DOCUMENT OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT

Approved by the Board of Directors on 17 June 2026[1]

UKRAINE

RLF – KYIV METRO

[Redacted in line with the EBRD's Access to Information Policy]

[Information considered confidential has been removed from this document in accordance with the EBRD's Access to Information Policy (AIP). Such removed information is considered confidential because it falls under one of the provisions of Section III, paragraph 2 of the AIP]

[1] As per section 1.4.8 of EBRD's Directive on Access to Information (2024), the Bank shall disclose Board reports for State Sector Projects within 30 calendar days of approval of the relevant Project by the Board of Directors. Confidential information has been removed from the Board report.

For the avoidance of any doubt, the information set out here was accurate as at the date of preparation of this document, prior to consideration and approval of the project.

TABLE OF CONTENTS

Page

ABBREVIATIONS / CURRENCY CONVERSIONS

CESP	Country Economics, Strategy & Policy
City	City of Kyiv
Company	Communal Enterprise 'Kyivsky Metropolitan'
DSCR	Debt Service Cover Ratio
E&S	Environmental and Social
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
EIRR	Economic Internal Rate of Return
EOP	End of Period
ESAP	Environmental and Social Action Plan
EU	European Union
EUR	Euro
FLRC	First Loss Risk Coverage
FX	Foreign Exchange
GCAP	Green City Action Plan
GDP	Gross Domestic Product
GET	Green Economy Transition
GHG	Greenhouse Gas
IDP	Internally Displaced People
MDA	Sustainable Growth Multi-Donor Account
NBU	National Bank of Ukraine
PPR	Procurement Policies and Rules
PR	Performance Requirements
SSF	EBRD Shareholder Special Fund
TC	Technical Cooperation
UAH	Ukrainian Hryvnia
UN	United Nations
UPTF	Ukrainian Public Transport Framework
VAT	Value Added Tax

UAH/EUR 47.0635 (average for 2025)

PRESIDENT'S RECOMMENDATION

This recommendation and the attached Report concerning an operation in favour of the City of Kyiv (the "City"), a municipality incorporated in Ukraine, are submitted for consideration by the Board of Directors.

The facility will consist of a senior loan to the City in the amount of up to EUR 150 million, including: (i) a tranche of EUR 100 million to be committed at signing ("**Tranche 1**"), and (ii) an uncommitted tranche of EUR 50 million ("**Tranche 2**"). A partial donor guarantee from the EU or another donor is expected to cover [REDACTED]. The loan will be co-financed by an investment grant of EUR 5 million from the EBRD Shareholder Special Fund (the "SSF").

The operation will enable the City to address its critical metro capex needs through financing the acquisition of new metro cars (including spare parts and tools), maintenance and diagnostic equipment (the "Project"). The expected transition impact of the Project is based on the Inclusive and Green qualities, as the Project will help the City and Communal Enterprise 'Kyivsky Metropolitan' (the "Company" or the "Recipient") adapt to the impacts of the war through improved access to vital services, and enhanced mobility for residents. The Project will strengthen inclusive public transport in Kyiv by supporting an accessibility audit and action plan to ensure services meet the needs of all users, and it will promote human capital development and women's economic empowerment through training for electric train drivers in partnership with UN Women's *She Drives* initiative. The Project will also promote significant environmental improvements, including sustainable urban mobility modes, a modal shift away from private vehicles, and emissions reduction, particularly through the use of modern energy-efficient metro cars. The Project qualifies as Gender SMART by improving the Company's practices to attract, train and employ women.

Pre-signing TC support for Project preparation has been provided by the SSF. Post-signing TC support for human capital development and women's economic empowerment, as well as for enhancement of inclusive design and accessibility standards, including an accessibility audit of selected infrastructure facilities, are expected to be financed by the Action for Gender Equality and Gender ("A4EG") multi donor fund or the EBRD Ukraine Stabilisation and Sustainable Growth Multi-Donor Account ("Ukraine MDA").

I am satisfied that the operation is consistent with the "War on Ukraine - EBRD Resilience Package - Resilience and Livelihoods Framework", a framework that is part of the "War on Ukraine – EBRD Resilience Package", the Bank's Country Strategy for Ukraine, the Infrastructure Sector Strategy , the Bank's Gender Equality and Human Capital Strategy 2026-2030 and with the Agreement Establishing the Bank.

I recommend that the Board approve the proposed loan substantially on the terms of the attached Report.

