



**BELFIUS BANK SA/NV**

*(incorporated with limited liability in Belgium)*

**EUR 10,000,000,000**

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Belgian Mortgage Pandbrieven Programme

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*Arranger*  
**Belfius Bank**

*Dealers*

**Barclays**

**BNP PARIBAS**

**Crédit Agricole CIB**

**Deutsche Bank**

**HSBC**

**Landesbank Baden-Württemberg**

**Natixis**

**Société Générale Corporate & Investment Banking**

**The Royal Bank of Scotland**

**Belfius Bank**

**Commerzbank**

**Credit Suisse**

**DZ Bank AG**

**J.P. Morgan**

**Merrill Lynch International**

**Nomura**

**Rabobank International**

**UBS**

**UniCredit Bank**

8 November 2012



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### Belgian Mortgage Pandbrieven Programme

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Under its EUR 10,000,000,000 Belgian Mortgage Pandbrieven Programme (the “**Programme**”), Belfius Bank SA/NV (the “**Issuer**” or “**Belfius Bank**”) may from time to time issue Belgian pandbrieven (*Belgische pandbrieven/lettres de gage belges*) (the “**Mortgage Pandbrieven**”) in accordance with the Law of 3 August 2012 on the legal framework for Belgian covered bonds (as implemented in Chapter VIII of the Credit Institutions Supervision Law) and its executing Royal Decrees and regulations (the “**Covered Bond Regulations**”). The aggregate principal amount of Mortgage Pandbrieven outstanding will not at any time exceed EUR 10,000,000,000 (or the equivalent in other currencies).

Mortgage Pandbrieven may be issued in dematerialised form (“**Dematerialised Mortgage Pandbrieven**”), in registered form (“**Registered Mortgage Pandbrieven**”) or in such other form as may be specified in the relevant terms and conditions or final terms. Dematerialised Mortgage Pandbrieven will be represented by a book-entry in the records of the clearing system operated by the National Bank of Belgium (the “**NBB**”) or any successor thereto (the “**X/N Clearing System**”) in accordance with Articles 468 et seq. of the Belgian Companies Code. Registered Mortgage Pandbrieven will be registered in a register maintained by the Issuer or by the Registrar in accordance with Article 462 et seq. of the Belgian Companies Code.

The Mortgage Pandbrieven may be issued on a continuing basis to one or more dealers appointed from time to time under the Programme, which appointment may be for a specific issuance or on an ongoing basis (each a “**Dealer**” and together the “**Dealers**”). The Issuer may issue and/or agree with any Dealer or investor (as applicable) to issue Mortgage Pandbrieven in a form and subject to conditions not contemplated by the terms and conditions or the final terms set out herein or under a different prospectus or without prospectus.

This document constitutes a base prospectus within the meaning of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”). This base prospectus (the “**Base Prospectus**”) has been approved by the *Belgian Financial Services and Markets Authority* (the “**FSMA**”), in its capacity as competent authority under the Belgian Law of 16 June 2006 on the public offer of investment instruments and the admission of investment instruments to trading on a regulated market (the “**Prospectus Law**”), as a base prospectus in compliance with the Prospectus Directive. The approval by the FSMA does not imply any appraisal of the appropriateness or the merits of any issue under the Programme, nor of the situation of the Issuer.

The date of this Base Prospectus is 8 November 2012. This Base Prospectus shall be valid for a period of twelve months from its date of approval.

Application may be made to Euronext Brussels SA/NV (“**Euronext Brussels**”) for Mortgage Pandbrieven issued under the Programme for the period of 12 months from the date of publication of this Base Prospectus to be listed on the official list of Euronext Brussels and admitted to trading on the regulated market of Euronext Brussels (the “**Market**”). The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. No certainty can be given that the application will be granted. The Issuer may also issue unlisted Mortgage Pandbrieven or request the listing of Mortgage Pandbrieven on any other stock exchange or market. The applicable final terms in respect of the issuance of any Mortgage Pandbrieven will specify whether or not such Mortgage Pandbrieven will be listed and, if so, whether on the Market or on any other stock exchange.

The NBB, in its capacity as Belgian prudential supervisory authority of financial institutions, has admitted the Issuer to the list of credit institutions that are authorised to issue covered bonds and has admitted the Programme to the list of authorised programmes for the issuance of covered bonds under the category Belgian pandbrieven (*Belgische pandbrieven/lettres de gage belges*). Both lists can be consulted on the website of the NBB at [www.nbb.be](http://www.nbb.be). Mortgage Pandbrieven issued under the Programme will constitute Belgian pandbrieven under the Covered Bond Regulations and will as such be included in the list of the NBB.

The Mortgage Pandbrieven may on issuance be assigned a rating by Fitch France S.A.S. (“**Fitch**”), a rating by Moody’s Investors Service Ltd (“**Moody’s**”) and/or a rating by Standard & Poor’s Rating Services (“**Standard & Poor’s**” or “**S&P**”), to the extent each such agency is a Rating Agency (as defined herein) at the time of the issuance of the Mortgage Pandbrieven.

Each of the Rating Agencies is established in the European Union and is registered in accordance with Regulation (EC) No.1060/2009 on credit rating agencies, as amended by Regulation (EU) No 513/2011 (the “**CRA Regulation**”) published on the European Securities and Markets Authority (“**ESMA**”)’s website (<http://www.esma.europa.eu>). Series of Mortgage Pandbrieven (as defined in “**Overview of the Programme**”) to be issued under the Programme will be rated or unrated. Where a Series of Mortgage Pandbrieven is to be rated, such rating will not necessarily be the same as the ratings assigned to other Series of Mortgage Pandbrieven. Whether or not a rating in relation to any Series of Mortgage Pandbrieven will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the applicable final terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The issue price and amount of the relevant Mortgage Pandbrieven will be determined at the time of the offering of each Tranche based on the then prevailing market conditions and will be set out in the applicable final terms.

**Prospective investors should have regard to the factors described under the section headed “Risk Factors” in this Base Prospectus. This Base Prospectus does not describe all of the risks of an investment in the Mortgage Pandbrieven.**

## Responsibility Statement

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

## General

This Base Prospectus has been prepared on the basis that any offer of Mortgage Pandbrieven in any Member State of the European Economic Area which has implemented the Prospectus Directive (each a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Mortgage Pandbrieven. Accordingly, any person making or intending to make an offer in that Relevant Member State of Mortgage Pandbrieven which are the subject of an offering contemplated in this Base Prospectus as completed by the final terms in relation to the offer of those Mortgage Pandbrieven may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Mortgage Pandbrieven in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. The expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

This Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference”).

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issuance or sale of the Mortgage Pandbrieven and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arranger (as defined in “Overview of the Programme”). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented, or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented, or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

In the case of any Mortgage Pandbrieven which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issuance of the Mortgage Pandbrieven).

The distribution of this Base Prospectus and the offering or sale of the Mortgage Pandbrieven in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Mortgage Pandbrieven have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”). Subject to certain exceptions, Mortgage Pandbrieven may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in

Regulation S under the Securities Act). For a description of certain restrictions on offers and sales of Mortgage Pandbrieven and on distribution of this Base Prospectus, see “Subscription and Sale”.

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Dealers or the Arranger to subscribe for, or purchase, any Mortgage Pandbrieven.

To the fullest extent permitted by law, none of the Dealers accept any responsibility for the contents of this Base Prospectus or for any other statement made or purported to be made by a Dealer or on its behalf in connection with the Issuer or the issuance and offering of the Mortgage Pandbrieven. Each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement. Neither this Base Prospectus nor any other information supplied in connection with the Programme are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme should purchase the Mortgage Pandbrieven. Each potential purchaser of Mortgage Pandbrieven should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Mortgage Pandbrieven should be based upon such independent investigation as it deems necessary. None of the Dealers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Mortgage Pandbrieven of any information coming to the attention of any of the Dealers.

In connection with the issuance of any Tranche (as defined in the section “Overview of the Programme – Method of Issue”) of Mortgage Pandbrieven, the Dealer or Dealers (if any) named as the stabilising manager(s) (the “**Stabilising Manager(s)**”) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable final terms may over-allot Mortgage Pandbrieven or effect transactions with a view to supporting the market price of the Mortgage Pandbrieven at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 calendar days after the date of the relevant Tranche and 60 calendar days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Managers) in accordance with all applicable laws and rules.

The Mortgage Pandbrieven are issued in accordance with the Covered Bond Regulations as further described in this Base Prospectus. The official text of the Covered Bond Regulations is in Dutch and in French and any discrepancies or differences created in the translation of legal concepts in this Base Prospectus are not binding and have no legal effect. If any questions arise on the accuracy of the information in relation to the Covered Bond Regulations contained in this Base Prospectus, please refer to the official Dutch and French version of the relevant legislative text, which shall prevail.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to *euro*, **EUR** and € are to the currency introduced on 1 January 1999 pursuant to the Treaty establishing the European Community as amended by the Treaty on European Union and as amended from time to time.

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## SECTION 1 OVERVIEW OF THE PROGRAMME

*This overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive, as amended. It summarises the main terms applicable to the Mortgage Pandbrieven issued pursuant to the terms and conditions set out in this Base Prospectus (the “**Conditions**”) and the final terms based on the form set out in this Base Prospectus (the “**Final Terms**”).*

*The Issuer may from time to time issue Mortgage Pandbrieven under the Programme which are subject to terms and conditions and/or final terms not contemplated by this Base Prospectus, including (without limitation) in the case of Mortgage Pandbrieven governed by German law (Gedekte Namensschuldverschreibungen) (“**N Bonds**”). The relevant (form of) terms and conditions and/or final terms will, in such circumstances, be set out in a schedule to the Programme Agreement (as the same may be amended, supplemented, replaced and/or restated from time to time).*

*This overview does not purport to be complete and is taken from, and is qualified in its entirety by the remainder of, this Base Prospectus and, in relation to the terms and conditions of any particular Tranche or Series of Mortgage Pandbrieven, the applicable Final Terms.*

### PROGRAMME OVERVIEW

#### Information relating to the Issuer

##### **Issuer**

Belfius Bank SA/NV (the “**Issuer**” or “**Belfius Bank**”) is a limited liability company of unlimited duration incorporated under Belgian law, licensed as a Belgian credit institution and registered with the Crossroads Bank for Enterprises under business identification number 0403.201.185. Its registered office is at 1000 Brussels, Boulevard Pachéco 44, Belgium, telephone +32 22 22 11 11.

##### **NBB issuer license**

The National Bank of Belgium (the “**NBB**”), in its capacity as Belgian prudential supervisory authority of financial institutions, has admitted the Issuer to the list of credit institutions that are authorised to issue covered bonds on 6 November 2012.

#### Information relating to the Programme

##### **Description**

The Belgian Mortgage Pandbrieven Programme (the “**Programme**”) is a programme for the continuous offer of Belgian pandbrieven (*Belgische pandbrieven/lettres de gage belges*) (the “**Mortgage Pandbrieven**”) in accordance with the Law of 3 August 2012 on the legal framework for Belgian covered bonds (as implemented in Chapter VIII of the Credit Institutions Supervision Law) and its executing Royal Decrees and regulations (the “**Covered Bond Regulations**”) on any issue date (each, an “**Issue Date**”).

##### **NBB programme license**

The NBB, in its capacity as Belgian prudential supervisory authority of financial institutions, has admitted the Programme to the list of authorised programmes for the issuance of covered bonds under the category Belgian pandbrieven (*Belgische*

*pandbrieven/lettres de gage belges*) on 6 November 2012. Upon so being notified by the Issuer, the NBB shall regularly update such list with the Mortgage Pandbrieven issued under the Programme and shall indicate that the Mortgage Pandbrieven constitute Belgian pandbrieven under the Covered Bond Regulations.

**Programme Limit**

EUR 10,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Mortgage Pandbrieven outstanding at any time.

**Belgian Mortgage Pandbrieven**

The Mortgage Pandbrieven will be issued as Belgian pandbrieven (*Belgische pandbrieven/lettres de gage belges*) in accordance with the Covered Bond Regulations.

All Mortgage Pandbrieven to be issued under the Programme will be covered by the same special estate (*bijzonder vermogen/patrimoine spécial*) (the “**Special Estate**”). The main asset class of the Special Estate will consist of Belfius’ residential mortgage loans within the meaning of the Covered Bond Regulations (the “**Residential Mortgage Loans**”, and together with any other assets registered as cover assets (*dekkingswaarden/actifs de couverture*), the “**Cover Assets**”). The Issuer shall procure that the value of the Residential Mortgage Loans calculated in accordance with the Covered Bond Regulations (and including any collections in respect thereto) will at all times represent at least 105% of the aggregate nominal outstanding amount of the Mortgage Pandbrieven of all Series. The Issuer will maintain a cover register in which both the issued Mortgage Pandbrieven and the Cover Assets are registered (the “**Cover Register**”).

*See section 6.2.1 (Summary description of the legal framework for Belgian pandbrieven - Composition of the special estate) and Condition 11 (Issuer Covenant) for further information on the composition of the Special Estate.*

**Status and ranking of Mortgage Pandbrieven**

The Mortgage Pandbrieven will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank at all times *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future. In addition and pursuant to the Covered Bond Regulations, the Noteholders and any Other Creditors (as defined below) will benefit from a dual recourse consisting of (i) an exclusive right of recourse against the Special Estate and (ii) an unsecured, unsubordinated recourse against the general estate of the Issuer.

**Issuer Covenant**

The Issuer will covenant in favour of the Noteholders and the Noteholders’ Representative to:

- (i) comply with all obligations imposed on it under the Covered Bond Regulations;
- (ii) ensure that the Special Estate will mainly consist of

Residential Mortgage Loans;

(iii) ensure that the Special Estate will not contain any commercial mortgage loans, any residential mortgage backed securities, any commercial mortgage backed securities or any other asset backed securities;

(iv) ensure that the value of the Residential Mortgage Loans that are registered as Cover Assets in the Cover Register (and including any collections in respect thereto) (a) are calculated in accordance with the Covered Bond Regulations and (b) will at all times represent at least 105% of the aggregate nominal outstanding amount of the Mortgage Pandbrieven of all Series (it being understood that any surplus above 105% may be composed of other eligible assets under the Programme);

(v) ensure that only Residential Mortgage Loans with a current loan to current value ratio of maximum 120% will be added to the Special Estate;

(vi) ensure that only fully drawn Residential Mortgage Loans will be added to the Special Estate;

(vii) ensure that the Special Estate will at all times include liquid bonds meeting the criteria set out in article 7 of the NBB Covered Bonds Regulation and which (a) are eligible as collateral for Eurosystem monetary policy purposes and intra-day credit operations by the Eurosystem (b) have a credit quality step 1 as defined in the CRD Directive, (c) are subject to a daily mark-to-market and have a market value which, after applying the ECB haircut in accordance with the Guidelines of the ECB of 20 September 2011 on monetary policy instruments and procedures of the Eurosystem (as may be amended, supplemented, replaced and/or restated from time to time), is higher than the amount of interest due and payable on the outstanding Mortgage Pandbrieven within a period of one year, (d) have a remaining maturity of more than one year, and (e) are not debt issued by the Issuer; and

(viii) provide regular investor reports with regard to, amongst others, the composition of the Special Estate which will be made available on the website of the Issuer at [www.belfius.be](http://www.belfius.be) on a quarterly basis and, as from Q3 2013, on a monthly basis.

#### **Cross-Acceleration**

Upon service of an Acceleration Notice, all Mortgage Pandbrieven will become immediately due and payable, together with any accrued interest, and they will rank *pari passu* among themselves.

#### **Post-Acceleration Priority of Payments**

All monies (other than amounts standing to the credit of a swap collateral account which will be applied in accordance with the provisions of the relevant swap agreement) received or recovered by the Special Estate (whether in the administration, liquidation of the Special Estate or otherwise) following (i) the service of an Acceleration Notice or (ii) a liquidation of the

Special Estate in accordance with Article 64/16, 6° or 7° of the Credit Institutions Supervision Law, will be applied in the following order of priority (the “**Post-Acceleration Priority of Payments**”), in each case only if and to the extent that payments or provisions of a higher priority have been made:

- (a) *first*, in or towards satisfaction of all amounts due and payable, including any costs, charges, liabilities and expenses, to the Cover Pool Administrator (including any of its representatives and delegates);
- (b) *second*, in or towards satisfaction of all amounts due and payable, including any costs, charges, liabilities and expenses, to the Noteholders’ Representative;
- (c) *third*, on a *pari passu* and *pro rata* basis, in or towards satisfaction of any Expenses which are due and payable to the Operating Creditors;
- (d) *fourth*, on a *pari passu* and *pro rata* basis, in or towards satisfaction of (i) any Pari Passu Swap Amounts, (ii) any Pari Passu Liquidity Amounts, and (iii) any payments of amounts due and payable to Noteholders *pro rata* and *pari passu* on each Series in accordance with the Conditions;
- (e) *fifth*, on a *pari passu* and *pro rata* basis, in or towards satisfaction of (i) any Junior Swap Amounts and (ii) any Junior Liquidity Amounts;
- (f) *sixth*, thereafter any remaining monies will be paid to the general estate of the Issuer.

“**Expenses**” means any costs, charges, liabilities, expenses or other amounts payable by the Issuer or by the Special Estate, as applicable, to any Operating Creditor plus any value added tax or any other tax or duty payable thereon.

“**Hedge Counterparty**” means a hedge counterparty under a swap agreement entered into by the Issuer in relation to the Special Estate.

“**Junior Liquidity Amount**” means each amount, including any costs, charges, liabilities and expenses, due and payable to a Liquidity Provider and ranking junior to amounts in respect of interest and principal due and payable to Noteholders and any other party ranking senior in accordance with the Post-Acceleration Priority of Payments.

“**Junior Swap Amount**” means any swap termination amount whereby the Hedge Counterparty is the defaulting party or any such other amount, including any costs, charges, liabilities and

expenses, due and payable to a Hedge Counterparty (in accordance with the relevant swap agreement) and ranking junior to amounts in respect of interest and principal due and payable to Noteholders and any other party ranking senior in accordance with the Post-Acceleration Priority of Payments.

“**Liquidity Provider**” means a counterparty under a liquidity arrangement agreement entered into by the Issuer in relation to the Special Estate.

“**Operating Creditor**” means any of (1) the (Principal) Paying Agent, (2) the Fiscal Agent, (3) the Cover Pool Monitor, (4) the Registrar, (5) the Servicer, (6) any account bank holding assets on behalf of the Special Estate, (7) any stock exchange on which the Mortgage Pandbrievens are listed, (8) the Issuer's statutory auditor(s), legal counsel and tax advisers for services provided for the benefit of the Special Estate, (9) the Rating Agencies in relation to any Mortgage Pandbrievens issued under the Programme, (10) any independent accountant or independent calculation agent for services provided for the benefit of the Special Estate, (11) any custodian in relation to the Programme, (12) any agent or party appointed in accordance with the Programme Documents or any other creditor of amounts due in connection with the management and administration of the Special Estate or (13) any other creditor which may have a claim against the Special Estate as a result of any services provided or contracts entered into in relation to the Mortgage Pandbrievens or the Programme, as may from time to time be specified in the Conditions of any Mortgage Pandbrievens issued under the Programme.

“**Other Creditor**” means the Noteholders' Representative, any Operating Creditor, any Liquidity Provider, any Hedge Counterparty and the Cover Pool Administrator.

“**Pari Passu Swap Amount**” means each amount, including any costs, charges, liabilities and expenses, due and payable to a Hedge Counterparty and ranking *pari passu* with amounts in respect of interest or principal (as applicable) due and payable to Noteholders in accordance with the Programme Documents.

“**Pari Passu Liquidity Amount**” means each amount, including any costs, charges, liabilities and expenses, due and payable to a Liquidity Provider and ranking *pari passu* with amounts in respect of interest or principal (as applicable) due and payable to Noteholders in accordance with the Programme Documents.

**Cross-Default**

None (other than cross-acceleration between Series of Mortgage Pandbrievens).

**Negative Pledge**

None.

## **Information relating to the parties involved**

<b>Arranger</b>	Belfius Bank SA/NV
<b>Dealers</b>	Barclays Bank PLC Belfius Bank SA/NV BNP Paribas Commerzbank Aktiengesellschaft Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) Crédit Agricole Corporate and Investment Bank Credit Suisse Securities (Europe) Limited Deutsche Bank AG London Branch DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main HSBC Bank plc J.P. Morgan Securities plc Landesbank Baden-Württemberg Merrill Lynch International Natixis Nomura International plc Société Générale The Royal Bank of Scotland plc UBS Limited UniCredit Bank AG <i>The Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional Dealers either in respect of one or more Tranches or in respect of the whole Programme.</i>
<b>Fiscal Agent</b>	Belfius Bank SA/NV, unless otherwise specified in the applicable Final Terms.
<b>Principal Paying Agent</b>	Belfius Bank SA/NV, unless otherwise specified in the applicable Final Terms.
<b>Paying Agent</b>	Belfius Bank SA/NV, unless otherwise specified in the applicable Final Terms.
<b>Registrar</b>	Belfius Bank SA/NV, unless otherwise specified in the applicable Final Terms.
<b>Servicer</b>	Belfius Bank SA/NV, unless otherwise specified in the applicable Final Terms.
<b>Clearing Systems</b>	The clearing system operated by the NBB or any successor thereto (the “ <b>X/N Clearing System</b> ”) (or any other entity entitled by law to replace any such clearing system), Euroclear Bank SA/NV (“ <b>Euroclear</b> ”), Clearstream Banking S.A. (“ <b>Clearstream Luxembourg</b> ”) and/or such other clearing system as may be agreed between the Issuer, the Fiscal Agent and (where applicable) the relevant Dealer(s).

