

SAFE
LOAN AGREEMENT
BETWEEN
THE EUROPEAN UNION
AND
THE REPUBLIC OF LITHUANIA

This Loan Agreement is made by and between
the European Union, represented by the European Commission,
hereinafter referred to as “**the Commission**”
and
the **Republic of Lithuania**, represented by the Minister of Finance,
hereinafter referred to as “**the Member State**”,
hereinafter jointly referred to as the “Parties” and each of them a “Party”.

PREAMBLE

Whereas:

- (1) Regulation (EU) 2025/1106 of the Council of 27 May 2025 establishing the Security Action for Europe (SAFE) through the Reinforcement of the European Defence Industry Instrument¹ (**SAFE Regulation**) sets out the conditions and procedures to provide Member States with financial assistance, enabling them to carry out urgent and major public investments in support of the European defence industry in accordance to their European defence industry investment plans;
- (2) Financial assistance is provided following the positive assessment by the Commission of the Member State’s request for financial assistance, supported by its national defence industry investment plan, in accordance with the conditions of the SAFE Regulation;
- (3) The Council, on the basis of a proposal by the Commission, makes the financial assistance available through an implementing decision, in accordance with Article 8 of the SAFE Regulation;
- (4) The availability period and detailed terms of the financial assistance are determined notably on the basis of a loan agreement to be concluded between the Commission and the Member State;
- (5) The Commission and the Member State are to enter into operational arrangements that are to set out the relationship between the implementation of the Member State’s European defence industry investment plan and the corresponding financial assistance, and other elements referred to in Article 10(3) of the SAFE Regulation;
- (6) The disbursement of the loan should be provided in instalments, based on the progress in fulfilling the European defence industry investment plan and subject to the availability of funding;

¹ OJL, 2025/1106, 28.5.2025, ELI: <http://data.europa.eu/eli/reg/2025/1106/o>

- (7) On 28 November 2025, the Member State submitted a request to the Commission for financial assistance pursuant to Article 7(1) of the SAFE Regulation;
- (8) The Council Implementing Decision establishes a loan support amounting to a maximum of EUR 6 375 487 000 for the Member State. In accordance with second paragraph of Article 2 of the Council Implementing Decision and Article 11 of the SAFE Regulation an amount of EUR 956 323 050 of the loan support should be disbursed as pre-financing to the Member State;
- (9) Provisions of the Article 223 of the Financial Regulation² relating to the implementation of financial assistance by the Commission should apply to the loan support under this Loan Agreement;
- (10) The Commission will launch on behalf of the Union bond issuances, notes, commercial paper, short-term bills or any other appropriate short and/or long term financial transactions ("Funding Instruments") for the funding of the financial assistance in the form of loan support requested by the Member State;
- (11) The Commission's funding strategy, set out in Article 7 of Commission Implementing Decision³ (EU, Euratom) 2023/2825 of 12 December 2023 establishing the arrangements for the administration and implementation of the Union borrowing and debt management operations under the diversified funding strategy and related lending operations ("Diversified Funding Strategy") should apply to the funding of loan support provided under the SAFE Regulation;
- (12) The Commission should offer loan instalments with a long-term maturity of up to maximum 45 years with repayment of principal starting after a grace period of 10 years;
- (13) In order to ensure the effective protection of financial interests of the Union, the implementation of this agreement must ensure compliance with and not undermine the effectiveness of all and any current or future measure adopted by the Council pursuant to Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget ("Regulation (EU, Euratom) 2020/2092"). This includes, in particular, compliance with Article 2 of Council Implementing Decision 2022/2506. In particular, paragraph 2 of that provision prohibits to enter into any legal commitments with public interests trusts as specified therein and entities maintained by such public interests trusts, where the Commission implements the budget under direct and indirect management. This prohibition extends to the conclusion of procurement contracts, subcontracts or any other contractual arrangements at any level of the implementation of procurements covered by defence industry investment plan. The Commission should have the possibility to request the Members States to ensure that this prohibition is respected throughout the whole financing chain. The relevant provisions of this loan agreement should be interpreted in accordance with this recital;

² OJ L, 2024/2509, , ELL: <http://data.europa.eu/eli/reg/2024/2509/oj>

³ OJ L, 2023/2825, 18.12.2023, ELL: http://data.europa.eu/eli/dec_impl/2023/2825/oj

The Parties have agreed as follows:

Article 1 SUBJECT OF THE AGREEMENT

1. This Loan Agreement sets out the rights and obligations of the Parties, as well as the terms and conditions applicable to the financial assistance provided in the form of a loan, based on the satisfactory fulfilment by the Member State of the activities, expenditure and measures provided in the SAFE Plan and further detailed in the Operational Arrangements, hereinafter referred to as “milestones”. Subject to the provisions of the SAFE Regulation, the Council Implementing Decision, the Cost Allocation Methodology, the Operational Arrangements, and this Loan Agreement, the Union makes available to the Member State the Loan in the aggregate principal amount of maximum EUR 6 375 487 000.
2. The Member State shall use the Loan in conformity with the SAFE Regulation, the Council Implementing Decision, and, if relevant, the Commission decisions on disbursement under Article 12(3) of the SAFE Regulation.
3. The Loan shall be denominated solely in euro, which shall be the currency of account and payment. The Availability Period of the Loan shall be until 31 December 2030.

Article 2 MATURITY

1. Each Disbursement shall have a maximum maturity of 45 years from the date of disbursement.
2. The repayment of the principal amount of a Disbursement shall start after a grace period of 10 years from the date of disbursement and be spread evenly in equal repayments over the remaining maturity of the Disbursement.

Article 3 ENTRY INTO FORCE

1. Following its signature by all Parties and the entry into force of the Operational Arrangements, this Loan Agreement shall enter into force on the date on which the Commission has received the official notification in the form of the Legal Opinion drawn up in accordance with Annex V to this Loan Agreement by the Member State that all constitutional and legal requirements for the entry into force of this Loan Agreement and the valid and irrevocable commitment of the Member State to all obligations under this Loan Agreement have been fulfilled.
2. The entry into force shall not be later than 6 months after signature of this Loan Agreement. If this Loan Agreement has not entered into force by that date, the Parties to the Loan Agreement shall cease to be bound by it.

Article 4 DEFINITIONS

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

1. "Availability Period" means the period that runs up to the date defined in Article 1(3) of this Loan Agreement.
2. "Business Day" means a day on which the T2 payment system is open for business.
3. "Business Day Convention" means the business day convention communicated in the Confirmation Notice.
4. "Commission" means the European Commission.
5. "Confirmation Notice" means the Commission's written notice to the Member State in the form of Annex IV setting out the terms of a Loan Instalment or Tranche.
6. "Conflict of Interests" in line with Article 61 of the Financial Regulation, means that the impartial and objective exercise of the functions of a person involved in the implementation of financial support under SAFE Regulation is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other direct or indirect personal interest. A conflict of interests includes situations that may objectively be perceived as a conflict of interests.
7. "Corruption" means corruption, as defined in Article 138(1)(d)(ii) of the Financial Regulation.
8. "Cost of Carry" is the Cost of Carry as referred to in the Cost Allocation Methodology.
9. "Cost of Funding" is the Cost of Funding as defined in the Cost Allocation Methodology.
10. "Cost of Liquidity Management" is the Cost of Liquidity Management as defined in the Cost Allocation Methodology.
11. "Cost of Service" is the Cost of Service as defined in the Cost Allocation Methodology.
12. "Council Implementing Decision" means Council Implementing Decision (EU) 2026/413 of 17 February 2026 on making the financial assistance under Regulation (EU) 2025/1106 available to Lithuania (*OJ L, 2026/413, 5.3.2026*).
13. "Disbursement" means a disbursement of a Loan Instalment or Tranche to the Member State under this Loan Agreement".
14. "Disbursement Date" means, in relation to any Disbursement, the date of transfer of the Net Disbursement Amount to the Member State's T2 account provided in Article 8(7)].
15. "Due Date" means any date indicated in the Confirmation Notice on which a payment of principal amount and Cost of Funding is to be made or indicated in an invoice issued under the Cost Allocation Methodology on which a payment of Cost of Service, and Cost of Liquidity Management is to be made.

