part to grant any Security over any of its assets in favour of a third party (save as permitted under Article 7.1(c));
 - (v) any intention on its part, or on the part of any Final Beneficiary, to relinquish ownership of any material component of the Project or any Allocated Scheme;
 - (vi) any fact or event that is reasonably likely to prevent the substantial fulfilment of any obligation of the Borrower under this Contract;
 - (vii) any Event of Default having occurred or being threatened or anticipated;
 - (viii) unless prohibited by law, any material litigation, arbitration, administrative proceedings or investigation carried out by a court, administration or similar public authority, which, to the best of its knowledge and belief, is current, imminent or pending against the Borrower or any Final Beneficiary, or their controlling entities or members of their management or administrative bodies in connection with Illegal Activities related to the Credit, the Loan, the Project or any Allocated Scheme;
 - (ix) any measure taken by the Borrower or any Final Beneficiary pursuant to Article 6.5(f) of this Contract;
 - (x) any litigation, arbitration, administrative proceedings or investigation with respect to it or any Final Beneficiary which is current, threatened or pending and which, if adversely determined, is reasonably likely to result in a Material Adverse Change; and
 - (xi) any claim, action, proceeding, formal notice or investigation relating to any Sanctions, any UK Sanctions or any US Sanctions concerning the Borrower, any Final Beneficiary, or any Relevant Person.

8.3 Visits by the Bank

The Borrower shall, and shall procure that each Final Beneficiary will, allow persons designated by the Bank, as well as persons designated by other institutions or bodies of the European Union when so required by the relevant mandatory provisions of EU Law:

- (a) to visit the sites, installations and works comprising the Project;



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

The Borrower shall provide the Bank, or ensure that the Bank is provided, with all necessary assistance for the purposes described in this Article 8.3.

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

8.4 Visibility Requirements

- (a) The Borrower agrees that it will, and shall procure that each Final Beneficiary will (as applicable), use the Bank's logo, together with a statement highlighting the Bank's support to the Project (i.e., "supported by the EIB" or an equivalent language), in a visible way in its posts on its and/or Project's websites and social media accounts and, as applicable, in press releases and communication materials, related to the financing of the Project.
- (b) The Borrower agrees that it will, and shall procure that each Final Beneficiary will (following the consultation with the Bank), display durable plaques, billboards or similar displays clearly visible to the public, that present the Bank's logo and clearly recognise the Bank's support to the Project, in accordance with the technical characteristics agreed with the Bank.

ARTICLE 9

Charges and expenses

9.1 Taxes, duties and fees

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

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

9.2 Other charges

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



9.3 Increased costs, indemnity and set-off

- (a) The Borrower shall pay to the Bank any duly documented costs or expenses incurred or suffered by the Bank as a consequence of the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or compliance with any law or regulation which occurs after the date of signature of this Contract, in accordance with or as a result of which:
 - (i) the Bank is obliged to incur additional costs in order to fund or perform its obligations under this Contract; or
 - (ii) any amount owed to the Bank under this Contract or the financial income resulting from the granting of the Credit or the Loan by the Bank to the Borrower is reduced or eliminated.
- (b) Without prejudice to any other rights of the Bank under this Contract or under any applicable law, the Borrower shall indemnify and hold the Bank harmless from and against any loss incurred as a result of any full or partial discharge that takes place in a manner other than as expressly set out in this Contract.
- (c) The Bank may set off any matured obligation due from the Borrower under this Contract (to the extent beneficially owned by the Bank) against any obligation (whether or not matured) owed by the Bank to the Borrower regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Bank may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. If either obligation is unliquidated or unascertained, the Bank may set off in an amount estimated by it in good faith to be the amount of that obligation.

ARTICLE 10

Events of Default

10.1 Right to demand repayment

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

10.1.A Immediate demand

The Bank may make such demand immediately without prior notice (*mise en demeure préalable*) or any judicial or extra judicial step:

- (a) if the Borrower does not pay on the due date any amount payable pursuant to this Contract at the place and in the currency in which it is expressed to be payable, unless:
 - (i) its failure to pay is caused by an administrative or technical error or a Disruption Event; and
 - (ii) payment is made within 3 (three) Business Days of its due date;
- (b) if any information or document given to the Bank by or on behalf of the Borrower or any representation, warranty or statement made or deemed to be made by the Borrower in, pursuant to or for the purposes of entering into this Contract or in connection with the negotiation or performance of this Contract is or proves to have been incorrect, incomplete or misleading in any material respect;
- (c) if, following any default of the Borrower in relation to any loan, or any obligation arising out of any financial transaction, other than the Loan:
 - (i) the Borrower is required or is capable of being required or will, following expiry of any applicable contractual grace period, be required or be capable of being



- required to prepay, discharge, close out or terminate ahead of maturity such other loan or obligation; or
- (ii) any financial commitment for such other loan or obligation is cancelled or suspended;
- (d) if the Borrower is unable to pay its debts as they fall due, or suspends its debts, or makes or seeks to make a composition with its creditors;
 - (e) if any action, legal proceedings or other procedure or step is taken in relation to the suspension of payments, a moratorium of any indebtedness, dissolution, administration or reorganisation (by way of voluntary arrangement or otherwise), including in particular without limitation to bankruptcy (*faillite*), controlled management (*gestion contrôlée*), suspension of payments (*sursis de paiement*) arrangement with creditors (*concordat préventif de la faillite*) and judicial liquidation (*liquidation judiciaire*) proceedings or any analogous procedure or step is taken under any applicable law in any jurisdiction including monitoring regime (in Slovak: *monitorovací režim*), compulsory management (in Slovak: *nútená správa*), or recovery regime (in Slovak: *ozdravný režim*) or consolidation of receivables (in Slovak: *konsolidácia pohľadávok*) in relation to the Borrower being unit of regional self-administration 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 or capital, is declared insolvent or ceases or resolves to cease to carry on the whole or any substantial part of its business or activities, or any situation similar to any of the above occurs under any applicable law;
 - (f) if an encumbrancer takes possession of, or a receiver, liquidator, administrator, administrative receiver or similar officer is appointed, whether by a court of competent jurisdiction or by any competent administrative authority or by any person, of or over, any part of the business or assets of the Borrower or any property forming part of the Project;
 - (g) if the Borrower defaults in the performance of any obligation in respect of any other loan granted by the Bank or financial instrument entered into with the Bank, or of any other loan or financial instrument made to it from the resources of the Bank or the European Union;
 - (h) if any expropriation, attachment, arrestment, distress, execution, sequestration or other process is levied or enforced upon the property of the Borrower or any property forming part of the Project and is not discharged or stayed within 14 (fourteen) days;
 - (i) if (i) DPMK and the Bank enter into a contract in respect of any loan or financial instrument to be provided by the Bank to DPMK and (1) there is any amount outstanding under the respective loan or financial instrument, or (2) any commitment of the Bank to provide such loan or financial instrument is in force, and (ii) the Borrower defaults in the performance of, or any payment under, long-term public service contract between the Borrower and DPMK;
 - (j) if a Material Adverse Change occurs, as compared with the Borrower's condition at the date of this Contract; or
 - (k) if it is or becomes unlawful for the Borrower to perform any of its obligations under this Contract or this Contract is not effective in accordance with its terms or is alleged by the Borrower to be ineffective in accordance with its terms.