<b>Noteholders' Representative</b>	Stichting Belfius Mortgage Pandbrieven Noteholders' Representative, a foundation ( <i>stichting</i> ) incorporated under Dutch law on 31 October 2012. It has its registered office at Amsterdam. Its managing director is Amsterdamsch Trustee's Kantoor B.V.
<b>Cover Pool Monitor</b>	Ernst & Young Bedrijfsrevisoren CVBA/Réviseurs d'Entreprises SCRL and its representative (as approved by the NBB in accordance with the Covered Bond Regulations). The Cover Pool Monitor will perform its duties in accordance with the Covered Bond Regulations and the contractual arrangements that will be agreed upon between the Cover Pool Monitor and the Issuer.
<b>Cover Pool Administrator</b>	<p>The Covered Bond Regulations provide that, in certain circumstances of distress, the NBB may replace the management of the Special Estate by entrusting it to a cover pool administrator. Such circumstances are any of the following:</p> <ul style="list-style-type: none"> <li>(a) upon the adoption of a reorganisation measure, as set out in Article 57 of the Credit Institutions Supervision Law, against the issuing credit institution if such measure may, in the opinion of the NBB, have a negative impact (<i>negatieve impact/impact négatif</i>) on the noteholders;</li> <li>(b) upon the initiation of bankruptcy proceedings against the issuing credit institution;</li> <li>(c) upon the removal of the issuing credit institution from the list of Belgian covered bonds issuers; or</li> <li>(d) in circumstances where the situation of the issuing credit institution is such that it may seriously affect (<i>ernstig in gevaar kan brengen/mettre gravement en péril</i>) the interest of the noteholders.</li> </ul>

*The parties listed above (other than the Cover Pool Monitor and any Cover Pool Administrator) are appointed to act in respect of the Programme pursuant to the Programme Documents as further described under Section 5 of this Base Prospectus (the "**Programme Documents**"). The relevant Programme Documents provide that other parties may be appointed from time to time and contain certain provisions in relation to the replacement of the above-mentioned parties.*

## **BASE PROSPECTUS OVERVIEW**

### **Information relating to the Mortgage Pandbrieven issued under this Base Prospectus**

<b>Form of Mortgage Pandbrieven</b>	Mortgage Pandbrieven can be issued (i) in dematerialised form (" <b>Dematerialised Mortgage Pandbrieven</b> ") in accordance with Article 468 et seq. of the Belgian Companies Code via a book-entry system maintained in the records of the NBB in its capacity as operator of the X/N Clearing System or (ii) in registered form (" <b>Registered Mortgage Pandbrieven</b> ") in accordance with Article 462 et seq. of the Belgian Companies
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Code. No physical documents of title will be issued in respect of Dematerialised or Registered Mortgage Pandbrieven.

**Method of Issue**

The Mortgage Pandbrieven will be issued in series (each a “Series”). Each Series may be issued in tranches (each, a “Tranche”) on the same or different issue dates. A “Tranche” means Mortgage Pandbrieven which are identical in all respects (including as to listing). A “Series” means a Tranche of Mortgage Pandbrieven together with any further Tranche or Tranches of Mortgage Pandbrieven which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices. The Mortgage Pandbrieven of each Series are intended to be interchangeable with all other Mortgage Pandbrieven of that Series.

The specific terms of each Tranche will be set out in the applicable Final Terms.

**Distribution**

Mortgage Pandbrieven may be distributed by way of placement on a syndicated or non-syndicated basis and may be offered and subscribed by one or more Dealers, in each case in accordance with the Distribution Agreement.

**Selling Restrictions**

United States, European Economic Area, United Kingdom, Belgium, the Netherlands, Switzerland and Japan. See “Subscription and Sale”.

The Issuer is Category 2 for the purposes of Regulation S under the Securities Act.

**Issue Price**

Mortgage Pandbrieven may be issued at their principal amount or at a discount or premium to their principal amount.

**Delivery of Mortgage Pandbrieven**

Dematerialised Mortgage Pandbrieven will be credited to the accounts held with the X/N Clearing System by Euroclear, Clearstream Luxembourg or other X/N Clearing System participants or their participants. Registered Mortgage Pandbrieven will be registered in a register maintained by the Issuer or by the Registrar in accordance with Article 462 et seq. of the Belgian Companies Code.

**Currencies**

Subject to compliance with all relevant laws, regulations and directives, Mortgage Pandbrieven may be issued in any currency agreed between the Issuer and the relevant Dealer(s) or investor (as applicable).

**Redenomination**

The applicable Final Terms may provide that non-Euro denominated Mortgage Pandbrieven may be redenominated in euro. If so, the redenomination provisions will be set out in the applicable Final Terms.

**Maturities**

Subject to compliance with all relevant laws, regulations and directives, any maturity with a minimum maturity of one month from the date of original issuance and as indicated in the

applicable Final Terms.

## **Redemption**

The applicable Final Terms will indicate the scheduled maturity date of the Mortgage Pandbrievien (the “**Maturity Date**”) and will state that the relevant Mortgage Pandbrievien cannot be redeemed prior to their stated maturity, other than in certain specified events such as Redemption for Taxation Reasons and/or Redemption for Illegality. Furthermore, the applicable Final Terms may specify that the Mortgage Pandbrievien will be redeemable at the option of their Noteholders (“**Noteholder Put**”) or at the option of the Issuer (“**Issuer Call**”), in each case upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed in respect thereof.

## **Extended Maturity Date**

If the Issuer fails to redeem the Mortgage Pandbrievien of a Series at their Final Redemption Amount in full within five Business Days after their Maturity Date, then:

- A. save to the extent paragraph (C) below applies, the obligation of the Issuer to redeem such Series shall be automatically deferred to, and shall be due on, the date falling one year after such Maturity Date (the “**Extended Maturity Date**”);
- B. the Issuer shall give notice of the extension of the Maturity Date to the Extended Maturity Date to the Noteholders of such Series, the Noteholders’ Representative, the Rating Agencies and the Paying Agent and/or Registrar as soon as reasonably practicable, it being understood that a failure to notify shall not affect such extension of the Maturity Date;
- C. notwithstanding paragraph (E) below, if and to the extent that on any subsequent Interest Payment Date (as defined in the applicable Final Terms) falling prior to the Extended Maturity Date (each an “**Extension Payment Date**”), the Issuer has any available funds, then the Issuer shall (a) give notice thereof to the Noteholders of such Series, the Noteholders’ Representative and the Paying Agent and/or Registrar as soon as reasonably practicable and in any event at least two Business Days prior to such Extension Payment Date and (b) apply such available funds to (partly) redeem Mortgage Pandbrievien of such Series on such Extension Payment Date at their Final Redemption Amount;
- D. save as otherwise provided for in the applicable Final Terms, interest shall (a) accrue on the unpaid portion of such Final Redemption Amount from (and including) the Maturity Date to (but excluding) the Extension Payment Date or Extended Maturity Date,

as applicable, on which such unpaid portion is redeemed, (b) be payable in arrears on each Extension Payment Date and on the Extended Maturity Date in respect of the Interest Period then ended and (c) accrue at the rate provided for in the applicable Final Terms; and

- E. to the extent that the maturity date of any other Series of Mortgage Pandbrieven falls prior to the Extended Maturity Date, the maturity date of such other Series shall also be extended in accordance with the terms and conditions applicable thereto, unless, on or prior to such maturity date, the Series of the Mortgage Pandbrieven for which the Maturity Date has been extended is redeemed in full and all interest accrued in respect thereto is paid. In such circumstances, payment may be made on another date than an Extension Payment Date, provided that notice thereof is given to the Noteholders of such Series, the Noteholders' Representative and the Paying Agent and/or Registrar as soon as reasonably practicable and in any event at least two Business Days prior to the relevant payment date.

In the circumstances described above, failure by the Issuer to redeem in full the relevant Mortgage Pandbrieven on the Maturity Date or on any subsequent Extension Payment Date (or the relevant later date in case of an applicable grace period) shall not constitute a Payment Default (as defined below). However, failure by the Issuer to redeem in full the relevant Mortgage Pandbrieven on the Extended Maturity Date or in accordance with paragraph (E) above shall be a failure to pay which may constitute a Payment Default.

Any payments which shall be subject to an extension as described above shall not be deemed to constitute an unconditional payment for the purpose of Article 7, §1 of the Royal Decree of 11 October 2012 on the issuance of Belgian covered bonds by Belgian credit institutions.

In the case of a Series of Mortgage Pandbrieven to which an Extended Maturity Date applies, those Mortgage Pandbrieven may for the purposes of the Programme be:

- i. Fixed Rate Mortgage Pandbrieven, Floating Rate Mortgage Pandbrieven or Zero Coupon Mortgage Pandbrieven in respect of the period from the Issue Date to (and including) the Maturity Date; and
- ii. Fixed Rate Mortgage Pandbrieven or Floating Rate Mortgage Pandbrieven in respect of the period from (but excluding) the Maturity Date to (and including) the Extended Maturity Date;

as set out in the applicable Final Terms.

In the case the Mortgage Pandbrievien to which an Extended Maturity Date applies are Zero Coupon Mortgage Pandbrievien, the outstanding principal amount will, for such purpose, be the total amount otherwise payable by the Issuer but unpaid on the relevant Mortgage Pandbrievien on the Maturity Date.

### **Payment Default**

Failure by the Issuer to pay (i) any principal amount in respect of any Mortgage Pandbrief on the Extended Maturity Date or pursuant to Condition 3(j) paragraph (E), or (ii) any interest in respect of any Mortgage Pandbrief within five Business Days from the day on which such interest becomes due and payable shall constitute a payment default (“**Payment Default**”) if such failure remains unremedied for 10 Business Days after the Noteholders’ Representative has given written notice thereof to the Issuer by registered mail or per courier and with return receipt (“**Payment Notice**”). In case of failure by the Noteholders’ Representative to deliver such Payment Notice, any Noteholder can deliver such notice to the Issuer (with a copy to the Noteholders’ Representative). The date on which a Payment Default occurs shall be the date on which the Noteholders’ Representative or any Noteholder has given notice of such Payment Default plus 10 Business Days (the “**Payment Default Date**”).

Without prejudice to the powers granted to the Cover Pool Administrator, if a Payment Default occurs in relation to a particular Series, the Noteholders’ Representative may, and shall if so requested in writing by the Noteholders of at least 66 <sup>2/3</sup> % of the principal amount outstanding of the relevant Series of the Mortgage Pandbrievien then outstanding (excluding any Mortgage Pandbrievien which may be held by the Issuer), serve a notice on the Issuer (“**Acceleration Notice**”) by registered mail or per courier and with return receipt that a Payment Default has occurred in relation to such Series, provided in each case it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

The Acceleration Notice will specify the date on which the Mortgage Pandbrievien become immediately due and payable, which will be at least two Business Days after the Payment Default Date.

### **Specified Denomination**

Mortgage Pandbrievien will be in such denominations as may be specified in the applicable Final Terms (the “**Specified Denomination**”), save that (i) the minimum Specified Denomination of the Mortgage Pandbrievien will be such as may be allowed or required from time to time by the relevant central bank or regulatory authority (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and (ii) in the case of any Mortgage Pandbrievien which are to be admitted to trading on a regulated market within the EEA or offered to the public in an EEA State in

circumstances which require the publication of a prospectus under the Prospectus Directive, the Specified Denomination shall be at least €100,000 (or its equivalent in any other currency as at the date of issuance of the Mortgage Pandbrieven).

**Interest Periods and Rates of Interest**

The length of the Interest Periods for the Mortgage Pandbrieven and the applicable Rate of Interest or its method of calculation may differ from time to time or be constant for any Series. Mortgage Pandbrieven may have a Maximum Rate of Interest, a Minimum Rate of Interest or both. The use of Interest Accrual Periods permits the Mortgage Pandbrieven to bear interest at different rates in the same Interest Period. All such information will be set out in the applicable Final Terms.

**Governing Law**

The Mortgage Pandbrieven will be governed by, and construed in accordance with, Belgian law.

**Type of Mortgage Pandbrieven**

**Fixed Rate Mortgage Pandbrieven**

Fixed interest will be payable in arrears on the date or dates in each year specified in the applicable Final Terms.

**Floating Rate Mortgage Pandbrieven**

Floating Rate Mortgage Pandbrieven will bear interest payable in arrears and set separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions (as defined in section 8), as published by the International Swaps and Derivatives Association, Inc.;
- (ii) by reference to EURIBOR or LIBOR (or such other benchmark as may be specified in the applicable Final Terms) as adjusted for any applicable margin; or
- (iii) subject to a prospectus supplement (where applicable) on such other basis as may be agreed between the Issuer and the Dealer(s) or investor (as applicable).

Interest Periods will be specified in the applicable Final Terms.

**Zero Coupon Mortgage Pandbrieven**

Zero Coupon Mortgage Pandbrieven may be issued at their principal amount or at a discount to it and will not bear interest (except in the case of late payment or in case of extension of its Maturity Date, as set out in the Conditions).

**Other Mortgage Pandbrieven**

Terms applicable to any other type of Mortgage Pandbrieven that the Issuer and any Dealer or Dealers may agree to issue under the Base Prospectus will be set out in a prospectus supplement.

**General information**

**Ratings**

Mortgage Pandbrieven issued under the Programme may be rated by Fitch France S.A.S. (“**Fitch**”), by Moody’s Investors Service Ltd (“**Moody’s**”) and/or by Standard and Poor’s Rating Services (“**S&P**”) (each a “**Rating Agency**”, together the

**“Rating Agencies”**).

Each of the Rating Agencies is established in the European Union and is included in the updated list of credit rating agencies registered in accordance with the CRA Regulation published on the European Securities and Markets Authority’s *ESMA*’s website (<http://www.esma.europa.eu/>).

Where a Series of Mortgage Pandbrieven is to be rated, such rating will be specified in the applicable Final Terms and will not necessarily be the same as the ratings assigned to Mortgage Pandbrieven already issued under the Programme.

Whether or not a rating in relation to any Series of Mortgage Pandbrieven will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Tax Gross-up**

All payments of principal and interest in respect of the Mortgage Pandbrieven will be made free and clear of withholding taxes of Belgium, unless the withholding is required by law. In such an event, the Issuer shall, subject to certain exceptions (including the ICMA Standard EU Tax Exception), pay such additional amounts as shall result in receipt by the Noteholder of such amounts as would have been received by it had no such withholding been required, all as described in the terms and conditions, “EU Directive on the Taxation of Savings Income”, and “Belgian Taxation on the Mortgage Pandbrieven”.

**Listing and Admission to Trading**

Application may be made, where specified in the applicable Final Terms, for a Series of Mortgage Pandbrieven to be listed on the official list of Euronext Brussels and admitted to trading on the regulated market of Euronext Brussels or such other stock exchange or market as shall be specified in the applicable Final Terms or the Series of Mortgage Pandbrieven may remain unlisted.

**Use of Proceeds**

The net proceeds of the sale of the Mortgage Pandbrieven will be used for the general funding purposes of the Issuer. If, in respect of any particular issuance, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## **SECTION 2**

### **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Mortgage Pandbrieven. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of all or any of such contingencies occurring.*

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Mortgage Pandbrieven issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Mortgage Pandbrieven issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Mortgage Pandbrieven, as described herein, may occur for other reasons and the Issuer does not represent that the risks of holding the Mortgage Pandbrieven described below are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents deemed to be incorporated in it by reference) and reach their own views prior to making any investment decision.

#### **Factors that may affect the Issuer's ability to fulfil its obligations under the Mortgage Pandbrieven.**

Risk factors have been grouped as set out below:

- Risks relating to the Special Estate and the Mortgage Pandbrieven (2.1);
- Risks relating to the structure of a particular issuance of Mortgage Pandbrieven (2.2); and
- Risks relating to the business of Belfius (2.3).

The risks associated with a particular Series may change over time. Prospective investors should seek advice from a professional financial and/or legal adviser in order to understand the risks associated with a particular Series of Mortgage Pandbrieven. More than one risk factor may have simultaneous effect with regard to the Mortgage Pandbrieven such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Mortgage Pandbrieven.

### **2.1 Risks relating to the Special Estate and the Mortgage Pandbrieven**

#### **2.1.1 General warning**

An investment in a particular Series of Mortgage Pandbrieven may involve certain risks, which will vary depending on the type of the Mortgage Pandbrieven. Each potential investor in the Mortgage Pandbrieven must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the particular Series of Mortgage Pandbrieven, the merits and risks of investing in the Mortgage Pandbrieven and the information contained or referred to in this Base Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Mortgage Pandbrieven and the impact the Mortgage Pandbrieven will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Mortgage Pandbrieven, including Mortgage Pandbrieven with principal or interest payable in

another currency, or where the currency for principal or interest payments is different from the potential investor's currency;

- (d) understand thoroughly the terms of the Mortgage Pandbrieven and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

### 2.1.2 Interest rate risk

The interest rate risk is one of the central risks of interest-bearing Mortgage Pandbrieven. The interest rate level on the money and capital markets may fluctuate on a daily basis and cause the value of the Mortgage Pandbrieven to change on a daily basis. The interest rate risk is a result of the uncertainty with respect to future changes of the level of the market interest rate. In particular, holders of Fixed Rate Mortgage Pandbrieven are exposed to an interest rate risk that could result in a decrease in value if the level of the market interest rate increases. In general, the effects of this risk increase as the market interest rates increase.

Moreover, mismatches are possible in the rates of interest received on the Cover Assets and the rates of interest payable under Mortgage Pandbrieven (which may, for example, be fixed rates or floating rates). This risk is mitigated by overcollateralisation and/or derivatives, in line with the regulatory requirements.

### 2.1.3 Credit risk

Any person who purchases the Mortgage Pandbrieven is relying upon the creditworthiness of the Issuer and has no recourse against any other person. Noteholders are subject to the risk of a partial or total failure of the Issuer to make payments of interest and principal under the Mortgage Pandbrieven. The lower the creditworthiness of the Issuer, the higher the risk of loss.

The credit risk is mitigated as the Mortgage Pandbrieven are covered by a segregated pool of assets (*bijzonder vermogen/patrimoine spéciale*) (the “**Special Estate**”) against which the Noteholders and the Other Creditors will have an exclusive recourse (see section 6.4). The assets in the Special Estate will comply with the legal eligibility criteria and other limitations imposed by the Covered Bond Regulations (as defined in section 6.1.2).

Since the main asset class of the Special Estate will consist of Residential Mortgage Loans, the Programme is also exposed to the credit risk of the Residential Mortgage Loans.

### 2.1.4 Liquidity risk

The maturity and amortisation profile of the Cover Assets may not match the repayment profile and maturities of the Mortgage Pandbrieven, therefore creating a need for liquidity solutions at the level of the Programme.

The liquidity risk at Programme level is mitigated by the 180-days liquidity test provided by the Covered Bond Regulations which requires that the Cover Assets must generate sufficient liquidity or include enough liquid assets over a period of 6 months in order to enable the Issuer to make all unconditional payments on the Mortgage Pandbrieven falling due during the following 6 months (see section 6.2.3.4). To comply with the test, the Issuer is entitled to enter into a liquidity facility or to hold liquid assets (see section 6.2.3.4). Under the terms of the Mortgage Pandbrieven, the Issuer furthermore has the option to subscribe to its own Mortgage Pandbrieven for liquidity purposes (including, without limitation, for transactions with the European Central Bank) (see Condition 3(g) and 3(h)). Also, the maturity of the Mortgage Pandbrieven will automatically be extended if and to the

extent that the Issuer would not be in a position to repay the Mortgage Pandbrieven on the Maturity Date. Any payment which is subject to such an extension shall, however, not be considered as an unconditional payment on the Mortgage Pandbrieven for the purposes of the liquidity test.

#### **2.1.5 Risks related to hedging**

The Issuer may enter into certain swap arrangements, including interest rate swaps and/or currency swaps, in order to hedge certain risks that exist in respect of the Special Estate and the Mortgage Pandbrieven. If such swap arrangements are entered into with respect to the Special Estate and if either the Issuer or a Hedge Counterparty fails to make timely payments of amounts due under such a swap arrangement, or certain other events occur in relation to a Hedge Counterparty and any applicable grace period expires, then a termination event will occur under the relevant swap agreement. However, amounts to be paid as a consequence of such termination event where the Hedge Counterparty is the defaulting party, will rank junior to the payments to the Noteholders and any other party ranking senior in accordance with the Post-Acceleration Priority of Payments.