16. "Early Reimbursement" means any voluntary early repayment, in total or in part, of the Loan at the initiative of the Member State.
17. "Early Repayment" means the early repayment of the Loan requested by the Commission.
18. "ECB" means the European Central Bank.
19. "EU" means the European Union.
20. "Event of Default" means an event defined in Article 14 (1) of this Loan Agreement.
21. "Financial Regulation" means Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union.
22. "Fraud" means fraud within the meaning of Article 138(1)(d)(i) of the Financial Regulation.
23. "General Government Debt" means indebtedness comprising general government liabilities as determined in accordance with the European System of Accounts 2010 ("ESA 2010") as laid down by Regulation (EU) No 549/2013 of 21 May 2013 on the European system of national and regional accounts in the European Union.
24. "Interest Payment Date" means any date on which interest is payable under the Loan Agreement.
25. "Interest Period" means the Interest Period as defined in the Cost Allocation Methodology.
26. "Legal Opinion" means the legal opinion issued by the Ministry of Justice, the Ministry of Finance, or a relevant national authority of the Member State, in the form of Annex V.
27. "Loan Instalment" means the Pre-Financing Loan Instalment and the sums which have been the subject of a Request for Payment.
28. "Loan Agreement" means this loan agreement.
29. "Loan" means the financial assistance in a form of a loan that the Commission makes available to the Member State under this Loan Agreement and in accordance with the SAFE Regulation and the Council Implementing Decision.
30. "Market Disruption Event" means, at the time of a proposed issuance of Funding Instruments, the occurrence of events or circumstances affecting the national or international financial, political or economic conditions or international capital markets or currency exchange rates or exchange controls which in the reasonable view of the Commission are likely to prejudice materially the ability of the Commission to achieve a successful issue, offering or distribution of Funding Instruments at a reasonable price.
31. "Maturity Date" means the scheduled date for full repayment of principal of a Loan Instalment or Tranche as defined in a Confirmation Notice.

32. "Net Disbursement Amount" means the proceeds of the Funding Instruments minus (i) the aggregate amount of clearing of the pre-financing according to Article 6 of this Loan Agreement in relation to any Disbursement and (ii) the offsetting of amounts due by the Member State under this Loan Agreement or any other EU programmes against any claim that the Member State has vis-à-vis the Union under SAFE and/or any other EU programmes, resulting to an amount to be disbursed to the Member State.
33. "Operational arrangements" means the operational arrangements agreed by the Member State and the Commission as referred to in Article 10 of the SAFE Regulation.
34. "Pre-financing Loan Instalment" means the part of the Loan to be disbursed as pre-financing indicated in Article 6 of this Loan Agreement.
35. "Cost Allocation Methodology" means the Commission Implementing Decision (EU, Euratom) 2024/1974 of 12 July 2024 on establishing the framework for allocating costs related to borrowing and debt management operations under the diversified funding strategy⁴, as supplemented, amended or replaced as the case may be.
36. "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 Member State 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 Member State or entities having their head office or principal place of business within the territory of the Member State.
37. "Public Internal Indebtedness" means all General Government Debt which (i) is denominated in the currency of the Member State, (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.
38. "Relevant Indebtedness" means Public External Indebtedness and Public Internal Indebtedness.
39. "Request for Payment" means the Member State's request for the payment of Loan Instalments referred to in Article 12(2) of SAFE Regulation, in the form of Annex I.
40. "SAFE Plan" means the Member State's European defence industry investment plan submitted by the Member State with the request for financial assistance, as referred to in Article 7 of the SAFE Regulation, that was assessed by the Commission (Ares(2026)637193).
41. "SAFE Regulation" means Regulation (EU) 2025/1106 of the Council of 27 May 2025 establishing the Security Action for Europe (SAFE) through the Reinforcement of the European Defence Industry Instrument.

⁴ OJ L, 2024/1974, 18.7.2024, ELI: http://data.europa.eu/eli/dec_impl/2024/1974/oj

42. "T2" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which uses a single shared platform and which was launched March 2023.
43. "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).
44. "TFEU" means the Treaty on the Functioning of the European Union.
45. "Tranche" means a part of a Loan Instalment.

Article 5 RESPONSIBILITY OF THE MEMBER STATE

1. The Member State shall be responsible for the implementation of the SAFE Plan, including for the satisfactory fulfilment of the milestones as further detailed in the Operational Arrangements.
2. In accordance with Article 4(2) of the SAFE Regulation, the Member State may use the Loan in synergy with other Union programmes in accordance with the rules of those programmes. The Loan may also be used to finance activities which have received a Union contribution under a Union programme.

Article 6 PRE-FINANCING

1. The Commission shall disburse an amount of EUR 956 323 050 of pre-financing (the "Pre-financing Loan Instalment"), to the extent possible, within three months from the entry into force of this Loan Agreement.
2. The Member State acknowledges and irrevocably agrees that:
 - a) the disbursement of the Pre-Financing Loan Instalment shall be subject to the availability of funds;
 - b) Cost of Funding, Cost of Liquidity Management and Cost of Service for the Pre-financing Loan Instalment shall be based on the Cost Allocation Methodology;
 - c) The Maturity Date of the Pre-financing Loan Instalment shall be 45 years;
 - d) The Pre-financing Loan Instalment shall be disbursed in one or several Tranches;
 - e) It shall pay any fees, costs and expenses, including if applicable Cost of Carry.
3. The Commission shall issue to the Member State a Confirmation Notice setting out the financial terms of the Pre-financing Loan Instalment or Tranche. The Member State shall be deemed to have accepted in advance the terms of the Pre-financing Loan Instalment or Tranche set out in the Confirmation Notice.
4. For pre-financing paid in accordance with paragraph 1 an amount corresponding to the percentage equal to the ratio of the remaining uncleared pre-financing over remaining amounts of the Loan to be disbursed shall be deducted from each Disbursement to calculate the Net Disbursement Amount in order to clear the pre-financing until it has been fully cleared.

5. Upon request of the Member State in its Request for Payment, additional amounts may be deducted from each Disbursement to clear the pre-financing earlier.
6. Amounts of pre-financing that have not been cleared by 31 December 2028 shall be immediately due and payable upon demand by the Commission. The Commission shall be entitled to offset such amounts against any claim that the Member State has vis-à-vis the Union under SAFE and/or any other EU programmes.
7. Any pre-financing shall be immediately due and payable following the termination of this Loan Agreement. Article 14(3) of this Loan Agreement shall apply.