10.1.B Demand after notice to remedy

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

- (a) if the Borrower fails to comply with any provision of this Contract (other than those referred to in Article 10.1.A); or



- (b) if any fact related to the Borrower or the Project stated in the Recitals materially alters and is not materially restored and if the alteration either prejudices the interests of the Bank as lender to the Borrower or adversely affects the implementation or operation of the Project,

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

10.1.C Other rights at law

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

10.2 Indemnity

10.2.A Fixed Rate Tranches

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

- (a) the interest net of the Margin that would accrue thereafter on the amount prepaid over the period from the date of prepayment to the Interest Revision/Conversion Date, if any, or the Maturity Date, if it were not prepaid; over
- (b) the interest that would so accrue over that period, if it were calculated at the Redeployment Rate, less 0.19% (nineteen basis points).

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

10.2.B General

Amounts due by the Borrower pursuant to this Article 10.2 shall be payable on the date specified in the Bank's demand.

10.3 Non-Waiver

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

ARTICLE 11

Law and jurisdiction, miscellaneous

11.1 Governing Law

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

11.2 Jurisdiction

- (a) The courts of Luxembourg-City have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with this Contract (including a dispute regarding the existence, validity or termination of this Contract or the consequences of its nullity) or any non-contractual obligation arising out of or in connection with this Contract.



- (b) The Parties agree that the courts of Luxembourg-City are the most appropriate and convenient courts to settle any Dispute between them and, accordingly, that they will not argue to the contrary. The Borrower hereby waives any immunity it may enjoy from the execution of such decision.

11.3 Place of performance

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

11.4 Evidence of sums due

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

11.5 Entire Agreement

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

11.6 Invalidity

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

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

11.7 Amendments

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

11.8 Compliance with Slovak Act on City of Košice

Pursuant to the Slovak Act on City of Košice, 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, effectiveness and validity of this Contract according to the Slovak Act on City of Košice and other mandatory provisions of law.

11.9 Effective Date

- (a) This Contract is conditional upon and shall become effective only after receipt by the Bank, in a form and substance acceptable to the Bank, of the evidence that the Borrower has duly published this Contract in the Central Registry of Contracts within 15 (fifteen) calendar days after the Borrower received this Contract signed by all Parties hereto, in line with Section 5a of the Slovak Public Information Access Act and Section 47a of the Slovak Civil Code. Notwithstanding the above, the right of the Bank to submit a proposal for publication of this Contract pursuant to Section 5a of the Slovak Public Information Access Act at the Borrower's expense shall not be affected.
- (b) This Contract shall not become effective until the Bank sends to the Borrower a letter confirming fulfilment of each of the above-mentioned conditions and providing the date that this Contract becomes effective (the "**Effective Date**"), and such letter shall be conclusive evidence that this Contract has become effective.



- (c) For the avoidance of doubt, until such time as such letter has been issued by the Bank, neither the Borrower nor the Bank shall have any claims against each other or have any liability whatsoever under or in connection with this Contract.
- (d) In case the above-mentioned conditions are not fulfilled within 15 (fifteen) calendar days after the Borrower received this Contract signed by all Parties hereto, this Contract shall not enter into force without any further action being necessary or required.

ARTICLE 12

Final clauses

12.1 Notices

12.1.A Form of Notice

- (a) Any notice or other communication given under this Contract (other than a live pricing call in respect of a Live Pricing Tranche) must be in writing and, unless otherwise stated, may be made by letter, electronic mail or via the Group Client Portal. Where the functionalities of the Group Client Portal are available for communication and the giving of notices under the Contract and any relevant documents, the Parties intend to use the Group Client Portal as the preferred channel of communication.
- (b) Notices and other communications for which fixed periods are laid down in this Contract or which themselves fix periods binding on the addressee, may be made by hand delivery, registered letter, by electronic mail or via the Group Client Portal. Such notices and communications shall be deemed to have been received by the other Party:
 - (i) on the date of delivery in relation to a hand-delivered or registered letter;
 - (ii) in the case of any electronic mail, only when such electronic mail is actually received in readable form and only if it is addressed in such a manner as the other Party shall specify for this purpose; or
 - (iii) in relation to the Group Client Portal, only when the notice or communication is made available to the recipient through the Group Client Portal.
- (c) Any notice provided by the Borrower to the Bank by electronic mail or via the Group Client Portal shall:
 - (i) mention the Contract Number in the subject line; and
 - (ii) be in the form of a non-editable electronic image (pdf, tif or other common non-editable file format agreed between the Parties) of the notice signed by an authorised signatory with individual representation right or by 2 (two) or more authorised signatories with joint representation right of the Borrower as appropriate, attached to the electronic mail.
- (d) For notices provided by the Borrower to the Bank through the Group Client Portal (i) paragraph (c)(i) above shall be deemed satisfied if the Contract Number is included in the relevant field or document title within the Group Client Portal, and (ii) paragraph (c)(ii) above shall be deemed satisfied if the duly signed notice is uploaded to the Group Client Portal in the same format and in accordance with the upload procedures of the Group Client Portal. Notices issued by the Borrower pursuant to any provision of this Contract shall, where required by the Bank, be delivered to the Bank together with satisfactory evidence of the authority of the person or persons authorised to sign such notice on behalf of the Borrower and the authenticated specimen signature of such person or persons.
- (e) Without affecting the validity of notices made in accordance with this Article 12.1, the following notices, communications and documents made by e-mail or via the Group Client Portal, with the exception of notices and documents signed with a Qualified Electronic Signature, shall also be sent by registered letter to the relevant Party at the latest on the immediately following Business Day:
 - (i) Disbursement Acceptance;



- (ii) any notices and communication in respect of the deferment, cancellation and suspension of a disbursement of any Tranche, interest revision or conversion of any Tranche, Market Disruption Event, Prepayment Request, Prepayment Notice, Event of Default, any demand for prepayment; and
 - (iii) any other notice, communication or document required by the Bank.
- (f) The Parties agree that any above communication (including via electronic mail or the Group Client Portal) is an accepted form of communication, shall constitute admissible evidence in court and shall have the same evidential value as an agreement under hand (*sous seing privé*).

