

LOAN AGREEMENT

between

THE EUROPEAN UNION

as Lender

and

THE KINGDOM OF BELGIUM

as Borrower

EUR 7 803 380 000

This Loan Agreement is made by and between
the **European Union**, represented by the European Commission,
as the Lender,
and
the **Kingdom of Belgium**, represented by the Minister of Finance,
as the Borrower,

herein jointly referred to as the “Parties” and each of them a “Party”.

PREAMBLE

Whereas:

- (1) Council Regulation (EU) 2020/672 of 19 May 2020 on establishment of a European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) following the COVID-19 outbreak¹ enables the Union to provide financial assistance to a Member State in the framework of the implementation of the Union budget. To this end, that Regulation empowers the Commission to contract borrowings on behalf of the Union on the capital markets or with financial institutions;
- (2) According to Article 8(2) of that Regulation, the financial assistance shall take the form of a loan granted by the Union to the Member State concerned, based on a loan agreement containing the provisions set out in Article 220(5) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012² (‘Financial Regulation’);
- (3) Without prejudice to Article 282(3) of the Financial Regulation, provisions of the Financial Regulation relating to the implementation of financial assistance by the Lender shall apply to the Loan under this Agreement.
- (4) On 7 August 2020, the Borrower requested such financial assistance;
- (5) The Council, by its Implementing Decision (EU) 2020/1342 of 25 September 2020 granting temporary support under Regulation (EU) 2020/672 to the Kingdom of Belgium to mitigate unemployment risks in the emergency following the COVID-19 outbreak³, decided to grant the Borrower a Loan

¹ (OJ L 159, 20.5.2020, p. 1).

² (OJ L 193, 30.07.2018, p. 1).

³ (OJ L 314, 29.9.2020, p. 4–9).

amounting to a maximum of EUR 7 803 380 000 with a maximum average maturity of 15 years, with an availability period until 29 March 2022 and, where applicable, established which further evidence shall be provided by the Kingdom of Belgium in relation to planned measures;

- (6) The Commission will launch in due course, on behalf of the Union and after receiving the written request by the Borrower, bond issues or any other appropriate financial transactions for the funding, the proceeds of which will be on-lent to the Borrower;
- (7) Financial assistance under this Agreement is given in conjunction with, and strictly related to, the bond issues or any other appropriate financial transactions (also the "**Borrowing Contracts**");
- (8) Appropriate measures related to the prevention of, and the fight against fraud, corruption and other irregularities affecting the Loan shall be provided for by the authorities of the Borrower;

Now, therefore, the Parties hereto have agreed as follows:

1. **DEFINITIONS**

In this Agreement (including its recitals) the following terms have the following meaning:

- (1) "**Agreement**" means this Loan Agreement.
- (2) "**Availability Period**" means the period defined in Article 2 of Council Implementing Decision (EU) 2020/1342.
- (3) "**Borrower**" means the Kingdom of Belgium.
- (4) "**Borrowing Contract**" means an arrangement the Lender enters into to finance an Instalment. The terms of an Instalment shall be the same as those determined in the corresponding Borrowing Contract, provided such terms are consistent with those set out in the relevant Request for Funds.
- (5) "**Borrowing Rate**" means the per annum interest which accrues on a Financial Transaction as defined in the relevant Borrowing Contract.
- (6) "**Business Day**" means a day on which the TARGET2⁴ payment system is open for business.
- (7) "**Business Day Convention**" means the business day convention communicated in the Confirmation Notice.
- (8) "**Commission**" means the European Commission.

⁴ Trans-European Automated Real-time Gross Settlement Express Transfer System 2

- (9) **"Confirmation Notice"** means the Lender's written notice to the Borrower in the form of Annex 2 setting out the final terms of an Instalment.
- (10) **"Council Implementing Decision (EU) 2020/1342"** means Council Implementing Decision (EU) 2020/1342 of 25 September 2020 granting temporary support under Regulation (EU) 2020/672 to the Kingdom of Belgium to mitigate unemployment risks in the emergency following the COVID-19 outbreak.
- (11) **"Demand"** means a written demand from the Commission in accordance with the Guarantee Agreement.
- (12) **"Disbursement Date"** means, in relation to any Instalment, the date of transfer of the Net Disbursement Amount to the Borrower's account with the Central Bank of the Kingdom of Belgium as provided for by Article 10(2) of Council Regulation (EU) 2020/672.
- (13) **"Due Date"** means any day on which a payment by the Borrower to the Lender is due under this Agreement.
- (14) **"ECB"** means the European Central Bank.
- (15) **"Event of Default"** means an event defined in Clause 9(1).
- (16) **"EU"** means the European Union.
- (17) **"Public External Indebtedness"** means all indebtedness which constitutes General Government Debt (i) which is denominated or payable in a currency other than the currency of the Borrower and (ii) which was not originally incurred or assumed under an agreement or instrument made with or issued to creditors substantially all of whom are residents of the Kingdom of Belgium or entities having their head office or principal place of business within the territory of the Kingdom of Belgium .
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- (18) **"Facility"** means the sum of the Instalments which the Lender makes available to the Borrower in an aggregate principal amount of up to EUR 7 803 380 000 under this Agreement and in accordance with the Council Implementing Decision (EU) 2020/1342.
- (19) **"Financial Transaction"** means a bond issue or any other appropriate financial transaction for the funding of the amount of an Instalment.
- (20) **"Guarantee Agreement"** means the guarantee agreement concluded pursuant to Article 11(3) of Council Regulation (EU) 2020/672 between the Commission and the Kingdom of Belgium.
- (21) **"General Government Debt"** means indebtedness comprising general government debt as determined in accordance with the European System of Accounts 2010 ("ESA 2010") as laid down by Council Regulation No (EC)

2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community⁵.