Odile Renaud-Basso

BOARD DECISION SHEET

UKRAINE – KYIV METRO - DTM 56620 Framework: REGIONAL - Resilience and Livelihoods Framework - DTM 53662	
Transaction / Board Decision	Board approval[2] is sought for a senior loan of up to EUR 150 million (the "Loan") in favour of the City of Kyiv (the "City"). The Loan will finance the acquisition of new metro cars (including spare parts and tools), maintenance and diagnostic equipment. A partial donor guarantee from the EU or another donor is expected to cover [REDACTED]. The Loan will be provided in two tranches: a tranche of EUR 100 million to be committed at signing ("Tranche 1"), and an uncommitted tranche of EUR 50 million ("Tranche 2"). [REDACTED] The Loan proceeds will be for the benefit of Communal Enterprise 'Kyivsky Metropolitan', the City's metro operator and an existing client of the Bank. The Loan will be co-financed by an investment grant of up to EUR 5 million from the SSF (approved by the EBRD Board of Directors in December 2025[3]) to support the investments in acquiring emergency, maintenance and diagnostic equipment for the Company's rolling stock.
Client	Kyiv is the capital of Ukraine and the seventh largest city in Europe. The City is EBRD's existing client under three projects: i) GrCF2 W2 - Kyiv District Heating, ii) RLF - Kyiv Emergency Liquidity and iii) UPTF2 - Kyiv City Transport II: Metro.
Main Elements of the Proposal	The war on Ukraine has intensified capex needs for the City, which must be addressed to ensure uninterrupted provision of essential public services to the City's residents and internally displaced people ("IDPs"). <u>Transition impact:</u> **Primary Quality** – Inclusive. The Project will improve the availability and accessibility of municipal transportation services as a key enabler of economic participation and the preservation of livelihoods among residents and IDPs, including through support to the Client to conduct an accessibility audit of its services and to develop an action plan with practical recommendations to enhance inclusive design and accessibility standards. The Project will also enrich human capital development by strengthening Kyiv Metro's training programme for electric train drivers, targeting female participants to become certified drivers. **Secondary Quality –** Green. The Project aims to boost the reliability, safety, and efficiency of vital public transport by replacing older obsolete metro cars resulting in efficiency and emission savings, as well as encouraging a modal shift from private minibuses to public transit while allowing other public transport services to be rerouted and extended, creating a more integrated public transport network in the City. The Project is a follow-on investment under Kyiv's Green City Action Plan ("GCAP"). <u>Additionality</u> Financing Structure: Crisis response - EBRD financing is provided under extraordinary circumstances of the war and effectively bridges the financing gap when the market for long-term capex financing in Ukraine is nearly closed. Sound banking – the transaction will benefit from a partial donor guarantee.
Key Risks	Key risks include: (i) political, military damage and macro-economic risks; and (ii) City's credit and liquidity risk. These risks are mitigated by the presence of the partial donor guarantee; strong commitment from international partners (incl. G7, the EU, the IMF) to support Ukraine now and in the post-war reconstruction phase.
Strategic Fit Summary	The transaction is in line with the "War on Ukraine - EBRD Resilience Package - Resilience and Livelihoods Framework", a framework that is part of the "War on Ukraine – EBRD Resilience Package", the Bank's Country Strategy for Ukraine, the Infrastructure Sector Strategy, the Bank's Gender Equality and Human Capital Strategy 2026-2030 and with the Agreement Establishing the Bank.

[2] Article 27 of the AEB provides the basis for this decision.

[3] The EBRD Board of Directors approval for co-investment allocation of EUR 5 million from the SSF Work Plan 2025 was obtained on a no-objection basis in December 2025

ADDITIONAL SUMMARY TERMS FACTSHEET

EBRD Transaction	A senior loan of up to EUR 150 million, including: (i) a tranche of up to EUR 100 million, to be committed at signing ("Tranche 1"), and (ii) an uncommitted tranche of up to EUR50 million ("Tranche 2"), to finance the acquisition of new metro cars (including spare parts and tools), maintenance and diagnostic equipment. [REDACTED] The Loan will be co-financed by a EUR 5 million investment grant from the SSF [REDACTED] to support the investments in acquiring emergency, maintenance and diagnostic equipment for the Company's rolling stock. The ultimate recipient of the Loan and grant proceeds is Communal Enterprise "Kyivsky Metropolitan", the City's metro operator and an existing client of the Bank.
Mutual Reliance	*No*
Existing Exposure	Existing exposure to the City (direct and indirect): EUR 170 million, including: – GrCF2 W2 - Kyiv District Heating, EUR 70 million [REDACTED] – UPTF2 - Kyiv City Transport II: Metro, EUR 50 million [REDACTED] – RLF - Kyiv Emergency Liquidity, EUR 50 million [REDACTED] [REDACTED]Existing exposure to the Company: – UPTF2 - Kyiv City Transport II: Metro, EUR 50 million [REDACTED]
Maturity / Exit / Repayment	Tenor: up to 13 years [REDACTED] [REDACTED]
Potential AMI eligible financing	*None*
Use of Proceeds - Description	The proceeds of the Bank's Loan will support the City in the acquisition of new metro cars (including spare parts and tools), maintenance and diagnostic equipment. The SSF grant will finance emergency, diagnostic and maintenance equipment for the Company's new and existing rolling stock. [REDACTED]
Investment Plan	[REDACTED]
Financing Plan	[REDACTED]
Key Parties Involved	The City of Kyiv and Communal Enterprise "Kyivsky Metropolitan".
Conditions to subscription / disbursement	[REDACTED]
Key Covenants	[REDACTED]
Security / Guarantees	*Unsecured /* A guarantee from the EU or another donor [REDACTED]
Other material agreements	Grant Agreement between the Bank and the City/the Company in respect of the investment grant.
Associated Donor Funded TC and Blended Concessional Finance	**A. Technical Cooperation (TC)** *Pre-signing:* TC1: Environmental and Social Due Diligence of the Project. [REDACTED] *Post-signing:* TC2: Inclusive design and accessibility standards. [REDACTED] TC3: Training and Recruitment Capacity Building for female drivers. [REDACTED] *Client contributions*: No financial contribution towards the cost of TC assignments is envisaged from the City and the Company, considering the ongoing war in Ukraine. **B. Blended Concessional Finance**