Article 7 REQUEST FOR PAYMENTS AND VERIFICATION OF CONDITIONS

1. When submitting Requests for Payment in accordance with Article 12 of the SAFE Regulation, the Member State shall duly justify that the milestones for the respective Loan Instalment have been satisfactorily fulfilled.
2. When submitting the Request for Payment pursuant to Article 12 of the SAFE Regulation, the Member State shall:
 - a) Provide due justification of the satisfactory fulfilment of the relevant milestones;
 - b) Request in relation to the Loan up to a maximum of the amount as set out in the Council Implementing Decision;
 - c) Use the form set out in Annex I of this Loan Agreement;
 - d) Enclose a duly signed Statement of Compliance drawn up in accordance with the model set out in Annex II of this Loan Agreement;
 - e) Enclose a progress report and any other documents required in accordance with the Operational Arrangements.
3. The Member State shall abide by the indicative payment request schedule set out in the Operational Arrangements. The final Request for Payment shall be submitted by 30 September 2030.
4. The assessment under Article 12 of the SAFE Regulation shall be carried out by the Commission based on the information provided by the Member State in accordance with paragraph 2. For the assessment, the Operational Arrangements shall also be taken into account. The Commission may ask supplementary information and/or carry out checks and on-the-spot controls to verify the completion of milestones, including on the non-reversibility of previously satisfactorily fulfilled milestones. In case the Commission notifies the Member State of the need for major additional information or corrections of its payment request, the period between the date of the Commission request until the date of the submission of additional or corrected documents shall not be considered for the purposes of calculation of the deadline referred to in Article 12(3) of the SAFE Regulation.

5. Where, as a result of the assessment under Article 12 of the SAFE Regulation, the Commission establishes in accordance with Article 12(4) of the SAFE Regulation that only a subset of the milestones set out in the SAFE Plan and further detailed in the Operational Arrangements have been satisfactorily fulfilled, the Commission shall determine the share of the Loan Instalment to be suspended following an observations procedure in accordance with Article 23.

Article 8 DRAWDOWN, CONDITIONS PRECEDENT AND DISBURSEMENT

1. Any Disbursement shall be conditional upon the Commission having adopted a decision authorising the Disbursement and shall be limited to the amount established in that decision.
2. No disbursement shall be made before the Commission has received:
 - a) the official notification in the form of the Legal Opinion by the Member State that all constitutional and legal requirements for the provisions concerning loans to take effect and the valid and irrevocable commitment of the Member State to all obligations under this Loan Agreement have been fulfilled, and
 - b) a Request for Payment (not applicable for the Pre-financing Loan Instalment).

The Member State is irrevocably bound by the terms of the Request for Payment.

3. A Request for Payment shall not be regarded as having been duly completed unless it specifies the information set out in Annex I.
4. The Commission's obligation to pay the Net Disbursement Amount in respect of a Loan Instalment to the Member State under this Loan Agreement, shall be subject to:
 - a) no event having occurred that would render incorrect any statement made in the Legal Opinion;
 - b) with the exception of the Pre-financing Loan Instalment, the Commission having received from the Minister of Finance of the Member State an official document indicating the persons authorised to sign the Request for Payment (and thus validly commit the Member State) and containing the specimen signatures of these persons;
 - c) with the exception of the Pre-financing Loan Instalment, the Commission having received duly signed Statement of Compliance drawn up in accordance with the model set out in Annex II of this Loan Agreement and, in line with the Operational Arrangements, the progress report (and any other document required under the OA);
 - d) the Commission having adopted a decision authorising the Disbursement of the Loan Instalment, in particular pursuant to Articles 11 and 12(3) and (4) of the SAFE regulation;
 - e) availability of funding;
 - f) no Market Disruption Event having occurred;
 - g) no material adverse change having occurred since the date of signature of this Loan Agreement such as would, in the opinion of the Commission, after consultation with the Member State be likely to prejudice materially the ability of the Member State to fulfil its payment obligations under this Loan Agreement, i.e. to service any of the Loan Instalments to be funded and to repay them;

- h) no Event of Default having occurred which has not been cured to the satisfaction of the Commission;
 - i) no material breach having occurred of any financial agreement concluded between the EU represented by the Commission and the Republic of Lithuania that affects or seriously risks affecting the sound financial management of the Union budget or the protection of the financial interests of the Union;
 - j) compliance with Council implementing decisions adopted under Regulation (EU, Euratom) 2020/2092 and absence of circumvention of the effectiveness of any measure adopted by the Council under Regulation (EU, Euratom) 2020/2092.
5. A Loan Instalment may be disbursed in one or more Tranches.
6. The Commission shall issue to the Member State a Confirmation Notice setting out the financial terms of the Disbursement. The Member State shall be deemed to have accepted in advance the terms of the Loan Instalment or Tranche set out in the Confirmation Notice. For the avoidance of doubt, the Commission is under no obligation to consider favourably any request from the Member State at any time to modify any of the financial terms of a Loan Instalment or Tranche.
7. The Commission shall instruct the ECB to transfer the Net Disbursement Amount of a Loan Instalment or Tranche on the Disbursement Date to the following euro account of the Member State or the Member State's agent held with the Ministry of Finance of the Republic of Lithuania:

Account No LT454040063660000034

BIC: MFRLLT22XXX

(Intermediary bank for T2 payments LIABLT2XXXX (Bank of Lithuania)

A payment to this bank account shall discharge the Commission from its payment obligation under this Loan Agreement with regard to the respective Disbursement.

8. The Member State's right to receive Loan Instalments or Tranches under this Loan Agreement expires at the end of the Availability Period, following which any undisbursed amount of the Loan shall be considered as immediately cancelled, except for any tranches of the Loan Instalment for which the Commission has adopted a decision authorising the Disbursement prior to that date.

Article 9 REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

1. Representations

By signing this Loan Agreement, the Member State represents and warrants to the Commission that on the date of this Loan Agreement and on each Disbursement Date:

- (a) each Loan Instalment shall constitute an unsecured, direct, unconditional, unsubordinated and general obligation of the Member State and will rank at least *pari passu* with all other present and future unsecured and unsubordinated loans and obligations of the Member State arising from its present or future Relevant Indebtedness; and
- (b) the Legal Opinion is accurate and correct.

2. Undertakings

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

- (a) to utilise the Net Disbursement Amount of each Disbursement in accordance with the SAFE Regulation, the Council Implementing Decision and any related conditions applicable at the time of issuing the Request for Payment;
- (b) to obtain and maintain in full force and effect all authorisations necessary for it to comply with its obligations under this Loan Agreement;
- (c) to comply in all respects with applicable laws which might affect its ability to perform this Loan Agreement;
- (d) to pay any fees, costs, overheads and expenses, including if applicable Cost of Carry, calculated according to the Cost Allocation Methodology ;
- (e) without prejudice to Protocol 7 annexed to the Treaties, to recognise that the Union 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 Article 20 of this Loan 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 Commission.

The grant of the following encumbrances shall not constitute a breach of this Article 9:

- 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 during 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 Member State; 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 Loan 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 Loan Agreement (including, for the avoidance of doubt, the crystallization of any floating charge which had been entered into at the date of this Loan 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 Member State; and
- 6) any encumbrance granted or consented to under a securitization transaction which has been consented to in advance by the Commission 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 Member State'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 3 million, provided that the maximum aggregate amount of indebtedness secured by such encumbrances does not exceed EUR 50 million.