- (22) **"Instalment"** means a part of the Loan pursuant to Clause 2(2).
- (23) **"Interest Period"** means, in relation to any Instalment, the first Interest Period and each consecutive twelve-month period thereafter until Maturity Date.
- (24) **"Interest Rate"** means the per annum interest rate which applies to an Instalment during an Interest Period.
- (25) **"Loan"** means collectively all disbursements made or to be made to the Borrower under the Facility.
- (26) **"Maturity Date"** means the scheduled date for full repayment of principal of an Instalment as defined in a Confirmation Notice.
- (27) **"Net Disbursement Amount"** means the proceeds of the Financial Transaction less the aggregate amount of any commissions, fees and costs related to such Financial Transaction and its preparation and execution, as referred to in Clause 6(4), in relation to any Instalment, resulting to an amount to be disbursed to the Borrower.
- (28) **"Public Internal Indebtedness"** means all General Government Debt which (i) is denominated in the currency of the Borrower, (ii) is in the form of or represented by bonds, notes or other securities or any guarantee thereof and (iii) is or may be quoted or listed or ordinarily purchased and sold on any stock exchange, automated trading system, over the counter or other securities market.
- (29) **"Relevant Indebtedness"** means Public External Indebtedness and Public Internal Indebtedness.
- (30) **"Request for Funds"** means the Borrower's request for funds in the form of Annex 1, irrevocably accepting the terms thereby indicated pursuant to Clause 4(1).
- (31) **"Council Regulation (EU) 2020/672"** means Council Regulation (EU) 2020/672, establishing a European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) following the COVID-19 outbreak⁶.
- (32) **"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).
- (33) **"Transfer Date"** means, in relation to any Instalment, the twentieth Business Day prior to the corresponding Due Date.

⁵ (OJ L 310, 30.11.1996, p.1).

⁶ (OJ L 159, 20.5.2020 p. 1).

2. THE LOAN

- (1) The Lender makes available to the Borrower a loan in euro in an aggregate principal amount of up to EUR 7 803 380 000, subject to the terms and conditions of the Council Regulation (EU) 2020/672, the Council Implementing Decision (EU) 2020/1342, the Guarantee Agreement and this Agreement.
- (2) The maximum number of Instalments is laid down in the Council Implementing Decision (EU) 2020/1342.
- (3) The Borrower shall use all amounts borrowed under the Facility in conformity with the Council Regulation (EU) 2020/672 and the Council Implementing Decision (EU) 2020/1342.
- (4) The loan shall be denominated solely in euro, which shall be the currency of account and payment.

3. MATURITY

According to Article 2 of Council Implementing Decision (EU) 2020/1342, the average maturity of the Loan shall not exceed 15 years. It shall be calculated as the weighted average maturity of the Instalments, which constitute the Loan.

4. DRAWDOWN, CONDITIONS PRECEDENT AND DISBURSEMENT

- (1) No disbursement shall be made prior to the entry into force of this Agreement. The Borrower may, after consultation with the Lender, request the disbursement of Instalments of the Loan by delivery to the Lender of a duly completed Request for Funds, which shall comply with Council Regulation (EU) 2020/672 and Council Implementing Decision (EU) 2020/1342. The Borrower is irrevocably bound by the terms of the Request for Funds, except if the Lender has served a written notice indicating that the European Union is not able to conclude the Financial Transaction at the terms indicated in the Request for Funds.
- (2) A Request for Funds will not be regarded as having been duly completed unless it specifies the information set out in Annex 1.
- (3) The Lender's obligation to pay the Net Disbursement Amount in respect of an Instalment to the Borrower under this Agreement shall be subject to:
 - (a) no event having occurred that would render incorrect any statement made in the Legal Opinion issued by the Minister of Finance of the Borrower in the form set out in Annex 3;
 - (b) the Lender having received from the Minister of Finance of the Borrower an official document indicating the persons authorised to sign the Requests for Funds (and thus validly commit the Borrower) and containing the specimen signatures of these persons;