	The Project will be co-financed by an investment grant of up to EUR 5 million [REDACTED]. The SSF investment grant will support the provision of vital public services in a sustainable and affordable manner and to assist the City and the Company in the view of the ongoing war. The Project is also expected to benefit from a guarantee from the EU or another donor [REDACTED]
[REDACTED]	

INVESTMENT PROPOSAL SUMMARY

1. STRATEGIC FIT AND KEY ISSUES

1.1 STRATEGIC CONTEXT

The ongoing military invasion of the territory of Ukraine by the Russian Federation is having an unprecedented social and economic impact on Ukraine, resulting in a full-fledged humanitarian crisis. The Russian invasion is hitting Ukraine's economy and has inflicted enormous damage to the country's infrastructure.

The Ukrainian economy experienced a significant downturn during the initial phase of the war, with GDP contracting by an estimated 29 per cent in 2022. Subsequently, however, the authorities succeeded in stabilising macroeconomic conditions. A moderate recovery was observed in 2023, marked with growth estimated at 5 per cent, partially driven by a 24 per cent increase in the grain and oilseed harvest. Due to unabated support from international partners, GDP grew by 2.9 per cent in 2024 but slowed to 1.8 per cent in 2025 amid the difficult security situation.

Approximately 15 per cent of the population has fled Ukraine, and an additional 15 per cent is displaced within the country.

Kyiv is the capital of Ukraine and the seventh largest city in Europe. The City benefits from central governmental support and is the most populated Ukrainian municipality, with a diversified local economy and tax base.

Kyiv has been subject to numerous missile and drone attacks, targeting its key infrastructure assets, including in energy and district heating sectors. Despite the casualties and material damage to the city's infrastructure and economic activity, Kyiv continues providing basic and administrative services to the population. At the end of 2025, the City hosted ca. 400,000 IDPs from other regions affected by the war. The City's administration, alongside various international aid organizations, set up numerous shelters, food distribution centres and medical facilities. In addition to humanitarian aid, the City serves as a hub for international diplomatic efforts and humanitarian aid coordination.

To address recovery priorities aimed at reducing the impact of the war and promoting infrastructure development and modernisation, the City relies on IFI financing. This includes, in particular, capital expenditure projects with EBRD for district heating infrastructure modernisation and metro rolling stock renewal.

The City's metro system serves as the backbone of its public transport network, carrying approximately 240 million passengers annually. Since the beginning of the war, metro stations have also been used as temporary shelters during Russian missile and drone attacks. Maintaining uninterrupted operation of the metro system is vital for the City's functioning, particularly for residents and IDPs who depend on it for daily commuting.

The original metro project (UPTF 2 - Kyiv City Transport II: Metro, signed in 2021, aimed to finance the acquisition of new metro railcars. Owing to technical challenges [REDACTED]project was not finalised. [REDACTED]

The supply of metro trains (and replacing old rolling stock) is crucial for safe and reliable metro transportation; especially so since access to Russian-made spare parts has been lost.

The EIB approved loans of EUR 100 million in 2021 and EUR 50 million in 2024 to co-finance the acquisition of rolling stock for the metro company, with the additional investment of up to EUR 150 million currently under consideration. The Bank's financing will supplement the EIB's funds, while the remaining investment needs will be covered (if required) by the City's own funds.

In the absence of the Bank's support, given the ongoing war and the effects on the local economy, as well as ongoing forced displacement and labour market volatility, there is a high risk of disruptions in infrastructure services provision, which is needed both for Kyiv's economic recovery and for the private sector in the City.

By providing capex financing to sustain provision of vital public transport services in the City of Kyiv, the transaction is in line with the "War on Ukraine - EBRD Resilience Package - Resilience and Livelihoods Framework", a framework that is part of the "War on Ukraine – EBRD Resilience Package", the Bank's Country Strategy for Ukraine via "improved quality and connectivity of infrastructure" and the Infrastructure Sector Strategy via "broadening access to high-standard, affordable services". By improving the availability and accessibility of municipal transportation services, supporting the Client to develop and adopt an action plan to enhance inclusive design and accessibility standards, and strengthening human capital development through a training programme for women to access employment opportunities at the Company, the Project is fully aligned with the Bank's Gender Equality and Human Capital Strategy 2026-2030.