If the Issuer defaults under a swap agreement due to non-payment or potentially otherwise (other than in case of bankruptcy or reorganisation measures), the relevant hedge counterparty will not be obliged to make further payments under that swap and may terminate the swap(s) entered into under that swap agreement. If a swap agreement is terminated for any of these reasons, the Issuer will be exposed to changes in interest rates and/or currency exchange rates and may, as a result, be obliged to make a termination payment to the relevant hedge counterparty. The amount of the termination payment will normally be based on the cost of entering into relevant replacement swaps. There can be no assurance that the Issuer will have sufficient funds available to make such a termination payment. Furthermore, there can be no assurance that the Issuer will be able to enter into a replacement swap or, if one is entered into, that the credit rating of the replacement swap provider will be sufficiently high to prevent a downgrade of the then current ratings of the Mortgage Pandbrieven by a Rating Agency.

If the Issuer is obliged to make a termination payment under any hedging arrangement, such termination payment will rank *pari passu* with the amounts due under the Mortgage Pandbrieven, except where default by, or downgrade of, the relevant hedging counterparty has caused the relevant swap agreement to terminate.

#### **2.1.6 Value and maintenance of the Special Estate**

The Noteholders will have an exclusive claim on the Special Estate together with the Other Creditors. Since the economic value of the Cover Assets may increase or decrease, the value of the Special Estate may decrease over time (e.g., if there is a general decline in property values or default of borrowers). The Issuer makes no representation, warranty or guarantee that the value of a real estate asset will remain at the same level as it was on the date of the origination of the related Residential Mortgage Loan or at any other time.

A combination of increasing household indebtedness and stable or declining housing prices in Belgium could increase the financial vulnerability of some Belgian mortgage borrowers, especially young and/or low-income borrowers. Certain geographic regions of Belgium may from time to time experience weaker regional economic conditions and housing markets or be directly or indirectly affected by natural disasters or civil disturbances. Residential Mortgage Loans in such areas will experience higher rates of loss and delinquency than Residential Mortgage Loans generally. The ability of the borrowers to make payments on Residential Mortgage Loans may also be affected by factors which do not necessarily affect property values, such as adverse economic conditions generally in particular geographic areas or industries, or affecting particular segments of the borrowing community (such as borrowers relying on commission income and self-employed borrowers).

As Residential Mortgage Loans with respect to properties located in Belgium constitute the main asset class of the Special Estate, the above factors (or a combination of them) may have an adverse effect on mortgage borrowers' ability to meet their mortgage obligations. This could reduce the value of the Residential Mortgage Loans and, ultimately, could result in losses for the Noteholders (and Other Creditors) if the Special Estate is liquidated.

In addition, even though the Issuer will be under the obligation to register additional assets (i.e., Residential Mortgage Loans) to the Special Estate if the value of the Special Estate decreases, there can be no assurance that the Issuer will be in a position to originate or add Residential Mortgage Loans to the Special Estate in the future.

#### **2.1.7 Payment Default and realisation of the Special Estate**

Noteholders should be aware that they will not have individual rights to trigger an acceleration of the Mortgage Pandbrievien. If a Payment Default occurs in relation to a particular Series, the Noteholders' Representative may, and shall if so requested in writing by the Noteholders of at least 66 2/3 % of the principal amount outstanding of the relevant Series of the Mortgage Pandbrievien then outstanding (excluding any Mortgage Pandbrievien which may be held by the Issuer), serve an Acceleration Notice. If a Payment Default occurs and an Acceleration Notice is served, the Issuer may need to liquidate the Special Estate in whole or in part in order to repay the Noteholders (and Other Creditors).

Likewise, on appointment of the Cover Pool Administrator, the Cover Pool Administrator may, in certain circumstances, proceed with the liquidation of the Special Estate and with the early repayment of the Mortgage Pandbrievien (see section 6.4.2.2).

In such circumstances, there is no guarantee that the proceeds of liquidation of the Special Estate will be in an amount sufficient to cover all amounts due to the Noteholders and the Other Creditors under the Mortgage Pandbrievien and the Programme Documents. The Mortgage Pandbrievien may therefore be repaid sooner or later than expected or only partially.

The Cover Tests and the legal requirements for Cover Assets set out in the Covered Bond Regulations are intended to ensure that there will be an adequate amount of Cover Assets in the Special Estate to enable the Issuer to repay the Mortgage Pandbrievien following a Payment Default and the service of an Acceleration Notice to the Issuer. Under the Covered Bond Regulations, the Cover Tests will be verified by the Cover Pool Monitor on a periodic basis and will periodically be communicated to the NBB (see section 6.2.3.2 for further detail on the Cover Tests).

If the Special Estate is liquidated, the realisable value of the Cover Assets may be reduced (which may affect the ability of the Issuer to make payments under the Mortgage Pandbrievien) by, a number of factors, including: (a) default by borrowers of amounts due on their receivables; (b) changes to the lending criteria of the Issuer; (c) possible regulatory changes; and (d) adverse movement of interest rates.

#### **2.1.8 Breach of Issuer Covenant**

Condition 11 (*Issuer Covenant*) and the Programme Documents contain a covenant from the Issuer pursuant to which it undertakes to comply with the Covered Bond Regulations (including the Cover Tests) and certain other obligations, for so long as any Mortgage Pandbrief remains outstanding.

In the event that the Issuer were to breach its contractual undertaking by failing to comply with the Covered Bond Regulations or any other of its obligations set forth in the Issuer covenant, the Noteholders will not have a right to accelerate the Mortgage Pandbrievien under the Conditions or the Programme Documents. This will, however, be without prejudice to any remedy available against the Issuer under Belgian contract law.

However, this will be without prejudice to any sanctions foreseen in the Covered Bonds Regulations. If the NBB were to consider that any such breach may seriously affect the interests of the Noteholders, it could decide to appoint a Cover Pool Administrator (see section 6.2.5). Also, the Issuer will not be entitled to issue further Mortgage Pandbrieven if and for so long as it fails to comply with the Liquidity Test (see section 6.2.3.4).

#### **2.1.9 Set-off risk**

Under Belgian law, legal set-off occurs where two persons hold claims against each other, provided, in general, that their debts exist, are fungible, liquid (*vaststaand/liquide*) and due (*opeisbaar/exigible*). As a result, set-off rights may arise in respect of cross-claims between an underlying debtor of a Residential Mortgage Loan and the Issuer, potentially reducing amounts receivable by the Special Estate.

Pursuant to the Mobilisation Law (as defined in section 6.1.2), the underlying debtor may no longer invoke set-off of the debt with any claim that would arise after, or in respect of which the conditions for legal set-off would be not met prior to, the earlier of (i) the notification of the registration/transfer of the loan to the Special Estate or (ii) the opening of bankruptcy proceedings against the Issuer.

The Special Estate may nevertheless still be subject to the rights of the underlying debtors of Residential Mortgage Loans to invoke set-off against the Special Estate to the extent that the relevant claims against the Issuer arise, or the conditions for set-off against the Issuer are met, prior to the earlier of (i) the notification of the registration of the loan or (ii) the opening of bankruptcy proceedings against the Issuer. The exercise of set-off rights by underlying debtors may adversely affect the value of the Special Estate, may additionally affect any sale proceeds of the Special Estate and may ultimately affect the ability of the Issuer or the Cover Pool Administrator, as applicable, to make payments under the Mortgage Pandbrieven.

#### **2.1.10 Mortgage mandates**

Pursuant to the Covered Bond Regulations, a Residential Mortgage Loan which is partly secured by a mortgage mandate may be included in the Special Estate. Subject to certain valuation rules (see section 6.2.3.3), (a portion of) the amounts secured by the mortgage mandate may be taken into account for purposes of the Cover Tests.

Investors should be aware that such mortgage mandate will only provide a security interest giving preference over other creditors once the mandate has been exercised and a mortgage has been registered. Prior to such exercise, third parties acting in good faith may register prior-ranking mortgages.

Once a mandate is exercised by the relevant agents (*mandaathouders/titulaires de mandat*) in accordance with the terms of the mandate, the ensuing mortgage will rank at the highest level available at the time of registration of such mortgage. To the extent that the mortgage secures any other loans made by Belfius to the same grantor, the proceeds of any enforcement will in principal be shared *pro rata* among the various loans (including any such loans that are still with the general estate) (see also Condition 7(c)).

#### **2.1.11 Inflation risk**

The inflation risk is the risk of future money depreciation. The real yield from an investment is reduced by inflation. The higher the rate of inflation, the lower the real yield on a Mortgage Pandbrief. If the inflation rate is equal to or higher than the nominal yield, the real yield is zero or even negative.

#### **2.1.12 Extension risk**

The Final Terms of the Mortgage Pandbrieven issued pursuant to this Base Prospectus will contain a soft bullet maturity date. As a result of such Extended Maturity Date, Noteholders of such Series will be exposed to an extension risk. In that event, the Mortgage Pandbrieven will bear interest on the principal amount outstanding of the Mortgage Pandbrieven in accordance with the applicable Final Terms. Moreover, the Issuer shall redeem all or any part of the principal amount outstanding under such Mortgage Pandbrieven on any Extension Payment Date (or any other date in accordance with Condition 3(j)(i) paragraph E) falling after the Maturity Date to the extent that the Issuer has available funds.

The extension of the maturity of the particular Series of the Mortgage Pandbrieven from the Maturity Date to the Extended Maturity Date will not result in any right of the Noteholders to accelerate payments or take action against the Special Estate and no payment will be payable to the Noteholders in that event other than as set out in the applicable Final Terms. The payment of the remaining unpaid amount shall become due and payable on the Extended Maturity Date as specified in the applicable Final Terms.

Noteholders should also note that an extension of the maturity of a particular Series of Mortgage Pandbrieven will not automatically trigger an extension of the maturity date of any other Series.

#### **2.1.13 Issuance of N Bonds under the Programme**

The Issuer may from time to time issue Mortgage Pandbrieven under the Programme in the form of N Bonds, as well as in any other form agreed by the Issuer from time to time. The N Bonds will be subject to the terms and conditions and final terms which may be agreed with the Issuer at the time of their issuance. However, the issuance of N Bonds (or any Mortgage Pandbrieven in any other form) is subject to compliance with the Programme Agreement, which contains certain terms to which all Mortgage Pandbrieven issued under the Programme (including N Bonds) will be subject (the “**Common Terms**”). The issuance of N Bonds is also subject to the Covered Bond Regulations (see section headed “Summary description of the legal framework for Belgian pandbrieven”). The Noteholders should note that all Mortgage Pandbrieven (including N Bonds) will rank *pari passu* among themselves and that, as a result, the proceeds of the Special Estate will be applied to the satisfaction of amounts due and payable to all Noteholders (including the holders of N Bonds) on a *pro rata* basis.

#### **2.1.14 Modification and waivers may be agreed by the Noteholders’ Representative without Noteholders’ consent**

The Conditions contain provisions for calling Noteholders’ meetings to consider matters affecting the Noteholders’ interests generally, including modifications to the Conditions or to the Programme Documents. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Furthermore, pursuant to the terms of the Noteholders’ Representative Agreement and the Conditions, the Noteholders’ Representative may from time to time, and without any consent or sanction of any of the Noteholders, concur with the Issuer and agree on any modifications to the Mortgage Pandbrieven of any Series or any Programme Documents to which the Issuer is a party if, in the opinion of the Noteholders’ Representative, such modification is not materially prejudicial to the interests of any of the Noteholders of any Series or if such modification is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law. The Noteholders’ Representative Agreement also allows the Noteholders’ Representative to make certain determinations

without the consent or sanction of any of the Noteholders. Any such modification or determination shall be binding on all Noteholders.

In connection with the exercise by the Noteholders' Representative of any of its powers, authorities and discretions (including, without limitation, any modification or determination), the Noteholders' Representative shall have regard to the general interests of the Noteholders as a whole, but shall not have regard to any interests arising from circumstances particular to individual Noteholders or the consequences of any such exercise for individual Noteholders. Accordingly, a conflict of interest may arise to the extent that the interests of a particular Noteholder are not aligned with those of the Noteholders generally.

#### **2.1.15 Other Cover Pool Creditors and subordination**

In accordance with the Covered Bond Regulations, the Conditions provide that certain other creditors of the Issuer may also benefit from an exclusive recourse to the Special Estate. These may include the Noteholders' Representative, any Hedge Counterparty, any Liquidity Provider, the Cover Pool Administrator as well as any Operating Creditor (as defined in Condition 23) (together, the "**Other Creditors**").

Moreover, in accordance with the Post-Acceleration Priority of Payment (see Condition 23), the claims of the Noteholders will, in the case of an acceleration or liquidation of the Special Estate, be subordinated to the claims of the Noteholders' Representative and the Cover Pool Administrator and will rank *pari passu* with the claims of the Operating Creditors, the Hedge Counterparties and the Liquidity Providers (subject to certain exceptions). As a result, it is possible that none or only part of the proceeds of the Special Estate are applied to the satisfaction of amounts due and payable to the Noteholders.

This risk is to some extent mitigated by the Cover Tests and Liquidity Test for the purposes of which the obligations vis-à-vis the Other Creditors are taken into account (see section headed "Summary description of the legal framework for Belgian pandbrieven").

The Conditions and the Programme Agreement (as described in section 5) further provide that the Noteholders' Representative may consent to certain amendments of the Post-Acceleration Priority of Payment without the consent of the Noteholders in accordance with Condition 23.

#### **2.1.16 Rating**

Where applicable, the expected credit ratings of the Mortgage Pandbrieven will be set out in the Final Terms of the relevant Series of Mortgage Pandbrieven. Other Series of Mortgage Pandbrieven may be rated or unrated and one or more unsolicited credit rating agencies may assign additional credit ratings to the Mortgage Pandbrieven.

In general, European regulated investors are restricted under the CRA Regulation (as defined on page 1) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances while the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant credit rating agency included in such list, as there may be delays between certain supervisory measures taken against the

relevant credit rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings will be disclosed in the applicable Final Terms.

There is no guarantee that such ratings will be assigned or maintained. The ratings may furthermore not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Mortgage Pandbrieven. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the relevant Rating Agency at any time.

#### **2.1.17 Secondary market risk**

Mortgage Pandbrieven will at the time of their issuance not benefit from a trading market, and one may never develop or certain Series of Mortgage Pandbrieven may not be listed on a stock exchange or market. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Mortgage Pandbrieven easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. If an active or liquid secondary market develops, it may not continue for the life of the Mortgage Pandbrieven or it may not provide investors with liquidity of investment with the result that an investor may not be able to find a buyer to buy its Mortgage Pandbrieven readily or at prices that will enable the investor to realise a desired yield.

This holds particularly true for any Series of Mortgage Pandbrieven that are sensitive to interest rate, currency or market risks, that are designed for specific investment objectives or strategies or that have been structured to meet the investment requirements of limited categories of investors. These types of Mortgage Pandbrieven generally would have a more limited secondary market and a higher price volatility than conventional debt securities. Lack of liquidity may have a materially adverse effect on the market value of Mortgage Pandbrieven.

#### **2.1.18 Transfer of the Special Estate in a situation of distress**

The NBB may designate a Cover Pool Administrator in the circumstances set out in Article 64/13 of the Credit Institutions Supervision Law and in accordance with the Cover Pool Administrator Royal Decree (as defined in section 6.1.2). If in addition bankruptcy proceedings are initiated against the Issuer, the Cover Pool Administrator may, subject to approval of the NBB and following consultation with the Noteholders' Representative, transfer the Special Estate (i.e. all assets and liabilities) and its management to an institution which will be entrusted with the continued performance of the obligations to the Noteholders in accordance with the applicable Final Terms and the Covered Bond Regulations.

The rights of the Noteholders against the Special Estate will be maintained and will follow the Special Estate on any such transfer.

In similar vein, Article 57bis of Credit Institutions Supervision Law provides that emergency measures can be imposed on a Belgian credit institution in circumstances where its situation threatens the stability of the Belgian or international financial system. Those emergency measures may, amongst other things, result in a transfer of assets and liabilities or branches of activity of a credit institution, which may include the Special Estate. Article 64/15 of the Credit Institutions Supervision Law provides that, in the case of such a transfer, the claims of the Noteholders and Other Creditors are maintained and transferred together with the Special Estate's Cover Assets.

#### **2.1.19 Early redemption**

The Conditions provide for an early redemption of the Mortgage Pandbrieven in the case of an illegality or tax gross-up. Investors that choose to reinvest moneys they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Mortgage

Pandbrieven. Potential investors should consider reinvestment risk in light of other investments available at that time.

Moreover, following the opening of bankruptcy proceedings against the Issuer, the Cover Pool Administrator may in certain circumstances proceed with the liquidation of the Special Estate and early redemption of the Mortgage Pandbrieven (see section 6.4.2.2). There is a risk that, in such circumstances, the proceeds from the liquidation of the Special Estate will not be sufficient to cover the Early Redemption Amount due under the Mortgage Pandbrieven. The Noteholders (or the Noteholders' Representative on behalf of the Noteholders) may, as soon as bankruptcy proceedings have been initiated, introduce a contingent unsecured claim against the Issuer's general bankruptcy estate in order to preserve their recourse against the general estate.

#### **2.1.20 Noteholders may not immediately accelerate the Mortgage Pandbrieven upon the Issuer's bankruptcy**

Noteholders should be aware that the opening of bankruptcy proceedings with respect to the Issuer will not give them the right to declare the Mortgage Pandbrieven immediately due and payable. Mortgage Pandbrieven which have not yet reached their maturity will therefore not automatically be redeemed as a result of the opening of a bankruptcy procedure against the Issuer, except in the case of a liquidation of the Special Estate pursuant to Article 64/16, 6° and 7° of the Credit Institutions Supervision Law (see section 2.1.19).

#### **2.1.21 Commingling risk**

In the event of bankruptcy of the Issuer, the ability of the Special Estate to make timely payments on the Mortgage Pandbrieven will in part depend on whether it is in compliance with the statutory requirements (see section headed "Summary description of the legal framework for Belgian pandbrieven"). Although the Issuer has a system in place that tracks the cash from the Residential Mortgage Loans (which is updated on a daily basis in accordance with the Covered Bond Regulations), to the extent that the bank accounts of the Special Estate are held with the Issuer, the existence of a commingling risk cannot, as a practical matter, be excluded. This risk is, however, mitigated by the fact that cash received by the credit institution in respect of Cover Assets registered with the Special Estate, will be deemed part of the Special Estate and the revindication mechanism provided in Article 64/8, §2, second indent of the Credit Institutions Supervision Law pursuant to which the property rights over any amounts that are part of the Special Estate but that cannot be identified as such in the general estate, are transferred by operation of law to other unencumbered assets in the general estate in accordance with the criteria specified in Condition 7(a).

#### **2.1.22 Taxation**

Potential investors in the Mortgage Pandbrieven should be aware that they may be required to pay taxes or documentary charges or other duties in accordance with the laws and practices of the country where the Mortgage Pandbrieven are purchased or sold to other jurisdictions. Potential investors are advised not to rely upon the tax summary contained in this Base Prospectus but to ask for their own tax advisers' advice on their individual taxation with respect to the acquisition, sale and redemption of the Mortgage Pandbrieven. Only these advisers are in a position to duly consider the specific situation of the potential investor. This risk factor has to be read in connection with the taxation sections of this Base Prospectus.

#### **2.1.23 EU Savings Directive**

Under European Council Directive 2003/48/EC on taxation of savings income (the "**Savings Directive**"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that

other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories, including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

The Issuer is required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

#### **2.1.24 FATCA**

The Issuer and other non-U.S. financial institutions through which payments on the Mortgage Pandbrieven are made may be required to withhold U.S. tax at a rate of 30% on all, or a portion of, payments made after 31 December 2016 in respect of (i) any Mortgage Pandbrieven issued or materially modified on or after the date (the ‘grandfathering date’) that is six months after the date on which final U.S. Treasury regulations define the term “foreign passthru payment” (and (ii) any Mortgage Pandbrieven which are treated as equity for U.S. federal tax purposes, whenever issued) pursuant to the foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 (“**FATCA**”). This withholding tax may be triggered if (i) the Issuer is a foreign financial institution (“**FFI**”) (as defined in FATCA) which enters into and complies with an agreement with the U.S. Internal Revenue Service (“**IRS**”) or other applicable authority to provide certain information on its account holders (making the Issuer a “**Participating FFI**”), and (ii)(a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether or the extent to which the investor is subject to withholding under FATCA, or (b) any FFI to or through which payment on such Mortgage Pandbrieven is made is not a Participating FFI or otherwise exempt from or in deemed compliance with FATCA withholding.

