

Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community

PART FIVE

FINANCIAL PROVISIONS

Chapter 4

EUROPEAN INVESTMENT BANK

Article 150

Continued liability of the United Kingdom and reimbursement of the paid-in capital

1 The United Kingdom shall remain liable, as set out in this Article, for the financial operations approved by the EIB before the date of entry into force of this Agreement, as further specified in paragraph 2 ("EIB financial operations"), even if the resulting financial exposure is assumed on or after the date of entry into force of this Agreement, and shall remain liable for other risks assumed by the EIB as set out in the second subparagraph.

The liability of the United Kingdom shall extend to the EIB financial operations and to asset#liability management risks and operational risks attributable to the EIB financial operations, in accordance with paragraph 6. For other such risks that are not associated with specific financial operations and are not attributable to the stock of financial operations built after the date of entry into force of this Agreement, the amount of the liability of the United Kingdom shall be proportional to the ratio between the remaining exposure due to EIB financial operations and the total amount of financial operations at the time the liability of the United Kingdom is triggered in accordance with paragraph 6.

The implementation of any post-withdrawal growth strategy of the EIB is not covered by the scope of this Article.

2 The EIB financial operations shall include loans, guarantees, fund investments, equity investments, bonds and other loan substitute products, and any other financing operations, with counterparties or regarding projects inside and outside the territory of the Member States, including operations guaranteed by third parties including the Member States or the Union.

The liability of the United Kingdom for EIB financial operations shall apply where the financial exposure of the EIB:

- a is based on an approval by the Board of Directors of the EIB given prior to the date of entry into force of this Agreement, or based on a decision adopted on the basis of a delegation by the Board of Directors given prior to the date of entry into force of this Agreement;
- b results from the restructuring of an EIB financial operation, to the extent that such restructuring does not increase the financial exposure to the counterparty, in nominal terms, as it stood immediately prior to the restructuring;
- c results from a change to an EIB financial operation, where that change was approved by the Board of Directors of the EIB on or after the date of entry into force of this

- Agreement, to the extent that such change does not increase the financial exposure to the counterparty as it stood immediately prior to the change; or
- d results from the institutional participation of the EIB in the capital of the EIF and the European Bank for Reconstruction and Development, as it stood immediately prior to the date of entry into force of this Agreement.

For the purposes of establishing the limits on the liability of the United Kingdom pursuant to paragraphs 3 and 5, the exposure of the EIB on account of EIB financial operations which, due to their nature, are not subject to amortisation, in particular equity-type investments, revolving mandates granted to the EIF, and the participation in the capital of the EIF and the European Bank for Reconstruction and Development, shall be considered to amortise as follows: for a period of 10 years from the entry into force of this Agreement, the amount of the non-amortising exposure under the EIB financial operation shall be considered to remain at the amount as approved by the EIB prior to the entry into force of this Agreement, reduced by any disposal made by the EIB since this date. After this period, the amount shall be treated as decreasing in proportion to the amortisation of the remaining amortising exposure on account of EIB financial operations.

3 For the purposes of paragraph 1, the United Kingdom shall be liable for its share of the uncalled subscribed capital of the EIB as it stood immediately prior to the date of entry into force of this Agreement. The United Kingdom shall make payments to the EIB, up to the amount of its liability pursuant to this paragraph, when its liability is triggered in accordance with paragraph 6.

That total liability pursuant to this paragraph shall at no point exceed the amount of the United Kingdom's share of the uncalled subscribed capital of the EIB as it stood immediately prior to the date of entry into force of this Agreement.

When the amount of the remaining exposure of the EIB under the EIB financial operations referred to in paragraph 1 is lower than the total amount of subscribed capital of the EIB as it stood immediately prior to the date of entry into force of this Agreement, the amount of the liability of the United Kingdom pursuant to this paragraph shall, at any given time, be limited to the amount obtained by applying the ratio of the United Kingdom subscribed capital of the EIB and the total subscribed capital of the EIB as they stood immediately prior to the date of entry into force of this Agreement ("the United Kingdom share of the subscribed capital") to the difference between the amount of that remaining exposure at that time, and the total paid-in subscribed capital of the EIB as it stood immediately prior to the date of entry into force of this Agreement.

4 The EIB shall pay to the United Kingdom on behalf of the Union an amount equal to the United Kingdom's share of the paid-in subscribed capital of the EIB as it stood immediately prior to the date of entry into force of this Agreement. That payment shall be made in accordance with Protocol No 5 on the Statute of the European Investment Bank. It shall be made in 12 yearly instalments. The first 11 instalments, each equal to EUR 300 000 000, shall be due on 15 December of each year starting in 2019. The balance of EUR 195 903 950 shall be due on 15 December 2030. The payments made in accordance with this paragraph shall not release the United Kingdom from its liability under paragraph 5.

