



Европейска инвестиционна банка
Evropská investiční banka
Den Europæiske Investeringsbank
Europäische Investitionsbank
Euroopa Investeeringispank
Ευρωπαϊκή Τράπεζα Επενδύσεων
European Investment Bank
Banco Europeo de Inversiones
Banque européenne d'investissement
An Banc Eorpach Infheistíochta
Europska investicijska banka
Banca europea per gli investimenti

Eiropas Investīciju banka
Europos investicijų bankas
Európai Beruházási Bank
Bank Ewropew tal-Investment
Europese Investeringsbank
Europejski Bank Inwestycyjny
Banco Europeu de Investimento
Banca Europeană de Investiții
Európska investičná banka
Evropska investicijska banka
Euroopan investointipankki
Europeiska investeringsbanken

EXCHANGE with QES

City of Lahti (Lahden kaupunki) (the "Borrower")

For the attention of: Päivi Väisänen, Finance Manager

E-mail: paivi.vaisanen@lahti.fi

JU/OPS-EU/NE/JA/ab N° 2025-12217

Subject:

(i) LAHTI URBAN INFRASTRUCTURE

Operation Number: 2013-0247; Contract Number: 83.198

Finance contract between the Bank and the Borrower dated 7 February 2014
(the "**Finance Contract I**")

(ii) LAHTI EDUCATION INFRASTRUCTURE

Operation Number: 2019-0251; Contract Number: 90.973

Finance contract between the Bank and the Borrower dated 30 June 2020 (the
"**Finance Contract II**")

The Finance Contract I and the Finance Contract II are hereinafter collectively referred
to as the "**Finance Contracts**".



We refer to the Documents.

1. DEFINITIONS AND INTERPRETATION

1.1. In this amendment letter (the "**Letter**"):

"Effective Date" means the date on which

- (a) this Letter in electronic form duly signed by all Parties with QES; and
- (b) the Bank has received in form and substance satisfactory to it evidence that the Borrower's other lender, the Nordic Investment Bank, has replaced the financial covenants with a Loss-of-Rating clause on the Republic of Finland, consistent with the content of Article 3(g) of this Letter.

"Parties" means the parties to this Letter.

"QES" means qualified electronic signatures in the meaning of 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.

- 1.2. Unless the context otherwise requires or unless otherwise defined, terms defined in the Documents and expressions used in the Documents have the same meaning when used in this Letter.
- 1.3. The principles of construction set out in the Documents shall have effect as if set out in this Letter.
- 1.4. Any reference to an "Article" or, if applicable, a "Schedule" or an "Annex" is, unless the context otherwise requires or it is indicated otherwise, a reference to an Article, a Schedule or an Annex of this Letter.
- 1.5. Headings are for ease of reference only.
- 1.6. With effect from the Effective Date, any reference in the Documents to "this Contract" (or other similar references) shall be read and construed as a reference to the Documents, as amended by this Letter.
- 1.7. Each Schedule to this Letter forms an integral part of this Letter.

2. BACKGROUND

2.1. The Borrower was not able to meet the requirements of the ratio of the total Consolidated Interest bearing Debt to total Consolidated Revenues under:

- (a) Article 4.03A(3) (*Right to demand security*) of the Finance Contract I; and
- (b) Article 4.3.A(5) (*Right to demand security*) of the Finance Contract II:

in respect of the financial year ending on 31 December 2024.

The Bank waived its rights in relation to this in respect of the financial year ending on 31 December 2023, by the Waiver Letter dated 20 December 2023.



- 2.2. This event is caused by the health and social services reform in Finland whereby, as of 1 January 2023, the responsibility of health and social services in Finland has been transferred from the municipalities to wellbeing counties, in turn, leading to, among other things, smaller balance sheets and a higher relative residual debt burden of the respective municipalities.
- 2.3. In light of the above, the Borrower has requested the Bank to amend certain provisions of the Documents, as further described below.