The application of FATCA to interest, principal or other amounts paid with respect to the Mortgage Pandbrieven is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Mortgage Pandbrieven as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the Conditions of the Mortgage Pandbrieven, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Noteholders should consult their own tax advisers on how these rules may apply to payments they receive under the Mortgage Pandbrieven.

**FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE MORTGAGE PANDBRIEVEN AND THE HOLDERS IS UNCERTAIN AT THIS TIME IN PARTICULAR BECAUSE THE FINAL REGULATIONS HAVE NOT YET BEEN PUBLISHED. EACH HOLDER OF A MORTGAGE PANDBRIEVEN SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.**

#### **2.1.25 Change of law and new regulatory regime**

The Final Terms of the Mortgage Pandbrieven are, save to the extent otherwise specified therein, based on Belgian law in effect as at the date of issuance of the relevant Mortgage Pandbrieven. No assurance

can be given as to the impact of any possible judicial decision or change to Belgian law or administrative practice after the date of issuance of the relevant Mortgage Pandbrieven.

It should be noted that the Covered Bond legal framework was adopted in Belgium in the summer of 2012.

In addition, any relevant tax law or practice applicable as at the date of this Base Prospectus and/or the date of purchase or subscription of the Mortgage Pandbrieven may change at any time (including during any subscription period or the term of the Mortgage Pandbrieven). Any such change may have an adverse effect on a Noteholder, including that the Mortgage Pandbrieven may be redeemed before their due date, their liquidity may decrease and/or the tax treatment of amounts payable to or receivable by an affected Noteholder may be less than otherwise expected by such Noteholder.

## **2.2 Risks relating to the structure of a particular issuance of Mortgage Pandbrieven**

### **2.2.1 Mortgage Pandbrieven may be subject to optional redemption by the Issuer**

An optional redemption feature (a “call-option”) is likely to limit the market value of Mortgage Pandbrieven. During any period when the Issuer may elect to redeem Mortgage Pandbrieven, the market value of those Mortgage Pandbrieven generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Issuer may be expected to redeem Mortgage Pandbrieven when its cost of borrowing is lower than the interest rate on the Mortgage Pandbrieven. Investors that choose to reinvest moneys they receive through an optional early redemption may be able to do so only in securities with a lower yield than the redeemed Mortgage Pandbrieven. Potential investors should consider reinvestment risk in light of other investments available at that time.

### **2.2.2 Fixed/Floating Rate Mortgage Pandbrieven**

Fixed/Floating Rate Mortgage Pandbrieven may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer’s ability to convert the interest rate will affect the secondary market and the market value of such Mortgage Pandbrieven, since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Mortgage Pandbrieven may be less favourable than then prevailing spreads on comparable Floating Rate Mortgage Pandbrieven tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Mortgage Pandbrieven. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Mortgage Pandbrieven.

### **2.2.3 Floating Rate Mortgage Pandbrieven**

A key difference between Floating Rate Mortgage Pandbrieven and Fixed Rate Mortgage Pandbrieven is that interest income on Floating Rate Mortgage Pandbrieven cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Mortgage Pandbrieven at the time they purchase them, so that their return on investment cannot be compared with that of investments having fixed interest periods. If the Final Terms of the Mortgage Pandbrieven provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline, because investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

### **2.2.4 Zero Coupon Mortgage Pandbrieven**

Changes in market interest rates have a substantially stronger impact on the prices of Zero Coupon Mortgage Pandbrieven than on the prices of ordinary Mortgage Pandbrieven because the discounted

issue prices are substantially below par. If market interest rates increase, Zero Coupon Mortgage Pandbrieven can suffer higher price losses than other Mortgage Pandbrieven having the same maturity and credit rating. Due to their leverage effect, Zero Coupon Mortgage Pandbrieven are a type of investment associated with a particularly high price risk.

#### **2.2.5 Foreign currency Mortgage Pandbrieven**

As purchasers of foreign currency Mortgage Pandbrieven, investors are exposed to the risk of changing foreign exchange rates.

### **2.3 Risks relating to the business of Belfius**

#### **2.3.1 Uncertain economic conditions**

The Issuer's business activities are dependent on the level of banking, finance and financial services required by its customers. In particular, levels of borrowing are heavily dependent on customer confidence; the state of the economies the Issuer does business in, market interest rates and other factors that affect the economy. Also, the market for debt securities issued by banks is influenced by economic and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other countries. There can be no assurance that current events in Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Mortgage Pandbrieven or that economic and market conditions will not have any other adverse effect. The profitability of the Issuer's businesses could, therefore, be adversely affected by a worsening of general economic conditions in its markets, as well as by foreign and domestic trading market conditions and/or related factors, including governmental policies and initiatives. An economic downturn or significantly higher interest rates could increase the risk that a greater number of the Issuer's customers would default on their loans or other obligations to the Issuer, or would refrain from seeking additional borrowing. As the Issuer currently conducts the majority of its business in Belgium, its performance is influenced by the level and cyclical nature of business activity in this country, which is in turn affected by both domestic and international economic and political events. There can be no assurance that a lasting weakening in the Belgian economy will not have a material adverse effect on the Issuer's future results.

#### **2.3.2 Global financial crisis and Eurozone debt crisis**

The global financial system has suffered considerable turbulence and uncertainty in recent years and the outlook for the global economy over the near to medium term remains challenging. In Europe, the on-going economic deterioration of several countries, including Greece, Italy, the Republic of Ireland, Spain and Portugal, together with the risk of contagion to other more stable countries, has further exacerbated the global economic crisis. The large sovereign debts and/or fiscal deficits of a number of European countries and the United States have raised concerns regarding the financial condition of financial institutions, insurers and other corporates (i) located in these countries, (ii) that have direct or indirect exposure to these countries, and/or (iii) whose banks, counterparties, custodians, customers, service providers, sources of funding and/or suppliers have direct or indirect exposure to these countries. The Issuer has exposure to corporates, financial institutions and securities which may have material direct and indirect exposures in these countries. Its direct exposure to the Eurozone through sovereign and private sector exposure is relatively small and has been managed steadily downward since 2008. As at 30 June 2012, the Issuer's maximum credit risk exposure "MCRE" on those countries amounted to EUR 4.4 billion (2.0% of the total assets). It should be noted that sovereign exposure on Greece and Spain has been reduced to nil in the first half of 2012. Although the high quality of the Issuer's investment portfolio has recently been confirmed by an analysis carried out internally and by a third party, these exposures may, in the future, be affected by a restructuring of their terms, principal, interest and maturity.

Despite the various rescue packages and other stabilising measures adopted throughout Europe to deal with the worsening Eurozone sovereign debt crisis, global markets continue to record high levels of volatility and uncertainty. Uncertainty over the best way forward for the highly indebted Eurozone persists and poses a serious threat to the global economic recovery, with the spread of political instability and contagion to other Eurozone countries increasing in the first quarter of 2012. Financial markets are expected to remain dislocated and volatile, with the risk of contagion unlikely to dissipate in the near term, and this continues to place strains on funding markets at a time when many financial institutions (in particular) have material on-going funding needs. In the second quarter of 2012, continuing concerns about the fiscal position in Eurozone countries resulted in increased credit spreads in the areas affected, and fears of contagion affected the euro and widened spreads between central bank and inter-bank rates.

The default, or a significant decline in the credit rating, of one or more sovereigns or financial institutions could cause severe stress in the financial system generally and could adversely affect the markets in which the Issuer operates and the businesses and economic condition and prospects of the Issuer's counterparties, customers, suppliers or creditors, directly or indirectly, in ways which are difficult to predict. The impact of the current conditions could thus be detrimental to the Issuer and could adversely affect its business, operations and profitability, its solvency and the solvency of its counterparties, custodians, customers and service providers, its credit rating, the value and liquidity of its assets and liabilities, the value and liquidity of the Mortgage Pandbrieven and/or the ability of the Issuer to meet its obligations under the Mortgage Pandbrieven and under its debt obligations more generally.

Prospective investors should ensure that they have sufficient knowledge and awareness of the Eurozone crisis, global financial crisis and the economic situation and outlook as they consider necessary to enable them to make their own evaluation of the risks and merits of an investment in the Mortgage Pandbrieven. In particular, prospective investors should take into account the considerable uncertainty as to how the Eurozone crisis, the global financial crisis and the wider economic situation will develop over time.

### **2.3.3 Effective capital management and capital adequacy and liquidity requirements**

Effective management of the Issuer's capital is critical to its ability to operate its businesses, to grow organically and to pursue its strategy of returning to standalone strength. The Issuer is required by regulators in Belgium and other jurisdictions in which it undertakes regulated activities to maintain adequate capital resources. The maintenance of adequate capital is also necessary for the Issuer's financial flexibility in the face of continuing turbulence and uncertainty in the global economy. Accordingly, the purpose of the issuance of the Mortgage Pandbrieven issued under the Programme is, among others, to allow the Issuer to strengthen its capital position.

The package of reforms to the regulatory capital framework published by the Basel Committee on Banking Supervision (the "**Basel Committee**") in December 2010 included materially increasing the minimum common equity requirement and the total Tier 1 capital requirement. In addition, banks will be required to maintain, in the form of common equity (after the application of deductions), a capital conservation buffer to withstand future periods of stress, bringing the total common equity requirements to 7%. If there is excess credit growth in any given country resulting in a system-wide build-up of risk, a countercyclical buffer within a range of 0% to 2.5% of common equity is to be applied as an extension of the conservation buffer. In addition, a leverage ratio will be introduced, together with a liquidity coverage ratio and a net stable funding ratio. The Basel Committee conducted further work on systemically important financial institutions and contingent capital. Measures may include capital surcharges, contingent capital and bail-in debt (which could be introduced by statute, possibly impacting existing as well as future issuances of debt and exposing them to the risk of

conversion into equity and/or write-down of principal amount). Such measures would be in addition to proposals for the write-off of Tier 1 and Tier 2 debt (and its possible conversion into ordinary shares) if a bank becomes non-viable. On 25 June 2011, the Basel Committee proposed that global systemically important banks be subject to an additional common equity Tier 1 capital requirement ranging from 1% to 2.5% depending on a bank's systemic importance. To provide a disincentive for banks facing the highest charge to increase materially their global systemic importance in the future, an additional 1% surcharge would be applied in such circumstances.

The implementation of the Basel III reforms will begin on 1 January 2013; however, the requirements are subject to a series of transitional arrangements and will be phased in over a period of time, to be fully effective by 2019.

In the light of the Basel III reforms and the economic crisis, the European Union intends to amend the capital requirements directive (the "**Capital Requirements Directive IV**" or "**CRD IV**") and to adopt a capital requirements regulation (the "**Capital Requirements Regulation**" or "**CRR**") with a view to implementing a comprehensive and risk-sensitive framework and to foster enhanced risk management among financial institutions. Following public consultations, the European Parliament is currently discussing the proposal of the European Commission and final legislation is expected to be published by the end of this year.

To the extent the Issuer has estimated the indicative impact that Basel III and CRD IV reforms may have on its weighted risks and capital ratios, such estimates are preliminary and subject to uncertainties and may change. There can be no assurance that, prior to its implementation in 2013, the Basel Committee or the European legislator will not amend the package of proposed reforms described above. Further, the European Commission and/or the National Bank of Belgium may implement the package of reforms in a manner that is different from that which is currently envisaged, or may impose additional capital and liquidity requirements on Belgian banks.

The estimates of the Issuer assume that mitigating actions will have to be taken (such as deleveraging of legacy positions and securitisations, including non-core, as well as other actions being taken to reduce the risk from market and counterparty exposures), which may not occur as anticipated, in a timely manner or at all.

The Basel Committee and CRD IV changes and other future changes to capital adequacy and liquidity requirements in Belgium and in other jurisdictions, including any application of increasingly stringent stress case scenarios by the regulators in Belgium, may require the Issuer to raise additional Tier 1 (including Core Tier 1) and Tier 2 capital by way of further issuances of securities, and will result in existing Tier 1 and Tier 2 securities issued by the Issuer ceasing to count towards the Issuer's regulatory capital, either at the same level as present or at all. The requirement to raise additional Core Tier 1 capital could have a number of negative consequences for the Issuer and its shareholders, including impairing the Issuer's ability to pay dividends. If the Issuer is unable to raise the requisite Tier 1 and Tier 2 capital, it may be required to further reduce the amount of its weighted risks.

As at 30 June 2012, the Issuer Tier 1 and Core Tier 1 capital ratios were at the same level of 12.0%, calculated in accordance with Basel II requirements. Any change that limits the Issuer's ability to manage effectively its balance sheet and capital resources going forward (including, for example, reductions in profits and retained earnings as a result of impairments and increases in weighted risks) or to access funding sources could have a material adverse impact on its financial condition and regulatory capital position or result in a loss of value in the Mortgage Pandbriev.

### 2.3.4 Operational risk

The Issuer defines “operational risk” as the risk of financial or non-financial impact resulting from inadequate or failed internal processes, people and systems, or from external events. The definition includes legal and reputational risk but excludes strategic risk and expenses from commercial decisions.

A new framework on the management of operational risk at the Issuer is currently in development and will be based on the principles mentioned in the “principles for the sound management of operational risk” (Bank for International Settlements, June 2011).

Awaiting this new framework, the current policy and guidelines still apply in order to ensure the continuation of the operational risk management in the company. The governance structure is based on a first line responsibility by the business management and a second line responsibility by the operational risk management department, who defines the methodological principles. There is a clear separation of duties between both lines. An operational risk committee (the operational risk acceptance committee) is installed at senior management level.

The operational risk management includes the collection of operational events (loss data), the organisation of yearly risk and control self-assessments (“**RCSA**”), as well as the performance of scenario analysis, the collection of insurance claims and the yearly review of the insurance policies, the development and testing of business continuity plans and performance of business impact analysis, a crisis management programme, the management of outsourcing arrangements and of information risk. All activities of the Issuer are covered by the current framework.

### 2.3.5 Competition

The Issuer faces strong competition across all its markets from local and international financial institutions including banks, building societies, life insurance companies and mutual insurance organisations. While the Issuer believes it is positioned to compete effectively with these competitors, there can be no assurance that increased competition will not adversely affect the Issuer’s pricing policy and lead to losing market share in one or more markets in which it operates.

### 2.3.6 Regulatory risk

Recent developments in the global markets have led to an increase in the involvement of various governmental and regulatory authorities in the financial sector and in the operations of financial institutions. In particular, governmental and regulatory authorities in various countries have already provided additional capital and funding requirements and have already introduced or may in the future be introducing a significantly more restrictive regulatory environment, including new accounting and capital adequacy rules, restriction on termination payments for key personnel in addition to new regulation of derivative instruments.

The Issuer conducts its businesses subject to on-going regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies and interpretations mainly in Belgium but also in the other regions in which the Issuer does business. Changes in supervision and regulation, in particular in Belgium, could materially affect the Issuer’s business, the products and services offered by it or the value of its assets. The recent global economic downturn has resulted in calls for significant changes to regulatory regimes. There have been significant regulatory developments in response to the global crisis, including the stress test exercise co-ordinated by the Committee of European Banking Supervisors CEBS, in co-operation with the ECB, liquidity risk assessments and the adoption of new capital regulatory requirements under Basel III. The Issuer works closely with its regulators, and continually monitors regulatory developments and plans the contemplated changes, but as the final details of the implementation are not fully determined yet, it is still highly uncertain which actions will be required from the Issuer in order to fully comply with the new rules.

### **2.3.7 Formal investigation by the European Commission relating to the purchase of Belfius Bank (formerly Dexia Bank Belgium SA/NV) by the Belgian federal state**

On 17 April 2012, the Belgian Federal State submitted the Issuer's file to the European Commission. The sustainable future and profitability of the Issuer have been clearly demonstrated from this file.

This filing is the result of the decision of 17 October 2011 where the European Commission opened a formal investigation into the purchase of the Issuer by the Belgian federal state which the latter had requested in order to ascertain whether or not the purchase constituted a State aid in favour of the Issuer.

The filing was followed by a Q&A session between the European Commission, the Belgian Federal State and the Issuer. A final decision by the European Commission is still pending.

Should the European Commission conclude that the purchase is a State aid in favour of the Issuer, it is probable that the Issuer would be subject to restrictive measures imposed by the European Commission in order to reduce any possible disruption of the market.

In the meantime, the European Commission has given temporary "emergency" approval to the purchase of the Issuer by the Belgian federal state on the grounds that the purchase was necessary to preserve the commercial business of the Issuer and prevent personal customers from withdrawing their deposits. The Commission is moreover aware that the purchase of the Issuer by the Belgian federal state could help restore the bank's long-term viability. The Issuer has therefore undertaken to prepare a business plan demonstrating such viability and to send it to the Belgian government for submission to the European Commission for examination and approval. The Issuer considers it reasonable to assume that the European Commission will refrain from taking any measures that might undermine its stability and future development.

While awaiting the outcome of the European Commission's investigation into the possibility of the purchase of the Issuer by the Belgian federal state being deemed to be a State aid and in view of the fact that the European Commission is of the opinion that its 26 February 2010 decision regarding Dexia SA/NV still applies to the Issuer after its sale to the Belgian federal state, the Issuer has decided, pursuant to that decision, only to pay coupons on subordinated debt and hybrid capital instruments if there is a contractual obligation and not to exercise any call without the prior approval of the European Commission. This does not, however, mean that the Issuer itself is of the opinion that the European Commission's 26 February 2010 decision applies to it.

### **2.3.8 A downgrade in the credit rating**

The rating agencies, Standard & Poor's, Moody's and Fitch, use ratings to assess whether a potential borrower will be able in the future to meet its credit commitments as agreed. A major element in the rating for this purpose is an appraisal of the company's net assets, financial position and earnings performance. A bank's rating is an important comparative element in its competition with other banks. It also has a significant influence on the individual ratings of the most important subsidiaries. A downgrading or the mere possibility of a downgrading of the rating of the Issuer or one of its subsidiaries might have adverse effects on the relationship with customers and on the sales of the products and services of the company in question. In this way, new business could suffer, the Issuer's competitiveness in the market might be reduced, and its funding costs would increase substantially. A downgrading of the rating would also have adverse effects on the costs to the Issuer of raising equity and borrowed funds and might lead to new liabilities arising or to existing liabilities being called that are dependent upon a given rating being maintained. It could also happen that, after a downgrading, the Issuer would have to provide additional collateral for derivative transactions in connection with rating-based collateral arrangements. If the rating of the Issuer were to fall within reach of the non-

investment grade category, the Issuer would suffer considerably. In turn, this would have an adverse effect on the Issuer's ability to be active in certain business areas.

### **2.3.9 Catastrophic events, terrorist attacks and other acts of war**

Catastrophic events, terrorist attacks, other acts of war or hostility, and responses to those acts may create economic and political uncertainties, which could have a negative impact on economic conditions in the regions in which the Issuer operates and, more specifically, on the business and results of operations of the Issuer in ways that cannot be predicted.

### **2.3.10 EU Crisis Management Framework and Bail-in Debt**

At European level, a (provisional) legislative proposal on crisis management in the financial sector has been launched on 6 June 2012 which includes certain proposals in relation to early intervention and resolution of credit institutions as well as a debt write-down tool to be applied in certain circumstances (the "**EU Proposal**"). The resolution powers provide a means to restructure and wind down a failing credit institutions, as an alternative to bankruptcy. The debt write-down tool aims at maintaining a stressed bank as a going concern or sustaining a failing bank by granting the power to the regulators to write down debt of the bank (or to convert such debt into equity).

Furthermore, on 2 October 2012, a high-level expert group presided by Mr. Liikanen presented its report to the European Commission on reforming the structure of the EU banking sector (the "**Liikanen Report**"). The Liikanen Report contains various proposals, including in respect of bail-in debt.

At this stage, it is uncertain whether the EU Proposal will be adopted in its current form and, if so, when this regime would be applicable and which shape it would take. Similarly, it is at this stage unclear whether and how the EU Commission will incorporate the proposals made by the Liikanen Report. If the EU Proposal or certain elements of the Liikanen Report were to be adopted, this could negatively affect the position of Noteholders.

### SECTION 3 DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the audited consolidated accounts of Belfius Bank (previously Dexia Bank Belgium SA/NV) for the years ended 31 December 2010 and 31 December 2011 including the reports of the statutory auditors in respect thereof, which are incorporated by reference in this Base Prospectus. Such documents shall be incorporated in and form part of this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of all documents incorporated by reference in this Base Prospectus may be obtained without charge from the offices of the Issuer and on the website of the Issuer ([www.belfius.be](http://www.belfius.be)).

The tables below set out the relevant page references for the accounting policies, notes and auditors' reports of the Issuer for the financial years ended 31 December 2010 and 31 December 2011, respectively, as well as the non-consolidated statement of income, the consolidated profit and loss account, the cash flow statement, the non-consolidated balance sheet and the non-consolidated profit and loss account of Belfius Bank (previously Dexia Bank Belgium SA/NV) as set out in the Annual Reports of the Issuer. Information contained in the documents incorporated by reference other than information listed in the table below is for information purposes only, and does not form part of this Base Prospectus.