- (c) the Lender having adopted a release and/or borrowing decision confirming that the Lender is satisfied that the conditions to drawdown laid down in this Agreement and in the Council Implementing Decision (EU) 2020/1342 are satisfied;
 - (d) the Lender having signed the Borrowing Contract(s) and the ECB having received on the Disbursement Date the net proceeds of the Financial Transaction;
 - (e) no material adverse change having occurred since the date of this Agreement such as would, in the opinion of the Lender, after consultation with the Borrower, be likely to prejudice materially the ability of the Borrower to fulfil its payment obligations under this Agreement, *i.e.* to service any of the Instalments to be funded and to repay them; and
 - (f) no Event of Default having occurred which has not been cured to the satisfaction of the Lender.
- (4) Subject to the above conditions, and in accordance with Council Regulation (EU) 2020/672 and Council Implementing Decision (EU) 2020/1342, the Lender shall launch any appropriate Financial Transaction for the funding of the amount of an Instalment.
- (5) Once the Financial Transaction is concluded, the Lender shall issue to the Borrower a Confirmation Notice setting out the final financial terms of the Instalment. The Borrower shall be deemed to have accepted in advance the terms of the Instalment set out in the Confirmation Notice, provided that such terms are consistent with the terms set out by the Borrower in the Request for Funds. For the avoidance of doubt, the Lender is under no obligation to consider favourably any request from the Borrower at any time to modify any of the financial terms of an Instalment.
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- (6) The Lender shall instruct the ECB to transfer the Net Disbursement Amount of an Instalment on the Disbursement Date to the following euro account of the National Bank of Belgium: BE10 1000 0863 0004 (IBAN) NBBEBEBBTRE (BIC).
- (7) The Borrower's right to receive Instalments under this Agreement expires at the end of the Availability Period, following which any undisbursed amount of the Facility shall be considered as immediately cancelled, except for any Instalment for which the Commission has adopted a borrowing decision prior to that date and for which the disbursement subsequently takes place.

5. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

(1) Representations

By signing this Agreement, the Borrower represents and warrants to the Lender that on the date of this Agreement and on each Disbursement Date:

- (a) each Instalment shall constitute an unsecured, direct, unconditional, unsubordinated and general obligation of the Borrower and will rank at least *pari passu* with all other present and future unsecured and unsubordinated loans and obligations of the Borrower arising from its present or future Relevant Indebtedness; and
- (b) the legal opinion of the Minister of Finance provided in accordance with Clause 4(3)(a) is accurate and correct.

(2) Undertakings

The Borrower undertakes, until such time as all principal under this Agreement has been fully reimbursed and all interest and additional amounts, if any, due under this Agreement have been fully paid:

- (a) to utilise the Net Disbursement Amount of each Instalment in accordance with the Council Regulation (EU) 2020/672, the Council Implementing Decision (EU) 2020/1342 and any related conditions applicable at the time of issuing the Request for Funds;
- (b) to obtain and maintain in full force and effect all authorisations necessary for it to comply with its obligations under this Agreement;
- (c) to comply in all respects with applicable laws which might affect its ability to perform this Agreement;
- (d) to pay any fees, costs and expenses, including if applicable cost of carry, resulting from any Financial Transaction that the Lender may have undertaken under this Agreement following receipt of a Request for Funds, regardless of whether the disbursement of the Instalment will ultimately take place;
- (e) without prejudice to Protocol 7 annexed to the Treaties, to recognise that the Lender shall have the identical legal capacity and privileges as accorded to international financial institutions;
- (f) to ensure that the checks and measures referred to under Clause 11(5) of this Agreement are in place;
- (g) with the exception of those encumbrances enumerated in Subparagraphs (1) to (8) below:
 - (i) not to secure by mortgage, pledge or any other encumbrance upon its own assets or revenues any present or future Relevant Indebtedness and any guarantee or indemnity given in respect thereof, unless the Loan at the same time shares *pari passu* and *pro rata* in such security; and
 - (ii) taking into consideration the particularities of the Union lending instruments, not to grant to any other creditor or holder of its General Government Debt any priority over the Lender.

The grant of the following encumbrances shall not constitute a breach of this Clause:

- (1) encumbrances upon any property incurred to secure financing for the purchase price or construction of such property and any renewal or extension of any such encumbrance which is limited to the original property covered thereby and which secures any renewal or extension of the original secured financing; and
- (2) encumbrances on commercial goods arising in the course of ordinary commercial transactions (and expiring at the latest within one year thereafter) to finance the import or export of such goods into or from the country of the Borrower; and
- (3) encumbrances securing or providing for the payment of Relevant Indebtedness incurred exclusively in order to provide financing for a specific investment project, provided that the properties to which any such encumbrances apply are properties which are the subject of such project financing, or which are revenues or claims which arise from the project; and
- (4) any other encumbrances in existence on the date of the signing of this Agreement, provided that such encumbrances remain confined to the properties presently affected thereby and properties which become affected by such encumbrances under contracts in effect on the date of the signing of this Agreement (including, for the avoidance of doubt, the crystallization of any floating charge which had been entered into at the date of this Agreement), and provided further that such encumbrances secure or provide for the payment of only those obligations so secured or provided for on the date hereof or any refinancing of such obligations; and
- (5) all other statutory encumbrances and privileges which operate solely by virtue of law and which cannot be reasonably avoided by the Borrower; and
- (6) any encumbrance granted or consented to under a securitization transaction which has been consented to in advance by the Lender provided that such transaction is consistent with the conditions of the Guarantee Agreement and is accounted for in national accounts in accordance with ESA 2010 principles and Eurostat guidance on securitization operations conducted by Member States' governments; and
- (7) any encumbrance securing the Borrower's obligations with any central securities depository such as Euroclear given in the normal course of the business; and
- (8) any encumbrance securing an indebtedness of less than EUR three (3) million, provided that the maximum aggregate amount of

indebtedness secured by such encumbrances does not exceed EUR fifty (50) million.