12.1.B Addresses

The address and electronic mail address (and the department for whose attention the communication is to be made) of each Party for any communication to be made or document to be delivered under or in connection with this Contract by letter or electronic mail is:

For the Bank	Attention: OPS/PS/7-CSEE 100 boulevard Konrad Adenauer L-2950 Luxembourg
For the Borrower	Attention: Riaditeľ Magistrátu mesta Košice Trieda SNP 48/A 040 11 Košice Slovak Republic

12.1.C Notification of communication details

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

12.2 English language

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

12.3 Recitals, Schedules and Annexes

The Recitals and following Schedules form part of this Contract:

Schedule A	Project Specification and Reporting
Schedule B	Definition of EURIBOR
Schedule C	Form of Disbursement Offer/Acceptance (Articles 1.2.B and 1.2.C)
Schedule D	Interest Rate Revision and Conversion
Schedule E	Certificates to be provided by the Borrower

The following Annexes are attached hereto:

Annex I	Resolution of the City Assembly of the Borrower and Authorisation of Signatory
Annex II	Form of Legal Opinion



The Parties have caused this Contract to be executed by having their authorised representatives apply their respective Qualified Electronic Signature on their behalf.

Signed for and on behalf of

EUROPEAN INVESTMENT BANK as Bank

The acceptance of the Credit and the execution of this Contract was approved by the City Assembly (in Slovak: *mestské zastupiteľstvo*) of Mesto Košice on 13 November 2025 in its XXXII. meeting by the Resolution No. 917, in accordance with Section 10(3)(g) of the Slovak Act on City of Košice. The Contract is supplied with affidavit (in Slovak: *doložka*) confirming the Borrower's fulfilment of all legal requirements under Slovak law with regard to the validity of this Contract.

Signed for and on behalf of

MESTO KOŠICE as Borrower



Schedule A

Project Specification and Reporting**A.1 Technical Description****A.1.1 Purpose, Location**

The Project is structured as a multi-sector Framework Loan (FL) to support the sustainable urban development investment programme of the City of Košice (Programme of Economic and Social Development of the City of Košice and its Functional Urban Area 2022–2027 and subsequent updates). The investments supported by the Bank are in line with the strategic planning, urban development and climate strategies of the city. Therefore, the main purpose of the Project is to contribute to fostering integrated, inclusive and sustainable urban renewal and development.

The Project covers the (re)construction/renovation and energy efficiency refurbishment of public buildings including, among others, educational, healthcare, administrative and recreational facilities, improvements in urban roads to enhance road safety and public transport services, provision of emergency housing, as well as modernisation of composting plant facilities, among other initiatives.

The Project falls partly under the Public Sector Loan Facility (PSLF, Pillar III of the EU's Just Transition Mechanism), as the Košice Region has been identified in Slovakia's Territorial Just Transition Plan as eligible for support.

All the schemes will be implemented in the City of Košice.

A.1.2 Description

The Project comprises urban investments covering new construction, refurbishment and upgrade works targeting the following eligible sectors and investments:

Eligible Sectors	Type of investments
Cultural Facilities	Theatres, museums, public libraries, cultural centres, historical buildings, etc.
Social Facilities	Emergency housing
	Nursing/Care homes
	Education Facilities including Schools, Kindergartens, etc.
	Health Care Facilities
Sports and Recreation Facilities open to public	Swimming Pools, Sports Halls, Gyms, Pitches, etc.
Social and Affordable Housing	Social and affordable residential buildings and ancillary infrastructure
Other Public buildings	Administrative buildings, welfare centres, markets, etc.
Flood Protection/climate change	Pumping stations, reconstruction of ditches, construction and upgrades in the drainage systems, construction/renovation of retention basins, etc.
Public Spaces and Green areas	Green areas and Parks
	Public Squares, etc.
Sustainable Mobility	Public Transport Infrastructure and rolling stock, Bicycle and Pedestrian paths, etc.
Modernization of Urban Roads	Road Safety upgrades, promotion of sustainable transport modes (bus-lanes, etc.), climate change protection, etc. <i>Please note that all the works aiming exclusively at increasing the capacity of the urban roads for private vehicles are not eligible under this Project.</i>



Renewable Energy	Solar Panels, electricity generation using solar photovoltaic technology, from wind power, etc. Cogeneration of heat/cool and power from solar energy. Electricity generation from geothermal energy. Cogeneration of heat/cool and power from geothermal energy, etc.
Energy Efficiency (EE) schemes	Thermo-modernization of buildings, EE management systems, etc.
Energy Efficiency Public Lighting	EE public lighting
IT/digitalisation Systems (e.g. security and surveillance)	Surveillance/security Cameras or IT equipment, etc.
Civil Protection Facilities	Fire stations and equipment etc.
Circular Economy	Modernisation of composting plant facilities etc.

It is envisaged that only Small Schemes and Medium Schemes (cost below EUR 80 m) will be included in this Project.

The Project schemes are aligned with the Paris Agreement as per the EIB CBR¹. Project will be also compliant, to the extent possible, with the European Investment Bank Climate Action and Environmental Sustainability List of eligible sectors and eligibility criteria².

A.1.3 Calendar

The Project will be completed between 1 January 2025 and 31 January 2030.

A.1.4 General provisions

- (a) The Bank will generally allocate its funds only to eligible schemes which are economically, technically and financially justified and environmentally sound. All schemes must comply with EU environmental, procurement, road safety and state aid legislation. They shall also comply with the EIB group Environmental and Social Policy³ and with the EIB Environmental and Social Standards.⁴
- (b) The loan amount allocated to Schemes not cofinanced with PSLF shall not exceed 50% (fifty per cent) of the combined investment cost of such Schemes;
- (c) The loan amount allocated to Schemes cofinanced with PSLF shall not exceed 72% (seventy-two per cent) of the combined investment cost of such Schemes;
- (d) The loan amount shall not exceed 100% (one hundred per cent) of the eligible investment cost at the level of the Project (operation).
- (e) The combined EU and Bank financing shall not exceed 90% (ninety per cent) of the total Project Investment Cost.
- (f) The Project Investment Cost includes (non-exhaustive list) land, studies and engineering, civil works, equipment and installation, non-recoverable VAT, technical and price contingencies.

¹ [The EIB Group Climate Bank Roadmap 2021-2025](#)

² [European Investment Bank Climate Action and Environmental Sustainability - List of eligible sectors and eligibility criteria \(eib.org\)](#)

³ https://www.eib.org/attachments/publications/eib_group_environmental_and_social_policy_en.pdf

⁴ https://www.eib.org/attachments/publications/eib_environmental_and_social_standards_en.pdf



- (g) The following costs are not eligible for the Bank financing: VAT (recoverable and non-recoverable) and other taxes and duties, land acquisition, purchase of buildings, maintenance, repairs and other operating costs, acquisition of second-hand assets, interest during construction, purchase of licences for the use of non-generated public resources (e.g. telecom licences), patents, brands and trademarks. Purely financial transactions are also not eligible.
- (h) For this Project, also cost incurred before 2025 are not eligible for the Bank. Also, schemes implemented in more than 50% (fifty per cent) of its cost before 2025, are not eligible under the Project.
- (i) The eligibility for financing from the Bank will be checked by the Bank at the allocation stage against the list above and the Bank's standard eligibility criteria.
- (j) Schemes cofinanced with PSLF and Schemes not cofinanced with PSLF shall be allocated through separate Allocation Requests.
- (k) The Bank reserves the right to review allocation procedures in view of the development of the Project.

