SUPPLEMENT DATED 15 June 2020
TO THE OFFERING CIRCULAR DATED 31 OCTOBER 2018

THE FLEMISH COMMUNITY

as Issuer

EUR 10,000,000,000
Euro Medium Term Note Programme
For the issuance of Euro Medium Term Notes

This supplement dated 15 June 2020 (this "**Supplement**") is supplemental to, forms part of, and must be read in conjunction with the offering circular dated 31 October 2018, including any information incorporated by reference therein such as the description of the Issuer available on the website of the Issuer at http://www.financeflanders.be and the Budget (the "**Offering Circular**") prepared in connection with the EUR 10,000,000,000 Euro Medium Term Note Programme (the "**Programme**"), established by the Flemish Community, with Legal Entity Identifier (LEI) code: 9676003JDGYZ0V9FF348, having its legal address at Havenlaan 88, box 50, 1000 Brussels, Belgium (the "**Issuer**").

Neither the Offering Circular nor this Supplement comprises a prospectus for the purpose of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the "**Prospectus Regulation**") or the Belgian law of 11 July 2018 on the offer of investment instruments to the public and admission to trading on regulated markets. Therefore, this Supplement does not comprise a supplement within the meaning of article 23 of the Prospectus Regulation. Accordingly, neither the Offering Circular nor this Supplement purports to meet the format and the disclosure requirements of the Prospectus Regulation and neither document has been, nor will be, submitted for approval to any competent authority within the meaning of the Prospectus Regulation.

The Issuer accepts responsibility for the information contained in this Supplement. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

Unless the context otherwise requires, terms defined in the Offering Circular shall have the same meaning when used in this Supplement.

I. New information

The Issuer has prepared this Supplement to ensure than the information contained in the Offering Circular is up-to-date and the material change in the condition of the Issuer set out below is disclosed.

II. Material change

Pursuant to the section "*Documents Incorporated by Reference*" of the Offering Circular, the Budget is deemed to be incorporated in and form part of the Offering Circular. The Issuer now wishes to supplement the Budget with the material change set out below.

The possible impact of the COVID-19 crisis on the fiscal balance of the Issuer

Summary

When drafting the budget 2020 in September 2019, the forecasted deficit of the Issuer amounted to EUR 431 million. In April 2020, the Flemish Government reviewed the budget 2020. The effect of the COVID-19 (Corona) virus on the revenues (minus EUR 727 million) and the one-off expenditures measures (EUR 2,468 million) have been taken into account. On top of that, the Flemish Government had approved new policy measures (EUR 250 million) whereby the estimation of the underutilization (minus EUR 65 million) and certain revenues (minus EUR 172 million) had to be adjusted. All these factors also have a negative impact on the government budget. On the basis of the April 2020 review the Issuer expected a deficit of EUR 4,152 million.

*That deficit did not yet account for the impact of the COVID-19 crisis on the grants based upon the Special Finance Act ("**SFA**") and the surcharges. The impact of 2020 SFA grants on the reviewed budget was estimated to be EUR 1.7 billion based on the forecasts of the Federal Planning Bureau ("**FPB**") of March 2020. However, in June 2020, the FPB issued a new economic budget for Belgium (the "**FPB June 2020 Economic Budget**"). Based on this FPB June 2020 Economic Budget, the Issuer predicts that SFA grants could be reduced by EUR 2.1 billion (instead of the previously estimated EUR 1.7 billion). However this will depend on whether the Federal Government will review and change its budget on the basis of the FPB June 2020 Economic Budget, which is uncertain but cannot be excluded. Furthermore because the lockdown (implemented in Belgium as a result of the COVID-19 virus) is taking longer for some sectors, there will also be an increase of the one-off expenditures measures linked to the COVID-19 crisis of EUR 250 million. These changes were not yet in the budget review of April 2020 and will only be included in a second budget review done later this year. The one-off impact on the 2021 surcharges is approx. EUR 1 billion.*

We explore the recurrent impact on the grants and the surcharges for a series of scenarios. The recurrent impact on the revenues will depend on the nature of the recovery in the upcoming years.

Government balance budget draft 2020	***-431,530***
Budget review 2020	
Revision of the revenues	*-172,395*
Revision of the underutilization	*-65,414*
New policy measures	*-250,472*
Other	*-37,794*
Government balance budget review 2020 (without COVID-19 effects)	***-957,605***
One off COVID-19 effects	
One off effects revenues	*-726,611*
One off effects expenditures	*-2,467,900*
Government budget review 2020 (with one off COVID-19 effects)	***-4,152,116***
Revision of SFA grants based upon the FPB economic budget of June 2020	*-2,132,375*
Additional COVID-19 provision	*-250,000*
Estimated nominal government balance 2020	**-6,534,491**

Source: Finance and Budget Department

1. Introduction

The evolution of the government balance in the period 2015-2019 is set out in '**The ups and downs of the government balance of the Flemish Community in the period 2015-2019**' (available on the website: http://www.financeflanders.be) This Supplement intends to assess the impact of the COVID-19 crisis on the Issuer's 2020 budget. We also depict the possible recurrent effects on a no-policy change basis.

The COVID-19 crisis has caused a worldwide economic recession. In the opinion of the IMF the global economy will experience its worst recession since the Great Depression (or even a recession similar to the one of the Great Depression, as some economists predict or fear), surpassing the one seen during the global financial crisis a decade ago.

Belgian's open economy is also suffering from the global and local lockdown. As a result of the COVID-19 crisis, the Belgian economy is projected to contract sharply in 2020 (estimates of the different (inter)national institutions range from minus 6% to minus 12%). In the scenarios by the European Commission ("**EC**") and the National Bank of Belgium ("**NBB**"), the EC and the NBB make the assumption that the COVID-19 crisis will fade in the second half of 2020 and that economic potential will not be severely harmed due to the swift fiscal reaction by the different governments.

Future prospects are uncertain. Some project a recovery in 2021 with above trend growth rates, but the level of GDP will probably remain below the pre-COVID-19 virus trend. In any case, considerable uncertainty about the strength and timing of the rebound remains. Worse growth outcomes are possible as others expect a so-called U shaped recovery or even an L scenario instead of a V shaped recovery. Therefore, we consider different growth scenarios for the Belgian economy in 2020 and 2021 and discuss the impact of each of these scenarios on the public finances of the Issuer for the upcoming years. In the following section the budget review 2020 as approved by the Flemish Government on 11 April 2020 is set out.