5 In addition to its liability under paragraph 3, for the purposes of paragraph 1, the United Kingdom shall be liable for its paid-in subscribed capital of the EIB as it stood immediately prior to the date of entry into force of this Agreement. The United Kingdom shall make payments to the EIB, up to the amount of its liability, in accordance with this paragraph, when its liability is triggered under paragraph 6.

The total liability pursuant to this paragraph shall at no point exceed the amount of the paid-in subscribed capital of the United Kingdom in the EIB as it stood immediately prior to the date of entry into force of this Agreement.

When the remaining exposure of the EIB on account of the EIB financial operations referred to in paragraph 1 is lower than the total paid-in subscribed capital of the EIB as it stood immediately prior to the date of entry into force of this Agreement, the amount of the liability of the United Kingdom pursuant to this paragraph shall, at any time, be limited to an amount obtained by applying the ratio of the United Kingdom share of the subscribed capital to the amount of that remaining exposure at that time.

6 The liability of the United Kingdom in accordance with this Article shall be triggered, on a *pari-passu* basis with respect to the Member States, in the event that the EIB requires the Member States to make payments on account of their uncalled subscribed capital or when the paid-in subscribed capital of the Member States is used.

When the liability of the United Kingdom pursuant to paragraph 3 is triggered, the United Kingdom shall pay the amount due to the EIB under the same conditions as apply to the Member States (including the timing and the terms of the payment), as decided by the Board of Directors of the EIB at the relevant time. The decision of the EIB requiring the Member States to make payments on account of their uncalled subscribed capital may, in particular, be related to the nature of underlying risk events and the financial position of the EIB in the light of its payment obligations, the state of its assets and liabilities, its standing in capital markets, and the provisions of its contingency and recovery planning as applicable at the relevant time.

When the liability of the United Kingdom pursuant to paragraph 5 is triggered, the United Kingdom shall pay the amount due to the EIB, in euro, within 30 days from the first demand from the EIB, and subject to the fourth subparagraph of this paragraph.

The liability of the United Kingdom triggered in accordance with paragraph 5 shall be fulfilled from the United Kingdom's share of paid-in subscribed capital of the EIB as it stood immediately prior to the date of entry into force of this Agreement up to the amount not yet paid to the United Kingdom in accordance with paragraph 4. The amount of annual instalments referred to in paragraph 4 shall be reduced accordingly. If the liability of the United Kingdom cannot be fully met in accordance with this method, the United Kingdom shall pay to the EIB the remaining amount due.

The EIB shall, on behalf of the Union, in each case establish the attribution of the events underlying the triggering of the liability of the United Kingdom to the relevant stock of financial operations or risks and the amount which the United Kingdom is obliged to pay to the EIB as follows:

- a to the extent that underlying events are attributable to EIB financial operations, or are attributable to associated asset-liability management risk or operational risk, the United Kingdom shall pay to the EIB an amount equal to the United Kingdom share of the subscribed capital of the total sum which the Member States are required to pay, or an amount equal to the United Kingdom share of the subscribed capital of the total sum by which the paid-in subscribed capital of the Member States is used, respectively;
- b to the extent that underlying events are attributable to other risks, and are not attributable to any specific financial operation or to the stock of financial operations built after the date of entry into force of this Agreement, the United Kingdom shall pay to the EIB the amount resulting from point (a) multiplied by the ratio of the remaining exposure due to EIB financial operations to the total amount of financial operations at the time the liability of the United Kingdom is triggered.

7 Except for the payments provided for in paragraph 4, the EIB shall not be obliged to make any other payment, return or remuneration on account of the termination of the membership of the United Kingdom of the EIB or on account of the retention by the United Kingdom of a liability in accordance with this Article.

8 On 31 July 2019, the EIB shall communicate to the United Kingdom the United Kingdom's exposure under the EIB financial operations, and the limit on the liability of the United Kingdom in accordance with paragraphs 3 and 5, reflecting the financial situation of the EIB and the liability of the United Kingdom as of the date of entry into force of this Agreement.

On 31 March of every year, starting in 2020, until the extinction of the liability of the United Kingdom in accordance with this Article, the EIB shall communicate to the United Kingdom the remaining exposure of the United Kingdom under the EIB financial operations, and the limit on the liability of the United Kingdom in accordance with paragraphs 3 and 5, reflecting the financial situation of the EIB and the liability of the United Kingdom as at 31 December of the preceding year. The report shall also disclose any material changes which, in the opinion of the EIB, have a material impact on the liability of the United Kingdom. The EIB shall also provide timely information if such changes occur during the year.

The EIB shall provide the United Kingdom with timely information regarding any upcoming triggering of the liability of the United Kingdom pursuant to this Article, in line with the information provided to the Member States. That information shall include information on the nature of the triggering event and the calculation of the amounts to be paid. The United Kingdom shall treat that information as strictly confidential until the EIB lifts the confidentiality or until the liability of the United Kingdom is triggered, whichever occurs first.