The consolidated balance sheet and consolidated statement of income of Belfius Bank (previously Dexia Bank Belgium SA/NV) can be found in the section headed "Description of the Issuer" on page 137 and 139 of this Base Prospectus.

	<b>Belfius Bank SA/NV (previously Dexia Bank Belgium SA/NV)</b>	
	<b>Annual Report 2010</b>	<b>Annual Report 2011</b>
consolidated profit and loss account .....	62	66
consolidated cash flow statement .....	68	72
audit report on the consolidated accounts .....	182	184
notes to the consolidated accounts .....	69	73
non-consolidated balance sheet .....	186	188
non-consolidated profit and loss account .....	189	191
non-consolidated statement of income .....	189	191
audit report on the non-consolidated accounts .....	234	246
notes to the non-consolidated accounts .....	195	207

## **SECTION 4**

### **PROSPECTUS SUPPLEMENT**

If at any time the Issuer shall be required to prepare a supplement in accordance with Article 34 of the Belgian Law of 16 June 2006 on the public offer of investment instruments and the admission of investment instruments to trading on a regulated market (the “**Prospectus Law**”), the Issuer will prepare and make available an appropriate supplement to this Base Prospectus which, in respect of any subsequent issuance of Mortgage Pandbrieven to be listed and admitted to trading on Euronext Brussels’ regulated market, shall constitute a prospectus supplement in accordance with Article 34 of the Prospectus Law.

## **SECTION 5**

### **PROGRAMME DESCRIPTION**

The Issuer may from time to time issue Mortgage Pandbrieven under the Programme. The aggregate principal amount of outstanding Mortgage Pandbrieven in euro shall not at any time exceed EUR 10,000,000,000 (or the euro equivalent at the date of issuance in the case of other currencies). All Mortgage Pandbrieven outstanding from time to time shall be included in a list which can be consulted on the website of the NBB at [www.nbb.be](http://www.nbb.be).

Holders of Mortgage Pandbrieven issued under the Programme (and the Other Creditors) will benefit from an exclusive recourse against the same Special Estate. The main asset class of the Special Estate will consist of Residential Mortgage Loans. The value of the Residential Mortgage Loans calculated in accordance with the Covered Bond Regulations (and including any collections in respect thereto) will at all times represent at least 105% of the aggregate nominal outstanding amount of the Mortgage Pandbrieven of all Series. Both the issued Mortgage Pandbrieven and the Residential Mortgage Loans and any other Cover Assets will be registered in the Cover Register. Investor reports with details on, amongst others, the composition of the Special Estate will be made available on the website of the Issuer ([www.belfius.be](http://www.belfius.be)) on a quarterly basis and, as from Q3 2013, on a monthly basis.

Under the Programme, the Issuer may issue Mortgage Pandbrieven subject to the terms and conditions (and relevant final terms) set out in this Base Prospectus, but the Issuer may also from time to time issue Mortgage Pandbrieven subject to terms not contemplated by this Base Prospectus (including (without limitation) in the case of N Bonds). In the latter case, the relevant terms or form of terms of the Mortgage Pandbrieven will be set out in a schedule to the Programme Agreement.

#### **I. Programme Agreements**

##### **5.1 Programme Agreement**

The Programme Agreement is an over-arching agreement containing certain common terms (the “**Common Terms**”) which will apply to all Mortgage Pandbrieven issued under the Programme (including (without limitation) N Bonds). These Common Terms include the Post-Acceleration Priority of Payments, the Payment Default provision and cross-acceleration, the Rules of Organisation of the Noteholders, the Noteholders’ Waiver, certain provisions required by the Covered Bond Regulation, certain Issuer Covenants, and specify, for the avoidance of doubt, that all the Holders of Mortgage Pandbrieven will be represented by the Noteholders’ Representative and will benefit from an exclusive recourse against the Special Estate. The Programme Agreement further provides that a Programme Resolution will be required for any amendment to the Common Terms, unless the Noteholders’ Representative is of the opinion that such amendment will not be materially prejudicial to the interests of the Noteholders or that the amendment is of a technical nature. The Programme Agreement also provides that no Residential Mortgage Loans can be deregistered from the Special Estate without prior approval of the Cover Pool Monitor in case such deregistration would lead to a decrease of the ratio between the value of the Cover Assets and the nominal outstanding amount of the Mortgage Pandbrieven. No such approval is required for the deregistration of Residential Mortgage Loans with a value of zero nor for a substitution whereby the value of the Cover Assets does not decrease due to this substitution.

##### **5.2 Noteholders’ Representative Agreement**

Pursuant to the Noteholders’ Representative Agreement, the holders of the Mortgage Pandbrieven (and the Other Creditors which have agreed thereto) will be represented by the Noteholders’ Representative

which shall have the powers and rights conferred on it by the applicable terms and conditions, the Rules of Organisation of the Noteholders and the Noteholders' Representative Agreement.

### **5.3 Agency Agreement**

The Mortgage Pandbrieven will also have the benefit of an Agency Agreement, pursuant to which the relevant (principal) paying agent, fiscal agent, registrar and calculation agent shall be appointed.

### **5.4 Distribution Agreement**

Pursuant to the Distribution Agreement the Issuer may agree with the Dealers that are party thereto to issue Mortgage Pandbrieven. The Issuer may also decide to issue Mortgage Pandbrieven which are not subject to the Distribution Agreement.

### **5.5 Clearing Services Agreement**

The Issuer has entered into a Clearing Services Agreement with the NBB, in its capacity as operator of the X/N Clearing System, and the Fiscal Agent in relation to Dematerialised Mortgage Pandbrieven which will be represented by a book-entry in the records of the X/N Clearing System.

This Base Prospectus, the Programme Agreement, the Noteholders' Representative Agreement, the Agency Agreement, the Distribution Agreement, the Clearing Services Agreement and any other agreement or document entered into from time to time under or in connection with the Programme (as the same may be amended, supplemented, replaced and/or restated from time to time) and designated as a programme document constitute together the programme documents (the "**Programme Documents**"). Unless otherwise specified, the Programme Documents will be governed by Belgian law.

Pursuant to the terms of the Programme Documents, the Issuer shall be entitled to vary, approve or terminate the appointment of any agent or party thereto and/or appoint any additional or substitute agent or party (including (without limitation) in relation to the issue of any Mortgage Pandbrieven). The Issuer may also enter into any other agreement or document as it may from time to time deem necessary or appropriate in relation to the Programme or issuance of any Mortgage Pandbrieven. Each of the Programme Documents shall further contain specific provisions for the amendment, supplement, replacement and/or restatement of such agreement and a reference to any Programme Document shall be deemed a reference to such agreement as the same may from time to time be amended, supplemented, replaced and/or restated.

## **II. N Bonds and other terms**

N Bonds are typically issued to certain German institutional investors and contain certain specific provisions which may differ from some of the terms and conditions that apply to the Mortgage Pandbrieven issued under this Base Prospectus. For instance, N Bonds may be governed by German law. Moreover, they are usually not listed. Accordingly, a prospectus is usually not required for their offering and the terms applicable thereto will, at the relevant time of issuance, be annexed to the Programme Agreement.

## SECTION 6

### SUMMARY DESCRIPTION OF THE LEGAL FRAMEWORK FOR BELGIAN COVERED BONDS AND BELGIAN PANDBRIEVEN

*The following is a brief summary of certain features of the legal framework governing the issuance of Belgian covered bonds, as at the date of this Base Prospectus. This summary description is not, and does not purport to be, a complete description addressing all aspects of the Belgian legal framework pertaining to Belgian covered bonds. Accordingly, it is qualified in its entirety by reference to the applicable laws and regulations.*

#### 6.1 Introduction

##### 6.1.1 Background

A new dedicated regulatory regime for the issuance of covered bonds by Belgian credit institutions was adopted in August 2012. The Covered Bond Regulations (as defined below) contemplate a full on balance structure with a right of dual recourse for noteholders (an exclusive recourse against the special estate (together with certain other creditors) and an unsecured claim against the general estate of the issuing credit institution).

##### 6.1.2 Legislative framework

The legislative framework for Belgian covered bonds is established by the following laws, decrees and regulations (as the same may be amended, supplemented, replaced and/or restated from time to time, the “**Covered Bond Regulations**”):

- The Law of 3 August 2012 establishing a legal regime for Belgian covered bonds (*Wet van 3 augustus 2012 tot invoering van een wettelijke regeling voor Belgische covered bonds/Loi du 3 août 2012 instaurant un régime légal pour les covered bonds belges*), which was implemented through an amendment of the Law of 22 March 1993 on the status and supervision of credit institutions (the “**Credit Institutions Supervision Law**”);
- The Law of 3 August 2012 on various measures to facilitate the mobilisation of claims in the financial sector (*Wet van 3 augustus 2012 betreffende diverse maatregelen ter vergemakkelijking van de mobilisering van schuldvorderingen in de financiële sector/Loi du 3 août 2012 relative à des mesures diverses pour faciliter la mobilisation de créances dans le secteur financier*) (the “**Mobilisation Law**”);
- The Royal Decree of 11 October 2012 on the issuance of Belgian covered bonds by Belgian credit institutions (*Koninklijk Besluit van 11 oktober 2012 betreffende de uitgifte van Belgische covered bonds door kredietinstellingen naar Belgisch recht/Arrêté Royal du 11 octobre 2012 relatif à l'émission de covered bonds belges par des établissements de crédit de droit belge*) (the “**Covered Bond Royal Decree**”).
- The Royal Decree of 11 October 2012 on the cover pool administrator in the context of the issuance of Belgian covered bonds by a Belgian credit institution (*Koninklijk Besluit van 11 oktober 2012 betreffende de portefeuillebeheerder in het kader van de uitgifte van Belgische covered bonds door een kredietinstelling naar Belgisch recht/Arrêté Royal du 11 octobre 2012 relatif au gestionnaire de portefeuille dans le cadre de l'émission de covered bonds belges par un établissement de crédit de droit belge*) (the “**Cover Pool Administrator Royal Decree**”);
- The Regulation of the National Bank of Belgium concerning the practical modalities for the application of the Law of 3 August 2012 that establishes a legal regime for Belgian covered bonds dated 29 October 2012 (*Circulaire van 29 oktober 2012 over de praktische regels voor de toepassing van de wet van 3 augustus 2012 tot invoering van een wettelijke regeling voor*

*Belgische covered bonds/Circulaire du 29 octobre 2012 relative aux modalités pratiques d'application de la loi du 3 août 2012 instaurant un régime légal pour les covered bonds*) (the “**NBB Covered Bonds Regulation**”); and

- The Regulation of the National Bank of Belgium addressed to the statutory auditors and the cover pool monitors of Belgian credit institutions with respect to their involvement in the context of the issuance of Belgian covered bonds in accordance with Chapter VIII of the Law of 22 March 1993 dated 29 October 2012 (*Circulaire van 29 oktober 2012 aan de portefeuillesurveillanten bij kredietinstellingen naar Belgisch recht die Belgische covered bonds uitgeven/ Circulaire du 29 octobre 2012 aux surveillants de portefeuille auprès d'établissements de crédit de droit belge qui émettent des covered bonds belges*) (the “**NBB Cover Pool Monitor Regulation**”).

### 6.1.3 Belgian covered bonds and Belgian pandbrieven

Pursuant to Article 3, §1 of the Credit Institutions Supervision Law, covered bonds are debt instruments which:

- (a) are issued by a credit institution governed by Belgian law which is authorised to issue covered bonds and included in the list referred to in Article 64/5, §3, 1° of the Credit Institutions Supervision Law;
- (b) are included itself or, if issued under a programme, the programme and each debt instrument issued thereunder is included in the list of Belgian covered bonds referred to in Article 64/5, §3, 2° of the Credit Institutions Supervision Law; and
- (c) are covered by a special estate on the balance sheet of the issuing credit institution.

Article 64/1 and 64/7 of the Credit Institutions Supervision Law provide that covered bonds which comply with Directive 2006/48/EC of 14 June 2006 on the capital adequacy of investment firms and credit institutions (the “**CRD Directive**”) may be referred to as Belgian pandbrieven (*Belgische pandbrieven/lettres de gage belges*). Covered bonds comply with the CRD Directive if they are bonds as defined in Article 52(4) of the UCITS directive and if the Cover Assets comply with the eligibility requirements and valuation rules as set out in Annex VI, Part 1, points 68 to 70 of the CRD Directive.

Pursuant to Article 13 of the Covered Bond Royal Decree, covered bonds which comply with the requirements set out in the Covered Bond Royal Decree will be deemed to comply with the UCITS directive and the CRD Directive and may therefore be referred to as Belgian pandbrieven (*Belgische pandbrieven/lettres de gage belges*).

The covered bonds issued under the Programme are referred to as Mortgage Pandbrieven as they comply with the relevant requirements for Belgian pandbrieven (*Belgische pandbrieven/lettres de gage belges*).

### 6.1.4 Dual authorisation by the NBB

A Belgian credit institution must be authorised by the NBB, in its capacity as Belgian prudential supervisory authority of financial institutions, prior to being entitled to issue Belgian covered bonds. The authorisation of the NBB comprises:

- (a) a general authorisation in relation to the organisational capacity of the credit institution to issue Belgian covered bonds and to ensure appropriate follow-up (the “**General Authorisation**”); and

- (b) a special authorisation for each issue programme or particular issuance (if not issued under a programme), to ascertain whether such programme or issuance meets relevant legal requirements (the “**Specific Authorisation**”).

On its website, the NBB will publish:

- (a) a list of credit institutions that are authorised to issue Belgian covered bonds ([www.nbb.be](http://www.nbb.be)); and
- (b) a list that specifies, per credit institution, the programmes (and the issuances thereunder) or issuances that have been authorised. This list is divided into a list of covered bonds and a list of Belgian pandbrieven ([www.nbb.be](http://www.nbb.be)).

#### **6.1.4.1 General Authorisation**

To obtain a General Authorisation, the credit institution must, among other things, provide information on its financial position, long-term strategy, tasks and responsibilities in relation to the issuance of Belgian covered bonds, risk management policy, internal audit, decision-making processes and reporting processes in relation to the issuance of Belgian covered bonds and IT systems. The financial position must demonstrate that the interests of its creditors other than the noteholders will be protected. The credit institution’s statutory auditor must report to the NBB on the credit institution’s organisational capacity to issue Belgian covered bonds prior to and after the issuance of Belgian covered bonds.

The NBB will only grant the General Authorisation to the extent that, on the basis of the above information, it is satisfied:

- (a) that the administrative and accounting organisation of the issuing credit institution allows it to operate in accordance with the Covered Bond Regulations, in particular as regards its capacity to segregate the Cover Assets from its general estate; and
- (b) that the financial position of the issuing credit institution, specifically with respect to its solvency, is sufficient to safeguard the interests of its creditors, other than the noteholders and other creditors that are or can be identified in the issue conditions.

#### **6.1.4.2 Specific Authorisation**

To obtain a Specific Authorisation, the credit institution must, among other things, provide information on the impact of the issuance on the liquidity position of the issuing credit institution, the quality of the Cover Assets and the extent to which the maturity dates of the Belgian covered bonds coincide with those of the Cover Assets. The credit institution will also have to demonstrate that it continues to comply with the requirements of the General Authorisation and the cover pool monitor (*portefeuillesurveillant/surveillant de portefeuille*) will need to report to the NBB (see section 6.2.4) on the compliance by the issuing credit institution with the requirements set out in the Covered Bond Regulations prior to and after the issuance of Belgian covered bonds.

The NBB will only grant the Specific Authorisation to the extent that, on the basis of the above information, it is satisfied that the following conditions have been met:

- (a) the issuing credit institution has obtained a General Authorisation; and
- (b) the Cover Assets meet the requirements set out in the Covered Bond Regulations (see section 6.2.3.1).

## **6.2 Rules applicable to the special estate**

### **6.2.1 Composition of the special estate**

The estate of a credit institution that issues Belgian covered bonds is by operation of law split into a general estate and into specified special estates. There will be one special estate per authorised issue programme or stand-alone issuance, as the case may be.

The credit institution that issues Belgian covered bonds must maintain a register in which all Belgian covered bonds and the Cover Assets are registered (the “**Cover Register**”).

The special estate includes by operation of law:

- (a) all assets registered in the Cover Register (the “**Cover Assets**”);
- (b) the assets (cash or financial instruments) received as collateral in the context of hedging instruments which are part of the special estate;
- (c) all security interests and sureties, guarantees or privileges under whichever form that have been granted in relation to Cover Assets as well as rights under insurance policies and other contracts in relation to the Cover Assets or the management of the special estate;
- (d) all sums that the relevant credit institution holds as a result of the recovery (reimbursement or payment) of assets or of the rights mentioned above for the account of the special estate or otherwise held for the special estate; and
- (e) the mandatory reserves with the NBB to the extent that these are linked to the special estate.

Pursuant to a revindication mechanism provided by Article 64/8, §2, second indent of the Credit Institutions Supervision Law, the ownership rights of the special estate in respect of cash that cannot be identified in the general estate will be transferred to unencumbered assets of the general estate that will be selected by taking into account criteria specified in the terms and conditions of the relevant issuance (hereinafter referred to as the “issue conditions”).

### **6.2.2 Allocation of the special estate**

Each special estate is exclusively allocated to satisfy the obligations of the relevant noteholders and any other creditors that are specifically mentioned or can be identified based on the criteria set out in the relevant issue conditions. The latter category of creditors will generally include the various parties that are involved in the structuring and the management of the special estate and relevant Belgian covered bonds. These may include, *inter alia*, the noteholders’ representative, the cover pool administrator, the cover pool monitor and relevant hedge counterparties.

The distribution or priority rules in relation to the obligations towards the noteholders and the obligations towards such other creditors of the special estate must be determined in the issue conditions and in the agreements that are entered into in the framework of the relevant issue programme or issuance of Belgian covered bonds.

Creditors of the issuing credit institution (other than noteholders and creditors that are or can be identified in the issue conditions or the agreements that are entered into in the framework of the relevant issue programme or issuance of Belgian covered bonds) may not exercise any rights against or attach any assets of the special estate.

In the case of a liquidation of the special estate, the proceeds thereof will be allocated to the noteholders and the other creditors that are or can be identified in the issue conditions or the agreements that are entered into in the framework of the relevant issue programme or issuance of Belgian covered bonds in accordance with the priority of payments determined in the issue conditions.

### 6.2.3 Rules applicable to the Cover Assets

Prior to the issuance of Belgian covered bonds, the credit institution and cover pool monitor (see section 6.2.4) must take all reasonable measures to ensure that the issuing credit institution meets the following requirements:

- (a) the Cover Assets meet the qualitative requirements and limits set out in the Covered Bond Regulations (see section 6.2.3.1);
- (b) the Cover Assets meet the Cover Tests (see section 6.2.3.2);
- (c) the Cover Assets meet the Liquidity Test (see section 6.2.3.4); and
- (d) the Cover Register and the registration of Cover Assets therein meet the requirements set out in the Covered Bond Regulations (see section 6.2.3.5).

Furthermore, the credit institution must establish risk management policies in relation to interest rate and currency exchange risks. The credit institution must ensure that the liquidity generated by such hedging instruments is sufficient to meet the applicable tests in the case of sudden and unexpected movements and/or, as the case may be, dispose of other assets that can be sold or mobilised quickly in order to provide relevant coverage.

The issuing credit institution, its statutory auditor and the cover pool monitor will have ongoing obligations to provide to the NBB periodic information on compliance with the Covered Bond Regulations.

#### 6.2.3.1 Types of eligible assets

The special estate may be composed of assets falling within any of the following five categories: residential mortgage loans (including residential mortgage backed securities (“RMBS”)) (category 1), commercial mortgage loans (including commercial mortgage backed securities (“CMBS”)) (category 2), public sector exposures (including public asset backed securities (“ABS”)) (category 3), exposures to credit institutions (category 4) and hedging instruments (category 5).

##### (a) Mortgage Loans

The special estate may include residential mortgage loans or commercial mortgage loans:

- (i) Residential mortgage loans (category 1): mortgage receivables secured by a mortgage on residential real estate located in the European Economic Area (“EEA”). Mortgage receivables relating to residential real estate under construction or in development can only be included in the special estate if they do not represent more than 15% of all the residential mortgage loans included in the special estate.
- (ii) Commercial mortgage loans (category 2): mortgage receivables secured by a mortgage on commercial real estate located in the EEA. Mortgage receivables relating to commercial real estate under construction or in development may not be included in the special estate.

In order to qualify for residential and commercial mortgage loans, the credit institution must be the beneficiary of a first-ranking mortgage.

Residential real estate is real property that is destined for housing or for leasing (*huur/location*) as housing by the owner.

Commercial real estate is real property that is primarily used for industrial or commercial purposes or for other professional activities, such as offices or other premises intended for the exercise of a commercial or services activity.