2. Budget review 2020

Whereas the original budget draft 2020 predicted a deficit of EUR 431 million (on a budget of around EUR 45.7 billion), the expected budgetary result for 2020 has been drastically affected by the COVID-19 crisis. The budget review approved in April 2020 now stipulates a deficit of EUR 4.2 billion in 2020. As explained further below, this result could still change, due to some peculiarities of the SFA.

Table 1. The nominal balance at budget review 2020 revisited

(in thousands of euro)	nominal balance budget review 2020	one offs	Nominal balance corrected for one offs
starting point budget review 2020	**-4,152,116**		
settlement SFA (grants 2019)		-11,421	
settlement surcharges in 2020		98,725	
settlement surcharges in 2021		-65,864	
revision regional taxes		-716,451	

suspension payout Ethias dividend		-31,600	
COVID-19 provision/buffer		-2,500,000	
technical corrections		-26,000	
new policy measures		-41,900	
lump sum COVID-19 underutilization[1]		100,000	
Total one-offs		**-3,194,511**	
Nominal balance corrected for one offs			**-957,605**

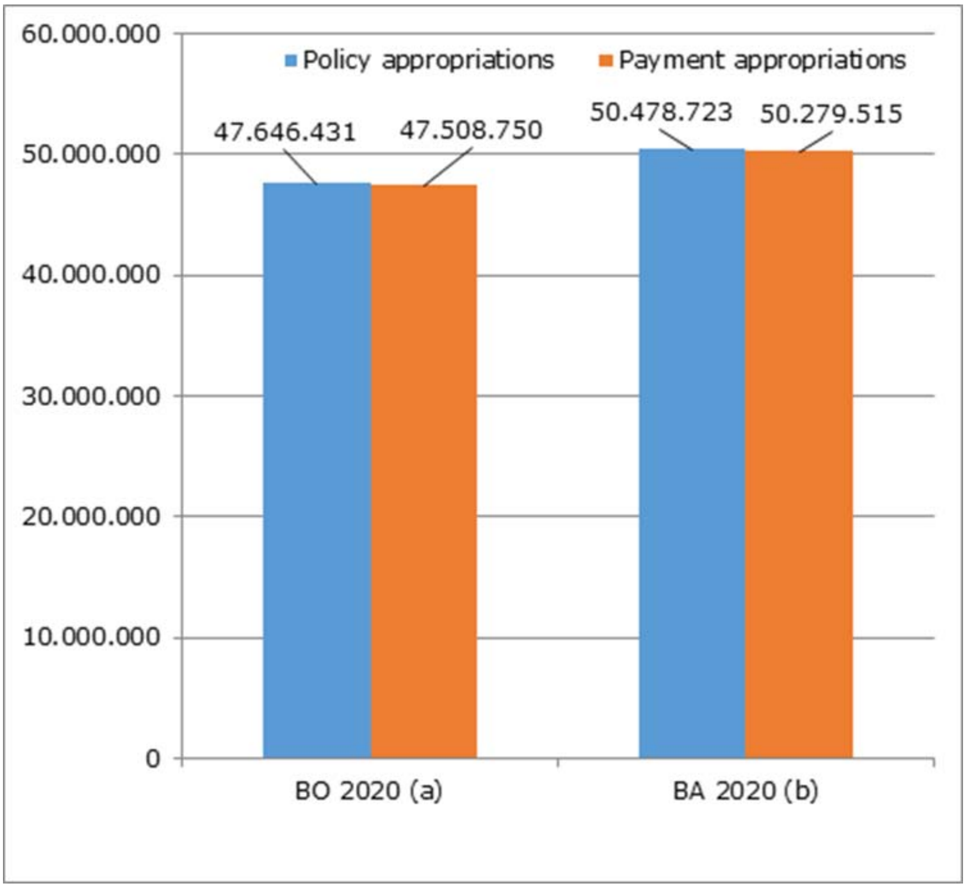
Source: Finance and Budget Department

The severe decline in the balance is sparked by two main factors: the extraordinary expenditures to deal with the impact of the COVID-19 crisis and the sharp drop in the revenues of the regional taxes.

When drafting the Budget, the policy appropriations amounted to EUR 47,646 million and EUR 47,509 million payment appropriations were foreseen to honour the current and past policy commitments. Compared with the figures of the budget draft, the policy appropriations increase by EUR 2,832.3 million whereas the payment appropriations are EUR 2,770.8 million higher. The gap between the policy and payment appropriations has increased by EUR 61.5 million (see Figure 1).

Figure 1. The policy and payment appropriations: budget draft versus budget review 2020

[1] Typically a certain percentage of the payment appropriations is not used. To this end, the payment appropriations foreseen in the Budget are corrected by an underutilization percentage. That percentage is based upon a moving average of outturned underutilization percentages of the previous two years. We now expect that due to the COVID-19 crisis the underutilization on the foreseen appropriations, which have not been amended by the budget review, will be higher as some policy measures (such as reductions on employer social security contributions) will cost less this year.



(BO=budget draft, BA=budget review)
Source: Finance and Budget Department

(in thousands of euro)	**Budget draft 2020 (a)**	**Budget review 2020 (b)**	**(c)=(b) - (a)**
Policy appropriations	47,646,431	50,478,723	2,832,292
Payment appropriations	47,508,750	50,279,515	2,770,765
Policy minus Payment	**137,681**	**199,208**	**61,527**

Source: Finance and Budget Department

The main driver of the increase in both policy and payment appropriations is the EUR 2.5 billion COVID-19 provision/buffer. This buffer must finance the different temporary measures the Flemish Government has taken in order to provide a vigorous response to the major challenges posed by the COVID-19 crisis.

These temporary measures are:

- the extension of the nuisance premium (*hinderpremie*) to include companies that are obliged to close because of the federal safety and security measures following the COVID-19 virus. The premium amounts to EUR 4,000 in the event of full closure during the first three weeks and to EUR 160 per day after these initial three weeks, starting 6 April 2020 (EUR 991 million estimated budgetary cost);

- a one-off compensation premium of EUR 3,000 for companies and self-employed persons who are not obliged to close but who see their turnover fall substantially (EUR 992 million estimated budgetary cost);
- an emergency fund of EUR 265 million for subsidized sectors (such as culture, youth, media, sports, school trips, etc.) as well as specific sectors (e.g. ornamental horticulture, segments of tourism, mobility & public works);
- a reimbursement of the water and energy costs of 1 average monthly equivalent to anyone who has ended up in a situation of compensated temporary unemployment due to force majeure or for economic reasons will be provided;
- a number of measures targeted to the healthcare sector:
    - EUR 23 million has been made available to order extra face masks;
    - a road map for the establishment of buffer care centers (*schakelzorgcentra*, EUR 4.7 million), i.e. emergency centers which can accommodate patients when hospitals are at risk of becoming overcrowded, has been established; and
    - through a special arrangement that intervenes in the payment system, parents who do not bring their child(ren) to childcare do not have to pay. For the organizers of childcare, the financial losses are bridged by offering them compensation (EUR 32 million).