3. AMENDMENTS TO THE DOCUMENTS

With effect from the Effective Date, the Documents shall be amended as set out below:

- (a) The definition of the “**Compliance Certificate**” shall be deleted from the Finance Contracts.
- (b) A new definition of “**Credit Rating**” shall be included in the section titled “**Definitions**” of the Finance Contracts and shall read as follows:

“**Credit Rating**” means any of the following ratings assigned by a Rating Agency to the Republic of Finland's most recent unsecured and unsubordinated medium or long term debt:

- (a) the Long Term Issuer Credit Rating (or equivalent) defined as such by Standard and Poor's Financial Services LLC or its successor;
- (b) the Long Term Issuer Default Rating (or equivalent) defined as such by Fitch Ratings Inc. or its successor; or, if neither of the above ratings are available;
- (c) the Long Term (Issuer) Rating (or equivalent) defined as such by Moody's Investors Service, Inc. or its successor, or, if none of the above ratings are available;

provided that in each of the cases from (a) to(c) above, the terms defined shall be deemed to refer to any equivalent term irrespective of the definition given to it and excludes any rating qualified by the terms "National Scale" or "NSR".

- (c) A new definition of “**Loss-of-Rating Event**” shall be included in the section titled “**Definitions**” of the Finance Contract I and shall read as follows:

“**Loss-of-Rating Event**” has the meaning given to it and shall be determined in accordance with Article 4.03.A(3).”

- (d) A new definition of “**Loss-of-Rating Event**” shall be included in the section titled “**Definitions**” of the Finance Contract II and shall read as follows:

“**Loss-of-Rating Event**” has the meaning given to it and shall be determined in accordance with Article 4.3.A(5).”

- (e) A new definition of “**Rating Agency**” shall be included in the section titled “**Definitions**” of the Finance Contracts and shall read as follows:

“**Rating Agency**” means any of:

- (a) Standard and Poor's Financial Services LLC;
- (b) Fitch Ratings Inc., and
- (c) Moody's Investors Service, Inc.,
- or their respective successors.

- (f) Article 4.03A(3) (*Right to demand security*) of the Finance Contract I and Article 4.3.A(5) (*Right to demand security*) of the Finance Contract II shall be deleted in its entirety without replacement.

- (g) A new Article 4.03.A(3) (*Loss-of-Rating Event*) / 4.3.A(5) (*Loss-of-Rating Event*) shall be included in the Finance Contracts respectively and shall read as follows:



"For the purposes of this Contract, a "Loss-of-Rating Event" means:

- (a) any case where any Credit Rating of the Republic of Finland:
 - (i) as assigned by Standard and Poor's Financial Services LLC or its successor is A- or below; or
 - (ii) as assigned by Fitch Ratings Inc or its successor is A- or below; or
 - (iii) as assigned by Moody's Investors Service, Inc. or its successor is A3 or below; or
- (b) all of the Credit Ratings issued by the Rating Agencies on the Republic of Finland, assigned under paragraph (a) above cease to be published.

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

If within a period of 30 (thirty) days following the Loss-of-Rating Event the Security has not been executed in manner, form and substance satisfactory to the Bank, the Bank may by notice to the Borrower, forthwith cancel the undisbursed portion of the Credit and/or demand immediate prepayment of the Loan Outstanding together with accrued interest and all other amounts accrued and outstanding under this Contract."

- (h) Article 6.10(m) of the Finance Contract I and Article 6.10(m) of the Finance Contract II shall be amended and shall read as follows:

"no financial covenants have been concluded with any other creditor of the Borrower and no loss of rating clause concluded with any other creditor of the Borrower is more restrictive than the one contained in this Contract."