- (b) Public sector exposures (category 3): receivables on or guaranteed or insured by (i) central, regional or local authorities of member states of the Organisation for Economic Co-operation and Development (OECD), (ii) central banks of these member states, (iii) public sector entities of these member states or (iv) multilateral development banks or international organisations that qualify for a 0% risk weighting as set out in annex VI, 20 of the CRD Directive.
- (c) RMBS, CMBS and ABS issued by securitisation vehicles that securitise exposures on assets primarily composed of the assets sub (a) and/or (b) above and that meet the following conditions:
  - (i) the securitisation vehicle is governed by the laws of a member state of the EEA;
  - (ii) the securitisation positions qualify for credit quality step 1 as set out in annex IX, part 4, 6 of the CRD Directive and are part of the most senior tranche of securitisation positions;
  - (iii) at least 90% of the underlying assets are composed of only one of the categories of residential mortgage loans, commercial mortgage loans or public sector exposures;
  - (iv) the underlying assets have been originated by a group-related entity of the issuing credit institution; and
  - (v) the most subordinated tranche is fully retained by the issuing credit institution or a group-related entity.

Securities issued by securitisation vehicles are only recognised as Cover Assets within the limits imposed by the CRD Directive (which permits covered bonds to benefit from a favourable weighting in the context of the “own funds” regulation applicable to credit institutions).

- (d) Exposures to credit institutions (category 4): claims against credit institutions that have the status of credit institution under the law of a member state of the OECD and cash held on account with these credit institutions, as well as sums held by the issuing credit institution for the benefit of the special estate.
- (e) Hedging instruments (category 5): positions resulting from one or more hedging instruments linked to one or more Cover Assets or Belgian covered bonds concerned, as well as sums paid under these positions. The counterparty of these instruments must have the status of a credit institution under an OECD member state.

The hedging instruments may only cover interest rate risk, currency exchange risk or other risks linked to the Cover Assets or the Belgian covered bonds.

The hedging instruments may only be included in the special estate if recovery measures or bankruptcy proceedings opened against the issuing credit institution do not automatically result in the early termination (close-out) of these instruments and if the relevant hedge counterparty cannot invoke an early termination (close-out) in such circumstances. The issuing credit institution may not include hedging instruments in one of the novation or netting agreements to which it is a party.

The credit institution must be able to demonstrate that the default risk of the counterparty is limited. This can be established if the counterparty qualifies for:

- (i) credit quality step 1 or 2 according to Annex VI, points 29 to 32 of the CRD Directive for Belgian covered bonds that qualify for credit quality step 1; or
- (ii) credit quality steps 1, 2 or 3 according to Annex VI, points 29 to 32 of the CRD Directive for Belgian covered bonds that qualify for credit quality steps 2 or lower.

Hedging instruments registered in the Cover Register are part of the special estate. Collateral posted with the Issuer under such hedging instrument is part of the special estate by operation of law and can only be used for obligations in relation to the special estate in accordance with the issue conditions and the relevant hedging instrument.

If the hedge counterparty is a group-related entity of the issuing credit institution, it must have the status of credit institution in an EEA Member State and must benefit from credit quality step 1 (as defined in annex VI, points 29 to 32 of the CRD Directive).

Amounts paid as reimbursement, collection or payment of interest on claims or assets included in the special estate as part of the relevant categories may be taken into account as Cover Assets that are a part of their respective category.

#### 6.2.3.2 Cover Tests

At the time of the issuance and as long as any Belgian covered bonds remain outstanding, the issuing credit institution must, in respect of each special estate, meet the following cover tests:

- (a) the value of the assets falling within one of the categories 1, 2 and 3 (including, respectively, RMBS, CMBS and ABS) must represent at least 85% of the nominal amount of the Belgian covered bonds outstanding (the “**85% Asset Coverage Test**”). As a result, three general types of Belgian covered bond programmes can be distinguished on the basis of their main underlying asset class: (i) residential mortgage loans; (ii) commercial mortgage loans; or (iii) public sector exposures.
- (b) the value of the Cover Assets must provide an excess cover such that their value exceeds the nominal amount outstanding of the Belgian covered bonds. Per special estate, the value of the Cover Assets must represent at least 105% of the nominal outstanding amount of the issued Belgian covered bonds (the “**Over-Collateralisation Test**”). As a result, the special estate must at all times be over-collateralised by at least 5%; and
- (c) the Cover Assets must, during the entire duration of the relevant Belgian covered bonds, provide a sufficient cover for (i) the payment of principal and interest on the Belgian covered bonds, (ii) the obligations towards other creditors that are or can be identified in the issue conditions and (iii) the management of the special estate. For each special estate, the sum of interest, principal and all other revenues generated by the Cover Assets must be sufficient to cover the sum of all interest, principal and charges of the Belgian covered bonds (the “**Amortisation Test**”),

all three together, the “**Cover Tests**”.

### 6.2.3.3 Cover assets valuation methodology

For the purpose of the 85% Coverage Test and the Over-Collateralisation Test, the value of the Cover Assets of each category is determined as follows:

- (a) **Residential mortgage loans:** the lesser of (i) the outstanding loan amount, (ii) 80% of the market value of the residential real estate and (iii) the value of the mortgage.

If the residential real estate over which a mortgage has been created is located in Belgium, the value of the mortgage in respect of a residential mortgage loan will be equal to the amount of the mortgage registration in first rank, plus any amounts of mortgages in subsequent ranks (provided that there are no other creditors with prior-ranking mortgage rights (*zonder dat andere schuldeisers zich in een tussenpositie bevinden/sans interposition d'autres crédateurs*)).

If the mortgage is supplemented with a mortgage mandate, the value of the mortgage will be equal to the lesser of (a) the sum of the amount of the mortgage registration in first rank, plus any amounts of mortgages in sequentially lower ranks (provided that there are no other creditors with prior-ranking mortgage rights (*zonder dat andere schuldeisers zich in een tussenpositie bevinden/sans interposition d'autres crédateurs*)) and the amount for which a mortgage mandate has been granted and (b) the amount of the mortgage registration in first rank, plus the amount of any mortgage in sequentially lower ranks (provided that there are no other creditors with prior-ranking mortgage rights (*zonder dat andere schuldeisers zich in een tussenpositie bevinden/sans interposition d'autres crédateurs*)), divided by 0.6.

If the residential real estate over which the mortgage has been created is located outside Belgium, the value of the mortgage in respect of such residential mortgage loan will be equal to the amount of the mortgage registration in first rank, plus the amount of any mortgages in sequentially lower ranks (provided that there are no other creditors with prior-ranking mortgage rights (*zonder dat andere schuldeisers zich in een tussenpositie bevinden/sans interposition d'autres crédateurs*)). Mortgage mandates are not taken into consideration.

Residential real estate may only be taken into consideration for purposes of the valuation calculations of the Cover Assets if the requirements set out in Annex VIII, part 2, point 8 and the valuation rules set out in Annex VIII, part 3, points 62 to 65 of the CRD Directive, as implemented in Belgium, have been complied with. This does not prejudice the possibility to take into account the value of mortgage mandates, as set out above. If deemed necessary, the NBB can impose further requirements with respect to the valuation of immovable real estate.

The value of the real estate is to be tested regularly for residential real estate. A more regular control shall occur in case of significant changes to the market conditions. To this effect, customary methods and benchmarks (such as the Stadimindex) may be used.

- (b) **Commercial mortgage loans:** the lesser of (i) the outstanding loan amount, (ii) 60% of the sales value of the commercial real estate and (iii) the value of the mortgage.

The value of the mortgage in respect of a commercial mortgage loan equals the amount of the mortgage registration in first rank, accrued (if applicable) with the amount of the mortgages in sequentially lower ranks (provided that there are no other creditors with prior-ranking mortgage rights (*zonder dat andere schuldeisers zich in een tussenpositie*

*bevinden/sans interposition d'autres crédateurs*). Mortgage mandates are not taken into consideration.

Commercial real estate may only be taken into consideration for purposes of the valuation calculations if the eligibility requirements that apply to residential mortgage loans have been met.

- (c) **Public sector exposures:** To the extent that the counterparty is a member of the European Union, the value is equal to the book value in the books of the issuing credit institution (or limited to the amount guaranteed or insured by the relevant entities). If the counterparty is not a member of the European Union, the value will be zero. There is, however, an exception for non-EU counterparty exposure:
- (i) in case the non-EU counterparty qualifies for credit quality step 1 (as set out in Annex VI of the CRD Directive); or
  - (ii) in case the non-EU counterparty qualifies for credit quality step 2 (as set out in Annex VI of the CRD Directive) and this exposure does not exceed 20% of the nominal amount of Belgian covered bonds outstanding.

In such case, the value will be equal to the book value.

- (d) **RMBS, CMBS and ABS issued by securitisation vehicles:** the value of the receivables corresponds to the lesser of (i) the book value in the books of the issuing credit institution and (ii) the amount of the assets that are underlying to the securitisation, applying the valuation rules set forth above per analogy.
- (e) **Hedging instruments:** no value is given to that category for the purpose of the 85% Cover Test and the Over-Collateralisation Test.
- (f) **Exposures to credit institutions:** no valuation is given to this category for the purpose of the 85% Coverage Test. No valuation is given to this category for purposes of the Over-Collateralisation Test unless:
- (i) the counterparty benefits from a credit quality step 1 as defined in Annex VI, points 29 to 32 of the CRD Directive. Receivables which are deposits can only be taken into account for the Over-Collateralisation Test, provided that their maturity date does not exceed 12 months from the date on which they are recorded in the Cover Register; or
  - (ii) the counterparty benefits from a credit quality step 2 and the maturity does not exceed 100 days from their registration in the Cover Register; and

in both cases, the value will be equal to the amount at which the assets are registered in the accounting statements of the issuing credit institution.

In all circumstances, the value of an asset that is 90 days past due is zero. The value of an asset that is 30 days past due will only be taken into account for 50% of the value as set out above.

#### Further rules for valuation

Moreover, the rules and methodologies for the purposes of valuing the real estate will have to comply with the specific rules set out in Article 5 of the NBB Covered Bonds Regulation (*Circulaire van 23 oktober 2012 over de praktische regels voor de toepassing van de wet van 3 augustus 2012 tot invoering van een wettelijke regeling voor Belgische*

*covered bonds/Circulaire du 23 octobre 2012 relative aux modalités pratiques d'application de la loi du 3 août 2012 instaurant un régime légal pour les covered bonds).*

In accordance with said Article 5, the market value will have to be justified in a clear and transparent manner on the basis of a document established by a person who is independent from the persons who are in charge of granting the relevant loans. An expert report will be required for real estate which has a value of more than 3 million euro or 2% of the amount of the relevant covered bonds. Otherwise, the value of the real estate can be determined on the basis of the sales value as established in the notarial deed at the time of sale or the valuation report of the architect in the case of real estate in construction. The credit institution must apply a prudent valuation procedure.

For such purposes, the credit institution can make use of a customary valuation methodology used for the determination of the market value. The methodologies fall into two categories. In the first category, the intrinsic value of the real estate is taken as the basis for determining the sales value (which includes a method on the basis of comparison points and on the basis of intrinsic value). The second category is based on future yield value (and includes methods on the basis of yield and discounted cash flow). In order to be accepted by the National Bank of Belgium, the value must be obtained by using more than one of these valuation methodologies and it is advisable to combine methodologies of the two categories.

The value of the real estate must be controlled on a periodic basis, being at least once a year for commercial real estate and at least once every three years for residential real estate. A more frequent control will be required in the case of a significant change in the market conditions. For such control, use can be made of customary indexation parameters such as Stadimindex. Moreover, real estate must be revalued if the credit institution has information which indicates that the value has decreased significantly. Such revaluation also needs to be carried out by an independent person who has the necessary qualifications. Real estate which has a value of more than 3 million euro or 2% of the amount of the relevant covered bonds must be revalued at least once every three years.

#### **6.2.3.4 Liquidity Test**

At the time of the issuance and for so long as any Belgian covered bonds remain outstanding, the Cover Assets per special estate must, over a period of six months, generate sufficient liquidity or include sufficient liquid assets in order to enable the issuing credit institution to make all unconditional payments on the Belgian covered bonds (including principal, interest and other costs relating to the management and administration of the special estate) falling due during the following six months (the “**Liquidity Test**”).

Liquid assets are assets that (i) meet the criteria set out in section 6.2.3.1 above and (ii) qualify as liquid assets under the Regulation of the Banking Finance and Insurance Commission (CBFA) of 27 July 2010 on the liquidity of credit institutions, financial holdings, clearing institutions and institutions assimilated with clearing institutions.

To comply with the Liquidity Test, the issuing credit institution will be entitled to enter into a liquidity facility, provided that the counterparty is a credit institution that is not part of the group and that benefits from the credit quality step 1 (as defined in annex VI, points 29 to 32 of the CRD Directive).

The liquidity that is made available pursuant to the liquidity facility is taken into account for the calculation of the Liquidity Test, provided that:

- (a) the liquidity facility can be used only for payment on the Belgian covered bonds; and
- (b) the funds drawn under the liquidity facility cannot be used for any other activities.

The funds drawn under the liquidity facility will be part of the special estate by operation of law.

If an issuing credit institution fails to meet the requirements of the Liquidity Test, it will have 14 days to take the necessary redress measures to meet the relevant requirements. As long as an issuing credit institution has not taken the necessary redress measures, it is not allowed to issue new Belgian covered bonds (under a programme or on a stand-alone basis).

#### **6.2.3.5 The Cover Register**

As from their registration in the Cover Register, the assets, including the relevant hedging instruments, that are part of the relevant special estate, constitute the Cover Assets. Such registration and allocation to the Cover Assets is valid and enforceable against third parties.

The amounts that are paid by way of repayment, recovery or payment of interests on claims or assets included in the special estate, may be applied as Cover Assets that form part of their respective category and are registered in the Cover Register, until the point at which such amounts are used for other purposes.

Upon their removal from the Cover Register, the assets or the hedging instruments will no longer constitute Cover Assets. Such deregistration is valid and enforceable towards third parties.

The Cover Register must at least contain the following information:

- (a) the characteristics per series of issued Belgian covered bonds, including their nominal value, maturity date and interest rate(s); and
- (b) the characteristics of assets that constitute the Cover Assets, including the category, the type of contract, the nominal value, the currency, the issue date or origination date and the maturity date of the assets, the date of registration in the Cover Register, the identity of the counterparties, information regarding redemption, interest rates, guarantees and the value of the assets.

If any of the above characteristics of an asset changes, this must be reflected in the Cover Register as soon as possible.

The assets, hedging instruments and the outstanding debt instruments that are part of the special estate must be registered in accordance with the following principles:

- (a) the Cover Assets, which are registered in the Cover Register, must at all times be identifiable in the accounts and systems of the issuing credit institution;
- (b) each transaction regarding Cover Assets must be immediately registered in the Cover Register and at the latest on the same day by close of business;
- (c) each registration in and/or amendment to the Cover Register must be traceable;
- (d) the issuing credit institution must be able to copy the content of the Cover Register at all times; and

- (e) at the end of each month, the content of the Cover Register must be copied to a durable medium and kept for a period of 5 years after the maturity date of the Belgian covered bonds. The standard procedures of the issuing credit institution for back-up and archiving can be used to this end, provided that the relevant storage method is acceptable to the statutory auditor, the cover pool monitor and the NBB.

Protective measures must be taken to prevent unauthorised persons from making modifications to the Cover Register, or to prevent damages to or destruction of the Cover Register. To this end, the issuing credit institution must keep an updated (back-up) copy of the Cover Register in another location.

#### **6.2.3.6 Sanctions in case of breach**

If the issuing credit institution is (and remains) unable to meet the requirements which apply to it as issuing credit institution of Belgian covered bonds, the NBB can grant a grace period during which this situation must be resolved. If the situation is not resolved after expiry of this grace period, the NBB can remove the credit institution from the list of Belgian covered bond issuers and revoke the issuing credit institution's authorisation to issue Belgian covered bonds. As mentioned above, for so long as the issuing credit institution is in breach of the Liquidity Test, it shall not be allowed to issue new Belgian covered bonds, regardless of the granting of any grace period by the NBB.

In urgent circumstances, the NBB can remove an issuing credit institution from the list of credit institutions that are authorised to issue Belgian covered bonds, without any grace period. The Covered Bond Regulations provide that this will not affect the registration of outstanding Cover Assets.

The NBB can also publish warnings to indicate that a credit institution has failed to comply with the NBB's requests to meet the requirements of the Covered Bond Regulations within a specified grace period. In addition, as part of its general supervisory function under the Credit Institutions Supervision Law, the NBB can – after hearing or inviting the issuing credit institution for a hearing – impose a fine of maximum EUR 2,500,000 per breach or EUR 50,000 per day of non-compliance.

The NBB has the power to impose administrative penalties on issuing credit institutions. Such administrative penalties may range from EUR 2,500 to EUR 2,500,000.

#### **6.2.4 Cover pool monitor**

For each issue programme or (as the case may be) stand-alone issuance, the issuing credit institution must appoint a cover pool monitor (*portefeuillesurveillant/surveillant de portefeuille*) approved by the NBB. The cover pool monitor must be an auditor who is not the statutory auditor of the issuing credit institution. The cover pool monitor will issue periodic reports to the NBB on the issuing credit institution's compliance with the legal and regulatory framework applicable to Belgian covered bonds.

- (a) Prior to the first issuance of Belgian covered bonds

Prior to the issuance of Belgian covered bonds, the cover pool monitor must verify whether the issuing credit institution meets the requirements listed in section 6.2.3. It is the responsibility of the cover pool monitor to determine the procedures that must be observed to that effect. The NBB can also request that the cover pool monitor performs other tasks and verifications.

- (b) Following the issuance of Belgian covered bonds

Following the first issuance of Belgian covered bonds, the cover pool monitor must verify, at least once a year whether the issuing credit institution complies with the requirements set out in section 6.2.3. If the issuing credit institution does not comply with such requirements, the cover pool monitor must immediately inform the NBB and the issuing credit institution.

Furthermore, the cover pool monitor must verify at least once a month whether the Cover Tests, the Liquidity Test and the requirements in relation to the Cover Register are met. The cover pool monitor must immediately inform the NBB if the issuing credit institution no longer satisfies such requirements.

## **6.2.5 Cover pool administrator**

### **6.2.5.1 Appointment**

The Covered Bond Regulations provide that, in certain circumstances of distress (as described in more detail in the paragraph below), the NBB may replace the management of the special estate by entrusting it to a cover pool administrator.

The NBB may appoint a cover pool administrator (*portefeuillebeheerder/gestionnaire de portefeuille*) in the following circumstances:

- (a) upon the adoption of a reorganisation measure, as set out in Article 57 of the Credit Institutions Supervision Law, against the issuing credit institution if such measure may, in the opinion of the NBB, have a negative impact (*negatieve impact/impact négatif*) on the noteholders;
- (b) upon the initiation of bankruptcy proceedings against the issuing credit institution;
- (c) upon the removal of the issuing credit institution from the list of Belgian covered bonds issuers; and
- (d) in circumstances where the situation of the issuing credit institution is such that it may seriously affect (*ernstig in gevaar kan brengen/mettre gravement en péril*) the interest of the noteholders.

To be appointed as cover pool administrator, the candidate will have to demonstrate that it has the necessary experience, professionalism and organisation to carry out its tasks. Credit institutions established in the European Economic Area which are licensed to issue covered bonds with respect to similar assets or manage portfolios of mortgage loans or other assets which qualify as cover assets, are deemed to satisfy such criteria.

Following its appointment, the cover pool administrator is legally entrusted with all powers that are necessary for the management of the special estate. Its remit is to ensure that the obligations towards the noteholders and the other creditors that are, or can be, identified on the basis of the issue conditions; are complied with.

### **6.2.5.2 Cover Pool Administrator Royal Decree**

The Cover Pool Administrator Royal Decree specifies the tasks of the cover pool administrator. These include, amongst other things, the payment of interest and principal on the covered bonds, collection of moneys from the Cover Assets (including any enforcement), entering into relevant hedging and liquidity transactions and carrying out of certain administrative tasks.

The cover pool administrator will also have to test compliance with the Cover Tests and inform the NBB and the noteholders' representative thereof. In case it sells any assets, it will have to ensure that this is done at the best possible market conditions. The consent of the NBB and the noteholders' representative will be required for any transaction (including a sale of any assets) if as a result the

Cover Tests or contractual provisions would no longer be met or if there is a risk that these would no longer be met.

The Royal Decree further specifies that the cover pool administrator will be required to consult with the noteholders' representative in circumstances where, following an insolvency of the credit institution and with the consent of the NBB, it deems it necessary to liquidate the Special Estate and redeem the covered bonds because it is of the view that the cover assets are no longer sufficient to cover the obligations under the covered bonds. Such consultation with the noteholders' representative will in particular be required if the Cover Tests and/or the Liquidity Test are no longer met.