1.2 TRANSITION IMPACT

Primary Quality: Inclusive

Obj. No.	Objective	Details
1.1	The sub-operation contributes to the Inclusive quality of the FW by promoting access to vital services and/or goods that enable people's livelihoods (e.g. food, energy, accommodation, infrastructure, communications, health services, basic utilities, and products...) and by promoting human capital development and access to employment and training.	The Project contributes to the Inclusive quality of the RLF framework by addressing the critical need to improve, expand, and ensure the accessibility of vital public transport services - a key enabler of economic participation and livelihoods preservation for both residents and IDPs. With TC support, the Project will help the Client conduct an accessibility audit of selected transport infrastructure facilities. Based on the findings, the Client will develop and adapt an action plan with practical recommendations to enhance inclusive design, improve service provision, and ensure that transport is accessible to all including people with disabilities, veterans, elderly passengers, and parents with young children across the City. By enhancing access to inclusive and vital transport services, the Project will directly strengthen resilience and social inclusion for IDPs and local community. In addition, the Project will promote human capital development in the transport sector and advance women's economic empowerment in a traditionally male-dominated field. This will be achieved through enhanced training for electric train drivers, delivered at the Kyiv Metro technical school under the Company's training and development department. The six-month programme will provide employees and new entrants with the skills and certification required to become electric train drivers. By partnering with UN Women's *She Drives* initiative, the training will introduce targeted activities to strengthen recruitment of women, aiming to increase female

		representation in driving roles, while also addressing current staff shortages[REDACTED]. Over the next three years, the programme will provide professional training to at least 100 participants (of which at least 50 women).

Secondary Quality: Green

Obj. No.	Objective	Details
2.1	The sub-operation contributes to the Green quality of the FW through improvement of air quality, GHG and air pollution reduction	The Project is expected to reduce air pollution and greenhouse gas emissions by introducing more energy efficient metro cars and by enhancing attractiveness of clean urban transport and encouraging a shift from private minibuses to public electric metro services; resulting in overall efficiencies in the public transport network. This is expected to significantly reduce the amount of polluting air emissions, especially PM and NOx, as well as greenhouse gas ("GHG") emissions. The Project will thus address air pollution and GHG emissions concerns prioritised in Kyiv's GCAP.

Delivery risks: The TI delivery risks associated with the proposed transaction mainly come from the continuing Russian military aggression in Ukraine. This risk is mitigated by the resilience of Ukrainian population against invasion, military support from the Western allies, financial and humanitarian fast-tracked emergency assistance from G7, the EU, the IMF and other international partners.

1.3 ADDITIONALITY

Identified triggers	**Description**
A subsequent/consecutive transaction (issuance) with the same client/group either with the same use of proceeds or in the same destination country (repeat transaction).	This is a repeat transaction with the same client group, building on two previous projects with Kyiv Metro Company. The Bank has also previously provided a direct liquidity support to the City through Kyiv Emergency Liquidity project. The proposed Project has the same use of proceeds as the existing transaction UPTF 2 – Kyiv City Transport II: Metro that is expected to be cancelled once the new operation is in place. The Project is fully aligned with the City's GCAP and continues the Bank's strategic engagement with the City.

Additionality sources	Evidence of additionality sources
Financing Structure - EBRD offers financing that is not available in the market from commercial sources on reasonable **terms and conditions**, e.g. a longer grace period. Such financing is necessary to structure the Project. - EBRD offers a **tenor**, which is longer than available to the client in the market on reasonable terms and conditions. - Crisis response: EBRD financing effectively bridges a financing gap due to adverse market conditions.	- EBRD is offering financing, which is not available on reasonable terms in the market due to the ongoing war and high level of risk and uncertainty in Ukraine. - EBRD is offering a 13-year tenor, which is longer than what is available in the market in the current war environment.
Risk mitigation EBRD's ability to absorb risk in a certain country/region, where other **IFIs/commercial financiers reached their limit exposure.**	- EBRD is able to absorb the risk in Ukraine, while the financing from other IFIs/commercial financiers is constrained, in particular, for longer term capex projects.
Standard-setting: helping projects and clients achieve higher standards. - Client seeks/makes use of EBRD expertise on **best international procurement practices and standards**. **Gender SMART**: Client seeks/makes use of EBRD expertise for the adoption of **gender standards and/or equal opportunities action plans**	- EBRD funding and application of the Bank's PPR will ensure wider market outreach, particularly in the current high- risk environment. - The Project will support the Client's partnership with UN Women's *She Drives* initiative to train and certify women as metro drivers. It will also assist the Client in strengthening policies and workplace practices to attract and retain female staff, including measures to ensure a safer and more inclusive working environment and the structuring of training programmes to better accommodate the needs of women trainees (e.g. flexible schedules). In addition, the Project will support the design and launch of a communication campaign to raise awareness of the initiative and promote employment opportunities for women in the Company.