There are also a set of measures with no or limited direct impact on the government balance:

- an additional EUR 100 million is also earmarked for crisis guarantees, so that companies and self-employed persons can also have a bridge loan guaranteed by the Participatiemaatschappij Vlaanderen (PMV) for existing debts during this COVID-19 crisis period;
- EUR 500 million is provided for subordinated loans for active SMEs and for start-ups and scale-ups; and
- EUR 100 million extra for crisis guarantees and the extension of the guarantee capacity of Gigarant up to EUR 3 billion.

On the revenue side, the revenues of the regional taxes are expected to plummet by EUR 1,027 million, of which EUR 717 million is due to the COVID-19 crisis and EUR 310 million is due to inter alia the drop in registration duties (minus EUR 184 million) and inheritance taxes (minus EUR 67 million). Because of the abolition of the tax expenditure related to the own dwelling from this year onwards, there was in the last quarter of 2019 a surge in the purchase of houses. Hence for these purchases one is still entitled to this tax expenditure for the duration of the loan. This drop in registration duties is also a temporary one whereas the decline in inheritance taxes is more structural due to the federal reform of the inheritance law which has allowed more degrees of freedom for tax optimization. This effect was underestimated at the time of the budget draft.

There are also temporary COVID-19 measures on the revenue side with no or limited budgetary impact. The collection of the traffic tax is postponed by 4 months for companies. Property taxes are not collected until September, giving companies extra breathing space worth EUR 1 billion of cash. Various other tax collection periods are extended by 2 months: submission of the inheritance tax return, deeds that cannot be filed for registration on time, and periods relating to certain favorable tax regimes.

Table 2 summarizes the factors impacting the deficit in 2020, *other than* COVID-19 factors.

Table 2. The main drivers of the underlying nominal balance budget review 2020 (excl. COVID-19 factors)

Government balance budget draft 2020	**-431,530**

Revision of the revenues	-172,395
Revision of the underutilization	-65,414
New policy measures	-250,472
…	
Government balance budget review 2020 (corrected for one-off expenditures)	**-957,605**

(in thousands of euro)
Source: Finance and Budget Department

We highlight that the government balance of negative EUR 4.2 billion is underestimated due to two factors:

- The grants as stipulated in the SFA[2] have to be based upon an economic budget prepared by the FPB, the economic budget being a set of forecasts of the main economic variables. The economic budget February 2020 predicted an economic growth of 1.4% for 2020. This is 30 basis points higher compared to the economic budget issued by the FPB in September 2019 upon which the Issuer's budget draft 2020 was based. The FPB issued an updated economic budget in June 2020[3], which provides that the Belgian economy is severely impacted by the COVID-19 crisis. The Federal Government is not obliged to adjust the grants (advances) this year on the basis of such forecasts and analyses by the FPB. The Federal Government can wait until after the settlement[4] of the 2020 SFA grants in the beginning of next year to recuperate the excess of advances in 2020.

  Table 3: Economic parameters used for the Flemish Budget draft and review

Year-on-year growth rates	**Budget draft 2020** **(FPB Economic Budget 9/2019)**	**Budget review 2020** **(FPB Economic Budget 2/2020)**
GDP 2019	1.1%	1.4%
GDP 2020	1.1%	1.4%
CPI 2019	1.5%	1.44%
CPI 2020	1.4%	1.1%

  Source: FPB, February 2020

- The revenues of the personal income taxes are not yet affected by the economic downturn this year. The revenues of the previous year mainly determine the size of the personal income tax revenues for the Flemish Government as they are based upon the invoices.

[2] The SFA regulates the financing mechanisms of the Regions and Communities. See 'The financing of the federated entities in Belgium: the impact of the 6th state reform', available on website: http://www.financeflanders.be for an exhaustive description of the actual SFA).

[3] Available on website: https://www.plan.be/indicators/indicator-nl-i-forecasts_bel-belgium.

[4] In a budgetary year the advances of the SFA grants are based upon economic forecasts of the FPB as the grants of year "t" are indexed to the economic parameters of year "t". In year "t+1", once the effective parameters of year "t" are known, there is a settlement between the governments involved to adjust the advances to the amount the regions and communities eventually are entitled to, based upon the effective parameters as withheld in the economic budget of February of year "t+1".

On the basis of what is set out above, the figure of negative EUR 4.2 billion is preliminary (given that the FPB has issued new economic budget in June 2020 and will do so again in September 2020). On that basis, the Federal Public Service Finance may adjust the grant, taking into account more realistic growth and inflation figures. In the case the grants continue to be based upon the economic budget of February 2020, the settlement in 2021 with respect to the grants the regions and communities are entitled to in 2020, will reimburse to the Federal Government the excess of grants received in 2020.

3. The realm of economic uncertainty

To what extent the budget review's government balance is biased will depend on the actual outcomes of growth and inflation this year. To assess the possible bias, we calculate the impact of different economic scenarios on the government balance. Different national and international institutions have recently updated their forecasts for the Belgian economy.

More specifically, we retain the most recent forecasts of the NBB/FPB (March 2020), the EC (May 2020), bank-insurer KBC (April 2020) and the FPB (June 2020).

The EC forecasts Belgian economic growth to fall from 1.4% in 2019 to minus 7.2% in 2020 due to the COVID-19 crisis. This is expected to be driven by a large drop in household consumption because of the lockdown measures and a slump in investment due to supply chain disruptions and falling aggregate demand. Measures to protect employment, household disposable income and corporate liquidity should support domestic demand recovery from mid-2020 onwards, underpinning a rebound in GDP growth in 2021 with an expected growth of 6.7%. Headline inflation is forecast to fall from 1.2% in 2019 to 0.2% in 2020, mainly driven by lower energy prices. Headline inflation is expected to rise to 1.3% in 2021, reflecting rising food and service prices (see Spring Forecast of the EC, April 2020).

The NBB and the FPB project that the Belgian GDP will contract by 8% this year based upon a duration of seven weeks for the lockdown measures. In 2021 they expect a rebound of the economic growth by 8.6%, given that potential output has not been permanently harmed.