### **6.3 Specific rules applicable to the Belgian covered bonds**

#### **6.3.1 Representation of the noteholders**

The issue conditions can (and are generally expected to) provide that the noteholders will be represented by a representative. The representative may be appointed by the issuing credit institution. Thereafter, a representative may be appointed by the general meeting of noteholders in accordance with the issue conditions.

The representative may be dismissed by the noteholders at a general meeting, subject to appointing one or more (new) representatives upon simple majority of votes, in replacement thereof.

The representative may represent and bind the noteholders within the boundaries of the powers that are assigned to it (as may be specified in the relevant issue conditions or the appointment decision). The noteholders must be consulted on any decision relating to the liquidation of the special estate upon initiation of bankruptcy proceedings against the issuing credit institution (see below).

The representative of the noteholders can also represent other creditors of the same special estate, provided that:

- (a) the relevant creditor agrees with such representation; and
- (b) the issue conditions of the relevant Belgian covered bonds contain appropriate rules to deal with potential conflicts of interest.

The representative must perform its duties in the sole interest of the noteholders and, as the case may be, the interest of the other creditors that it represents. Furthermore, it must give account of its performance as may be required by the terms of the issue conditions or the appointment decision.

#### **6.3.2 Limitation of the amount of Belgian covered bonds**

A credit institution cannot issue any further Belgian covered bonds if the amount of cover assets exceeds 8% of the issuing credit institution's total assets. The NBB can specify which assets are to be taken into account for the purpose of calculating this 8% limit and how such assets should be valued.

The NBB can request the issuing credit institution to further limit the amount of Belgian covered bonds to be issued if it deems this necessary in order to protect the rights of the general creditors of the issuing credit institution, other than the noteholders.

On the other hand, in case of exceptional circumstances on the financial markets which affect the issuing credit institution and which warrant an increased use of this source of financing, the NBB can temporarily allow such credit institution to issue Belgian covered bonds beyond the 8% limit. In the report relating to the Covered Bond Royal Decree, it is specified that such a temporary exemption would be warranted in circumstances where the credit institution would no longer have access to unsecured funding.

### **6.3.3 Subscription of own Belgian covered bonds**

The issuing credit institution may subscribe to or invest in its own Belgian covered bonds. However, to the extent that these Belgian covered bonds are held by the issuing credit institution, such credit institution will not be able to exercise the rights set out in Articles 568 to 580 of the Belgian Companies Code (to the extent applicable) or similar rights set out in the articles of association of the issuing credit institution or in the issue conditions, unless otherwise provided in the issue conditions.

### **6.3.4 Conditions to issuance of Belgian covered bonds**

As set out in section 6.1.4, an Issuer can only issue Belgian covered bonds after having obtained a general license from the NBB authorising it to issue covered bonds as well as a specific license in relation to the programme (or stand alone issue, as the case may be).

Subsequently, an Issuer may be restricted from issuing further Belgian covered bonds in certain circumstances. In particular, this could be the case if the NBB removes the Issuer from the list of Belgian covered bond issuers and revokes its license (see section 6.2.3.6) or if the NBB imposes a certain limit on the aggregate amount of Belgian pandbrieven that can be issued and the Issuer would exceed such limit with a new issue (see section 6.3.2). Moreover, if the Issuer fails to meet the Liquidity Test and is not able to remedy thereto within 14 days, it will be prevented from further issuing Belgian covered bonds as long the Liquidity Test is not met (see section 6.2.3.4).

## **6.4 Status and protection of the noteholders**

### **6.4.1 Dual recourse**

The holders of Belgian covered bonds benefit from a dual recourse against (i) the general estate, on the one hand, and (ii) the relevant special estate of the issuing credit institution, on the other hand. The noteholders rank *pari passu* among themselves (together with any other creditor specified in the issue conditions) and have exclusive claims with respect to the assets that form the special estate. With respect to other assets (i.e., assets of the general estate) of the issuing credit institution, noteholders rank *pari passu* with unsecured and unsubordinated creditors of the issuing credit institution.

In a going concern, the expectation is that all payments falling due under the Belgian covered bonds will be satisfied out of the general estate. Following the opening of a liquidation procedure in respect of the Issuer, payments will be made by the special estate.

### **6.4.2 Opening of bankruptcy proceedings**

#### **6.4.2.1 Protection of the special estate**

If bankruptcy proceedings are opened against a credit institution that has issued Belgian covered bonds, such bankruptcy proceedings will be limited to the general estate of the credit institution. The special estate (including its debts, obligations and Cover Assets) will not fall within the bankrupt estate of the credit institution and will be treated separately. Moreover, the bankruptcy proceedings do not cause the obligations and debts of the special estate to become due and payable. The bankruptcy administrator has a legal obligation to cooperate with the NBB and the cover pool administrator in order to enable them to manage the special estate in accordance with the Covered Bond Regulations.

In addition, upon a bankruptcy or liquidation of a credit institution, all sums and payments relating to the assets constituting the special estate that are collected by or for the behalf of the special estate are, by operation of law, automatically excluded from the bankruptcy estate and exclusively allocated to the special estate. Moreover, creditors of the credit institution's general estate cannot exercise any recourse against, nor attach any assets that fall within, the special estate.

A special mechanism has been created to protect cash held by the issuing credit institution on behalf of the special estate. Pursuant to this mechanism, the ownership rights of the special estate as regarding cash that cannot be identified in the general estate will be transferred to unencumbered assets of the general estate that will be selected by taking into account criteria specified in the issue conditions.

The aim is for the Belgian covered bonds to remain outstanding until their stated maturity, notwithstanding a bankruptcy of the issuing credit institution or a subsequent transfer of the special estate to another institution.

#### **6.4.2.2 Liquidation of the special estate in specific circumstances**

Notwithstanding the above, the cover pool administrator may, in the case of bankruptcy proceedings and subject to consultation with the noteholders' representative and approval of the NBB, transfer the special estate (assets and liabilities) and its management to an institution which will be entrusted with performing obligations to the noteholders in accordance with the issue conditions.

In addition, the cover pool administrator may in certain circumstances proceed with the liquidation of the special estate and with the early repayment of the Belgian covered bonds. This is, however, only possible if, following the opening of bankruptcy proceedings against the issuing credit institution:

- (a) the cover pool administrator is of the opinion that the Cover Assets are not sufficient to satisfy the obligations under the Belgian covered bonds (subject to the approval by the NBB and consultation of the noteholders' representative (which shall be required in case of breach of the Cover Tests or the Liquidity Test)); or
- (b) a decision is taken to this effect by majority vote at a noteholders' meeting at which at least two thirds of the outstanding principal amount of Belgian covered bonds is represented.

In case the special estate is liquidated, the positive balance (if any) will automatically fall within the general estate. This means that Cover Assets that are part of the special estate only return to the general estate once all Belgian covered bonds have been repaid in full. However, on the initiation of bankruptcy proceedings against the issuing credit institution, the bankruptcy administrator is entitled, after consultation with the NBB, to require that assets which are with certainty no longer necessary as Cover Assets, be re-transferred to the general estate.

#### **6.4.3 Transfer of the special estate**

In addition to any transfer described above, further to the emergency measures that were introduced for the financial sector, Article 57*bis* of Credit Institutions Supervision Law provides that the King can impose emergency measures in circumstances where the situation of a Belgian credit institution threatens the stability of the Belgian or international financial system.

As part of those emergency measures, one or more branches of activity or all or part of the activities of the credit institution (including the special estate) can be transferred to a third party. Pursuant to the Credit Institutions Supervision Law, the rights of the noteholders against the special estate will in such circumstances be maintained and will follow the special estate.

**SECTION 7**  
**USE OF PROCEEDS**

The net proceeds of the issuance of the Mortgage Pandbrieven by the Issuer will be used by the Issuer for its general corporate purposes. If, in respect of any particular issuance, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## SECTION 8

### TERMS AND CONDITIONS OF THE MORTGAGE PANDBRIEVEN

*Unless otherwise specified, the following are the terms and conditions (the “**Conditions**”) which shall apply to the Mortgage Pandbrieven, as completed, supplemented, amended and/or varied in accordance with the provisions of Part A of the relevant final terms based on the form set out in the Base Prospectus (the “**Final Terms**”). The text of the terms and conditions will not be endorsed on physical documents of title but will be constituted by the following text as completed, amended or varied by the relevant Part A of the Final Terms.*

*The Issuer may also issue from time to time Mortgage Pandbrieven under the Programme which shall be subject to terms and conditions and/or final terms not contemplated by this Base Prospectus. In such circumstances, the relevant terms or form of terms of such Mortgage Pandbrieven will be set out in a schedule to the Programme Agreement (as defined below).*

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Final Terms. Save where an intention to the contrary appears, references in the Conditions to “**Mortgage Pandbrieven**” are to the Mortgage Pandbrieven of one Series only, not to all Mortgage Pandbrieven that may be issued under the Programme.

The Mortgage Pandbrieven are issued by Belfius Bank SA/NV (the “**Issuer**” or “**Belfius Bank**”) in series, each a “**Series**”, having one or more issue dates and on terms otherwise identical (or identical save as to the first payment of interest and/or the issue price). The Mortgage Pandbrieven of each Series are intended to be interchangeable with all other Mortgage Pandbrieven of the same Series. Each Series may be issued in tranches on the same or different issue dates. A “**Tranche**” means Mortgage Pandbrieven which are identical in all respects. The specific terms of each Tranche (including, without limitation, the aggregate nominal amount, issue price, redemption price thereof, and interest, if any, payable thereunder) will be determined by the Issuer and the relevant Dealer(s) at the time of the issuance and will be set out in the Final Terms of such Tranche. In these Conditions, “**Noteholder**” or “**holder of any Mortgage Pandbrief**” means the person in whose name a Registered Mortgage Pandbrief is registered or, as the case may be, the person evidenced as holding the Dematerialised Mortgage Pandbrief by the book-entry system maintained in the records of the clearing system operated by the National Bank of Belgium (the “**NBB**”) or any successor thereto (the “**X/N Clearing System**”), its participants or any recognised accountholder within the meaning of Article 468 of the Belgian Companies Code. Any reference to “amount(s)” should be construed as a reference to such amount in euro (if the amount is denominated in euro) or its euro equivalent (if the amount is not denominated in euro).

The Mortgage Pandbrieven are issued pursuant to a Programme Agreement dated 8 November 2012 (as amended, supplemented, replaced and/or restated from time to time, the “**Programme Agreement**”) between the Issuer, Stichting Belfius Mortgage Pandbrieven Noteholders’ Representative in its capacity as representative of the Noteholders and of any other creditors that are holders of claims covered by the Special Estate and that have agreed to be so represented (the “**Noteholders’ Representative**”) and any other party named therein. The powers and rights conferred on the Noteholders’ Representative are laid down in these Conditions, the Rules of Organisation of the Noteholders and in the contractual arrangements between the Noteholders’ Representative and the Issuer (the “**Noteholders’ Representative Agreement**”). Furthermore, the Mortgage Pandbrieven will have the benefit of an Agency Agreement dated 8 November 2012 (as amended, supplemented, replaced and/or restated from time to time, the “**Agency Agreement**”) between the Issuer, Belfius Bank (amongst others) in its capacity as fiscal agent for Mortgage Pandbrieven (the “**Fiscal Agent**”) and the other agents named therein.

The principal paying agent, the paying agents, the fiscal agent, the registrar and the calculation agent(s) for the time being (if any) are referred to below, respectively, as the “**Principal Paying Agent**”, the “**Paying Agents**” (which expression shall, unless the context requires otherwise, include the Principal Paying Agent),

the “**Fiscal Agent**”, the “**Registrar**” and the “**Calculation Agent(s)**”. The Noteholders are deemed to have notice of all of the provisions of the Programme Agreement, the Noteholders’ Representative Agreement and the Agency Agreement applicable to them.

The Programme Agreement, the Noteholders’ Representative Agreement and the Agency Agreement are available, during normal business hours on any Business Day, for inspection free of charge at the specified offices of the Issuer and each of the Paying Agents.

## 1 Type, Form, Denomination, Title and Transfer

### (a) *Type of Belgian pandbrieven*

The Mortgage Pandbrieven are issued as Belgian pandbrieven (*Belgische pandbrieven/lettres de gage belges*) in accordance with the Covered Bond Regulations and are covered by the same special estate (*bijzonder vermogen/patrimoine spécial*) (the “**Special Estate**”). The main asset class of the Special Estate will consist of Belfius’ residential mortgage loans within the meaning of the Covered Bond Regulations (the “**Residential Mortgage Loans**”, and together with any other assets registered as cover assets (*dekkingswaarden/actifs de couverture*), the “**Cover Assets**”). The Issuer shall procure that the value of the Residential Mortgage Loans calculated in accordance with the Covered Bond Regulations (and including any collections in respect thereto) represent at all times at least 105% of the aggregate nominal outstanding amount of the Mortgage Pandbrieven of all Series. The NBB, in its capacity as Belgian prudential supervisory authority of financial institutions, has admitted the Programme to the list of authorised programmes for the issuance of covered bonds under the category Belgian pandbrieven (*Belgische pandbrieven/lettres de gage belges*) on 6 November 2012. Upon so being notified by the Issuer, the NBB shall regularly update such list with the Mortgage Pandbrieven issued under the Programme and shall indicate that the Mortgage Pandbrieven constitute Belgian pandbrieven under the Covered Bond Regulations.

### (b) *Form and Denomination*

The Mortgage Pandbrieven can be issued in dematerialised form (“**Dematerialised Mortgage Pandbrieven**”), in registered form (“**Registered Mortgage Pandbrieven**”) or in such other form as may be specified in the relevant terms and conditions.

Dematerialised Mortgage Pandbrieven are issued in dematerialised form via a book-entry system maintained in the records of the X/N Clearing System in accordance with Article 468 et seq. of the Belgian Companies Code and will be credited to the accounts held with the X/N Clearing System by Euroclear Bank SA/NV (“**Euroclear**”), Clearstream Banking S.A. (“**Clearstream Luxembourg**”) or other X/N Clearing System participants or their participants. The Dematerialised Mortgage Pandbrieven are accepted for clearance through the X/N Clearing System, and are accordingly subject to the applicable clearing regulations, including the Belgian law of 6 August 1993 on transactions in certain securities (*Wet betreffende de transacties met bepaalde effecten/Loi relative aux opérations sur certaines valeurs mobilières*), its implementing Royal Decrees of 26 May 1994 and 14 June 1994 and the rules of the X/N Clearing System and its annexes, as issued or modified by the NBB from time to time (the laws, decrees and rules mentioned in this Condition being referred to herein as the “**X/N Clearing System Regulations**”). If at any time, the Dematerialised Mortgage Pandbrieven are transferred to another clearing system, not operated or not exclusively operated by the NBB, these Conditions shall apply *mutatis mutandis* to such successor clearing system operator or any additional clearing system and additional clearing system operator (any such clearing system, an “**Alternative Clearing System**”).

Registered Mortgage Pandbrievien will be registered in a register maintained by the Issuer or by a registrar on behalf of the Issuer (the “**Registrar**”) in accordance with Article 462 et seq. of the Belgian Companies Code. Holders of Registered Mortgage Pandbrievien can obtain a certificate demonstrating the registration of the Registered Mortgage Pandbrievien in the register. In case of a sale or transfer of Registered Mortgage Pandbrievien, the seller thereof is obliged to complete the relevant transfer documents and certificates which can be found on [www.belfius.be](http://www.belfius.be) or can be obtained from the Registrar.

All Mortgage Pandbrievien of the same Series shall have the denomination shown in the applicable Final Terms as Specified Denomination. In the case of any Mortgage Pandbrievien which are to be admitted to trading on a regulated market within the EEA or offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Directive, the Specified Denomination shall be at least €100,000 (or its equivalent in any other currency as at the date of issuance of the relevant Mortgage Pandbrievien).

(c) *Title and Transfer*

Title to and transfer of Dematerialised Mortgage Pandbrievien will be evidenced only by records maintained by the X/N Clearing System, Euroclear, Clearstream Luxembourg or other X/N Clearing System participants and in accordance with the applicable procedures of the X/N Clearing System, Euroclear, Clearstream Luxembourg and other X/N Clearing System participants.

Title to and transfer of Registered Mortgage Pandbrievien shall pass by registration of the transfer by the Issuer or by the Registrar in a register in accordance with Article 462 et seq. of the Belgian Companies Code.

Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Mortgage Pandbrief shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

## 2 Interest and Other Calculations

(a) *Rate of Interest on Fixed Rate Mortgage Pandbrievien*

Each Fixed Rate Mortgage Pandbrief bears interest on its outstanding principal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal (subject as provided in Condition 2(f)) to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 2(g).

(b) *Rate of Interest on Floating Rate Mortgage Pandbrievien*

(A) Each Floating Rate Mortgage Pandbrief bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal (subject as provided in Condition 2(f)) to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 2(g). The “**Interest Payment Date**” means the date shown in the applicable Final Terms as a Specified Interest Payment Date, or, if no Specified Interest Payment Date is shown in the applicable Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown herein as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

- (B) Where **ISDA Determination** is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (B), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (a) the Floating Rate Option is as specified in the applicable Final Terms;
  - (b) the Designated Maturity is a period specified in the applicable Final Terms; and
  - (c) the relevant Reset Date is the first day of that Interest Accrual Period, unless otherwise specified in the applicable Final Terms.

For the purposes of this sub-paragraph (B), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity”, “Reset Date” and “Swap Transaction” have the meanings given to those terms in the ISDA Definitions.

- (C) Where **Screen Rate Determination** is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations. The amount of interest payable shall be determined in accordance with Condition 2(g).

If the Reference Rate from time to time in respect of Floating Rate Mortgage Pandbrievien is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Mortgage Pandbrievien will be determined as provided in the applicable Final Terms.

- (a) if the Relevant Screen Page is not available or if, sub-paragraph (C)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (C)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Eurozone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the

Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

- (b) if paragraph (a) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are, in the opinion of the Issuer, suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, instead of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(c) *Rate of Interest on Zero Coupon Mortgage Pandbriev*

Where the Rate of Interest of a Mortgage Pandbrief is specified to be Zero Coupon, is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be, unless otherwise provided in the applicable Final Terms, the Early Redemption Amount (as defined in Condition 3(b)) of such Mortgage Pandbrief. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Mortgage Pandbrief shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 3(b)).

(d) *Accrual of interest and late payment interest*

Subject as provided in Condition 2(i), interest shall cease to accrue on each Mortgage Pandbrief on the due date for redemption unless payment of principal is improperly withheld or refused, in which event

interest shall continue to accrue at the Rate of Interest in the manner provided in this Condition 2 to the Relevant Date (as defined in Condition 5).

(e) *Business Day Convention*

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Business Day and (B) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

In the event of Mortgage Pandbrieven clearing through the X/N Clearing System, the Following Business Day Convention will always be applicable for Fixed Rate Mortgage Pandbrieven (unless otherwise specified in the applicable Final Terms).

(f) *Margin, Maximum Rate of Interest, Minimum Rate of Interest, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts and Rounding*

- (i) If any Margin is specified in the applicable Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest (in the case of (x)), or the Rate of Interest for the specified Interest Accrual Periods (in the case of (y)), by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (ii) If any Maximum Rate of Interest or Minimum Rate of Interest, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount is specified in the applicable Final Terms, then any Rate of Interest, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Japanese yen, which shall be rounded down to the nearest Japanese yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.

(g) *Calculations*

The amount of interest payable per Calculation Amount (as determined in the applicable Final Terms) in respect of any Mortgage Pandbrief for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified in the applicable Final Terms, and the Day Count Fraction for such Interest Accrual Period, unless a Fixed Coupon Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Mortgage Pandbrief for such Interest Accrual Period shall

equal such Fixed Coupon Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Fixed Coupon Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(h) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts*

The Calculation Agent shall, as soon as practicable on each date as the Calculation Agent may be required to calculate any rate or amount, obtain any quote or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Principal Paying Agent, the Issuer, each of the Paying Agents, the Noteholders, the Noteholders' Representative, any other Calculation Agent appointed in respect of the Mortgage Pandbrievien that is to make a further calculation upon receipt of such information and, if the Mortgage Pandbrievien are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 2(e), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. The determination of each Rate of Interest, Interest Amount, Final Redemption Amount, Early Redemption Amount and Optional Redemption Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(i) *Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Mortgage Pandbrievien up to the Extended Maturity Date*

- (i) If the maturity of the Mortgage Pandbrievien is extended beyond the Maturity Date in accordance with Condition 3(j), the Mortgage Pandbrievien shall bear interest from (and including) the Maturity Date to (but excluding) the earlier of the relevant Interest Payment Date after the Maturity Date on which the Mortgage Pandbrievien are redeemed in full or the Extended Maturity Date, subject to Condition 2(d). In that event, interest shall be payable on those Mortgage Pandbrievien at the rate determined in accordance with Condition 2(i)(ii) on the principal amount outstanding of the Mortgage Pandbrievien in arrears on each Interest Payment Date after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date, subject as otherwise provided in the applicable Final Terms. The final Interest Payment Date shall fall no later than the Extended Maturity Date.
- (ii) If the maturity of the Mortgage Pandbrievien is extended beyond the Maturity Date in accordance with Condition 3(j), the rate of interest payable from time to time in respect of the principal amount outstanding of the Mortgage Pandbrievien on each Interest Payment Date after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date will be as specified in the applicable Final Terms and, where applicable,

determined by the Fiscal Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent so specified, two Business Days after the Maturity Date in respect of the first such Interest Period and thereafter as specified in the applicable Final Terms.