As used in this Article 9, "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.

Article 10 COSTS AND EXPENSES

1. In respect of each outstanding Loan Instalment, the Member State shall transfer to the account referred to in Article 13 in respect of each Loan Instalment or Tranche
 - (a) on each Due Date the amount of Cost of Funding;
 - (b) on each Due Date the amount of Cost of Service;
 - (c) on each Due Date the amount of Cost of Liquidity Management.

2. The Interest Period and Due Dates, shall be, for each Loan Instalment or Tranche, set in the Confirmation Notice for that Loan Instalment or Tranche and be communicated to the Member State.

The Commission shall communicate to the Member State the amount of Cost of Funding, Cost of Service, and Cost of Liquidity Management at the latest twenty business days before the Due Date.

3. The costs incurred by the Commission under this Loan Agreement and imputable to the Member State will be calculated based on Cost of Funding, Cost of Service, and Cost of Liquidity Management which are to be calculated and invoiced based on the applicable Cost Allocation Methodology.
4. Without prejudice to Article 14 of this Loan Agreement, where the Member State fails to pay any amount due under this Loan Agreement on its Due Date, the Member State shall pay default interest on the overdue amount.

Default interest shall accrue from the relevant Due Date up to (but excluding) the date on which the overdue amount is paid in full.

Default interest shall be calculated on the overdue amount by reference to successive interest periods. Each interest period shall be of such length as the Commission may determine. The applicable default interest rate shall be, for each interest period, the highest of the following:

- (a) a rate per annum being the aggregate of
 - (i) 350 basis points, and
 - (ii) the rate applied by the European Central Bank to its principal refinancing operations, or
- (b) 200 basis points over the Cost of Funding which would have been payable if the overdue amount had, during the period of non-payment, constituted an Instalment, or
- (c) 0 basis points.

5. As long as the failure to pay continues, the applicable default interest rate shall be re-determined in accordance with paragraph (4) of this Article 10 at the end of each successive interest period.
6. Any default interest accrued and unpaid in respect of a preceding interest period shall remain due and payable and shall not bear further interest except as expressly provided in this Article.
7. Default interest shall be immediately due and payable.
8. The Member State undertakes to pay to the Commission all additional interest and all costs and expenses, including legal fees, incurred and payable by the Commission as a result of a breach of any obligation under this Loan Agreement by the Member State. For the avoidance of doubt, and without prejudice to Article 11(2), a payment by the Member State on any date different from the Due Date will be construed as in breach of repayment obligations under this Loan Agreement.

Article 11 REPAYMENT AND EARLY REIMBURSEMENT

1. The Member State shall repay the principal amount of each Loan Instalment on the Due Date(s) and under the conditions notified to it by the Commission in the relevant Confirmation Notice.
2. The Member State shall transfer the amount of principal due to the account referred to in Article 13(3) on the Due Date.
3. Any amount of principal which is transferred for the purpose of a repayment to the account referred to in Article 13(3) by the Member State cannot be re-borrowed by the same Member State.
4. The Member State shall be entitled to ask for Early Reimbursement. In this case, the procedure and terms referred to in Annex VI shall apply.

The terms and conditions shall in particular ensure that the Member State bears all the costs resulting from all Funding Instruments impacted, including accrued interests due, expenses, fees, Cost of Liquidity Management and costs of termination of any hedging or any other costs defined in the Cost Allocation Methodology.

Amounts repaid by the Member State may not be re-borrowed by the same Member State.

Article 12 SUSPENSION AND CANCELLATION OF UNDRAWN AMOUNTS

1. The Commission may suspend any undrawn Loan Instalments or Tranche of the Loan, if the Member State does not comply with any provision of the Loan Agreement or in cases of material breach of any other financial agreement concluded between the EU, represented by the Commission, and the Member State that affects or seriously risks affecting the sound financial management of the Union budget or the protection of the financial interests of the Union.

2. Following the suspension referred to in paragraph 1 the Commission may cancel the amounts concerned after having followed the observations procedure in accordance with Article 23.
3. The Commission may suspend or cancel any undrawn Loan Instalments or Tranche of the Loan if the Member State declares its intention not to draw any more under the Loan.

Article 13 PAYMENTS

1. All payments to be made by the Member State 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 Loan Agreement.
2. The Member State declares that all payments and transfers under this Loan Agreement, as well as the Loan Agreement itself, are not subject to any Tax or any other levy, impost or duty in the Member State and shall not be so subject for the entire term of this Loan Agreement. If nevertheless the Member State or the Central Bank of the Member State is required by law to make any such deductions, the Member State shall pay the requisite additional amounts so that the Commission receives in full the amounts specified by this Loan Agreement.
3. All payments by the Member State shall be made on the Due Date before 11:00 a.m. Luxembourg time to the European Commission's account 4062990131 at the ECB, via T2 participant SWIFT-BIC ECBFDEFFBAC, in favour of the final beneficiary EUCOLULLXXX, or on the different account indicated by the Commission in the invoice issued under the Cost Allocation Methodology.

A payment made on the Due Date on such account shall discharge the Member State from the relevant repayment obligation.

4. If the Member State pays an amount in relation to any of the Loan Instalments which is less than the total amount due and payable under this Loan Agreement, the Member State 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 a Loan 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 Article 10(4);
- (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 Commission under this Agreement:
 - (a) shall be made in a commercially reasonable manner; and
 - (b) shall, absent manifest error, be binding on the Commission and the Member State.
6. Business Day Convention (Day Count Convention) as communicated in the Confirmation Notice shall apply.

Article 14 EVENTS OF DEFAULT

1. The Commission may by written notice to the Member State declare the outstanding principal amount of the Loan to be immediately due and payable, together with accrued interest, and/or cancel any undrawn Loan Instalment or Tranche if:
 - (a) the Member State fails or shall fail to pay on the relevant Due Date any amount of principal or Costs of Funding or Costs of Service, or any other amounts due under this Loan Agreement on their due dates, whether in whole or in part, in the manner as agreed in this Loan Agreement, in respect of any Loan Instalment or Tranche; or
 - (b) the Member State defaults or shall default in the performance of any obligation under this Loan Agreement (other than those referred to in Article 14(1)(a) including the obligation set out in Article 1(2) of this Loan Agreement), and such default shall continue for a period of one month after written notice thereof shall have been given to the Member State by the Commission; or
 - (c) the Commission sends the Member State a declaration of default in circumstances where the Member State'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 Member State or to be illegal; or
 - (d) the Commission sends the Member State a declaration of default in circumstances where any representation or warranty made by the Member State under this Loan Agreement is inaccurate, untrue or misleading and which in the opinion of the Commission could have a negative impact on the capacity of the Member State to fulfill its obligations under this Loan Agreement or on the rights of the Commission under it; or
 - (e) any agreement between the Member State and the Commission 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 Union, the Commission or any EU institution by the Member State which gives rise to a declaration of default; or

- (f) Relevant Indebtedness of the Member State 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
 - (g) the Member State 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 Commission may, but is not obliged to, exercise its rights under this Article 14 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 Member State shall reimburse all costs, expenses and fees payable by the Commission as a consequence of an Early Repayment of any Loan Instalment or Tranche under this Article 14, in particular resulting from all Funding Instruments impacted. In addition, the Member State shall pay default interest, as provided for in Article 10(4), 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.