A.1.5 Allocation Procedures

The Bank's loan will be allocated to the eligible schemes in the Project, satisfying the measures listed in sections A.1.1 to A.1.3 above with procedures commensurate with the scheme size and in line with applicable Framework Loan procedures:

- (a) Small Schemes are selected by the Borrower. The choices are subject to ex-post confirmation of eligibility by the Bank's services. The Borrower shall submit an Allocation Request in a form required by the Bank (as defined in section A.1.7 below).
- (b) Medium Schemes are submitted ex-ante to the Bank for approval before funding, using templates as defined in sections A.1.7 and A.1.8 below or a feasibility study. The Bank keeps the right to ask for additional information; partial or in-depth appraisal of the scheme will be undertaken, if deemed necessary.
- (c) Large Schemes shall not be eligible within this Project.
- (d) The Borrower shall ensure environmental compliance of the schemes concerned in line with:
 - (i) EIA Directive 2014/52/EU, amending 2011/92/EU
 - (1) for schemes requiring an EIA (Annex II screened in or Annex I of EIA Directive) the Borrower shall provide a copy of the Environmental Decision(s) and Environmental Impact Assessment (EIA) with a summary description of the environmental measures adopted (mitigating, compensation, etc.); and
 - (2) for schemes which fall under Annex II of the EIA Directive and not requiring an EIA, the Borrower shall ensure that a screening procedure taking into account the criteria listed in Annex III of EU EIA Directive was carried out by the environmental competent authority. The screening decision can be common for several schemes;
 - (ii) EU Habitats and Birds Directives (92/43/EEC and 2009/147/EC)
 - (1) for schemes with potential or likely significant effects on a Site of Community Importance ("**SCI**") (Natura 2000 or otherwise) and subject to a screening under the EU Habitats and Birds Directives: Form A or its equivalent signed by the competent authority responsible for the monitoring of Natura 2000. This declaration should confirm that the required assessments under the EU Habitats and Birds Directives have been carried out (if necessary), that the scheme will have no significant impact on any protected site and that the appropriate mitigation measures have been identified; and



- (2) for schemes with a significant impact, potential or likely, on a SCI, requiring an assessment under Article 6(4) of the Habitats Directive: Form B or its equivalent - signed by the competent authority responsible for monitoring Natura 2000 Sites, together with the justification of overriding public interest as well as the opinion of the European Commission, if applicable.
- (e) The Borrower shall store and keep the relevant documents updated, including documents supporting the compliance with the environmental legislation. In case the Bank requires such documentation for any of the schemes included in this Project, the Borrower shall promptly provide all documents requested.

A.1.6 Eligibilities

Excluded Sectors⁵:

- (a) projects which result in limiting people's individual rights and freedom, or violation of human rights, such as:
 - (i) prisons and detention centres of any form (such as correctional institutions or police stations with detention facilities); and
 - (ii) any activities which are known directly or indirectly to result in harmful or exploitative forms of forced labour or harmful child labour, as defined by the International Labour Organization's Fundamental Labour Conventions;
- (b) projects unacceptable in climate and environmental terms:
 - (i) activities not aligned with the principles and goals of the Paris Agreement, as defined in the EIB Group Climate Bank Roadmap⁶;
 - (ii) any activity involving significant degradation, conversion or destruction of critical habitats;
 - (iii) conversion of natural forests into plantation;
 - (iv) unsustainable fishing methods (such as drift net fishing in the marine environment using nets in excess of 2.5 km in length and blast fishing);
 - (v) extraction of mineral deposits from the deep sea; and
 - (vi) extraction or mining of conflict minerals and metals;
- (c) activities prohibited by national legislation or international agreements ratified by the European Union; this includes:
 - (i) any products or activities subject to international phase out or bans, including production of or trade in products containing PCBs; production, placing on the market and use of asbestos fibres; production, use of or trade in ozone depleting substances and other substances, which are subject to international phase-outs or bans, including pharmaceuticals, pesticides/herbicides, chemicals, and other hazardous substances; trade in mercury, mercury compounds, and a large range of mercury-added products; production or use of or trade in persistent organic pollutants; production or trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES); transboundary movements of waste prohibited under public international law;

⁵ The list of activities excluded from financing from the Bank (as will be updated from time to time) is available on the EIB external website at [EIB eligibility, excluded activities and excluded sectors list](#).

⁶ [The EIB Group Climate Bank Roadmap 2021-2025](#) as applicable at the time of contract signature.



- (ii) activities prohibited by host country legislation or international legal instruments ratified by the European Union, relating to the protection of biodiversity resources, or cultural heritage; and
- (iii) any activities relating to the deliberate release of genetically modified organism (GMO);
- (d) ethically or morally controversial projects:
 - (i) animal and human reproductive cloning;
 - (ii) activities involving live animals for scientific and experimental purposes, including gene editing and the breeding of these animals;
 - (iii) sex trade and related infrastructure, services and media;
 - (iv) projects with the purpose of producing, manufacturing, processing or distribution of tobacco;
 - (v) gambling and related equipment, hotels with in-house casinos; and
 - (vi) projects with political or religious purpose; and
- (e) ammunition and weapons, including explosives and sporting weapons, as well as equipment or infrastructure dedicated to military/police use.



A.1.7 Templates for Allocation Requests

ALLOCATION NO.	X
DATE	DDMM/YYYY
Name of EIB Operation:	Kosice Urban Development and Just Transition
Number of EIB Operation:	2024-0655

No.	PSLF/Non-PSLF	Sector	Investment scheme name (short)	Scheme description (main features, objectives)	Implementing body	Implementation dates		Status of implementation	Expenditure incurred so far	Total cost of the scheme including non-recoverable VAT and land purchase (EUR)	Non-recoverable VAT (EUR)	Land purchase (EUR)	Total cost without any VAT and land	Financing sources for the total PIC (EUR)				Environmental compliance		Procurement - type of tender (thresholds)	Indicator		For building renovation, major renovation requirement, or alternatively primary energy demand reduction of at least 30%	For new buildings, NZEB-10% (YES/NO)	Comments						
						start mm/yyyy	end mm/yyyy							EU	National	Municipal	Other	EIA	Nature conservation (Natura 2000)		Output	Outcome									
(1)	(1a)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)				(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)								
Total																															

Explanatory notes:

- (1) Number of the scheme (sequence number)
- (1a) PSLF window or Non-PSLF project
- (2) Sector classification according to the Promoter
- (3) Name of the investment (scheme), shall be self-explanatory including words identifying whether its a new construction, renovation, extension, etc. + type of infrastructure (road, school, health care facility, ...)
- (4) Brief description of the scheme (description, justification)
- (5) Department responsible for implementation (e.g., City department, City company, City contributory organisation, ...)
- (6) Please indicate the latest estimated dates for start and completion of the investment scheme
- (7) Status of implementation: status of projects (feasibility, building projects) available/contracted; Status of works (contracted, awarded, started)
- (8) Expenditure incurred so far
- (9) Total investment cost (incl. non-recoverable VAT and land purchase)
- (10) Non-eligible investment costs (non-recoverable VAT and land purchase)
- (11) Total cost without any VAT and land
- (12) Financing sources (EU grants, National, Municipal funds and other (Regional, Private, etc.))
- (13) Please indicate:
 NO: EIA is not required for the investment;
 S-O: according to the Annex II of the EU Directive (and national law on EIA) the investment is screened out;
 YES Annex I: EIA has to be carried out given it is an investment listed in the Annex I of the EU Directive (and national law on EIA) or
 YES Annex II: the investment is listed in the Annex II and based on the review of the competent environmental authority the investment was screened in
- (14) It refers to Natura 2000 or other habitats areas of international or national importance. Please indicate:
 NO: Assessment not required;
 NSI: Assessment performed; no significant impact;
 SI: Assessment performed; significant impact
- (15) Please indicate the tender procedure - "I" International Open Tender, "N" National Open Tender, "Ne" Negotiation procedure, "D" Direct Attribution, "Em" Emergency Procedure and, "C" Consultation (when only few)
- (16)-(17) Sector indicators
- (18) For building renovation, major renovation requirement, or alternatively primary energy demand reduction of at least 30% (YES/NO). If YES, please complete sheet "Major Renovation Buildings"
- (19) For new buildings, NZEB-10% (YES/NO). If YES, please complete sheet "New Buildings NZEB-10%"
- (20) Comments



A.1.8 Project Fiche

PROJECT (SCHEME) FICHE
(for schemes with total costs between EUR 40 M – EUR 80 M)

This fiche could be replaced by any internal document (e.g. application submitted by the beneficiary) providing the same information.

<p><u>Scheme name</u></p> <p><u>Scheme reference</u></p> <p><u>Implementing Body:</u></p> <p><u>Location:</u></p> <p><u>Sector:</u></p> <p><u>Type:</u> new project/ extension/ rehabilitation</p>	<p><u>Contact Person:</u></p> <p><u>Contact (e-mail, telephone)</u></p> <p><u>Date:</u></p> <p><u>Signature:</u></p>
--	--

1. **Background**
2. **Reasons for undertaking the Project and key objectives**
(Please refer to the strategic plans to which project is integrated)
3. **Technical description of the project including relevant key dimensions and capacities**
4. **Entity(ies) responsible for project design, construction and supervision**
5. **Investment cost (total) in EUR**

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

Financial plan and requested allocation

Sources of financing	in EUR
EU funds (if any)	
Other (if any)	
Total	
of which requested EIB loan	



6. Expected expenditure schedule (in EUR)

year	2025	2026	2027	...	Total
EUR					

7. Expected technical/ economical life-span (years)

8. Implementation period (dates: month, year)

(a) Start:

(b) Completion (expected and real):

9. 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.

10. 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:	

11. Physical indicators

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

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

12. Procurement

Contract name	Tender procedure	Publication date	Publication reference (OJEU or national journal)	Contract Value (EUR)	Company awarded (if available)
Example below					
Construction works involving the alteration of XYZ pedestrian paths....	Open procedure Public Works	05.03.2025	2011/S 45-073725		

13. Operation and maintenance of the facilities:

(a) Organisation in charge of the operation and maintenance of the Scheme.

(b) Operating and maintenance costs and available budget for operation and maintenance.

14. Economic and financial aspects

(a) If applicable, a summary of cost-benefit or economic feasibility analysis.

(b) If applicable, cost recovery mechanism.

15. 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 EIA Directive 2014/52/EU amending 2011/92/EU.

(d) Compliance with the EU Habitats and Birds Directives (92/43/EEC and 2009/147/EC).



16. Climate action and environmental sustainability

Please indicate (if applicable) the contribution of the project to climate action mitigation and/or adaptation and to environmental sustainability.

17. Social Impact

Please explain briefly the social impact of the project (if relevant).

18. Overall conclusions and recommendations



A.1.9 Form A/B according to the EU Habitats and Birds Directives

Form A – No risk of significant effect

**DECLARATION BY THE AUTHORITY RESPONSIBLE FOR MONITORING
NATURE/CONSERVATION SITES OF IMPORTANCE⁷**

Responsible Authority.....

Having examined⁸ 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 importance 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 importance concerned, if any.

Name:

Position:

Organisation:
(Authority responsible for monitoring sites of nature conservation importance)

Signed:

Date:

Official Seal:

⁷ 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.

⁸ 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 NATURE/CONSERVATION SITES OF IMPORTANCE⁹

Responsible Authority

Having examined¹⁰ the project application

(title)

which is to be implemented at

provides the following information

Country:

Competent national authority:

Address:

Contact person:

Tel., fax, e-mail:

Date:

⁹ 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.

¹⁰ 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 interest¹¹

Short description of the reason:

5. COMPENSATION MEASURES

Foreseen compensatory measures and timetable:

¹¹ If the project is in the EU, obtain the opinion of the Commission (see Article 6(4).2 of the Habitats Directive).



A.2 Information duties under Article 8.1(a)

A.2.1 Dispatch of information: designation of the person responsible

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

	Financial Contact	Technical Contact
Company	Mesto Košice	Mesto Košice
Contact person		
Title		
Function / Department financial and technical		
Address	Tr. SNP 48/A 040 11 Košice-Západ	Tr. SNP 48/A 040 11 Košice-Západ
Phone		
E-mail		

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

A.2.2 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
Full EIA or Annex II screening decision, for all Schemes where applicable, as well as link where it has been made public	Before or together with Allocation Request
Updated city's investment programme (Programme of Economic and Social Development of the City of Košice and its Functional Urban Area 2022-2027)	When relevant and, in any case, promptly upon approval by the City Assembly
Copy (or weblink) of the updated city urban development strategies that may materially affect the Project, including the Sustainable Urban Mobility Plan (SUMP), the Sustainable Energy and Climate Action Plan (SECAP), etc.	When any material modifications of the strategies supporting the Project is approved
Selected Energy Performance Certificates obtained in line with the applicable national and EU legislation on the energy performance for buildings (before and after the work for renovated buildings)	When specifically requested