1.4 SOUND BANKING - KEY RISKS

Risks	Probability / Effect	Comments
Counterparty credit / liquidity risk	Medium/ High	[REDACTED]
Implementation risk	Medium/ Medium	The risk mainly relates to the Company's limited experience with international tendering and potentially limited interest from suppliers. *Mitigants:* *The Project is supported by an independent consultant, engaged under the original transaction, with extensive experience in procurement and contracting procedures. [REDACTED]*
FX Risk	High / High	While the proposed transaction is in EUR, all of the City's revenues are in UAH. [REDACTED]

		<u>Mitigants</u>: *That FX risk is partially mitigated by strict capital control measures implemented by the NBU, and inflow of external financing from IFIs and bilateral donors. [REDACTED]*
External risks		
Political risk	High / High	[REDACTED]
Legislation risk	High/ High	In September 2025, the President of Ukraine signed a law amending the Budget Code. As a one-off measure, proceeds from corporate income tax (of which the City is entitled to up to 10%) were reallocated from the City's budget to the state budget. The measure applies from August to December 2025 and it was not extended for 2026. As a result, the City's budget did not receive approximately UAH 8bn (about EUR 170m) in the previous period. This change reflects temporary measures adopted by the government to address liquidity gaps in the state budget. [REDACTED]
Macro-economic risk	High/ Low	Ukraine's macroeconomic environment remains highly challenging and uncertain, driven primarily by the continued military invasion of the territory of Ukraine by the Russian Federation. Key vulnerabilities include labour shortages, persistent energy infrastructure damage, and weak performance in agriculture and trade. Subdued agricultural exports, together with high defence-related and energy imports, widened the current account deficit, adding external pressures. In 2025, real GDP grew by 1.8. The growth was primarily supported by household consumption and infrastructure investment, although challenges remain in the form of labour shortages, damaged energy infrastructure, and subdued agricultural exports. However, the budget deficit reached 25.8% of GDP in 2025 and, although expected to improve to 18.5% in 2026, relies heavily on external support. Public debt sustainability remains a concern despite recent restructuring efforts, with the public debt-to-GDP ratio estimated at around 98.4% in 2025. Gross financing needs remain elevated, and long-term debt sustainability depends on continued donor financing, further restructuring, and strong fiscal discipline. Short-term macroeconomic risks include energy shortages, weak agricultural output, continued labour constraints, and overall uncertainty regarding the war trajectory. Ukraine's credit ratings, although recently improved following successful restructuring of 94% of commercial external debt, remain in the CCC/Ca range (S&P, Fitch, Moody's), reflecting still high sovereign risk. Despite improvements in foreign-currency ratings due to normalisation with creditors, the sovereign remains exposed to further restructuring needs under the IMF programme by 2027. <u>*Mitigants*</u>*:* *(i) Combined support from the G7 Extraordinary Revenue Acceleration (ERA), EU Ukraine Facility, and the EUR 90bn EU loan provide more than EUR 111 billion in financial backing for 2026–2027. This covers the IMF-determined financing gap (USD 63 billion or EUR 55 billion) and ensures the government's ability to fund defence and essential spending.* *(ii) Upgrades by S&P and Fitch after the successful 2024-2025 restructuring signal improving creditworthiness and reduce immediate default risks, contributing to a more stable financial environment.* *(iii) Despite wartime conditions, the economy shows resilience with positive GDP growth, supported by consumption and infrastructure investment.*

		Medium-term growth prospects (up to 4% in 2027 if hostilities end) would support further economic normalisation.

[REDACTED]

2. MEASURING / MONITORING SUCCESS

Transition Impact Monitoring Indicators and Benchmarks (FW)

Quality	Obj No.	Monitoring Indicator	Details	Base-line	Tar-get	Due date	TC-related
Inclusive	1.1	Number of individuals with improved access to municipal services	The population of the City, including IDPs benefitting from improved access to vital public transport services.	0	3.2 million	[REDACTED]	N
	1.2	Practices of the relevant stakeholder improved (inclusive infrastructure services/design)	Through technical assistance support, the Company will conduct a comprehensive accessibility audit of selected transport infrastructure facilities. Based on the findings, it will develop and adopt an action plan with practical recommendations to enhance inclusive design, improve service provision, and ensure that transport is accessible to all, including people with disabilities, veterans, elderly individuals, and parents with young children and thereby promoting inclusive and equitable access to vital infrastructure services in the City.	N	Y	[REDACTED]	Y
	1.3	Number of individuals enhancing their skills as a result of training	Through a tailored technical assistance support, the Project will enhance its training programme for electric train drivers, delivered at the Kyiv Metro technical school under the Company's training and development department. The six-month programme will provide employees and new entrants with the skills and certification required to become electric train drivers.	0	100	[REDACTED]	Y
Green	2.1	CO_2 emissions avoided (tonnes/year)	The Project is expected to reduce air pollution and greenhouse gas emissions by introducing more energy efficient metro cars and by enhancing attractiveness of clean urban transport and encouraging a shift from private minibuses to public electric metro services; resulting in overall efficiencies in the public transport network. The introduction of new metro cars, expected to be 25% more energy efficient, will further enhance operational efficiency and contribute to lower particulate matter (PM), NOx, and GHG emissions.	0	1,253 (tonnes/year) due to the replacement of metro cars, total of 6,577 (tonnes/year) also taking into account modal shift	[REDACTED]	N

	2.2	Improved energy management standards (including building /goods certifications)	Enhanced energy efficiency of rolling stock resulting in energy savings of up to 25% upon Project completion.	N	Y	[REDACTED]	N