Article 15 INFORMATION UNDERTAKINGS

- 1. The Member State shall supply to the Commission 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).
- 2. The Member State shall supply to the Commission any information pertaining to the checks, measures and actions referred to under Article 20 of this Loan Agreement.
- 3. In particular, each Request for Payment shall be accompanied by a progress report on the fulfilment of milestones. In absence of a Request for Payment for a given year, if the Pre-Financing Loan Instalment or any Loan Instalment has already been disbursed to the Member State, the Member State shall submit a progress report before the end of that year.
- 4. The Member State shall provide to the Commission any information required to enable the Commission to fulfil its obligations, in particular under Article 15 SAFE Regulation.
- 5. The Member State undertakes to inform the Commission promptly if any event occurs that would render incorrect any statement made in the Member State's Legal Opinion.

Article 16 MISCELLANEOUS

The Member State 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 Commission.

Article 17 LIABILITY FOR DAMAGES

The Commission shall not be held liable for any damage caused by the Member State or any third parties involved in the implementation of the SAFE Plan, as a consequence of the implementation of the Loan Agreement.

Article 18 INFORMATION, COMMUNICATION AND VISIBILITY OF UNION FUNDING

1. When engaging in communication activities related to the Plan implementation undertaken with the support of the SAFE instrument, the Member State shall ensure the visibility of the Union's financial assistance, while duly taking into account security requirements, in particular by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.
2. Where applicable and subject to security requirements, such communication activities shall correctly and prominently display the emblem of the Union with an appropriate funding statement that reads (translated into local languages where appropriate) "supported by the European Union – SAFE". The emblem must remain distinct and separate and cannot be modified by adding other visual marks, brands or text.
3. The Member State grants the Commission the right to use free of charge the communication materials relating to the implementation of the SAFE instrument.

Article 19 UNDERTAKINGS RELATING TO INSPECTIONS, FRAUD PREVENTION AND AUDITS

1. The Commission, the European Anti-Fraud Office (OLAF), the European Court of Auditors, and where applicable the European Public Prosecutor's Office (EPPO), 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 Plan implementation as supported by this Loan.
2. The Member State shall fully cooperate in the protection of the financial interests of the Union and shall, directly or through the Ministry of National Defence, 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 Member State 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 Member State shall ensure that any third party involved in the implementation of the Loan grants rights and access equivalent to those mentioned under Article 19(1) and (2) of this Loan Agreement.

Article 20 PROTECTION OF THE FINANCIAL INTERESTS OF THE UNION

1. The Member State shall ensure an effective and efficient control and audit system is in place. For this purpose, the Member State shall:
 - (a) regularly check that the financial assistance provided has been properly used in accordance with all applicable rules and that any measure for the implementation the SAFE Plan has been properly executed in particular regarding the prevention, detection and correction of irregularities, fraud, corruption and conflicts of interests as defined in Article 61(2) and (3) of the Financial Regulation or any other illegal activity detrimental to the EU's financial interests, in relation to the management of the Loan;
 - (b) take appropriate measures to prevent, detect and correct irregularities, fraud, corruption, and conflicts of interests as defined in Article 61(2) and (3) of the Financial Regulation, or any other illegal activity detrimental to the EU's financial interests as well as double funding and to take legal actions to recover EU funds that have been misappropriated;
 - (c) report 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 and measures taken by national competent authorities under subparagraph (b) to the Commission without delay;
 - (d) designate authorities entrusted with the implementation of the SAFE plan and authorities responsible for the signing of the Statement of Compliance, inform the Commission about such designations, and promptly notify the Commission of any changes thereof; and
 - (e) empower the authorities referred to in subparagraph (d) to check fulfilment of milestones and absence of serious irregularities, as well as to take measures to address/correct any irregularities identified;
 - (f) ensure appropriate separation between implementation and audit functions;
 - (g) keep records in accordance with Article 133 of the Financial Regulation and the Operational Arrangements;
 - (h) maintain appropriate procedures and systems in order to provide required information and documents on audits carried out at national level.
 - (i) ensure and demonstrate to the Commission, to the requisite legal standard, that nothing in the implementation of this loan agreement undermines the effectiveness or be in breach of any measure adopted by the Council under Article 6 of Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget. This includes, in particular, the measures contained in Council Implementing Decision 2022/2506. The Commission may specify the content of acceptable measures to that end.
2. The Commission may request supplementary information about the control and audit system of the Member State, including as foreseen in the Operational Arrangements.

Article 21 ADMINISTRATIVE SANCTIONS AND OTHER MEASURES

Nothing in this Loan Agreement may be construed as preventing the adoption of administrative sanctions (such as financial penalties) or other public law measures, in addition or as an alternative to the measures provided under this Loan Agreement (see, for instance, Articles 137 to 148 of the Financial Regulation and Articles 4 and 7 of Regulation 2988/95⁵).

Article 22 COMMUNICATION BETWEEN PARTIES

1. All notices in relation to this Loan Agreement shall be validly given in writing, including via email, and sent to the addressees listed in Annex III to this Loan Agreement. Each Party shall 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. Each Party to this Loan Agreement shall notify to the other Party the list and specimen signatures of the persons authorised to act on its behalf under this Loan Agreement, promptly upon signature of this Loan Agreement. Likewise, each Party shall update such list and notify the other Party hereto upon the same being amended from time to time.
4. All classified information and Sensitive Non-Classified Information (SNC) exchanged between the Parties under this Agreement shall be transmitted exclusively through the secure system designated and communicated by the Commission.

Article 23 OBSERVATIONS PROCEDURE

1. Where Article 7 of this Loan Agreement refers to the observations procedure in this Article, the Member State shall be given the opportunity to submit observations within a period of one month.
2. Where Article 12 of this Loan Agreement refers to the observations procedure in this Article, the Member State shall be given the opportunity to submit observations within a period of two months.
3. The Commission may extend the deadline for submitting observations.

⁵ Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (*OJ L 312*, 23.12.1995, p. 1).

Article 24 AMENDMENTS

1. Any amendment agreed by the Parties shall be in writing and shall form part of this Loan Agreement.
2. By exception to paragraph 1:
 - a. changes to the details included in Article 8(7) of this Loan Agreement shall be notified in writing by the Member State to the Commission at the addresses specified in Annex III to this Loan Agreement and shall be used for a Disbursement upon written confirmation by the Commission;
 - b. changes to the details included in Article 13(3) of this Loan Agreement shall be notified in writing by the Commission to the Member State at the addresses specified in Annex III to this Loan Agreement and shall be used for a Disbursement upon written confirmation by the Member State;
 - c. amendments to Annex VI shall be notified in writing by the Commission to the Member State at the addresses specified in Annex III to this Loan Agreement.

Article 25 GOVERNING LAW AND JURISDICTION

1. This Loan 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.
2. The Parties undertake to submit any dispute that may arise relating to the legality, validity, interpretation or performance of this Loan Agreement to the exclusive jurisdiction of the Court of Justice of the European Union in accordance with Article 272 of the TFEU.