A.2.3 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
Project Progress Report - 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;	31 March of each year covering progress as of 31 December of the previous year	Annually



<ul style="list-style-type: none"> - Update on the cost of the Project, explaining reasons for any possible cost variations vs. initial budgeted cost; - Actual Project's expenditures to date; - A description of any major issue with impact on the environment and/or social impact; - Update on the Project's demand or usage and comments; - Any significant issue that has occurred and any significant risk that may affect the Project's operation; - Any legal action concerning the Project that may be on-going; - Non-confidential Project-related pictures, if available; - An update on the monitoring Indicators (see list of indications in the PCR table). 		
---	--	--

A.2.4 Information on the end of works and first year of operation

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

Document / information	Date of delivery to the Bank
Project Completion Report, including: <ul style="list-style-type: none"> - A final Technical Description of the Project as completed, explaining the reasons for any significant change compared to the Technical Description in Schedule A.1; - The final version of the allocation table presented in section A.1.7 of Schedule A.1 (covering all the schemes co-financed with the Bank); - The date of completion of each of the main Project's components, explaining reasons for any possible delay; - The final cost of the Project, explaining reasons for any possible cost variations vs. initial budgeted cost; - Employment effects of the Project: person-days required during implementation as well as permanent new jobs; - A description of any major issue with impact on the environment or social impacts; - Update on the Project's demand or usage and comments; - Any significant issue that has occurred and any significant risk that may affect the Project's operation; - Non-confidential Project-related pictures, if available. - An update on the Monitoring Indicators shown below. 	30 June 2030

Monitoring Indicators (examples)

Outputs

New or rehabilitated education facilities	m ²
New or rehabilitated health facilities	Number
Length of road built or upgraded	(Lane x km)
Number of administrative facilities	Number
Number of culture, recreation and sports facilities built or renovated	Number
Number of social facilities (e.g. kinder garden, community centres, care homes) built or renovated	Number
Number of public buildings with improved energy performance	Number



Outcomes

Population benefitting from upgraded or new urban infrastructure and services through multi-sector municipal framework loans	Number
--	--------

Core result indicators

Employment during construction – temporary jobs	Person years
Employment during operation – new permanent jobs	FTE
Building floor area refurbished (related to energy efficiency measures)	m ²
Primary Energy Savings in MWh/year. The expected energy saving will derive from a comparison with the baseline (energy levels before the renovation)	Primary Energy saved in MWh/a
Project final energy savings per Scheme (savings from energy efficiency measures)	MWh/year
Number and size of buildings refurbished (related to energy efficiency measures), per type (kinder gardens, schools, etc)	No, m ²

A.2.5 Language of reports

All reports shall be delivered in English.

**Schedule B****Definition of EURIBOR**

"EURIBOR" means:

- (a) in respect of a relevant period of less than 1 (one) month, the Screen Rate (as defined below) for a term of 1 (one) month;
- (b) in respect of a relevant period of 1 (one) or more months for which a Screen Rate is available, the applicable Screen Rate for a term for the corresponding number of months; and
- (c) in respect of a relevant period of more than 1 (one) month for which a Screen Rate is not available, the rate resulting from a linear interpolation by reference to 2 (two) Screen Rates, one of which is applicable for a period next shorter and the other for a period next longer than the length of the relevant period,

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

For the purposes of paragraphs (a) to (c) above:

- (i) "**available**" means the rates, for given maturities, that are calculated and published by Global Rate Set Systems Ltd (GRSS), or such other service provider selected by the European Money Markets Institute (EMMI), or any successor to that function of EMMI, as determined by the Bank; and
- (ii) "**Screen Rate**" means the rate of interest for deposits in EUR for the relevant period as published at 11:00 a.m., Brussels time, or at a later time acceptable to the Bank on the day (the "**Reset Date**") which falls 2 (two) Relevant Business Days prior to the first day of the relevant period, on Reuters page EURIBOR 01 or its successor page or, failing which, by any other means of publication chosen for this purpose by the Bank.

If such Screen Rate is not so published, the Bank shall request the principal offices of 4 (four) major banks in the euro-zone, selected by the Bank, to quote the rate at which EUR deposits in a comparable amount are offered by each of them, as at approximately 11:00 a.m., Brussels time, on the Reset Date to prime banks in the euro-zone interbank market for a period equal to the Representative Period. If at least 2 (two) quotations are provided, the rate for that Reset Date will be the arithmetic mean of the quotations. If no sufficient quotations are provided as requested, the rate for that Reset Date will be the arithmetic mean of the rates quoted by major banks in the euro-zone, selected by the Bank, at approximately 11:00 a.m., Brussels time, on the day which falls 2 (two) Relevant Business Days after the Reset Date, for loans in EUR in a comparable amount to leading European banks for a period equal to the Representative Period. The Bank shall inform the Borrower without delay of the quotations received by the Bank.

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

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

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



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



Schedule C

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

Disbursement Offer/Acceptance

Valid until: [time] CET on [date]

From: European Investment Bank
 To: Mesto Košice
 Date: [●]
 Subject: Disbursement Offer/Acceptance for the finance contract between the European Investment Bank and Mesto Košice dated [●] (the "**Finance Contract**")
 Project name: KOSICE URBAN DEVELOPMENT AND JUST TRANSITION
 Contract Number: 98.802 Operation Number: 2024-0855

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 [and the live pricing call held on [date]], in accordance with the relevant provisions of the Finance Contract, and otherwise subject to its terms, we hereby offer to make available to you the following Tranche:

GENERAL

Scheduled Disbursement Date:

Currency of Tranche:

Amount of Tranche:

PRINCIPAL

Repayment periodicity:

Terms for repayment of principal:

First Repayment Date:

Last Repayment Date:

Repayment Dates:

INTEREST

Interest payment periodicity:

First interest Payment Date:

Payment Dates:

Interest Revision / Conversion Date:



COMMENTS:

APPLICABLE RATE

Interest Rate basis:
Rate applicable until
Fixed Rate:
Spread:
EURIBOR:

We hereby accept the above Disbursement Offer for and on behalf of the Borrower:

Name(s) of the Borrower's Authorised Signatory(ies) (as defined in the Finance Contract):

.....
Signature(s) of the Borrower's Authorised Signatory(ies) (as defined in the Finance Contract):

Date:

Please return the signed Disbursement Acceptance to the following e-mail [●].

IMPORTANT NOTICE TO THE BORROWER:

BY SIGNING ABOVE YOU CONFIRM THAT THE LIST OF SIGNATORIES AND LIST OF ACCOUNTS PROVIDED TO THE BANK HAVE BEEN DULY UPDATED PRIOR TO THE PRESENTATION OF THE ABOVE DISBURSEMENT OFFER BY THE BANK.