In its most recent forecast (June 2020), the FPB now expects a contraction of Belgian GDP by 10.6% this year, followed by a recovery of 8.2% in 2021.

Table 4 summarizes the forecasts of economic growth and inflation for this and next year as put forward by the NBB/FPB, the European Commission, KBC (April 2020) and FPB (June 2020).

Table 4. A selection of predicted economic scenarios for the Belgian economy

(GDP growth; inflation)	**NBB/FPB**	**KBC 1**	**EC**	**FPB (June 2020)**
2020	(-8%;0.5%)	(-9.5%;-0.7%)	(-7.2%;0.2%)	(-10.6%;0.8%)
2021	(+8.6%;1.2%)	(+12.3%;2.2%)	(+6.7%;1.3%)	(8.2%;1.3%)

Source: NBB/FPB/EC/KBC

Starting from the nominal government balance corrected for one-off measures, we can determine what the impact on the SFA grants for this year will be provided one of the three scenarios materializes.

Table 5. (underlying) Nominal government 2020 balance (in thousands of euro)

	NBB/FPB	**KBC1**	**EC**	**FPB (June 2020)**
Government balance budget review 2020	**-957,605**	**-957,605**	**-957,605**	**-957,605**

(corrected for one off expenditures)				
Impact on SFA grants	-1,761,540	-2,309,935	-1,476,462	-2,132,375
Revised government balance (corrected for one off expenditures)	-2,719,145	-3,267,540	-2,434,066	-3,089,980

Source: Finance and Budget Department

4. Multi-annual impact?

Table 6. Impact on the SFA grants and regional surcharges: a difference analysis with respect to budget draft 2020 and updated multi-annual forecast as of November 2019

(in keuro)	**Budget review 2020**	**NBB/FPB**	**KBC 1**	**EC**	**FPB**
Grants 2020	46,779	-1,761,540	-2,309,935	-1,476,462	-2,132,375
Impact on grants 2021	9,446	-433,352	4,580	-727,820	-895,962
Impact on surcharges fiscal year 2020	-48,292	0	0	0	0
Tax expenditures fiscal year 2020	-87,677	0	0	0	0
Impact on surcharges fiscal year 2021	/	-1,016,463	-1,252,069	-891,976	-1,264,669
Impact on surcharges fiscal year 2022	/	-383,922	-237,590	-500,861	-695,726

Source: Finance and Budget Department

We explain Table 6 using the results of the NBB/FPB forecasts. If the economic slowdown is minus 8% this year and inflation slows down to 0.5%, first the SFA grants will be EUR 1,761.5 million lower compared to the figure of the budget review 2020. This effect will be discounted later this year in the actual advances of the 2020 grants based upon the new economic budget in June and/or September or in the settlement in the beginning of next year. Then the starting base for the 2021 grants is reduced by the same amount. The current size of a typical grant is determined by the level of the grant in the previous year and the indexation formula (linked to inflation and economic growth)[5]. Given the lower expected inflation in 2021 (minus 40 basis points) and a higher expected growth (plus 720 basis points) that lower starting base ends up in minus EUR 433.4 million SFA grants in 2021 compared to the 2021 level of the forecasted SFA grants in the multi-annual budget of november 2019[6].

For the upcoming years this crisis will affect the SFA grants unless there is a spectacular recovery in 2021.

Next there is also an impact on the expected result in 2021 by the drop in surcharges which are lagging the economic impact by one year. The COVID-19 crisis affects the household revenues of 2020 and to this end the personal income tax revenues of the tax year 2021. And for the regional surcharges tax years coincide with budgetary years.

Before the outbreak of the COVID-19 virus the 2021 year-on-year growth of the surcharges was estimated at 197,273 thousands of euro. Taking into account the 2020 economic effects as predicted by the NBB/FPB, the drop of the surcharges in 2021 is now estimated at minus 819,190 thousands of euro compared to the level of 2020. Hence the impact of the COVID-19 crisis on the surcharges amounts to minus 1,016,463 thousands of euro.

Lastly, on the back of a strong economic recovery in 2021 impacting the household revenues of 2021 and subsequently the surcharges of 2022, the gap of minus EUR 1,016.5 million could be reduced by EUR 625 million. The scenario of NBB/FPB predicts a year-on-year growth of the surcharges in 2022 by 885,199 thousands of euro compared with the annual increase of 260,135 thousands of euro as predicted in the multi-annual forecast of November 2019. That amount of EUR 625 million will help to balance the budget in the upcoming years. The table below depicts the equivalent/analogous amounts for the other scenarios.

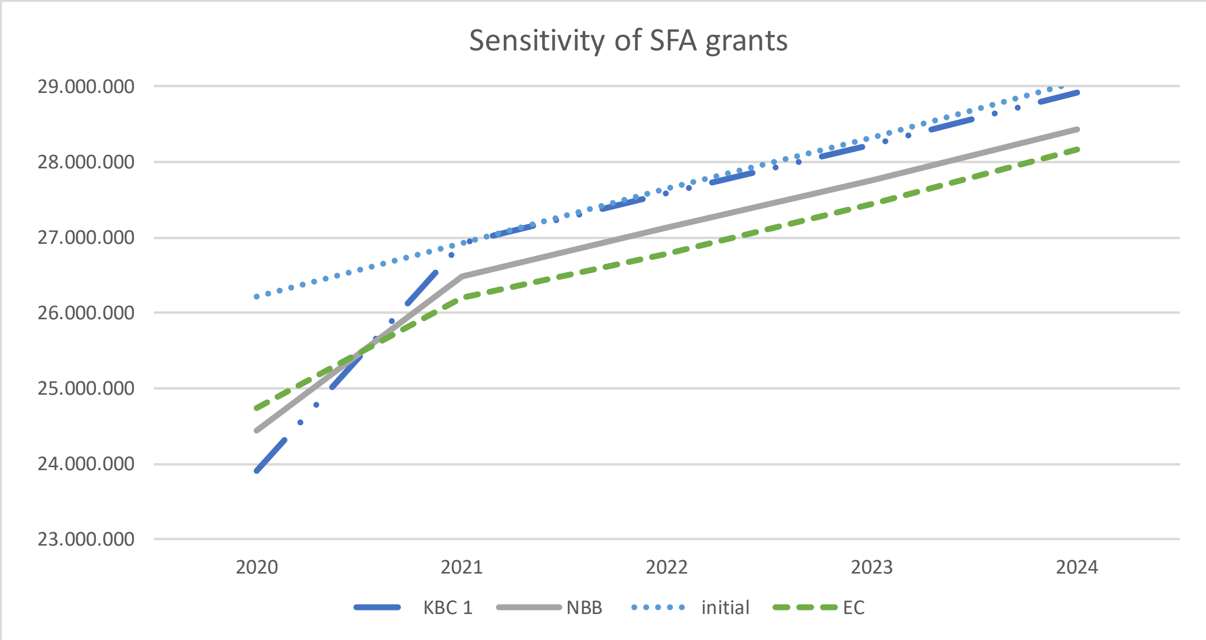
(in thousands of euro)	NBB	KBC1	EC	FPB (June 2020)
Year-on-year growth of surcharges in 2022	885,199	1,266,360	643,779	832,219
Corrected for the annual change as forecasted in the multi-annual budget	625,064	1,006,225	383,644	572,084

Source: Finance and Budget Department

The figures below summarize the expected evolution of the grants and surcharges for the years 2020-2024.