Article 26 PARTIAL INVALIDITY AND UNINTENTIONAL GAPS

1. If one or more of the provisions contained in this Loan 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 Loan Agreement shall not in any way be affected or impaired thereby. Provisions that are fully or in part invalid, illegal or unenforceable shall be interpreted and thus implemented according to the spirit and purpose of this Loan Agreement.
2. The Preamble and the Annexes to this Loan Agreement do and shall hereafter form an integral part of this Loan Agreement.

Article 27 EXECUTION OF THE LOAN AGREEMENT

1. This Loan Agreement shall be executed by each Party in as many originals as the number of Parties in the English language, each of which shall constitute an original instrument.
2. This Loan Agreement may be signed in any number of counterparts. Each counterpart shall be deemed an original.

3. This Loan Agreement may be signed in with a qualified electronic signature within the meaning of Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC.

Article 28 ANNEXES

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

- | | |
|------------|--|
| Annex I: | Form of Request for Payment |
| Annex II: | Statement of Compliance Template |
| Annex III: | List of Contacts |
| Annex IV: | Form of Confirmation Notice |
| Annex V: | Form of Legal Opinion |
| Annex VI: | Process of Early Reimbursement of the Loan |

Done in Vilnius on 9 May 2026 in two originals in English.

FOR THE EUROPEAN UNION

Represented by

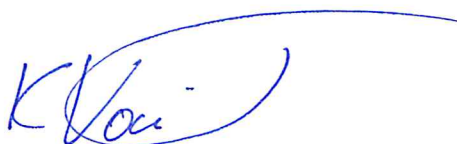
the European Commission

FOR THE REPUBLIC OF LITHUANIA



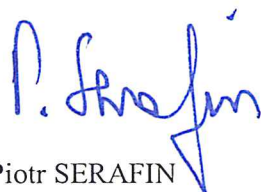
Andrius KUBILIUS

Commissioner for Defence and Space



Kristupas VAITIEKŪNAS

Minister of Finance



Piotr SERAFIN

*Commissioner for Budget, Anti-Fraud and
Public Administration*



Robertas KAUNAS

Minister of National Defence

ANNEX I

FORM OF REQUEST FOR PAYMENT

[on letterhead of the Member State]

[date]

European Commission
Directorate-General for Defence Industry and Space
SAFE Task Force: Unit Task Force 1 – SAFE Implementation

Subject: SAFE – Request for Payment for Loan Instalment

Dear Sir/Madam,

We refer to Regulation (EU) 2025/1106, notably Article 12 thereof, and the Loan Agreement dated [insert date] between the European Union, represented by the European Commission (the "**Commission**"), and [insert MS] (the "**Member State**") . Terms defined in the Loan Agreement shall have the same meaning herein.

We confirm that the milestones described in the SAFE Plan and specified in the Progress Report accompanying this request, corresponding to the instalment for loan support corresponding to [Sn 20xx] have been satisfactorily fulfilled and we hereby request the disbursement of EUR [amount] .

We have uploaded the due justification for this payment request to the relevant tool as provided by the Commission. We confirm that conditions related to previously satisfactorily fulfilled milestones have not been reversed⁶.

A duly signed Statement of Compliance is annexed to this letter .

1. We hereby irrevocably request that Loan Instalments be disbursed under and in accordance with the Loan Agreement upon the following terms:
 - a. Total principal amount of the Loan Instalment: up to EUR [•a maximum of the amount as set out in the Council Implementing Decision].
 - b. We request a Cost of Funding, Cost of Liquidity Management and Cost of Service for the Loan Instalment based on the Cost Allocation Methodology.
 - c. The Maturity Date of the Loan Instalment shall be [45] years with amortized repayment of principal starting after a grace period of 10 years.

⁶ For the first payment request, please delete this sentence.

- d. The Loan Instalment shall be disbursed in one or several Tranches.
2. We acknowledge and agree that the Disbursement shall be in accordance with and subject to
- a. the Commission being satisfied at all times that the corresponding funds are available to it from counterparties in the international capital markets on terms and conditions that are acceptable to it;
 - b. the Commission having previously obtained through Funding Instruments the funds requested in this Request for Payments. We irrevocably undertake to pay any fees, costs and expenses, including if applicable cost of carry, calculated according to the Cost Allocation Methodology.
 - c. the issue by the Commission, in due course, of a Confirmation Notice.
3. We confirm that:
- a. The list of authorised signatories sent on behalf of the Member State by the [Minister of [...]]on [date] remains valid and applicable.
 - b. No event has occurred that would render incorrect any statement made in the Legal Opinion issued on [date].
 - c. No Event of Default has occurred.

[Signature]

Annexes

- Progress Report
- Statement of Compliance

ANNEX II

STATEMENT OF COMPLIANCE

A Statement of compliance needs to be submitted together with the request for payment and the progress report on the implementation of the plan. The progress is reported based on the achievement of milestones set out in the progress report and the payment corresponds to the amount allocated to those milestones achieved, provided they meet the eligibility conditions.

Member States need to indicate to which procurement(s) and milestone(s) the statement of compliance applies.

The Coordinator shall keep records and supporting documents for the implementation of activities under these Operational Arrangements shall be kept for the duration of the related loan agreement including any ex-post checks, audits and investigations..

Please also note that the Coordinator must inform the Commission in case of changes in the information provided in previous statements.

STATEMENT OF COMPLIANCE	
Member State receiving SAFE loan:	
Request for payment:	Sx 202x (S2 2026, S1 2027.... S2 2030)
DEFENCE PRODUCTS: Please indicate the procurement codes and all corresponding milestones covered by this statement of compliance.	
(Procurement code) SAFE-	(M1, M2, ... Mx according to the number of milestone in the plan for this procurement.)
OTHER PRODUCTS FOR DEFENCE: Please indicate the procurement codes and all corresponding milestones covered by this statement of compliance.	
(Procurement code) SAFE-	(M1, M2, ... Mx according to the number of milestone in the plan for this procurement.)

DEFENCE PRODUCTS

ELIGIBILITY OF CONTRACTORS AND SUBCONTRACTORS INVOLVED IN THE COMMON PROCUREMENT

For the purpose of the SAFE Regulation, 'subcontractors involved in the common procurement' means any legal entity which fulfills the following cumulative conditions:

- *It provides critical inputs that possess unique attributes essential for the functioning of a product, and*
- *It is allocated at least 15 % of the value of the contract, and*
- *It needs access to classified information for the performance of the contract.*

1) Have any <u>contractors or subcontractors</u> fulfilled equivalent eligibility conditions under EDIDP, EDF, EDIRPA or ASAP and had no subsequent changes that would call into question the fulfilment of those conditions?		YES NO
If 1) is YES, please identify those contractors and subcontractors, and specify under which programme the equivalent eligibility conditions have been assessed (these entities may be considered eligible for questions 2) and 4))		
Contractors Subcontractors allocated more than 35 % of the value of the contract (if any)		
2) Are all contractors and subcontractors involved in the common procurement <u>established and have their executive management structure</u> in the Union, in an EEA EFTA State or in Ukraine?		YES NO
3) Are they <u>all free from control</u> by a third country which is not an EEA EFTA State or Ukraine or by another third-country entity which is not established in the Union, in an EEA EFTA State or in Ukraine?		YES NO
If answer to 3) is NO <i>One or more contractors or subcontractors controlled by a third party (or third country entity).</i>	Have the controlled contractors or subcontractors been subject to screening within the meaning of Regulation (EU) 2019/452 and, where necessary, to appropriate mitigation measures?	YES NO
	Otherwise, have those contractors or subcontractors provided guarantees verified by the Member State in which the contractor(s) or subcontractor(s) is/are established?	YES NO