As used in this Clause, "financing for a specific investment project" means any financing of the acquisition, construction or development of any properties in connection with a project if the providing entity for such financing expressly agrees to look to the properties financed and the revenues to be generated by the operation of, or loss or damage to, such properties as the principal source of repayment for the moneys advanced.

6. INTEREST, COSTS AND EXPENSES

- (1) In respect of each outstanding Instalment, the Borrower shall transfer to the account referred to in Clause 8(3) on each Transfer Date the amount of interest which by the end of an Interest Period will have accrued on the principal amount outstanding of that Instalment, and such amount shall be applied to discharge the interest due under such Instalment in respect of such Interest Period on the Due Date. The Interest Rate, as well as the Due Dates and related Transfer Dates, will be, for each Instalment, communicated to the Borrower in the Confirmation Notice for that Instalment.
- (2) The Interest Rate, the Interest Periods and the Due Dates for payment of interest shall be the same as those determined in the corresponding Borrowing Contracts.
- (3) Without prejudice to the terms of Clause 9 of this Agreement and by derogation of Article 99 of the Financial Regulation, if the Borrower fails to pay any sum payable under this Agreement on its Transfer Date, the Borrower shall pay in addition default interest on such sum (or, as the case may be, the amount thereof for the time being due and unpaid) to the Lender from the Transfer Date to the date of actual payment in full, calculated by reference to successive interest periods (each of such length as the Lender may from time to time select, the first period beginning on the relevant Transfer Date and, wherever possible, the length of such period shall be that of one week) on such overdue sum at the higher of
 - (a) a rate per annum being the aggregate of
 - (i) three hundred fifty (350) basis points, and
 - (ii) the rate applied by the European Central Bank to its principal refinancing operations,
 - or
 - (b) two hundred (200) basis points over the Interest Rate which would have been payable if the overdue amount had, during the period of non-payment, constituted an Instalment.

So long as the failure to pay continues, such rate shall be re-fixed in accordance with the provisions of this Clause 6(3) on the last day of each such interest period and unpaid interest under this Clause concerning previous interest periods shall be added to the amount of interest due at the end of each such interest period. The default interest is immediately due and payable.

- (4) The Borrower undertakes to pay costs and expenses incurred and payable by the Lender in relation to the Financial Transaction and the preparation and implementation of the Borrowing Contracts and any other costs and expenses incurred and payable by the Lender in relation to such Borrowing Contracts and any related costs and expenses during the life of the Borrowing Contracts. These costs and expenses to be borne by the Borrower may include, inter alia, legal costs (such as the costs incurred for legal opinions, if any), rating costs and commissions related to the financial service of the Borrowing Contracts, Taxes, registration fees and publication costs. Any costs and expenses imputable to the Borrower shall be strictly and directly linked to the execution of the transactions. The Borrower shall be charged the part of the costs incurred in the transaction as a proportion of the share of the proceeds it receives from the transaction. The Lender shall account for and where needed justify any costs and expenses imputed to the Borrower.
- (5) The Borrower undertakes to pay to the Lender all additional interest and all costs and expenses, including legal fees, incurred and payable by the Lender as a result of a breach of any obligation under this Agreement by the Borrower. For the avoidance of doubt, a payment by the Borrower on any date different from the Transfer Date will be construed as in breach of repayment obligations under this Agreement.
- (6) If the Lender due to prevailing market conditions at the time of launching a bond issue or any other Financial Transaction is not able to obtain a funding at or below the maximum Borrowing Rate referred to in the relevant Request for Funds, then the Lender is under no obligation to make the Net Disbursement Amount of the Instalment available to the Borrower. However, upon request from the Borrower, the Lender may after consultation with the Borrower propose a revised Interest Rate in the light of the then prevailing market conditions, in which case the Borrower may submit an amended Request for Funds for the remaining Instalments reflecting such revised Interest Rate.

7. REPAYMENT, EARLY REPAYMENT AND CANCELLATION

- (1) The Borrower shall repay the principal amount of each Instalment on the date(s) and under the conditions determined in the corresponding Borrowing Contracts and as notified to it by the Lender in the relevant Confirmation Notice.

The Borrower shall transfer the amount of principal due to the account referred to in Clause 8(3) on the Transfer Date.

Any amount of principal which is transferred for the purpose of a repayment to the account referred to in Clause 8(3) by the Borrower cannot be re-borrowed.