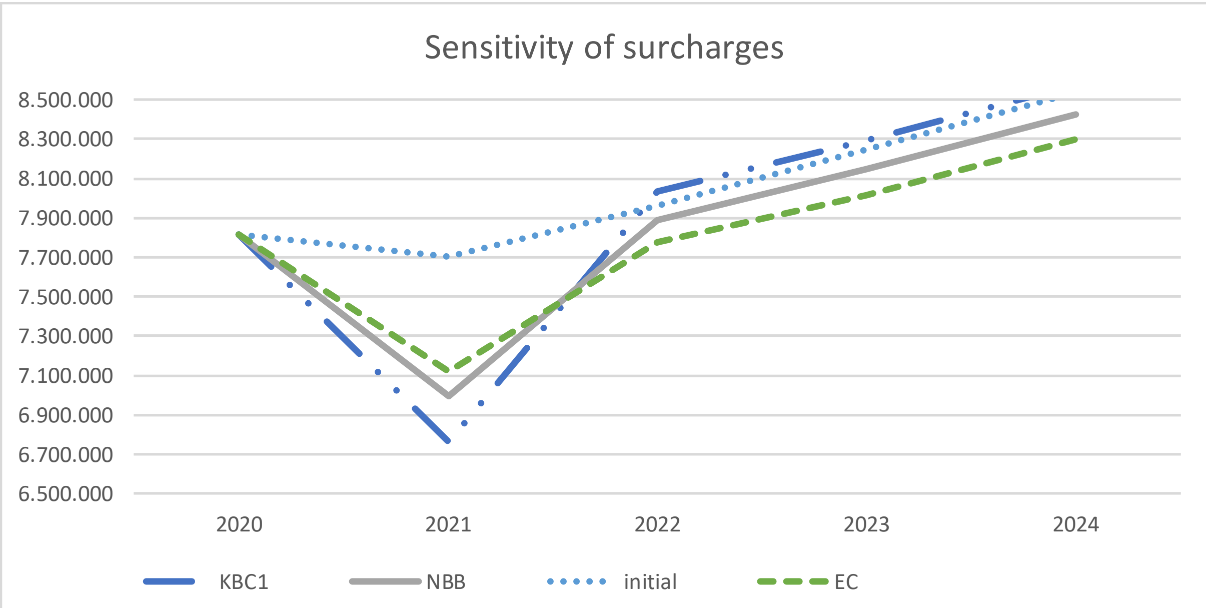
[5] See 'The financing of the federated entities in Belgium: the impact of the 6th state reform' on website: http://www.financeflanders.be.

[6] The initial values for 2020 have been updated taking into account the effective data for the 2019 inflation and GDP growth as mentioned in the economic budget of February 2020 and the announcement in March by the Federal Public Service of Finances regarding the inflation figures. More specifically, GDP growth in 2019: 1.4% instead of 1.1%, CPI 2019: 1.44% instead of 1.5%, CPI 220: 1.1% instead of 1.4%.

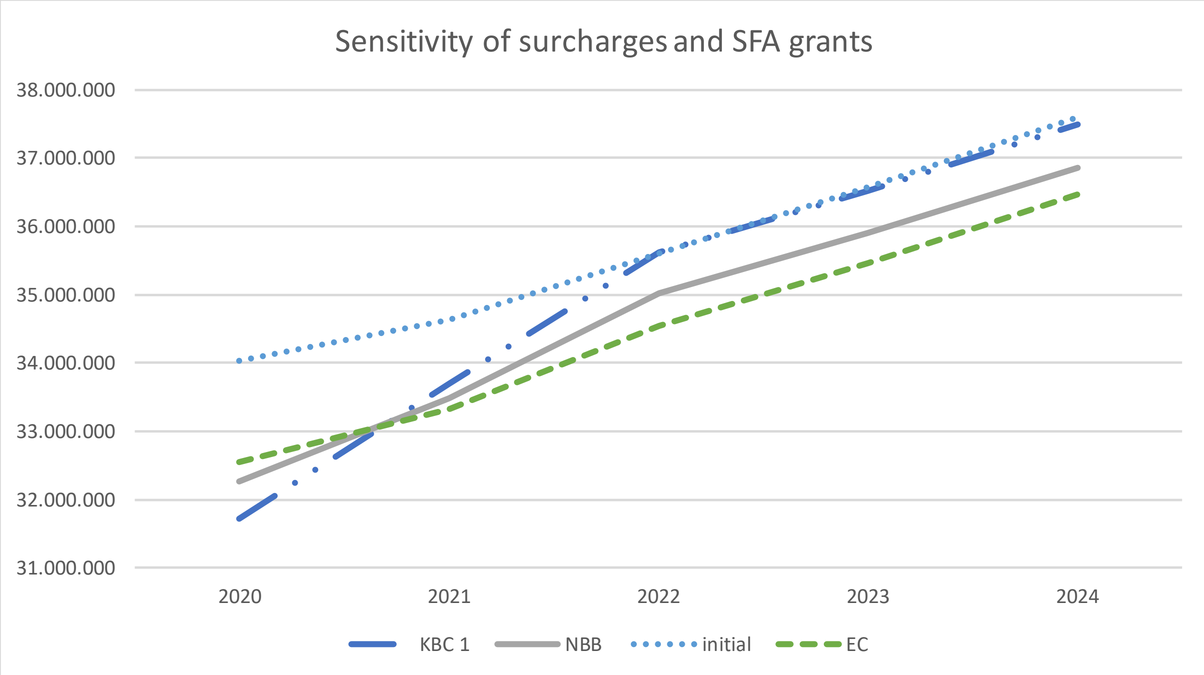


Source: Finance and Budget Department

The dotted line ('initial') is the expected evolution of the grants in the multi-annual budget estimate of November 2019 corrected for the effective data of 2019 and the budget review 2020 figures.



