

Royal Decree of 30 May 1997
B31 Finexpo

GENERAL CONDITIONS FOR STATE SUPPORT IN THE TWO-YEAR
OR LONGER FINANCING IN FOREIGN CURRENCY OF CREDITS
RELATED TO THE EXPORT OF BELGIAN CAPITAL GOODS AND
RELATED SERVICES

1. The State's support consists in providing to the contributing bank or banks a guarantee that the fixed interest rate of a credit granted to a foreign borrower for financing the credit related to the export of Belgian capital goods and related services will be stabilised for the entire duration of the financing period, when the contributing bank or banks borrow(s) on the international exchange market.
2. The fixed interest rate guaranteed to the foreign borrower is set by the Minister for Foreign Trade in accordance with Belgium's international obligations.
3. The general rules governing the stabilisation of the interest rate for export contracts whose payment is denominated in foreign currency are as follows:
 - a) Subject to the provisions of subsection c) below, the interest rate applicable to funds borrowed by the bank or banks contributing to the financing of the credits referred to in section 1) above shall correspond to the arithmetical average, rounded up to the next $1/16^{\text{th}}$ above, of two different interest rates : the interest rate used by a third bank ("banque secr taire") on the one hand and the interest rate displayed on the Reuters screen on the other hand. The interest rates referred to shall be the first class rates on the London eurocurrency market (LIBOR) at 11:00 a.m. (London time) two working days before the date of implementing or the date of renewal of the credit for deposits of identical amounts in the same currency for the period comprised between the date of implementing or the date of renewal of the credit and the last day of the six-month period referred to in section 5 below.
 - b) The stabilization shall be effected by supplying the difference between the guaranteed stabilized rate and the interest rate referred to in subsection a) of section 3 above, currently increased with a bank commission of 0.75% for the contributing bank or banks.

If the LIBOR rate plus the bank commission above exceeds the fixed rate guaranteed to the foreign borrower, the State shall bear the resulting difference in financing costs.

If, on the contrary, the said LIBOR rate plus the bank commission above is less than the fixed rate guaranteed to the foreign borrower, the contributing bank or banks shall pay to the State the difference between the fixed rate guaranteed to, and borne by, the foreign borrower, and the refinancing rate plus the bank commission borne by the contributing bank or banks.

4. Interests shall be calculated taking into account the actual number of days on a yearly basis of 360 days.
5. The payment of the amounts owed under the stabilisation mechanism referred to in section 3 above shall be made on the last day of each six-month period, with reference to the cut off date for the beginning of the refunding of the credit by the foreign debtor or of the credit tranches, as provided for in the contract.

Special provisions shall be included in each contract to take into account the actual date of delivery or of provisional acceptance. Any payment of capital or interest on a day other than a working day shall be postponed to the following working day, unless such a postponement would cause the payment to be effected in the next calendar month: the payment shall then be made on the last working day of the current month, and this shall be reflected in the calculation of interests.

6. The stabilization of the interest rate shall only be applicable up to the dates on which the principal falls due as originally provided for.
7. The guarantee referred to in section 1 above shall take effect as of the day when the contributing bank or banks has (have) expressed its (their) approval as to the obligations imposed upon it (them) by the general conditions stated above, provided this approval is notified at the latest on the day of entry into force of the financing agreement between the contributing bank or banks and the foreign borrower.

8 Provision concerning advance repayment at the initiative of the borrower

The borrower shall be allowed to make advance repayments of his debt, either in whole or in part, provided this advance repayment bears on a whole number of maturities of the principal and is made on an interest maturity date, except where otherwise agreed to by the State and the lender.

Notice of advance repayment shall be 1 month. The lender shall then notify the Finexpo Secretariat to that effect.

Given the irrevocable commitment of the lender towards the State, which guarantees the stabilisation of the CIR, any advance repayment shall entail for the lender the obligation to pay the State a compensation calculated as follows:

The said compensation shall be the result of the positive difference between the credit financing rate and the investment rate prevailing on the financial markets for each of

the maturities repaid in advance and for each of the corresponding residual maturities. Each of these interest rate differentials shall be applied to the amount of the corresponding maturity repaid in advance, and this, for the period between the date of the advance repayment and the maturity date originally laid down for the repayment of the principal. Each of the amounts so calculated shall then be updated on the basis of the corresponding investment rate which has been accepted. If the sum of these updated amounts is negative, no compensation shall be paid to the State.

The investment rates prevailing on the financial markets two working days before the date of the advance repayment, shall amount to the interest rates of interest rate swaps at LIBOR 6 months published by Reuters (page ISDAFIX1) or Telerate (page 42276) at 11:00 a.m.

These documents shall be sent to the Finexpo Secretariat by the lender.

The lender shall take without delay all appropriate measures in order to recover the compensation for advance repayment from the borrower without any obligation regarding the end. Costs borne by the lender, if any, may be deducted from the compensation recovered.

Special provisions

- a) There shall be no compensation for advance repayment if the request for accelerated payment is made by the National Del Credere Office.
- b) All other cases of advance repayment which lie outside the scope of this provision, shall be dealt with individually by Finexpo.
- c) As for credits amounting to less than 1 million EUR, the compensation for advance repayment can be calculated, if the lender or exporter so wishes, on a flat-rate basis of 0.25 % on the amount of the advance repayment.