- (2) The terms and conditions of the Financial Transaction shall not include an early repayment clause.
- (3) The Lender may suspend or cancel any undrawn Instalments of the Facility if:
 - (a) the Borrower declares its intention not to draw any more under the Facility; or
 - (b) the Borrower does not comply with the terms of Council Regulation 2020/672, the Council Implementing Decision (EU) 2020/1342, the Agreement or the Guarantee Agreement.

8. PAYMENTS

- (1) All payments to be made by the Borrower shall be paid without set-off or counterclaim, free and clear of, and without deduction for and on account of, any Taxes, commissions and any other charges for the entire term of this Agreement.
- (2) The Borrower declares that all payments and transfers under this Agreement, as well as the Agreement itself, are not subject to any Tax or any other impost in the country of the Borrower and shall not be so subject for the entire term of this Agreement. If nevertheless the Borrower or the Central Bank of [insert MS] is required by law to make any such deductions, the Borrower shall pay the requisite additional amounts so that the Lender receives in full the amounts specified by this Agreement.
- (3) All payments by the Borrower shall be made on the Transfer Date before 11:00 a.m. Luxembourg time to the ECB account TARGET2 participant SWIFT-BIC: ECBFDEFFBAC account nr. 4105996001 with ref.: "SURE loan for the Kingdom of Belgium". The amounts transferred by the Borrower on the Transfer Date shall remain on such account with the ECB until the corresponding Due Date.
- (4) If the Borrower pays an amount in relation to any of the Instalments which is less than the total amount due and payable under this Agreement, the Borrower hereby waives any rights it may have to make any appropriation of the amount so paid as to the amounts due.

The amount so paid in respect of an Instalment shall be applied in or towards satisfaction of payments due under such Instalment in the following sequence:

- (a) *first* against any fees, expenses and indemnities;
- (b) *second* against any interest for late payments as determined under Clause 6(3);
- (c) *third* against interest; and
- (d) *fourth* against principal,

provided that these amounts are due or overdue for payment on that date.

- (5) Any calculation and determination by the Lender under this Agreement:
 - (a) shall be made in a commercially reasonable manner; and
 - (b) shall, absent manifest error, be binding on the Lender and the Borrower.
- (6) Business Day Convention as communicated in the Confirmation Notice shall apply.

9. EVENTS OF DEFAULT

- (1) The Lender may by written notice to the Borrower cancel the Facility and/or declare the outstanding principal amount of the Loan to be immediately due and payable, together with accrued interest, if:
 - (a) the Borrower fails or shall fail to pay on the relevant Transfer Date any amount of principal or interest or any other amounts due under this Agreement, whether in whole or in part, in the manner as agreed in this Agreement, in respect of any Instalment; or
 - (b) the Borrower fails or shall fail to pay any amount of principal or interest or any other amounts due under this Agreement on its Due Date, whether in whole or in part, in the manner as agreed in this Agreement; or
 - (c) the Borrower defaults or shall default in the performance of any obligation under this Agreement (other than those referred to in Clause 9(1)(a) or (b), including the obligation set out in Clause 2(3) of this Agreement to use the Loan in accordance with the terms of the Council Regulation (EU) 2020/672 and Council Implementing Decision (EU) 2020/1342), or the Guarantee Agreement, and such default shall continue for a period of one month after written notice thereof shall have been given to the Borrower by the Lender; or
 - (d) the Lender sends the Borrower a declaration of default in circumstances where the Borrower's obligations under this Agreement are declared by the Court of Justice of the European Union not to be binding on or enforceable against the Borrower or to be illegal; or
 - (e) the Lender sends the Borrower a declaration of default in circumstances where (i) it has been established that, in relation to this Agreement or the Guarantee Agreement, the Borrower has engaged in any act of fraud or corruption or any other illegal activity detrimental to the financial interests of the Lender or (ii) any representation or warranty made by the Borrower under this Agreement is inaccurate, untrue or misleading and which in the opinion of the Lender could have a negative impact on the capacity of the Borrower to fulfill its obligations under this Agreement or on the rights of the Lender under it; or

- (f) any previous loan agreement between the Borrower and the Lender or any EU institution or body, regardless of the amount, is subject of a declaration of default, or there is a default on any payment obligation of any kind towards the Lender or any EU institution by the Borrower which gives rise to a declaration of default; or
 - (g) Relevant Indebtedness of the Borrower having an aggregate principal amount in excess of EUR 250 million is the subject of a declaration of default as defined in any instrument governing or evidencing such indebtedness and as a result of such a declaration of default there is an acceleration of such indebtedness or a *de facto* moratorium on payments; or
 - (h) the Borrower does not pay a substantial portion of its Relevant Indebtedness as it falls due or declares or imposes a moratorium on the payment of its Relevant Indebtedness or of Relevant Indebtedness assumed or guaranteed by it.
- (2) The Lender may, but is not obliged to, exercise its rights under this Clause and may also exercise them only in part without prejudice to the future exercise of such rights. No waiver is to be implied from any delay in exercise of any such rights.
 - (3) The Borrower shall reimburse all costs, expenses and fees payable by the Lender as a consequence of an early repayment of any Instalment under this Clause, including interest until the original maturity date. In addition, the Borrower shall pay default interest, as provided for in Clause 6(3) above, which shall accrue as from the date when the outstanding principal amount of the Loan has been declared immediately due and payable, until the date of actual payment in full.