Source: Finance and Budget Department



Source: Finance and Budget Department

In summary, the upcoming budgetary challenge is to deal with the recurrent impact on the revenues due to the COVID-19 crisis (the impact still being uncertain as is shown in Table 7).

Table 7. The possible recurring COVID-19 impact on grants and surcharges (in million euro)

	NBB/FPB	KBC1	EC	FPB
Recurrent impact on grants	-433	4.6	-728	-896
Recurrent impact on surcharges	384	-238	-501	-696

Source: Finance and Budget Department

The COVID-19 crisis may cause a slowdown of inflation. The increase of the so-called pivot price index[7] is no longer expected to take place in March 2021 (as assumed in the multi-annual budget of November 2019) but in January 2022. Hence there is a budgetary windfall gain of EUR 331 million in 2021, increasing to EUR 395 million in 2022. The budgetary gain of not exceeding the pivot price index threshold of 2% in 2021 amounts to EUR 499 million at cruising speed. But since the multi-annual forecast of November 2019 foresaw the following trespassing of the pivot price index only in April 2022, there are three extra months of indexation in 2022 implying extra expenditure of EUR 104 million compared to the multi-annual forecast. Hence a net budgetary gain in 2022 of EUR 395 million.

[7] Wages and social security benefits are automatically linked to the evolution of the consumer price index. An overshooting of the so-called pivot price index triggers an increase by 2% of the social security benefits and the wages. The benefits are adjusted the following month, wages' increase by 2% has to wait another month.

III. Amendments

a) Amendment to the section "Risk Factors"

The following risk factor is added to the section "*Risk Factors*" of the Offering Circular:

"***Risks related to COVID-19***

The Issuer is exposed to the impact of the global COVID-19 crisis resulting from the outbreak of a strain of novel Corona virus disease, COVID-19, as declared by the World Health Organization on 11 March 2020. Governments in affected areas have imposed a number of measures designed to contain the outbreak, including business closures, travel restrictions, quarantines and cancellations of gatherings and events. The spread of COVID-19 may result in a global economic downturn, including in the Eurozone, Belgium and the Flemish region, and is causing and may continue to cause in the future increased volatility and declines in financial markets. In particular, the spread of COVID-19 is very likely to lead to a decrease in tax and other revenues of the Issuer and to an increase of its expenses.. It is likely that the COVID-19 crisis and the measures taken by the Belgian Federal Government and the Issuer to fight this crises will have a significant impact on the Budget, the consequences of which will likely include a significant budget deficit and an overall material impact on the fiscal balance of the Issuer. If the COVID-19 crisis is prolonged, or further diseases emerge that give rise to similar effects, the adverse impact on the global economy could be deepened and result in further declines in financial markets and have a further negative impact on the Issuer. The extent of the impact of the COVID-19 crisis is difficult to fully predict at this time due to the rapid evolution of this uncertain situation. As a result, a possible downgrade of the Issuer's credit rating cannot be excluded."

b) Amendment to the section "Description of the Issuer"

Paragraph 6 "*Credit Rating*" of section "*Description of the Issuer*" on page 58 of the Offering Circular is amended as follows:

"*As of 9 April 2020, the current rating of the Issuer is 'AA' with a negative outlook (Fitch Ratings)* ".

c) Amendment to the section "Taxation in Belgium"

The paragraph "*Taxation in Belgium*" on pages 71 to and including 77 of the Offering Circular is amended as follows:

"The following is a general description of the main Belgian tax consequences of acquiring, holding, redeeming and/or disposing of the Notes. It is restricted to the matters of Belgian taxation stated herein and is intended neither as tax advice nor as a comprehensive description of all Belgian tax consequences associated with or resulting from any of the aforementioned transactions. Prospective investors are urged to consult their own tax advisers concerning the detailed and overall tax consequences of acquiring, holding, redeeming and/or disposing of the Notes.

The summary provided below is based on the information provided in this Offering Circular and on Belgium's tax laws, regulations, resolutions and other public rules with legal effect, and the interpretation thereof under published case law, all as in effect on 15 June 2020 and with the exception of subsequent amendments with retroactive effect.

*In this regard, "**interest**" means (i) the periodic interest income, (ii) any amount paid by, or on behalf of, the Issuer in excess of the issue price in respect of the relevant Notes (upon full or partial redemption whether or not at maturity, or upon purchase by the Issuer) and, (iii) if the Notes qualify as "fixed income securities" (in the meaning of article 2, §1, 8° of the Belgian Income Tax Code of 1992 (wetboek van inkomstenbelastingen 1992/code des impôts sur les revenus 1992) ("**BITC**")), in case of a disposal of the Notes between two interest payment dates to any third party, excluding the Issuer, the pro rata of accrued interest corresponding to the detention period. "**Fixed income securities**" are defined as bonds, specific debt certificates issued by banks (kasbon/bon de caisse) and other similar securities,* *including securities where income is capitalised or securities which do not generate a periodic payment of income but are issued with a discount corresponding to the capitalised interest up to the maturity date of the security.*

Withholding Tax

All payments by or on behalf of the Issuer of interest on the Notes are in principle subject to the 30 per cent. Belgian withholding tax on the gross amount of the interest. Both Belgian domestic tax law and applicable tax treaties may provide for a lower or zero rate subject to certain conditions.

*Under Belgian domestic law, payments of interest and principal under the Notes by or on behalf of the Issuer may normally be made without deduction of withholding tax in respect of the Notes if and as long as at the moment of payment or attribution of interest they are held by certain eligible investors (the "**Tax Eligible Investors**", see hereinafter) in an exempt securities account (an "**X-Account**") that has been opened with a financial institution that is a direct or indirect participant (a "**Participant**") in the Securities Settlement System operated by the NBB (the "**NBB-SSS**").*

Holding the Notes through the NBB-SSS enables Tax Eligible Investors to receive the gross interest income on their Notes and to transfer the Notes on a gross basis.

Participants to the NBB-SSS must enter the Notes which they hold on behalf of Tax Eligible Investors in an X-Account.