Subcontractors allocated between 15% and 35 % of the value of the contract (if any)		
4) Are they <u>all established and have their executive management structure</u> in the Union, in an EEA EFTA State or in Ukraine?		YES NO
If answer to 4) is NO <i>One or more subcontractors established or have their executive management structure outside the Union, an EEA EFTA State or Ukraine</i> <i>According to derogation provided for in Article 16(4) in order to take into account industrial cooperation with non-EU partners.</i>	Do those subcontractors have a direct contractual relationship with the contractor(s) (related to the defence product) established prior to the date of entry into force of the SAFE Regulation?	YES NO
	Alternatively, has the main contractor(s) (related to the defence product) committed to study, within two years of..., the feasibility of replacing the input provided by those subcontractors with an alternative, restriction-free input originating in the Union, EEA EFTA States or Ukraine, and meeting technical and time requirements?	YES NO
For subcontractors established and having their executive management structure in the Union, in an EEA EFTA State or in Ukraine		
5) Are they <u>all free from control</u> by a third country which is not an EEA EFTA State or Ukraine or by another third-country entity which is not established in the Union, in an EEA EFTA State or in Ukraine?		YES NO
If answer to 5) is NO <i>One or more subcontractors controlled by a third party (or third country entity).</i>	Have the controlled subcontractors been subject to screening within the meaning of Regulation (EU) 2019/452 and, where necessary, to appropriate mitigation measures?	YES NO
	Otherwise, have those subcontractors provided guarantees verified by the Member State in which the contractor(s) is established?	YES NO

INFRASTRUCTURE, FACILITIES, ASSETS AND RESOURCES		
6) All the infrastructure, facilities, assets and resources of the contractors and subcontractors involved in the common procurement which are used for the purposes of the common procurement are located in the territory of a Member State, an EEA EFTA State, or Ukraine.		YES NO
If answer to 6) is NO	The contractors or subcontractors involved in the common procurement using their infrastructure, facilities, assets and resources located or held outside the territory of a Member State, an EEA EFTA State, or Ukraine <u>do not have readily available alternatives</u> .	YES NO
	The use of such infrastructure, facilities, assets and resources <u>does not contravene the security and defence interests</u> of the Union and its Member States.	YES NO

ELIGIBILITY OF PRODUCTS		
7) The cost of components originating outside the Union, EEA EFTA States and Ukraine is lower than 35 % of the estimated cost of the components of the end product.		YES NO
8) The procurements comply with the condition that no component is sourced from a third country that contravenes the security and defence interests of the Union and its Member States.		YES NO
9) For defence products related to <u>category two (as defined in Article 1, second subparagraph, point (b) SAFE Regulation)</u> , the contractor(s) has the ability to decide, without restrictions imposed by third countries or by third-country entities, on the definition, adaptation and evolution of the design of the defence product procured, including the legal authority to substitute or remove components that are subject to restrictions imposed by third countries or by third-country entities.		YES NO N/A (if no 'category two' defence products concerned)

OTHER PRODUCTS FOR DEFENCE PURPOSES	
<i>Member States shall ensure that the procurement procedures and contracts for other products for defence purpose resulting from the common procurement receiving support under the SAFE instrument contain appropriate eligibility conditions to protect the security and defence interests of the Union and its Member States.</i>	

Please describe how the appropriate eligibility conditions contained in the procurements and contracts protect the security and defence interests of the Union and its Member States.	
Please provide a justification on how these products align with SAFE conditions.	
(Procurement code(s))	(Conditions and justification)

☐	DECLARATION
I hereby confirm that: 1) The procurements fulfil the eligibility conditions under SAFE Regulation that are verifiable at this implementation phase. 2) The present declaration is true and sincere. 3) We can provide documentary evidence of the performance of the necessary eligibility checks and the information provided by contractors and subcontractors involved in the procurements. 4) We took appropriate measures to ensure sound financial management and the protection of the financial interest of the Union, including preventing of irregularities, fraud, corruption and conflicts of interests as defined in Article 61(2) and (3) of the Financial Regulation or any other illegal activity detrimental to the EU's financial interests as well as double funding. 5) No cases of fraud, corruption or any other illegal activity detrimental to the EU's financial interests, in relation to the management of the Loan have been detected. OR (applicable if cases referred to in point 5 above have been detected) 6) All 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 have been notified to the Commission. 7) If necessary action has been taken to recover any funds provided for the implementation of the Plan that have been misappropriated, ensuring the protection of the financial interests of the Union and such action has been duly notified to the Commission. 8) Appropriate procedures and systems are in place in order to keep required records and to provide required information and documents under the SAFE Loan Agreement and Operational Arrangements.	
SIGNATURE OF THE AUTHORISED PERSON	
Name and function:	[Name] [Function]
Date of signature:	[Date]
Signature and stamp:	[Signature and stamp]

ANNEX III

LIST OF CONTACTS

For the Commission:

European Commission

200, rue de la Loi, B-1049 Brussels

Directorate-General for Defence Industry and Space

SAFE Task Force: Unit Task Force 1 – SAFE Implementation

Attn: Head of Unit

Tel.: +32 229-94479

E-mail: DEFIS-SAFE@ec.europa.eu

and

Directorate General for the Budget

Unit F1 "Borrowing and lending Operations"

L-2920 Luxembourg

Attn: Head of Unit

Tel.: +352 4301 30070

E-mail: BUDG-DFS-LOANS@ec.europa.eu

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 Member State:

Ministry of Finance

Lukiškių g. 2

LT-01108 Vilnius

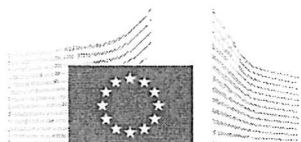
Attn. State Treasury Department

Tel. +370 658 86784

treasury@finmin.lt

ANNEX IV

FORM OF CONFIRMATION NOTICE



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

[insert Member State's contact details]

Subject: **SAFE – Disbursement of a Loan Instalment or Tranche of EUR [•]**

Dear Sir or Madam,

We refer to the Loan Agreement dated [•] between the European Commission (the "**Commission**") acting on behalf of the European Union, and [insert MS] (the "**Member State**") of a maximum amount of EUR [•] ("the Loan Agreement"). Terms defined in the Loan Agreement shall have the same meaning herein.

In line with the [Article 6 of the Loan Agreement (Pre-Financing)] Request for Payment dated [•], the terms of the Disbursement are as follows:

Principal amount	EUR [•]
Net disbursement amount	EUR [•]
Disbursement Date	[•]
[Amount of clearing of Pre-Financing]	[•]
Maturity Date	[•]
Interest payment dates	Annually on [•]
First interest payment date	[•]
Due Dates	[•]
Interest period	[•]
Compartment	[•]

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

In accordance with Article 6(3) and Article [8(6)] of the Loan Agreement, please find attached the payment schedule of the loan setting out the Due Dates and the amounts of repayment of principal.