- (i) Article 8.02(a) (*Information concerning the Borrower*) of the Finance Contract I shall be amended and shall read as follows:

"The Borrower shall:

- (a) deliver to the Bank:
 - (i) each year within one month after publication of its approval by City Council but in any case no later than 30 June, a copy of its annual report including but not limited to its balance sheet, profit and loss account and auditors statement for that financial year together with other relevant documentation as set forth in Finnish law applicable to the Borrower; and
 - (ii) from time to time, such further information on its general financial situation as the Bank may reasonably require or such certificates of compliance with the undertakings of Article 6 as the Bank may deem necessary; and "

- (j) Article 8.2(a) (*Information concerning the Borrower*) of the Finance Contract II shall be amended and shall read as follows:

"The Borrower shall:

- (a) deliver to the Bank:
 - (i) each year within one month after publication of its approval by City Council but in any case no later than 30 June, a copy of its annual report including but not limited to its balance sheet, profit and loss account and auditors statement for that financial year together with other relevant documentation as set forth in Finnish law applicable to the Borrower; and
 - (ii) from time to time, such further information on its general financial situation as the Bank may reasonably require or such certificates of compliance with the undertakings of Article 6 as the Bank may deem necessary; and "

- (k) Paragraph (b) of Schedule E.1 (*Form of Certificate from the Borrower*) of the Finance Contract II shall be deleted in its entirety without replacement.



- (l) Schedule E.2 (*Form of Compliance Certificate*) of the Finance Contracts shall be deleted in its entirety without replacement.
- (m) Schedule B (*Definition of EURIBOR*) to the Finance Contract I shall be replaced in its entirety with the content of Schedule A attached hereto.

4. REPRESENTATIONS AND WARRANTIES

With reference to the facts and circumstances then existing on the Effective Date the Borrower makes hereunder the representations and warranties that are deemed repeated under and pursuant to Article 6.10 (*General Representations and Warranties*) of the Finance Contract I and II as if each reference in those representations and warranties to "this Contract" included a reference to (i) the Documents, as amended by this Letter; and (ii) this Letter; and

5. MISCELLANEOUS

- 5.1. Other than in accordance with the provisions of Article 3 (*Amendments to the Documents*) of this Letter, nothing in this Letter shall affect the rights of the Bank in respect of the occurrence of any other Event of Default or breach (however described) or non-compliance in connection with the Documents, including without limitation any other Event of Default or breach (however described) or non-compliance in connection with the Documents which has not been disclosed by the Borrower in writing prior to the date of this Letter or which arises on or after the date of this Letter.
- 5.2. The provisions of the Documents shall, save as amended by this Letter, continue in full force and effect. This Letter is not (and shall not be deemed to be) a consent, agreement, amendment or waiver in respect of any terms, provisions or conditions of the Documents, except as expressly agreed herein. The Bank reserves any other right or remedy it may have now or subsequently.
- 5.3. The Bank issues this Letter acting in reliance upon the information supplied to the Bank by the Borrower until the date hereof in relation to such matters being true, complete and accurate. It shall be without prejudice to any rights which the Bank may have at any time in relation to any other circumstance or matter other than as specifically referred to in this Letter or in relation to any such information not being true, complete and accurate, which rights shall remain in full force and effect.
- 5.4. The parties to this Letter acknowledge and agree that any breach of this Letter, including (without limitation) any breach of an undertaking contained in this Letter or any representation in this Letter being or becoming incorrect, incomplete or misleading in any material respect, shall constitute an "Event of Default" under the relevant Documents.
- 5.5. The provisions of Article 11.2 / 11.02 (*Jurisdiction*) of the Finance Contracts shall be incorporated into this Letter as if set out in full in this Letter and as if references in those clauses to "this Contract" are references to this Letter.

6. GOVERNING LAW

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

7. EXCHANGE OF DOCUMENTS SIGNED WITH QES

Each Party confirms that it is its intention for this Letter to be executed upon signing by each Party of this Letter in the format of non-editable PDF and signed by each Party's authorised signatories with QES.



Yours faithfully,
EUROPEAN INVESTMENT BANK

Agreed and accepted for and on behalf of

City of Lahti (Lahden kaupunki)
as the Borrower



Schedule A

Definition of EURIBOR

"EURIBOR" means:

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

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

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

- (i) "**available**" means the rates, for given maturities, that are calculated and published by Global Rate Set Systems Ltd (GRSS), or such other service provider selected by the European Money Markets Institute (EMMI), or any successor to that function of EMMI, as determined by the Bank; and
- (ii) "**Screen Rate**" means the rate of interest for deposits in EUR for the relevant period as published at 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 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 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.