Additional Indicators

Indicator type	Monitoring Indicator	Details	Base-line	Tar-get	Due date	TC-related
Gender SMART	Practices of the relevant stakeholder improved (equal opportunity practices of the client) (Donor TC)	With TC support, the Project will support the Client in strengthening policies and workplace practices to attract and retain female staff, including measures to ensure a safer and more inclusive working environment and adaptations in training to better meet the needs of women trainees.	N	Y	[REDACTED]	Y
	Practices of the relevant stakeholder improved (community outreach, advocacy, awareness-raising)	The Project will support the Client in designing and launching a communication campaign to raise awareness of the training programme and promote employment opportunities for women in the Company and the sector.	N	Y	[REDACTED]	N
	Improved quality of infrastructure	Through the acquisition of emergency, diagnostic, and maintenance equipment, the Company will strengthen its maintenance capabilities for both new and existing rolling stock. This will lead to increased reliability of metro services and, consequently, improved overall infrastructure performance.	N	Y	[REDACTED]	N

3. KEY PARTIES

3.1 BORROWER

The City of Kyiv has been a strategic and long-standing client of the Bank since 2007 and a member of the EBRD Green Cities Programme since 2019.

The Bank signed six projects with Kyiv (three fully repaid). As of 31 December 2025, EBRD's total exposure (direct and guaranteed loans) to the City was EUR 170 million, with EUR 50 million in operating assets (disbursed under RLF Kyiv Emergency Liquidity [REDACTED]

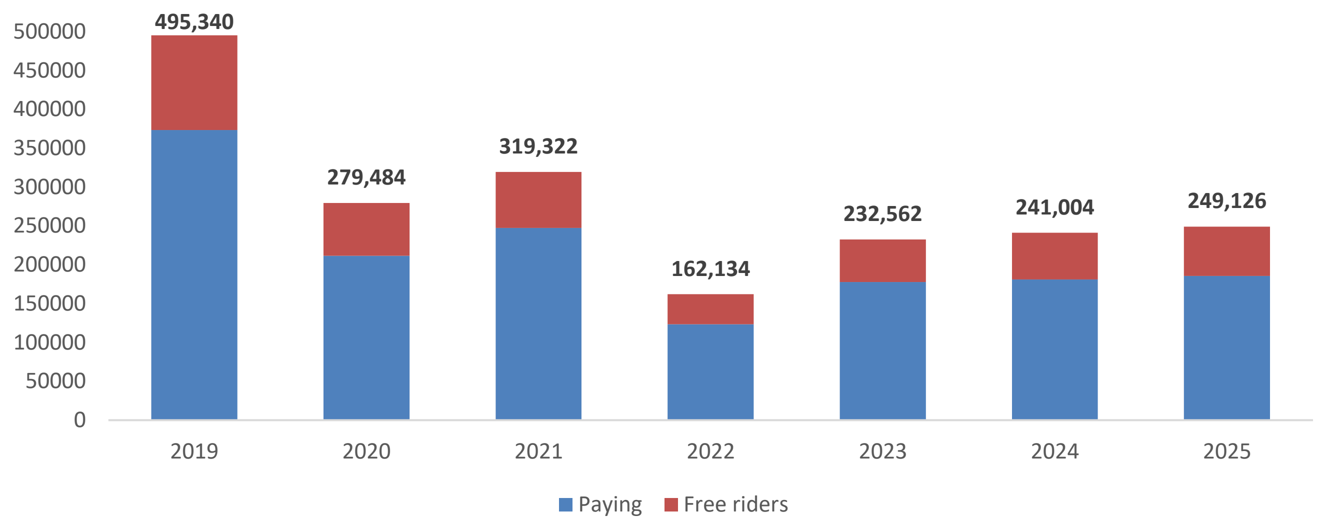
Given its strong financial and operational performance, the City is currently rated by Standard and Poor's at CCC+/Stable and by Fitch at CCC (above sovereign) with the latter stating in its September 2025 report that "the City's financial profile is sufficiently strong to withstand a sovereign default".

3.2 RECIPIENT

Communal Enterprise “Kyivsky Metropolitan”, a public transport company wholly-owned by the City, is responsible for the provision of underground (metro) services. The underground infrastructure includes 3 lines (67.6 km long) with 52 stations, 122 escalators, three depots and 837 metro cars. As of June 2025, the Company employed around 6,000 staff.

The Company carried 232 million passengers in 2023, 241 million in 2024 and 249 million in 2025. This remains well below pre-Covid-19 levels, when annual volumes averaged around 500 million. A moderate recovery that began in 2021 was later derailed by the war. The Company has faced multiple operational challenges, including providing free metro access during air raids and suspending services on above-ground sections. A share of the City’s pre-war population has relocated or left Ukraine, while many remaining residents have shifted to remote work.

Figure 1. Passenger turnover, 2021-2025, thousand people



Nevertheless, passenger volumes are expected to recover gradually after the war, driven by the return of residents, completion of a metro line extension, and a broader return to office-based work.

A single metro ticket costs UAH 8 / EUR 0.18 per ride. The fare was last revised in 2018 and has remained unchanged since. During the Covid-19 pandemic, and later the war, the City’s management avoided politically sensitive decisions to increase fares for public transport.