EUROPEAN UNION
represented by
EUROPEAN COMMISSION

[•]

[•]

Copy to

European Central Bank

ANNEX V

FORM OF LEGAL OPINION

MINISTRY OF JUSTICE [or relevant national authority]

(to be issued on official letterhead of the Ministry of Justice or relevant national authority)

[*place, date*]

European Commission

Directorate General for Defence Industry and Space

[•]

Re: SAFE Loan Agreement dated [date] for a maximum amount of EUR [amount]

Dear Sirs,

In my capacity as [the Minister of Justice/competent authority], 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 Commission (hereinafter referred to as the "**Commission**") acting on behalf of the European Union and [insert MS] (hereinafter referred to as the "**Member State**") for a maximum amount of EUR [amount].

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

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 Member State, 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 Member State) 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 Member State .

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

This opinion is limited to [MS] 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 [insert MS], the Member State is by the execution of the Agreement by [insert name], Minister of Finance, validly and irrevocably committed to fulfill all of its obligations under it.
2. The Member State'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 Member State 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 [MS] law for enforcement against the Member State. The enforcement of the Agreement would not be contrary to mandatory provisions of [MS] law, to the ordre public of [insert MS], to international treaties or to generally accepted principles of international law binding on the Member State.
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 [insert MS].
6. No Taxes, duties, fees or other charges imposed by [insert MS] 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 Member State in accordance with [MS] law.

9. The Member State 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 [MS] law and binding on [insert MS].
11. The Agreement is fully valid and does not need to be ratified / have been validly ratified [delete as appropriate] in accordance with national law.
12. In conclusion, the Agreement has been duly executed on behalf of the Member State and all the Member State'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 Justice/competent authority] of [insert MS]

ANNEX VI

PROCESS FOR EARLY REIMBURSEMENT OF THE LOAN

Section I – Definitions:

1. Unless otherwise defined in this Annex or the context requires otherwise, capitalised terms used in this Annex shall have the meaning given to them in the Loan Agreement.
2. In this Annex, the following terms have the following meaning:
‘transaction date’ is the date on which the transaction is priced, i.e. the Net Present Value of the loan is determined.

‘settlement date’ is the date, following the transaction date, on which the Early Reimbursement is executed, which is determined following the conventions of the European government bond market.

Section II – Early Reimbursement of the Loan requested by the Member State

1. The Member State shall be entitled to make a partial/total Early Reimbursement of the Loan provided that:
 - (a) the Member State notifies to the Commission (with the ECB in copy) a request to make an Early Reimbursement, specifying the nominal amount thereof, the tranches of the loan intended to be reimbursed early, and the proposed settlement date;
 - (b) the Member State’s request, unless the Commission agrees otherwise, is for a principal amount of at least EUR 500 000 000;
 - (c) the Commission receives the Member State’s request by May 15 of a given year, if the Member State wishes to reimburse between July 1 and December 31 of the same year, or by November 15 of a given year, if the Member State wishes to reimburse between January 1 and June 30 of the following year, unless the Commission agrees otherwise; and
 - (d) the Member State obtains the consent of the Commission to the request. The Commission is under no obligation to grant its consent to the request and may withhold its consent inter alia in cases in which the Early Reimbursement could give rise to negative consequences or risks for the execution of the Commission’s wider funding, debt management and liquidity operations.
2. At least 5 business days before a transaction date, based on the proposed settlement date, the Commission communicates to the Member State, in the form of Sub-Annex A, the terms and conditions of the transaction. The Commission has full discretion to confirm what Funding Instruments and what pricing references are to be considered to set the terms of the Early Reimbursement.

3. The Member State sends their written consent to the terms and conditions communicated by the Commission at least one Business Day prior to the date of a transaction.

4. On the transaction date, the Commission shall determine, acting reasonably and by reference to observable market data, the market prices and yields of the reference Funding Instruments relevant to the funding of the Loan or the relevant Loan Instalments / Tranches.

The Net Present Value of the Loan or the relevant Loan Instalments / Tranches shall be calculated as the aggregate present value, as at the transaction date, of all remaining contractual cash flows (including principal and interest) of the relevant funding instruments.

5. The Commission shall issue to the Member State a Confirmation Notice as provided in Sub-Annex B setting out the final terms of the transaction including the settlement amount, corresponding to the Net Present Value of the Loan or relevant Loan Instalments / Tranches and accrued interest.

6. On the settlement date, the Member State shall pay the settlement amount which shall comprise: The Net Present Value of the Loan or relevant Loan Instalments / Tranches and the accrued interest agreed based on this process. The Net Present Value and accrued interest shall be communicated in the Confirmation Notice as provided in Sub-Annex B.

7. Early Reimbursement by the Member State shall be made in euro via SWIFT message MT202/PACS.009 to the account number 4062990131 at ECB. A payment made on the agreed settlement date on such account shall, in effect from the settlement date, discharge the Member State from the relevant repayment obligation under the Loan Agreement.

8. Any principal amount which is transferred by the Member State for the purpose of Early Reimbursement to the account referred to in paragraph 7 above cannot be re-borrowed by the Member State.

Section III – Early Reimbursement of the Loan initiated by the Commission in the absence of the Event of Default

1. The Commission shall be entitled to offer the Member State to consider an early Reimbursement of the whole or part of the Loan.

2. If the Member State accepts the offer, Early Reimbursement of the Loan shall be executed following the procedure established in Section II of the present Annex.

Section IV – General Provisions

Nothing in this Annex shall be contrary or be construed as contrary to the Cost Allocation Methodology as supplemented, amended or replaced as the case may be. In case the provisions of the Cost Allocation Methodology conflict with those of the Annex, the Cost Allocation Methodology shall prevail.

SUB-ANNEXES

SUB-ANNEX A

Early Reimbursement of the [SAFE] loan instalment no. [•]

Terms and conditions

Dear Sir/Madam,

We refer to the SAFE Loan Agreement between the European Union as Lender, the [•] as and Member State signed on [XX XX XX] with subsequent amendments (the "Agreement"). Terms defined in the Agreement shall have the same meaning herein.

In line with your Request for Early Reimbursement dated [XX XX XX], the terms and conditions for the Early Reimbursement operation are as follows:

Principal amount	EUR [•]
Maturity Date	[•]
Transaction date/time	[•] at xx:xx CET/CEST
Settlement date	[•]
Method of price determination:	[•] (e.g. market price)
Pricing reference:	[•] (e.g. MTS mid price)

Yours sincerely,

EUROPEAN UNION

EUROPEAN COMMISSION

SUB-ANNEX B

Early Reimbursement of the [SAFE] loan instalment no. [•]

Confirmation notice

Dear Sir/Madam,

We refer to the SAFE Loan Agreement between the European Union and the Member State signed on [XX XX XX] with subsequent amendments (the "Agreement"). Terms defined in the Agreement shall have the same meaning herein.

In line with your Request for Early Reimbursement dated [xx xx xx] and the agreed terms and conditions dated [xx xx xx], the Early Reimbursement amounts have been determined on [xx xx xx] as follows::

Principal amount	EUR [•]
Maturity Date	[•]
Transaction date	[•]
Price	x.xxx%
Net present value	EUR [•]
<u>Settlement amount</u>	EUR [•]
Settlement date	[•]

The total reimbursement amount as specified above shall be transferred with value date [xx xx xx] via SWIFT message MT202/PACS.009 to account number 4062990131 at ECB.

A copy of this letter will be sent to the European Central Bank.

Yours sincerely,

EUROPEAN UNION

EUROPEAN COMMISSION