For certain forms of Notes, the withholding tax exemption will only apply provided all Notes of that form are held by Tax Eligible Investors in an X-Account with the NBB-SSS or with a Participant. This would be relevant for, inter alia:

- *Notes with a maturity of more than one year which are issued in tranches when the actuarial return of one tranche exceeds the actuarial return from the initial issue until maturity by more than 0.75 points;*
- *Notes which are early redeemable at the option of the investor if the actuarial return in case of exercise of this right exceeds the actuarial return from the issue until maturity by more than 0.75 points; and*
- *Notes with a maturity of more than five years when the actuarial return from the issue until maturity exceeds their nominal annual interest rate by more than 0.75 points, as well as Notes with a maturity of more than five years with a capitalisation feature.*

Tax Eligible Investors include, inter alia:

(a) Belgian resident companies referred to in article 2, § 1, 5°, b) of the BITC;

(b) institutions, associations or companies specified in article 2, §3 of the law of 9 July 1975 on the control of insurance companies other than those referred to in (a) and (c) subject to the application of article 262, 1° and 5° of the BITC;

*(c) state regulated institutions (parastatalen/institutions parastatales) for social security, or institutions which are assimilated therewith, provided for in article 105, 2° of the Royal Decree implementing the BITC (Koninklijk besluit tot uitvoering van het wetboek inkomsten belastingen 1992/Arrêté royal d'exécution du code des impôts sur les revenus 1992) ("**RD/BITC**");*

(d) non-resident investors provided for in article 105, 5° of the RD/BITC;

(e) investment funds, recognised in the framework of pension savings, provided for in article 115 of the RD/BITC;

(f) *taxpayers provided for in article 227, 2° of the BITC which have used the Notes for the exercise of their professional activities in Belgium and which are subject to non-resident income tax pursuant to article 233 of the BITC;*

(g) *the Belgian State in respect of investments which are exempt from withholding tax in accordance with article 265 of the BITC;*

(h) *investment funds governed by foreign law which are an indivisible estate managed by a management company for the account of the participants, provided the fund units are not offered publicly in Belgium and not traded in Belgium;*

(i) *Belgian resident corporations, not provided for under (a), when their activities exclusively or principally consist of the granting of credits and loans; and*

(j) *(only for debt securities issued by legal persons belonging to the public sector) legal entities which belong to the public sector in accordance with the European Regulation n°3605/93 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community.*

Tax Eligible Investors do not include, inter alia, Belgian resident investors who are individuals or non-profit making organisations, other than those mentioned under (b) and (c) above.

*Participants to the NBB-SSS must keep the Notes which they hold on behalf of the non-Tax Eligible Investors in a non-exempt securities account (an "**N-Account**"). In such instance all payments of interest are subject to the 30 per cent. withholding tax. This withholding tax is withheld by the NBB from the interest payment and paid by the NBB to the Belgian Treasury.*

Transfers of Notes between an X-Account and an N-Account may give rise to certain adjustment payments on account of Belgian withholding tax:

- *A transfer from an N-Account to an X-Account gives rise to the payment by the transferor non-Tax Eligible Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date;*
- *A transfer from an X-Account to an N-Account gives rise to the refund by the NBB to the transferee non-Tax Eligible Investor of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date;*
- *Transfers of Notes between two X-Accounts do not give rise to any adjustment on account of withholding tax; and*
- *Transfers of Notes between two N-Accounts give rise to the payment by the transferor non-Tax Eligible Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date, and to the refund by the NBB to the transferee non-Tax Eligible Investor of withholding tax on the same interest amount.*

Upon opening of an X-Account for the holding of Notes, the Tax Eligible Investor is required to provide the Participant with a statement of its eligible status on a form approved by the Minister of Finance. There is no ongoing declaration requirement to the NBB-SSS as to the eligible status, save that they need to inform the Participant of any change in the information contained in the statement of their eligible status. However, Participants are requested to make declarations to the NBB as to the eligible status of each investor for whom they held bonds in an X-Account during the preceding calendar year.

*An X-Account may be opened with a Participant by an intermediary (an "**Intermediary**") in respect of Notes that the Intermediary holds for the account of its clients (the "**Beneficial Owners**"), provided that each Beneficial Owner is a Tax Eligible Investor. In such case, the Intermediary must deliver to the Participant a statement on a form approved by the Minister of Finance confirming that (i) the*

Intermediary is itself a Tax Eligible Investor and (ii) the Beneficial Owners holding their Notes through it are also Tax Eligible Investors.

*These identification requirements do not apply to Notes held in Euroclear, Clearstream International, SIX SIS and/or Monte Titoli or any other central securities depository (as defined in article 2,1,1 of Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories (“**CSD**”)), acting as Participants to the NBB-SSS (each a “**NBB-CSD**”), provided that the relevant NBB-CSD (i) only holds X-Accounts and (ii) is able to identify the holders for whom they hold Notes in such account. For the identification requirements not to apply, it is furthermore required that the contracts which were concluded by the relevant NBB-CSD as Participants include the commitment that all their clients, holder of an account, are Tax Eligible Investors.*

Income Tax

(a) Belgian Resident Individuals

For individuals who are Belgian residents for tax purposes, i.e., who are subject to the Belgian personal income tax (Personenbelasting/Impôt des personnes physiques) and who hold the Notes as a private investment, payment of the 30 per cent. withholding tax fully discharges them from their personal income tax liability with respect to these interest payments (bevrijdende roerende voorheffing/précompte mobilier libératoire). This means that they do not have to declare the interest obtained on the Notes in their personal income tax return, provided withholding tax was levied on these interest payments.

Belgian resident individuals may nevertheless elect to declare the interest in their personal income tax return. Where the beneficiary opts to declare them, interest payments will normally be taxed at the interest withholding tax rate of 30 per cent. (or at the progressive personal tax rates taking into account the taxpayer’s other declared income, whichever is lower), and no local surcharges will be due. If the interest payment is declared, the withholding tax retained by the NBB may be credited.

Capital gains realised on the transfer of the Notes are in principle tax exempt, unless the capital gains are realised outside the scope of the normal management of one’s private estate (in which case the capital gain will be taxed at 33% plus local taxes) or unless the capital gains qualify as interest (as set out in the section "Withholding Tax" above). Capital losses realised upon the disposal of the Notes held as non-professional investment are in principle not tax deductible.

Other tax rules apply to Belgian resident individuals who do not hold the Notes as a private investment.

(b) Belgian Resident Corporations

Interest attributed or paid to corporate Noteholders who are Belgian residents for tax purposes, i.e. who are subject to the Belgian corporate income tax (Vennootschapsbelasting/Impôt des sociétés), as well as capital gains realised upon the transfer of the Notes are taxable at the ordinary corporate income tax rate of, in principle, 25 per cent. as of assessment year 2021, which is linked to a taxable period starting at the earliest on 1 January 2020. As an exception, small companies are taxable at a reduced corporate income tax rate of 20 per cent. on the first EUR 100,000 of their taxable base, again as of assessment year 2021.

