
THE GOVERNOR

Brussels, 14 April 2020

Uniform letter to all credit institutions under Belgian law and all branches in Belgium of credit institutions under foreign law - Implementation of the agreement on the financing of individuals and companies affected by the corona crisis

Dear Sir,
Dear Madam,

In order to safeguard funding for households, self-employed and businesses during this difficult time, the federal government, on the initiative of the Finance Minister and with the support of the National Bank of Belgium, concluded an agreement with the financial sector on 22 March 2020.

This agreement consists of two pillars:

- The financial sector undertakes to grant Belgian viable, non-financial businesses, SMEs, self-employed and non-profit organisations, as well as mortgage borrowers with payment problems as a result of the corona crisis, postponement of payment until 31 October 2020 without charge.
- The federal government will activate a guarantee scheme for all new loans and credit lines with a maximum duration of 12 months, which credit institutions provide to Belgian viable non-financial businesses, SMEs, self-employed and non-profit organisations.

This scheme shall apply as from 1 April 2020. For technical questions which this scheme may raise, the National Bank of Belgium, in consultation with the sector, has drawn up a preliminary list of Q&As, which are available on its website: www.nbb.be/QAcorona-banks. These Q&As were written to the best of our ability on the basis of current knowledge and insights. However, only the final legislative texts are binding. The final texts may deviate from these Q&As. These Q&As will be updated in the light of any subsequent developments.

your reference

your correspondent

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In this context, credit institutions are invited to take note of the communication by the European Banking Authority (www.eba.europa.eu) and the European Central Bank (www.bankingsupervision.europa.eu) on the prudential and accounting implications of COVID 19 measures, which the National Bank of Belgium fully endorses.

The guarantee scheme, the modalities of which are determined by Royal Decree, has the following characteristics:

- It is a system for a total guarantee amount of €50 billion, with compulsory participation on the part of credit institutions. Each credit institution may draw part of the envelope as new additional credits and credit lines (all maturities) in proportion to its market share as of end 2019 in outstanding credits and credit lines to Belgian viable non-financial businesses, SMEs, self-employed and non-profit organisations, provided that the total outstanding amount of the institution's eligible credits was at least €20,000.
- All new additional loans and credit lines with a maximum maturity of 12 months provided until 30 September 2020 to Belgian viable non-financial businesses, SMEs, self-employed and non-profit organisations will in principle be compulsorily covered by the guarantee scheme to the extent that the total of these guaranteed credits granted by all participants to a single counterparty or a group of connected counterparties does not exceed €50 million. Above the aforementioned ceiling of €50 million, approval from the public authority is required on an individual basis.
- Upon expiry of the guarantee scheme, the amount of losses incurred on loans under the guarantee scheme will be assessed. The burden will be shared between the financial sector and the public sector as follows:
 - The first 3% of losses on a credit institution's total guaranteed loan portfolio will be borne entirely by the credit institution.
 - For losses between 3% and 5%, 50% of the losses will be borne by the credit institution and 50% by the government.
 - For losses higher than 5%, 80% of the losses will be borne by the government and 20% by the credit institution.

Yours sincerely,



Pierre Wunsch