[REDACTED]
In May 2026, the City announced its plans to introduce new fares for public transportation from July 2026. A single ride is expected to cost 30 hryvnias — nearly four times the current fare of 8 hryvnias or equivalent of EUR 0.6 per ride.

An ageing fleet is one of the Company’s biggest challenges. [REDACTED]Although the Company continues to invest in major repairs and modernisation, replacing obsolete metro cars is now more cost-effective than extending their useful life.

4. MARKET CONTEXT

The public transport sector in Ukraine is going through a process of substantial structural change. Change in the population travel patterns and rising private car ownership leading to air pollution and traffic congestion is one of the main challenges. The growing problem of congestion is compounded by rudimentary traffic management approaches.

Kyiv's public transport network is dense, compared with other European cities, with 94 per cent of the population living within 400 metres of a transit stop. The underground metro system is old but remains relatively efficient, moving 53 per cent of passengers (or ca. 0.7 million passengers per day). Buses are the second most popular means of transportation, accounting for 22 per cent of passenger transport. The trolleybus system is relatively modern and transported 11 per cent of passengers. The remaining passengers were transported by trams (14 per cent).

The public transportation set-up seeks to balance the tight available budget with essential mobility needs, focused on core corridors with 3 subway lines, 85 bus routes, 45 trolleybus routes, 22 tram routes (including 5 fast tram lines and 1 funicular) and one urban rail transit line. All routes, except metro, are operated by the municipal public transport operator KyivPastrans with 321 buses, 256 trolleybuses and 117 trams. Ca. 465 million passengers per annum are carried by the public municipal transport system of which ca. 224 million on municipal tram, trolleybus and bus services, and ca. 241 million on subway trains.

Private operators service ca. 100 routes with numerous mid-size and small buses ("marshrutkas"). Moreover, in 2022, total cars registered in the City amounted to ca. 1.1 million cars (about 400 cars per one thousand of residents), apart from transit cars.

In line with the Ukrainian legislation, urban transport planning and management is the responsibility of the local authorities. The executive body of the City council responsible for urban transport is a transport department within the City administration. The City coordinates transport service supply through licensing and tariff setting, monitors provision of services through a Central Dispatching Service with GPS technology.

The City has an Automated Fare Collection (the "AFC") system, which provides a cashless, integrated ticketing system for metro and ground transport. The system supports contactless bank card payments, NFC-enabled devices, and QR-based tickets. A unified Kyiv Smart Card enables discounted and beneficiary travel. The AFC infrastructure is operated under municipal oversight, with the City as owner.

5. FINANCIAL / ECONOMIC ANALYSIS

5.1 FINANCIAL PROJECTIONS
[REDACTED]
5.2 SENSITIVITY ANALYSIS

5.3 PROJECTED PROFITABILITY FOR THE BANK
[REDACTED]

6. OTHER KEY CONSIDERATIONS

6.1 ENVIRONMENT

Categorised B (2024 ESP). The Project will mainly have environmental and social benefits and will enhance accessibility and mobility for all user groups as well as support overall resilience of the public transport system in Kyiv City and overall quality, safety and efficiency of the urban transportation. Environmental and Social Due Diligence ("ESDD") was undertaken by an external international consultant together with technical due diligence and focused on the key environmental and social ("E&S") impacts/risks and the Company's capacity to implement the Project in line with the EBRD's Environmental and Social Requirements ("ESRs").

The Company is an existing Client to the Bank with satisfactory E&S performance. The Company has a well-established human resource management system, with labour standards and working conditions, explained in the internal manuals, largely compliant with ESR2. Project area implementation is limited to the urban area within the boundaries of the existing urban developments, and no sensitive ecological receptors or protected zones will be affected. The occupational safety department of the Company is operational, with job descriptions specifying rights roles and responsibilities in place with required training regularly conducted for all employees. Additional subjects related to occupational health and safety as well as on gender, conflict resolution and emergency response are included into the training plan. All drivers undergo general medical examination before and after their shifts. In addition, it is confirmed that the Project will not have significant adverse social impacts to local communities or other project affected parties, nor will the Project require the acquisition of land or result in involuntary resettlement or economic displacement as the maintenance of the fleet will be conducted within the existing footprint of Company's depots.

The ESDD identified that the Client's capacity and E&S management system needs to be improved and an Environmental and Social Action Plan ("ESAP") has been developed to address the following: use of good international practice related to the waste water reuse; OHS practices and standards; streamlining worker grievance mechanism; risks identification and management related to GBVH, etc. The ESAP was agreed with the Client. A dedicated Stakeholder Engagement Plan ("SEP") has been developed to address special needs of the vulnerable groups, including internally displaced people and other passengers with special needs.

Additional support with the ESAP and SEP implementation and capacity building will be provided as part of the ongoing ESHS management support TC. The environmental and social performance of the Project and implementation of the ESAP will be monitored through annual E&S reports and site visits when deemed necessary.

6.2 INTEGRITY

Updated integrity due diligence was undertaken on the City of Kyiv and the Company (Kyivsky Metropolitan). The review identified the concerns outlined below. The City and the Company are existing clients of the Bank and the experience to date has been positive.