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

Disbursement Account to be credited:

Disbursement Account N°:

Disbursement Account holder/beneficiary:

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

Bank name and address:

Bank identification code (BIC):

Payment details to be provided:

**Schedule D****Interest Rate Revision and Conversion**

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

A. Mechanics of Interest Revision/Conversion

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

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

The Borrower may accept in writing an Interest Revision/Conversion Proposal by the deadline specified therein. At the Bank's discretion, an Interest Revision/Conversion Proposal may be subject to live pricing in line with Articles 1.2.B and 1.2.C.

Any amendment to this Contract requested by the Bank in this connection shall be effected by an agreement to be concluded and effective not later than 1 (one) Business Day prior to (i) sending by the Bank of an Interest Revision/Conversion Proposal, or (ii) having a live pricing call pursuant to the above paragraph.

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

B. Effects of Interest Revision/Conversion

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

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

C. Partial or no Interest Revision/Conversion

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



Annex I

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

Mestské zastupiteľstvo v Košiciach

U z n e s e n i e

**z XXXII. zasadnutia Mestského zastupiteľstva v Košiciach
zo dňa 13. novembra 2025**

číslo: 917

Schválenie úveru z Európskej investičnej banky (EIB) a grantovej schémy Úverový nástroj pre verejný sektor / Public Sector Loan Facility (PSLF) na podporu investičných projektov mesta a Dopravného podniku mesta Košice (DPMK)

Mestské zastupiteľstvo v Košiciach
podľa § 4 ods. 2 Štatútu mesta Košice

A. schvaľuje

1. prijatie úveru od Európskej investičnej banky (ďalej len „EIB“) do výšky 20 miliónov Eur na financovanie investícií mesta Košice, ktorý zahŕňa projekty podporené grantom v rámci schémy Úverový nástroj pre verejný sektor / Public Sector Loan Facility (PSLF), ako aj dofinancovanie ďalších investícií mesta Košice; úver bude poskytnutý bez zabezpečenia, s maximálnou splatnosťou 21 rokov od vyplatenia každej tranže, s možným odkladom splátok istiny do 3 rokov pri každej tranži, s variabilnou alebo fixnou úrokovou sadzbou podľa podmienok EIB platných v čase čerpania jednotlivých tranží,
2. prijatie úveru od komerčnej banky do výšky maximálne 5 miliónov Eur na pokrytie investičných potrieb mesta Košice v súvislosti s realizáciou investičných projektov financovaných z rámcového úveru EIB a grantovej schémy Úverový nástroj pre verejný sektor / Public Sector Loan Facility (PSLF),

B. poveruje

primátora mesta Košice na

1. podpísanie úverovej zmluvy s EIB podľa bodu A1,
2. podpísanie úverovej zmluvy s komerčnou bankou podľa bodu A2,
3. rozhodovanie o čerpaní jednotlivých tranží úveru v súlade s podmienkami EIB,
4. rozhodovanie o čerpaní úveru v súlade s podmienkami komerčnej banky,


C. žiada

primátora mesta Košice,

aby minimálne raz ročne informoval mestské zastupiteľstvo o priebehu čerpania úveru a realizácii projektov financovaných z úveru od EIB,

D. súhlasí

s poskytnutím úveru do výšky 20 miliónov Eur zo strany Európskej investičnej banky pre Dopravný podnik mesta Košice, a. s. (ďalej len „DPMK“) na financovanie investícií DPMK, ktorý zahŕňa projekty podporené grantom v rámci schémy Úverový nástroj pre verejný sektor / Public Sector Loan Facility (PSLF), ako aj dofinancovanie ďalších investícií DPMK; úver bude poskytnutý bez zabezpečenia, s maximálnou splatnosťou 20 rokov, s možným odkladom splátok istiny do 3 rokov, s variabilnou alebo fixnou úrokovou sadzbou podľa podmienok EIB platných v čase čerpania jednotlivých tranží.

 Ing. Jaroslav Poláček, DPA
primátor mesta Košice

Podpísal dňa: 20. 11. 2025

Za správnosť:

Zapisovateľka:

OSVEDČENIE

Osvedčujem, že táto listina zapísaná v osvedčovacej knihe pod por. č. 380 doslovne súhlasí s predloženým originátom (osvedčeným odpisom), skladajúcim sa z 1 listov a 1 strán. V KOŠICIACH dňa 14.11.2022 o hod.

Miestna volebná komisia v

KOŠICIACH

osvedčuje, že

Ing. JAROSLAV POLAČEK

narodený(á)

bytom

bol(a) dňa 29.10.2022 zvolený(á)

ZA PRIMÁTORA MESTA

KOŠICE

Dňa 30.10.2022

predseda
miestnej volebnej komisie

Mestské zastupiteľstvo v Košiciach

U z n e s e n i e

**z I. (ustanovujúceho) zasadnutia Mestského zastupiteľstva v Košiciach,
zo dňa 11. novembra 2022** číslo: 2

Správa mandátovej a volebnej komisie

Mestské zastupiteľstvo v Košiciach
podľa § 10 ods. 3 zákona č. 401/1990 Zb. o meste Košice v znení neskorších predpisov

A. berie na vedomie

1. informáciu predsedu Mestskej volebnej komisie v Košiciach o výsledku volieb do orgánov samosprávy mesta Košice,
2. Správu mandátovej a volebnej komisie MZ o overení výsledkov volieb na funkciu primátora mesta Košice a poslancov Mestského zastupiteľstva v Košiciach podľa prílohy,

B. konštatuje,

že primátor mesta Košice a poslanci Mestského zastupiteľstva v Košiciach zložili zákonom predpísaný sľub bez výhrad a tým sa ujali svojej funkcie.

Ing. Jaroslav Polaček
primátor mesta Košice

Podpísal dňa: 21. 11. 2022

Za správnosť:

Zapisovateľka:

Správa mandátovej a volebnej komisie
o overení výsledkov volieb na funkciu primátora mesta
Košice a poslancov Mestského zastupiteľstva v Košiciach

Predkladá: Poverený člen mandátovej a volebnej komisie (ďalej len „mandátová komisia“)

Vážené poslankyne, vážení poslanci,
vážení hostia dnešného ustanovujúceho zasadnutia mestského zastupiteľstva,

Mandátová komisia v zložení

1. preskúmala materiály z volebného dňa, ktoré poskytla mestská volebná komisia a na základe zápisnice mestskej volebnej komisie zo dňa 30.10.2022 zistila, že
za primátora mesta Košice bol zvolený Ing. Jaroslav Polaček
a za poslancov Mestského zastupiteľstva v Košiciach boli zvolení (v abecednom poradí):

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2. Na základe zistených skutočností, berúc na zreteľ zloženie zákonom predpísaného sľubu novozvoleným primátorom a novozvolenými poslancami mestského zastupiteľstva, mandátová komisia osvedčuje zvolenie p. Jaroslava Polačka za primátora mesta Košice a poslancov Mestského zastupiteľstva v Košiciach uvedených v bode 1 a ich ujetie sa funkcií.