10. INFORMATION UNDERTAKINGS

- (1) The Borrower shall supply to the Lender any information pertaining to any event which could reasonably be expected to cause an Event of Default to occur (and the steps, if any, being taken to remedy it), including any relevant information for the assessment of any acts or activity under Clause 9(1)(e)(i) of this Agreement.
- (2) The Borrower shall supply to the Lender any information pertaining to the checks, measures and actions referred to under Clause 11(5) of this Agreement.
- (3) In accordance with Article 13 of Council Regulation (EU) 2020/672, the Borrower shall, every six months, supply to the Lender a report on the implementation of planned public expenditure supported by Instalments until such time as such planned public expenditure has been fully implemented.
- (4) In order to prepare the report foreseen under Article 14 of Council Regulation (EU) 2020/672, the Lender may request reports on the use of the Loan;

- (5) The Borrower undertakes to inform the Lender promptly if any event occurs that would render incorrect any statement made in the Borrower's legal opinion as set out in Annex 3.
- (6) The Borrower undertakes to notify the Commission of its ability to meet a Demand within two (2) Business Days of a Demand being made.

11. UNDERTAKINGS RELATING TO INSPECTIONS, FRAUD PREVENTION AND AUDITS

- (1) The Lender, including the European Anti-Fraud Office and the European Court of Auditors, shall have the rights and access required to exert their respective competences, including the right to carry out investigation, to send their own agents or duly authorised representatives to carry out any technical or financial controls, on-the-spot checks, inspections audits that they consider necessary in relation to the management of this Loan.
- (2) The Borrower, directly or through the National Debt Management Office, shall supply relevant information and documents which may be requested for the purpose of such assessments, controls or audits, and take all suitable measures to facilitate the work of persons instructed to carry them out. The Borrower undertakes to give to the persons referred to in Paragraph 1 access to sites and premises where the relevant information and documents are kept.
- (3) The Borrower shall ensure that any third party involved in the implementation of the Loan grants rights and access equivalent to those mentioned under Clause 11(1) and (2) of this Agreement.
- (4) The Borrower shall ensure investigation and satisfactory treatment of any suspected and actual cases of fraud, corruption or any other illegal activity detrimental to the EU's financial interests, in relation to the management of the Loan. ~~All such cases as well as measures related thereto taken by national competent authorities shall be reported to the Lender without delay.~~
- (5) The Borrower shall regularly check that amounts borrowed under the Facility are used in accordance with the Council Regulation (EU) 2020/672, the Council Implementing Decision (EU) 2020/1342 and this Agreement and shall ensure that appropriate measures to prevent irregularities and fraud are in place. In case of irregular or improper use of the amounts borrowed under the Facility, the Borrower shall take legal actions to recover such amounts.

12. NOTICES

- (1) All notices in relation to this Agreement shall be validly given if in writing and sent to the addressees listed in Annex 4. Each Party will update addressees and notify it to the other Party hereto upon the same being amended from time to time.
- (2) Notices become effective on the date of receipt of the e-mail or letter by which they are delivered.

- (3) All documents, information and materials to be furnished under this Agreement shall be in the English language.
- (4) Each Party to this Agreement will notify to the other the list and specimen signatures of the persons authorised to act on its behalf under this Agreement, promptly upon its signature of this Agreement. Likewise, each Party will update such list and notify the other Party hereto upon the same being amended from time to time.

13. MISCELLANEOUS

- (1) If any one or more of the provisions contained in this Agreement should be or become fully or in part invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining provisions contained in this Agreement shall not in any way be affected or impaired thereby. Provisions which are fully or in part invalid, illegal or unenforceable shall be interpreted and thus implemented according to the spirit and purpose of this Agreement. The provisions of this Clause are without prejudice to Clause 9(1) (d).
- (2) The Preamble and the Annexes to this Agreement do and shall hereafter form an integral part of this Agreement.
- (3) The Lender may in its full discretion resort to Financial Transactions that fund also instalments under other loan agreements. Should this be the case, the financial terms of such Borrowing Contracts apply to the Borrower only *pro rata* to its Instalment.
- (4) The purpose of this Agreement is to set up the conditions under which the Lender makes available to the Borrower the proceeds of the corresponding Financial Transactions arranged by the Lender to this effect. As a consequence, ~~the Borrower and the Lender accept that their rights and obligations, unless~~ otherwise stated in this Agreement, are defined and interpreted by reference to the corresponding borrowing documentation. In particular, the terms of the Borrowing Contracts shall be applicable to the Agreement. However, if there is any conflict between the terms of this Agreement and any Borrowing Contract, the terms of this Agreement shall prevail.
- (5) The Borrower shall not have any right to assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Lender.

14. GOVERNING LAW AND JURISDICTION

This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and shall be construed in accordance with European Union law, supplemented if necessary by the Luxembourgish law.