The withholding tax retained by, or on behalf of, the Issuer will, subject to certain conditions, be creditable against any corporate income tax due and any excess amount will in principle be refundable. Capital losses realised upon the transfer of the Notes are in principle tax deductible.

Other tax rules apply to investment companies within the meaning of Article 185bis of the BITC.

(c) *Belgian Resident Legal Entities*

Noteholders who are Belgian resident legal entities subject to Belgian legal entities tax (Rechtspersonenbelasting/Impôt des personnes morales) and which do not qualify as Tax Eligible Investors and/or which do not hold the Notes through an X-account in the NBB-SSS will not be subject to any further taxation on interest in respect of the Notes over and above the Belgian withholding tax of currently 30%.

Belgian legal entities which qualify as Tax Eligible Investors and which have received interest free of Belgian withholding tax due to the fact that they hold the Notes through an X-Account in the NBB-SSS, will have to declare the interest and pay the applicable Belgian withholding tax to the Belgian Treasury themselves.

Capital gains realised on the transfer of the Notes are in principle tax exempt, unless and to the extent the capital gains qualify as interest (as defined in the above section entitled "Withholding Tax"). Capital losses are in principle not tax deductible.

(d) *Organisations for Financing Pensions*

Interest and capital gains derived by Organisations for Financing Pensions in the meaning of the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision, are in principle exempt from Belgian corporate income tax. Capital losses are in principle not tax deductible. Subject to certain conditions, any Belgian withholding tax that has been levied can be credited against any corporate income tax due and any excess amount is in principle refundable.

(e) *Non-Residents of Belgium*

Noteholders who are non-residents of Belgium for Belgian tax purposes and who are not holding the Notes through a Belgian establishment, not investing in the Notes in the course of their Belgian professional activity and not carrying out any activities in Belgium that exceed that normal management of one's private estate, will not incur or become liable for any Belgian tax on income or capital gains (except, for the avoidance of doubt, in the form of withholding tax if applicable) by reason only of the acquisition, ownership or disposal of the Notes.

A non-resident company having allocated the Notes to the exercise of a professional activity in Belgium through a Belgian establishment is subject to in substance the same rules as a Belgian resident corporation (see above).

Tax on stock exchange and repurchase transactions

The sale of the Notes on the secondary market executed in Belgium through a financial intermediary will trigger a tax on stock exchange transactions of 0.12 per cent. with a maximum of EUR 1,300 per party and per transaction for transactions in debt instruments or, 0.35 per cent. with a maximum amount of Euro 1,600 per transaction and per party for transactions in other securities. The tax is due separately from each party to any such transaction, i.e. the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary.

The acquisition of Notes upon their issuance (primary market) is not subject to the tax on stock exchange transactions.

Pursuant to the Law of 25 December 2016 on access to the activity of investment services and on the legal status and supervision of portfolio management and investment advice companies, the scope of application of the tax on stock exchange transactions has been extended as of 1 January 2017 to secondary market transactions of which the order is directly or indirectly made to a professional *intermediary established outside of Belgium by (i) a private individual with habitual residence in Belgium or (ii) a legal entity for the account of its seat or establishment in Belgium (both referred to as a "**Belgian Investor**"). In such case, the tax on stock exchange transactions is due by the ordering private individual or legal entity (who will be responsible for the filing of a stock exchange tax return and for the timely payment of the amount of stock exchange tax due) unless that individual or entity can demonstrate that the tax on stock exchange transactions due has already been paid by the professional intermediary established outside Belgium. In the latter case, the foreign professional intermediary also has to provide each client (which gives such intermediary an order) with a qualifying order statement (borderel/bordereau), at the latest on the business day after the day on which the relevant transaction was realised. The qualifying order statements must be numbered in series and duplicates must be retained by the financial intermediary. A duplicate can be replaced by a qualifying agent day-today listing, numbered in series. Alternatively, professional intermediaries established outside Belgium have the possibility to appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities (a "**Stock Exchange Tax Representative**"). Such Stock Exchange Tax Representative will then be liable towards the Belgian Treasury for the tax on stock exchange transactions on behalf of clients that fall within one of the aforementioned categories (provided that these clients do not qualify as exempt persons for stock exchange tax purposes – see below) and to comply with the reporting obligations and the obligations relating to the order statement (bordereau/borderel) in that respect. If such Stock Exchange Tax Representative has paid the tax on stock exchange transactions, the Belgian Investor will, as per the above, no longer be the debtor of the tax on stock exchange transactions.*

A tax on repurchase transactions (Taks op de reportverrichtingen/Taxe sur les reports) at the rate of 0.085 per cent. will be due from each party to any such transaction entered into or settled in Belgium in which a stockbroker acts for either party (with a maximum amount of EUR 1,300 per transaction and per party for debt instruments or, with a maximum amount of EUR 1,600 per transaction and per party for other securities).

Neither the tax on stock exchange transactions nor the tax on repurchase transactions will be payable by exempt persons acting for their own account including investors who are not Belgian residents provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors as defined in Article 126/1, 2° of the Code of miscellaneous taxes and duties (Wetboek diverse rechten en taksen/Code des droits et taxes divers) for the tax on stock exchange transactions and Article 139, second paragraph, of the same code for the tax on repurchase transactions.

Financial Transactions Tax

*The European Commission has published a proposal for a Directive for a common financial transactions tax (the "**FTT**"). The proposal currently stipulates that once the FTT enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax. For Belgium, the tax on stock exchange transactions and the tax on repurchase transactions should thus be abolished once the FTT enters into force.*

The proposal is still subject to negotiation between the participating Member States and therefore may be changed at any time."

d) Amendment to the section "General Information"

The paragraph "*No significant change*" of section "*General Information*" on page 82 of the Offering Circular is amended as follows:

"*Except as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Issuer since 31 December 2019 and no material change in the financial position or prospect of the Issuer since 31 December 2019.*"

IV. General

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Offering Circular since 31 October 2018, the date of publication of the Offering Circular.

To the extent that there is an inconsistency between (a) any statement in this Supplement and (b) any statement in, or incorporated by reference into, the Offering Circular, the statements in (a) above will prevail.

This Supplement will be published in the same way as the Offering Circular.

15 June 2020

[Signature page follows]

Signed on behalf of the Issuer:

Koen Algoed (Authentication)

Digitaal ondertekend door Koen Algoed (Authentication)
Datum: 2020.06.15 10:28:22 +02'00'

Name: Koen Algoed

Title: Authorised signatory