V Košiciach dňa 11. novembra 2022

Podpisy členov mandátovej komisie:

1., člen
2., člen
3., člen
4., člen
5., člen



Annex II

Form of Legal Opinion

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

To the attention of: Legal Department - Operations

[●], [●]

**Re: Finance Contract for KOSICE URBAN DEVELOPMENT AND JUST TRANSITION
(Operation Number: 2024-0855; Contract Number: 98.802)**

Dear Sirs,

I am acting as Deputy Director of the Magistrate of the City of Košice and Head of the Legal and Property Department of the City of Mesto Košice (the "**Borrower**") and am issuing this opinion in accordance with Article 1.4 of the finance contract (the "**Finance Contract**") for KOSICE URBAN DEVELOPMENT AND JUST TRANSITION in an amount of EUR 20,000,000.00 (twenty million euros), made on [●] between the European Investment Bank (the "**Bank**") and the Borrower. All terms used herein and not otherwise defined shall have the same meaning as in the Finance Contract.

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

This opinion is confined to matters of Slovak law and directly applicable provisions of European Union law and no opinion is expressed as to the laws of any other jurisdiction.

Subject to the foregoing, I am of the opinion that as of the date of the Finance Contract and the date hereof:

1. The Borrower is a municipality (in Slovak: *mesto*) validly existing under the laws of the Slovak Republic, possessing full legal capacity to sue or be sued in its own name, and has full powers to own all assets which it owns and to carry out the activities which it carries out.
2. The Borrower has the requisite power and capacity to enter into and perform the Finance Contract and the transactions contemplated thereby.
3. Pursuant to the Act of the Slovak Republic No. 401/1990 Coll., on the City of Košice, as amended, the City Assembly (in Slovak: *mestské zastupiteľstvo*) of the Borrower is the sole competent body to authorise the Borrower to enter into the Finance Contract and such body has authorised the execution of the Finance Contract on 13 November 2025 in its XXXII. meeting by the Resolution No. 917 (the "**Resolution**"). No requirement to authorize the Borrower to enter into the Finance Contract by any body other than the City Assembly (in Slovak: *mestské zastupiteľstvo*) of the Borrower exists.
4. The Finance Contract has been duly executed and delivered on behalf of the Borrower by [NAME], [TITLE] (in Slovak: [●]), by virtue of the powers given to him by Slovak law and the Resolution.
5. The entry into the Finance Contract and the compliance with its terms does not and will not:
 - (a) result in violation of any provision contained in any law, statute, rule or regulation applicable to the Borrower;
 - (b) 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;
 - (c) 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; and
 - (d) result in violation of the applicable tendering rules.



6. No authorizations, approvals, consents, licenses, exemptions, filings, procedures, registrations or other requirements of governmental, regulatory, judicial or public bodies and authorities are required in connection with entry into, or performance of, the Finance Contract by the Borrower or for the legality, validity or enforceability of the Finance Contract against the Borrower or (if applicable) making of the Finance Contract admissible as evidence in proceedings before the courts of the Slovak Republic, except for mandatory publication of the Finance Contract in the Central Registry of Contracts in accordance with Section 5a of the Slovak Act No. 211/2000 Coll., on Free Access to Public Information, as amended, and Section 47a of the Slovak Act No. 40/1964 Coll., the Civil Code, as amended. The Finance Contract was duly published in the Central Registry of Contracts on [●].
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 laws of general application.
8. To the best of my knowledge after due inquiry:
 - (a) the Borrower is not, in any material respect, in violation of any present statute, regulation, judgement or order applicable to it in the Slovak Republic;
 - (b) 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 prospects or financial condition;
 - (c) 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 prospects or financial condition;
 - (d) the Borrower is not in default under any agreement, obligation or duty to which it is a party or by which it or any of its properties or assets is bound; and
 - (e) there exists no Event of Default (as defined in 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 Luxembourg law as the law governing of:
 - (a) the Finance Contract is valid and enforceable in accordance with Regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations, and will be upheld by Slovak courts; and
 - (b) any non-contractual obligations arising out of or in connection with the Finance Contract is valid and enforceable in accordance with Regulation (EC) No 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations, and will be upheld by Slovak courts.
10. Pursuant to Article 11.2 of the Finance Contract, the courts of Luxembourg-City shall have jurisdiction in connection with any claim or dispute between the Borrower and the Bank, and any judgement of such courts pertaining to the Finance Contract can be enforced in the Slovak Republic in accordance with Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters.
11. In any proceedings taken in the Slovak Republic for the enforcement of the Finance Contract, the obligations expressed to be assumed by the Borrower in the Finance Contract would be recognised by the Slovak courts as its legal, valid and binding obligations and would be enforceable in the Slovak courts. The waiver of immunity under Article 11.2 of the Finance Contract is a legal, valid, binding and enforceable obligation of the Borrower.
12. No taxes, duties, fees or other charges, including, without limitation, any registration or transfer tax, stamp duty or similar levy, imposed by the Slovak 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 Finance Contract.
13. All exchange control consents which may be necessary pursuant to the laws of the Slovak 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.



14. As of the date of the Finance Contract and as of the date hereof, the Borrower is not insolvent and no steps have been taken pursuant to any insolvency, bankruptcy, liquidation or equivalent or analogous proceedings to appoint an administrator, bankruptcy receiver, insolvency officer or liquidator over the Borrower or its assets including monitoring regime (in Slovak: *monitorovací režim*), compulsory management (in Slovak: *nútená správa*), or recovery regime (in Slovak: *ozdravný režim*) or consolidation of receivables (in Slovak: *konsolidácia pohľadávok*), and no voluntary or judicial winding-up or liquidation of the Borrower has occurred nor has any action to this effect been taken by the Borrower. The Borrower will not become insolvent under applicable law as a result of carrying out any of the transactions contemplated by the Finance Contract.

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 Slovak Republic have been complied with and that the Finance Contract constitutes legally valid and binding obligations of the Borrower enforceable in the Slovak Republic in accordance with their terms.

This opinion is addressed to the Bank exclusively in connection with the entry by the Borrower into the Finance Contract and may not be relied upon by the Bank for any other purpose. The Bank shall be entitled to disclose this opinion on a non-reliance basis (i) to its potential successors and permitted assignees, (ii) to its professional advisers and auditors, (iii) if required by any law, regulation, treaty, or pursuant to the rules of any relevant stock exchange, (iv) where required by any competent judicial, government, supervisory or regulatory body, (v) to members of the EIB Group and the other European Union authorities and institutions, (vi) in any legal, arbitration, or regulatory proceeding or investigation relating to the matters set out in this opinion, (vii) in accordance with the Bank's internal policies and procedures, and (viii) with the consent of the Borrower.

Yours faithfully,

[Head of legal department of the Borrower]