The Parties undertake to submit any dispute which may arise relating to the legality, validity, interpretation or performance of this Agreement to the exclusive jurisdiction of the Court of Justice of the European Union in accordance with Article 272 of the Treaty on the Functioning of the European Union.

15. CONFIDENTIALITY

The Parties shall keep confidential all sensitive or secret information obtained from the other Party unless the respective other Party has given its written consent for disclosure. This clause shall not be interpreted to cover information provided by the Borrower in the context of Clause 10(3) or (4) related to the reports under Article 13 or 14 of Council Regulation (EU) 2020/672.

16. ENTRY INTO FORCE

- (1) Following its signature by all Parties, this Agreement shall enter into force on the date on which the Lender has received the official notification in the form of the Legal Opinion (Annex 3 to this Agreement) by the Borrower that all constitutional and legal requirements for the entry into force of this Agreement and the valid and irrevocable commitment of the Borrower to all obligations under this Agreement have been fulfilled.
- (2) The entry into force shall not be later than six (6) months after signature of the Agreement. If the Agreement has not entered into force by that date, the Parties to the Agreement shall no longer be bound by it.

17. EXECUTION OF THE AGREEMENT

This Agreement shall be executed by each Party in four (4) originals in the English language, each of which shall constitute an original instrument.

18. ANNEXES

The Annexes to this Agreement shall constitute an integral part thereof:

1. Form of Request for Funds
2. Form of Confirmation Notice
3. Form of Legal Opinion
4. List of Contacts

Done in _____ on _____ 2020 and in Belgium on _____ 2020 .

The KINGDOM OF BELGIUM

as Borrower

Represented by
- *signed* -
Vincent Van Peteghem
Minister of Finance



22/10/2020

EUROPEAN UNION
represented by
EUROPEAN COMMISSION
as Lender

Represented by
- *signed* -
Paolo Gentiloni
*Commissioner for Economy
European Commission*

ANNEX 1

FORM OF REQUEST FOR FUNDS

[on letterhead of the Borrower]

European Commission
Directorate-General BUDGET
Unit E3 – Borrowing and Lending
Attn.: Head of Unit
L-2920 Luxembourg

Subject: SURE – Request for Funds

Dear Sirs,

We refer to the Loan Agreement dated [insert date] between the European Union as Lender and the Kingdom of Belgium as Borrower (the "**Agreement**"). Terms defined in the Agreement shall have the same meaning herein.

1. We hereby irrevocably request that Instalments of the Loan be disbursed under and in accordance with the Agreement upon the following terms:
 - a. Total principal amount of the Instalments: EUR 7 803 380 000.
 - b. The Net Disbursement Amount of each Instalment should be at least 95 % of the principal amount.
 - c. We request a fixed Interest Rate for the Instalments that shall be calculated on the basis of the swap rate for the corresponding maturity plus up to 100 basis points, or a more favourable interest rate if obtained on the market.
 - d. The Maturity Dates of the Instalments shall be between 3 and 30 years.
2. We acknowledge and agree that the disbursement of each Instalment shall be in accordance with and subject to:
 - a. the Lender being satisfied at all times that the corresponding funds are available to it from a counterparty in the international capital markets on terms and conditions that are acceptable to it and that are consistent with the terms set out in this Request for Funds;
 - b. the Lender carrying out one or several Financial Transactions to obtain the proceeds requested in this Request for Funds. We irrevocably undertake to pay any fees, costs and expenses, including if applicable cost of carry, resulting from any Financial Transactions undertaken by

the Lender, regardless of whether the disbursement of an Instalment will ultimately take place.

c. the issue by the Lender, in due course, of a Confirmation Notice.

3. We confirm that:

- a. The list of authorised signatories sent on behalf of the Borrower by the Minister of Finance on [date] remains valid and applicable.
- b. No event has occurred that would render incorrect any statement made in the legal opinion issued by the Minister of Finance dated [date].
- c. No Event of Default has occurred.

Copy to:

- European Central Bank

The KINGDOM OF BELGIUM

As Borrower

Represented by
-signed-
Vincent Van Peteghem
Minister of Finance

Date: 22/10/ 2020

ANNEX 2

FORM OF CONFIRMATION NOTICE



EUROPEAN COMMISSION
DIRECTORATE GENERAL
BUDGET
Asset and risk management
Borrowing and lending

[insert Borrower's contact details]

Subject: SURE – Disbursement of the [•] Instalment of EUR [•]

Dear Sir or Madam,

We refer to the Loan Agreement dated [•] between the European Union as Lender and the Kingdom of Belgium as Borrower of a maximum amount of EUR 7 803 380 000 ("the Agreement"). Terms defined in the Agreement shall have the same meaning herein.

In line with the Request for Funds dated [•], the terms of the Financial Transaction which the European Union has undertaken to fund the [•] Instalment of EUR [•] under the [•] Instalment are as follows:

Nominal amount	EUR [•]
Issue price	EUR [•]
Bank fees	EUR [•]
Net proceeds	EUR [•]
Transaction cost recovery	EUR [•]
Net disbursement amount	EUR [•]
Disbursement Date	[•]
Maturity Date	[•]
Interest Rate (Coupon)	[•] % p.a.
Swap Rate	[•]
Interest payment dates	Annually on [•]
First interest payment date	[•]
(Short/Long) first interest payment	EUR [•]

The applicable Day Count Convention is Actual/Actual (ICMA) [unless otherwise specified].