[REDACTED]
All actions required by applicable EBRD procedures relevant to the prevention of money laundering, terrorist financing and other integrity issues have been taken with respect to the Project, and the Project files contain the integrity checklists and other required documentation which have been properly and accurately completed to proceed with the Project.

6.3 RATIONALE FOR THE USE OF THE EXTERNAL GUARANTEE

Given the war-triggered risks, the Bank intends to use a guarantee from the EU or another donor [REDACTED]The use of the guarantee is crucial, given frequent missile and drone attacks by Russian military forces, resulting in significant damages to residential housing, public buildings, municipal utilities and public transport infrastructure in the City.

The guarantee is also vital in supporting the transaction, helping the City and its key municipal utility in addressing immediate critical investment needs and ensure uninterrupted provision of essential public services notwithstanding the crisis conditions triggered by the war.

ANNEXES TO OPERATION REPORT

ANNEX 1	CITY'S HISTORICAL FINANCIALS
ANNEX 2	GREEN ASSESSMENTS
ANNEX 3	PROJECT IMPLEMENTATION

ANNEX 1 – CITY'S HISTORICAL FINANCIALS

[REDACTED]

ANNEX 2 – GREEN ASSESSMENTS

SUMMARY

The Project includes the financing of ca. 65 metro cars for the modernisation of services for Kyiv Metro in the City of Kyiv.

- The Project is determined **aligned with both mitigation and adaptation goals of the Paris Agreement** based on the application of the Bank's Paris alignment approach for direct finance**.**
- The Project is attributed **100% Green finance** based on green use of proceeds**.**
- Climate-related financial risks have been assessed [REDACTED]

PARIS ALIGNMENT ASSESSMENT

For Direct finance projects

Alignment with the mitigation goals of Paris Agreement - General screening

The Project is determined as aligned with the mitigation goals of the Paris Agreement based on the application of the Bank's Paris alignment approach for direct finance.

- The Projects activity is included in the 'MDBs' aligned list' under the category **electric and non-motorised urban mobility**.
- The Project is consistent with the substantial contribution criteria of the EU Taxonomy as the use of proceeds include **electric metro cars with zero tailpipe emissions**.
- There are no activities included in the 'non-aligned list'.

Alignment with the adaptation goals of Paris Agreement

The Project is determined as aligned with the adaptation goals of the Paris Agreement as it satisfies all three steps of the assessment. **No material risks were identified for the Project.**

GREEN FINANCE ATTRIBUTION

The Project is attributed 100% green finance. This share has been calculated in line with EBRD Green Economy Transition Methodology under transport mitigation activities.

The expected green outcomes of the transaction are

- Reduction in GHG emissions of total of 6,577 tonnes CO2/year. The reduction due to replacement of the older trains with more energy efficient trains is 1,253 tonnes CO2/year which alone represents 25% reduction in emissions compared to baseline. Considering modal shift to metro services due to the improved quality of services, reflected in reduced annual mileage from private minibuses and trolleybus services running the same routes results in additional savings of 5,324 tonnes CO2/year.
- Reduction in air pollution including 1.7 tonnes/year of NOx and 0.05 tonnes/year of PM.

GREEN PROJECT MONITORING PLAN

As the Green Finance is 100% due to the category zero-direct emission fleet (use of proceeds) and Paris Alignment confirmation does not require any additional measures, no Green indicators will be monitored through Green Project Monitoring Plan.

ANNEX 3 – PROJECT IMPLEMENTATION

Procurement classification – Public (sub-sovereign)

Project risk assessment:
Overall risk rating - *High*

The proposed Project will replace the existing undisbursed portfolio transaction (UPTF2 – Kyiv City Transport II: Metro – EUR 50 million). A two-stage tender for the procurement of metro train sets was launched in March 2025, in line with the EBRD PPR and is currently ongoing. Implementation of the Project will be overseen by a dedicated PIU within the Company supported by an independent procurement support consultant (the "Consultant") engaged by the Bank.

[REDACTED]

The Client's capacity assessment related risk - *Moderate high*

The capacity of the Company to implement the Project was assessed as part of the due diligence. The Company has a strong in-house technical expertise, and all required expertise will be available to the PIU during procurement and implementation. There is a dedicated procurement unit with the experience mainly in procurement in accordance with the national legislation. The experience in international tendering is limited, which represents a moderate risk to efficient implementation of the proposed Project. The Company is being supported by the Consultant to enhance the PIU staff's limited capacity.

Contracts risk assessment - *Moderate high*

Procurement of new metro trainsets is currently ongoing as a two-stage process. [REDACTED]

Project implementation arrangements:
A PIU has been established within the Company and it has overall responsibility for the implementation of the Project. The PIU is being supported by the Consultant.

Procurement arrangements:
The Project is classified as public sector for procurement purposes and shall be subject to the provisions of the PPR applicable to public sector operations. No derogations or exemptions are envisaged from open competitive procedures.

All procurement will be conducted through ECEPP (or its successor) using the Bank's latest standard templates.

[REDACTED]