Please find the payment schedule of the loan attached.

EUROPEAN UNION
represented by
EUROPEAN COMMISSION

[•]

[•]

Copy to

European Central Bank

ANNEX 3

FORM OF LEGAL OPINION

MINISTRY OF FINANCE

(to be issued on official letterhead of the Ministry of Finance)

[*place, date*]

European Commission
Directorate General for the Budget
Unit E-3 – Borrowing and Lending
L-2920 Luxembourg

Re: SURE Loan Agreement dated [date] for a maximum amount of EUR 7 803 380 000

Dear Sirs,

In my capacity as the Minister of Finance, I refer to the above referenced Loan Agreement dated [date] and its Annexes which constitute an integral part thereof (hereinafter together referred to as the "**Agreement**") between the European Union (hereinafter referred to as the "**Lender**") and the Kingdom of Belgium (hereinafter referred to as the "**Borrower**") for a maximum amount of EUR 7 803 380 000.

I warrant that I am fully competent to issue this legal opinion in connection with the Agreement on behalf of the Borrower.

I have examined originals or copies of the execution version of the Agreement. I have also examined the relevant provisions of national and international law applicable to the Borrower, the powers of signatories and such other documents as I have deemed necessary or appropriate. Furthermore, I have made such other investigations and reviewed such matters of law as I have considered relevant to the opinion expressed herein.

I have assumed (i) the genuineness of all signatures (except the Borrower) and the conformity of all copies to originals, (ii) the capacity and power to enter into the Agreement of, and their valid authorisation and signing by, each Party other than the Borrower.

Terms used and not defined in this opinion shall have the meaning set out in the Agreement.

This opinion is limited to Belgian law as it stands at the date of this opinion.

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

1. With respect to the laws, regulations and legally binding decisions currently in force in the Kingdom of Belgium, the Borrower is by the execution of the Agreement by Mr. Vincent Van Peteghem, Minister of Finance, validly and irrevocably committed to fulfill all of its obligations under it.
2. The Borrower's execution, delivery and performance of the Agreement: (i) have been duly authorised by all necessary consents, actions, approvals and authorisations; and (ii) do not violate any applicable regulation or ruling of any competent authority or any agreement or treaty binding on it.
3. Nothing in this Agreement contravenes or limits the rights of the Borrower to make punctual and effective payment of any sum due for the principal, interest or other charges under the Agreement.
4. The Agreement is in proper legal form under Belgian law for enforcement against the Borrower. The enforcement of the Agreement would not be contrary to mandatory provisions of Belgian law, to the ordre public of the Kingdom of Belgium, to international treaties or to generally accepted principles of international law binding on the Borrower.
5. It is not necessary in order to ensure the legality, validity or enforceability of the Agreement that it be filed, recorded, or enrolled with any court or authority in the Kingdom of Belgium.
6. No Taxes, duties, fees or other charges imposed by the Kingdom of Belgium or any taxing authority thereof or therein are payable in connection with the execution and delivery of the Agreement and with any payment or transfer of principal, interest, commissions and other sums due under the Agreement.
7. ~~No exchange control authorisations are required and no fees or other commission are to be paid on the transfer of any sum due under the Agreement.~~
8. The choice of Union law as governing law for the Agreement and, solely where Union law is silent on a particular issue, Luxembourg law, is a valid choice of law binding the Borrower in accordance with Belgian law.
9. The Borrower has legally, effectively and irrevocably submitted to the exclusive jurisdiction of the Court of Justice of the European Union in connection with the Agreement.
10. The Agreement on execution complies with all domestic Constitutional requirements for the Agreement to be operative as a matter of Belgian law and binding on the Kingdom of Belgium.
11. The Agreement is fully valid and does not need to be ratified in accordance with national law.
12. In conclusion, the Agreement has been duly executed on behalf of the Borrower and all the Borrower's obligations in relation to the Agreement are valid,

binding and enforceable in accordance with their terms and nothing further is required to give effect to the same.

Minister of Finance of the Kingdom of Belgium

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

22/10/2020

ANNEX 4

LIST OF CONTACTS

For the Lender:

European Commission
Directorate General for the Budget
Unit E-3 "Borrowing and lending"
L-2920 Luxembourg
Attn: Head of Unit
Tel.: +352 4301 30070

With copy to:

European Central Bank
Sonnemannstr. 20
D-60314 Frankfurt am Main
Attn: Head of Division "Financial Operations Services"
Tel.: + 49 69 1344 7672

For the Borrower:

Belgium Debt Agency
Avenue des Arts, 30
1040 Brussels
Attn. Mr. Jean Deboutte, Director
Mr. Marius Post, Director
Tel.: : +32 2 579 58 43

As Debt management office of the Kingdom of Belgium