- (iii) In the case of Mortgage Pandbrievien which are Zero Coupon Mortgage Pandbrievien up to (and including) the Maturity Date, for the purposes of this Condition 2(i) the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Conditions.
- (iv) This Condition 2(i) shall only apply to Mortgage Pandbrievien if the Issuer has insufficient funds available to redeem those Mortgage Pandbrievien in full within five Business Days after the Maturity Date and the maturity of those Mortgage Pandbrievien is automatically extended up to the Extended Maturity Date in accordance with Condition 3(j).

(j) *Definitions*

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Business Day**” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the X/N Clearing System and the TARGET System are operating (a “**TARGET Business Day**”); and/or
- (iii) in the case of a currency and/or one or more specified business centres (the “**Business Centre(s)**”), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the specified currency or, if none is specified, generally in each of the Business Centres.

“**Covered Bond Regulations**” means the Law of 3 August 2012 on the legal framework for Belgian covered bonds (as implemented in Chapter VIII of the Credit Institutions Supervision Law) and its executing Royal Decrees and regulations, as amended from time to time.

“**Cover Pool Administrator**” means a cover pool administrator (*portefeuillebeheerder/gestionnaire de portefeuille*) appointed to manage the Special Estate in any of the circumstances as described in Article 64/13 of the Credit Institutions Supervision Law.

“**Cover Pool Monitor**” means a cover pool monitor (*portefeulesurveillant/surveillant de portefeuille*) appointed in accordance with Article 64/21, §1 of the Credit Institutions Supervision Law.

“**Credit Institutions Supervision Law**” means the Law of 22 March 1993 on the status and supervision of credit institutions (*Wet van 22 maart 1993 op het statuut van en het toezicht op de kredietinstellingen/Loi du 22 mars 1993 relative au statut et au contrôle des établissements de crédit*) as amended from time to time.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Mortgage Pandbrief for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual** or **Actual/Actual-ISDA**” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/360**” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{(360 \times (Y_2 - Y_1)) + (30 \times (M_2 - M_1)) + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (v) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{(360 \times (Y_2 - Y_1)) + (30 \times (M_2 - M_1)) + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vi) if “**30E/360 (ISDA)**” is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{(360 \times (Y_2 - Y_1)) + (30 \times (M_2 - M_1)) + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30;

- (vii) if “**Actual/Actual-ICMA**” is specified in the applicable Final Terms,
- (aa) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (bb) if the Calculation Period is longer than one Determination Period, the sum of:
- (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“**Determination Dates**” means the dates specified in the applicable Final Terms or, if none is so specified, the Interest Payment Date and, assuming no Broken Amounts are payable, the Interest Commencement Date.

“**Eurozone**” means the region composed of Member States of the European Union that adopt the single currency in accordance with the EC Treaty (as defined in the ISDA Definitions).

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“**Interest Amount**” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Mortgage Pandbriev, and unless otherwise specified in the applicable Final Terms, shall mean the Fixed Coupon Amount or Broken Amount specified in the applicable Final Terms as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified in the applicable Final Terms.

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the applicable Final Terms or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“**Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the First Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

“**Interest Period Date**” means each Interest Payment Date, unless otherwise specified herein.

“**ISDA Definitions**” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified herein.

“**Issuer**” means Belfius Bank SA/NV and shall, with respect to the management of the Special Estate following the appointment of a Cover Pool Administrator and where the context so requires, be deemed to be a reference to the Cover Pool Administrator.

“**NBB**” means the National Bank of Belgium, in its capacity as Belgian prudential supervisory authority of financial institutions (including with respect to the issuance of Belgian covered bonds by Belgian credit institutions) or in its capacity as operator of the X/N Clearing System (as applicable).

“**Rate of Interest**” means the rate of interest payable from time to time in respect of this Mortgage Pandbrief and that is either specified or calculated in accordance with the provisions herein.

“**Rating Agency**” means any rating agency (or its successor) who, at the request of the Issuer, assigns, and for as long it assigns, one or more ratings to the Mortgage Pandbrieven under the Programme from time to time, which may include Moody’s, Fitch and/or S&P.

“**Reference Banks**” means in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and in the case of a determination of EURIBOR, the principal Eurozone office of four major banks in the Eurozone inter-bank market, in each case selected by the Calculation Agent or as specified herein.

“**Reference Rate**” means the rate specified as such in the applicable Final Terms.

“**Relevant Screen Page**” means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Final Terms.

“**Rules of Organisation of the Noteholders**” means the rules of organisation of the Noteholders as set out in section 9 of this Base Prospectus.

“**Servicer**” means, in relation to the Residential Mortgage Loans, Belfius Bank SA/NV, or such other servicer as may be appointed from time to time.

“**Specified Currency**” means the currency specified as such in the applicable Final Terms or, if none is specified, the currency in which the Mortgage Pandbrieven are denominated.

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(a) *Calculation Agent*

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the applicable Final Terms and for so long as any Mortgage Pandbrief is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Mortgage Pandbrieven, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the inter-bank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

### 3 Redemption, Purchase and Options

(a) *Final Redemption*

Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended in accordance with these Conditions, each Mortgage Pandbrief shall be finally redeemed on the Maturity Date specified in the applicable Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its principal amount).

(b) *Early Redemption*

(A) *Zero Coupon Mortgage Pandbrieven*

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Mortgage Pandbrief, upon redemption of such Mortgage Pandbrief pursuant to Condition 3(c),

Condition 3(d), Condition 3(i) or Condition 22 shall be the Amortised Face Amount (calculated as provided below) of such Mortgage Pandbrief, unless otherwise specified in the applicable Final Terms.

- (ii) Subject to sub-paragraph (iii) below, the “**Amortised Face Amount**” of any such Mortgage Pandbrief shall be the scheduled Final Redemption Amount of such Mortgage Pandbrief on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield compounded annually. If none is shown in the applicable Final Terms, the “**Amortisation Yield**” shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Mortgage Pandbrief if they were discounted back to their issue price on the Issue Date.
- (iii) If the Amortised Face Amount payable in respect of any such Mortgage Pandbrief upon its redemption pursuant to Condition 3(c), Condition 3(d), Condition 3(i) or Condition 22 is not paid when due, the Final Redemption Amount due and payable in respect of such Mortgage Pandbrief shall be the Amortised Face Amount of such Mortgage Pandbrief as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Mortgage Pandbrief becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Mortgage Pandbrief on the Maturity Date together with any interest that may accrue in accordance with Condition 5.

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction as provided in the applicable Final Terms.

*(B) Other Mortgage Pandbriefen*

The Early Redemption Amount payable in respect of any Mortgage Pandbrief (other than Mortgage Pandbriefen described in (A) (i) above), upon redemption of such Mortgage Pandbrief pursuant to Condition 3(c), Condition 3(d), Condition 3(i) or Condition 22 shall be the Final Redemption Amount together with interest accrued to the date fixed for redemption, unless otherwise specified in the applicable Final Terms.

*(c) Redemption for Illegality*

The Mortgage Pandbriefen may be redeemed at the option of the Issuer in whole, but not in part, on the next Interest Payment Date or at any time, on giving not less than 30 nor more than 60 calendar days' notice to the Noteholders in accordance with Condition 9 (which notice shall be irrevocable), at their Early Redemption Amount, if the Issuer notifies the Noteholders' Representative immediately before the giving of such notice that it has, or will, before the next Interest Payment Date of any Mortgage Pandbrief of any Series or Tranche, become unlawful for the Issuer to (i) make any payments or (ii) comply with its obligations under the Mortgage Pandbriefen, or (iii) allow any Mortgage Pandbriefen to remain outstanding, as a result of any change in, or amendment to, the applicable laws or regulation or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or will become effective before the next Interest Payment Date. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Principal Paying Agent and the Noteholders' Representative a certificate signed by a representative of the Issuer stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the condition to the right of the Issuer to redeem for illegality has occurred.

(d) *Redemption for Taxation Reasons*

The Mortgage Pandbrieven may be redeemed at the option of the Issuer in whole, but not in part, on the next Interest Payment Date or at any time, on giving not less than 30 nor more than 60 calendar days' notice to the Noteholders in accordance with Condition 9 (which notice shall be irrevocable), at their Early Redemption Amount, if the Issuer would, on the occasion of the next payment due in respect of the Mortgage Pandbrieven, be obliged for reasons beyond its control to pay additional amounts pursuant to Condition 5. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Principal Paying Agent and the Noteholders' Representative a certificate signed by a representative of the Issuer stating that it is entitled to effect such redemption and setting forth a statement of facts showing that it would otherwise be obliged to pay such additional amounts as a result of such change or amendment, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer, has or will become obliged to pay such additional amounts as a result of such change or amendment.

(e) *Redemption at the option of the Noteholders*

If a Noteholder Put is specified in the applicable Final Terms, the Issuer shall, at the option of the Noteholder and upon the Noteholder giving not less than 15 nor more than 30 calendar days' notice (or such other notice period as specified in the applicable Final Terms) to the Issuer (which notice shall be irrevocable), upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Mortgage Pandbrieven on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise such option that may be set out in the applicable Final Terms, the Noteholder must deposit with a Paying Agent at its specified office a duly completed option exercise notice (the "**Exercise Notice**") in the form obtained from any Paying Agent or the Registrar, as the case may be, within the notice period. In the case of Dematerialised Mortgage Pandbrieven, the Noteholder shall transfer, or cause to be transferred, the Dematerialised Mortgage Pandbrieven to be redeemed to the account of the Paying Agent, as specified in the Exercise Notice.

(f) *Redemption at the option of the Issuer and exercise of Issuer's option*

If an Issuer Call or an option of the Issuer is specified in the applicable Final Terms, the Issuer may, subject to compliance by the Issuer with all the relevant laws, regulations and directives and upon giving not less than seven days' (or such other notice period as may be specified in the applicable Final Terms) irrevocable notice to the Noteholders in accordance with Condition 9, redeem or exercise any Issuer's option in relation to all or, if so provided, some of the Mortgage Pandbrieven on any Optional Redemption Date, as the case may be. Any such redemption of Mortgage Pandbrieven shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption, if any. Any such redemption or exercise must relate to the Mortgage Pandbrieven of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the applicable Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the applicable Final Terms.

All Mortgage Pandbrieven in respect of which any such notice is given shall be redeemed, or the Issuer's option exercised, on the date specified in such notice in accordance with this Condition 3(f).

In the case of a partial redemption of or a partial exercise of an Issuer's option in respect of Mortgage Pandbrieven, the redemption may be effected by reducing the nominal amount of all such Mortgage Pandbrieven in a Series in proportion to the aggregate nominal amount redeemed.

So long as the Mortgage Pandbrievens are admitted to trading on a Regulated Market and the rules of, or applicable to, such Regulated Market require, the Issuer shall, each time that there has been a partial redemption of the Mortgage Pandbrievens, cause to be published (i) as long as such Mortgage Pandbrievens are admitted to trading on the Regulated Market of Euronext Brussels and the rules of such Stock Exchange so permit, on the website of Euronext Brussels ([www.nyx.com](http://www.nyx.com)) or (ii) in a leading newspaper with general circulation in the city where the Regulated Market on which such Mortgage Pandbrievens are admitted to trading is located, which in the case of the Regulated Market of Euronext Brussels is expected to be *De Tijd* and *L'Écho*, a notice specifying the aggregate nominal amount of Mortgage Pandbrievens outstanding.

(g) *Purchases*

The Issuer and any of its subsidiaries may at any time purchase Mortgage Pandbrievens in the open market or otherwise at any price.

Unless otherwise indicated in the Final Terms, Mortgage Pandbrievens so purchased by the Issuer may be held in accordance with Article 64/17, §1 of the Credit Institutions Supervision Law or cancelled in accordance with Condition 3(i) below.

(h) *Subscription to own Mortgage Pandbrievens*

The Issuer may subscribe to its own Mortgage Pandbrievens.

(i) *Cancellation*

All Mortgage Pandbrievens purchased or subscribed by or on behalf of the Issuer may be surrendered for cancellation, and shall if surrendered, together with all Mortgage Pandbrievens redeemed by the Issuer, be cancelled forthwith (together with all rights relating to payment of interest and other amounts relating to such Mortgage Pandbrievens). Any Mortgage Pandbrievens so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Mortgage Pandbrievens shall be discharged.

(j) *Extension of Maturity up to Extended Maturity Date*

- (i) If the Issuer fails to redeem the Mortgage Pandbrievens of a Series at their Final Redemption Amount in full within five Business Days after their Maturity Date, then:
- A. save to the extent paragraph (C) below applies, the obligation of the Issuer to redeem such Series shall be automatically deferred to, and shall be due on, the date falling one year after such Maturity Date (the “**Extended Maturity Date**”);
  - B. the Issuer shall give notice of the extension of the Maturity Date to the Extended Maturity Date to the Noteholders of such Series, the Noteholders’ Representative, the Rating Agencies and the Paying Agent and/or Registrar as soon as reasonably practicable, it being understood that a failure to notify shall not affect such extension of the Maturity Date;
  - C. notwithstanding paragraph (E) below, if and to the extent that on any subsequent Interest Payment Date (as defined in the applicable Final Terms) falling prior to the Extended Maturity Date (each an “**Extension Payment Date**”), the Issuer has any available funds, then the Issuer shall (a) give notice thereof to the Noteholders of such Series, the Noteholders’ Representative and the Paying Agent and/or Registrar as soon as reasonably practicable and in any event at least two Business Days prior to such Extension Payment Date and (b) apply such available funds to redeem Mortgage

Pandbrievn of such Series on such Extension Payment Date at their Final Redemption Amount;

- D. save as otherwise provided for in the applicable Final Terms, interest shall (a) accrue on the unpaid portion of such Final Redemption Amount from (and including) the Maturity Date to (but excluding) the Extension Payment Date or Extended Maturity Date, as applicable, on which such unpaid portion is redeemed, (b) be payable in arrears on each Extension Payment Date and on the Extended Maturity Date in respect of the Interest Period then ended and (c) accrue at the rate provided for in the applicable Final Terms; and
- E. to the extent that the maturity date of any other Series of Mortgage Pandbrievn falls prior to the Extended Maturity Date, the maturity date of such other Series shall also be extended in accordance with the terms and conditions applicable thereto, unless, on or prior to such maturity date, the Series of the Mortgage Pandbrievn for which the Maturity Date has been extended is redeemed in full and all interest accrued in respect thereto is paid. In such circumstances, payment may be made on another date than an Extension Payment Date, provided that notice thereof is given to the Noteholders of such Series, the Noteholders' Representative and the Paying Agent and/or Registrar as soon as reasonably practicable and in any event at least two Business Days prior to the relevant payment date.
- (ii) Subject to paragraph (E) above, an extension of one Series does not automatically imply the extension of other Series.
- (iii) In the case the Mortgage Pandbrievn to which an Extended Maturity Date applies are Zero Coupon Mortgage Pandbrievn, the outstanding principal amount will for the purposes of this Condition 3(j) be the total amount otherwise payable by the Issuer but unpaid on the relevant Mortgage Pandbrievn on the Maturity Date.
- (iv) Any extension of the maturity of Mortgage Pandbrievn under this Condition 3(j) shall be irrevocable. Where this Condition 3(j) applies, failure by the Issuer to redeem in full the relevant Mortgage Pandbrievn on the Maturity Date or on any subsequent Extension Payment Date (or the relevant later date in case of an applicable grace period) shall not constitute a Payment Default (as defined below). However, failure by the Issuer to redeem in full the relevant Mortgage Pandbrievn on the Extended Maturity Date or in accordance with paragraph (E) above shall be a failure to pay which may constitute a Payment Default.
- (v) Any payments which shall be subject to an extension in accordance with this Condition 3(j) shall not be deemed to constitute an unconditional payment for the purpose of Article 7, §1 of the Royal Decree of 11 October 2012 on the issuance of Belgian covered bonds by Belgian credit institutions.
- (vi) If the maturity of any Mortgage Pandbrievn is extended up to the Extended Maturity Date in accordance with this Condition 3(j), for so long as any of those Mortgage Pandbrievn remains outstanding, the Issuer shall not issue any further Mortgage Pandbrievn, unless the proceeds of issuance of such further Mortgage Pandbrievn are applied by the Issuer on issuance in redeeming in whole or in part the relevant Mortgage Pandbrievn in accordance with the terms hereof.
- (vii) This Condition 3(j) shall only apply if the Issuer has insufficient funds available to redeem those Mortgage Pandbrievn in full within five Business Days after their Maturity Date.

## 4 Payments

### (a) *Dematerialised Mortgage Pandbriev*

Payment of principal and interest in respect of Dematerialised Mortgage Pandbriev will be made in accordance with the applicable rules and procedures of the X/N Clearing System, Euroclear, Clearstream Luxembourg and any other X/N Clearing System participant. Upon receipt of any payment in respect of Dematerialised Mortgage Pandbriev, the X/N Clearing System, Euroclear, Clearstream Luxembourg and any other X/N Clearing System participant, shall immediately credit the accounts of the relevant account holders with the payment.

### (b) *Registered Mortgage Pandbriev*

Payments of principal and interest in respect of Registered Mortgage Pandbriev shall be paid to the person shown on the register maintained by the Issuer or by the Registrar at the close of business on the 15<sup>th</sup> calendar day before the due date for payment thereof (the “**Record Date**”).

### (c) *Payments Subject to Fiscal Laws*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment (whether by operation of law or agreement of the Issuer or its agents) and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 5. No commission or expenses shall be charged to the Noteholders in respect of such payments.

### (d) *Non-Business Days*

If any date for payment in respect of any Mortgage Pandbrief is not a Business Day, the holder shall not be entitled to payment until the next following Business Day, or as may be otherwise specified in the applicable Final Terms, nor to any interest or other sum in respect of such postponed payment.

## 5 Tax Gross-up

All payments of principal and interest by or on behalf of the Issuer in respect of the Mortgage Pandbriev, shall be made without withholding or deduction for any present or future taxes, duties, assessments or other charges of whatever nature imposed or levied by the Kingdom of Belgium or any political subdivision or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or other charges is required by law or regulation.

In that event, or if a clearing system or any participant in a clearing system withholds or deducts for, or on account of, any present or future taxes, duties, assessments or other charges of whatever nature imposed or levied by or on behalf of the Kingdom of Belgium, the Issuer shall pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall be not less than the respective amounts of principal and interest which would have been receivable in respect of the Mortgage Pandbriev in the absence of such withholding or deduction; except that no such additional amounts shall be payable:

- (i) with respect to any payment in respect of any Dematerialised Mortgage Pandbrief:
  - (1) to, or to a third party on behalf of, a holder who is (i) entitled to avoid such deduction or withholding by making a declaration of non-residence or other similar claim for exemption, or (ii) liable to such taxes, duties, assessments or governmental charges in respect of such Dematerialised Mortgage Pandbrief by reason of his having some connection with Belgium other than by reason of (a) the mere holding of or (b) the receipt of principal, interest or other amount in respect of the Dematerialised Mortgage Pandbrief; or

- (2) to, or to a third party on behalf of, a holder who on the date of acquisition of such Dematerialised Mortgage Pandbrief, was not an Eligible Investor or who was an Eligible Investor on the date of acquisition of such Dematerialised Mortgage Pandbrief but, for reasons within the Noteholder's control, ceased to be an Eligible Investor or at any relevant time on or after the issuance of the Dematerialised Mortgage Pandbrieven otherwise failed to meet any other condition for the exemption of Belgian withholding tax pursuant to the Law of 6 August 1993 relating to certain securities; or
  - (3) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any other law implementing or complying with, or introduced in order to conform to, such Directive; or
  - (4) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Dematerialised Mortgage Pandbrief to another Paying Agent in a Member State of the EU.
- (ii) with respect to any payment in respect of any Registered Mortgage Pandbrief:
- (1) to, or to a third party on behalf of, a holder who is (i) entitled to avoid such deduction or withholding by making a declaration of non-residence or other similar claim for exemption, or (ii) liable to such taxes, duties, assessments or governmental charges in respect of such Registered Mortgage Pandbrief by reason of his having some connection with Belgium other than by reason of (a) the mere holding of or (b) the receipt of principal, interest or other amount in respect of the Registered Mortgage Pandbrief; or
  - (2) to a holder who is not an Exempt Investor; or
  - (3) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any other law implementing or complying with, or introduced in order to conform to, such Directive; or
  - (4) which is issued as a Zero Coupon Mortgage Pandbrief or any other Registered Mortgage Pandbrief which provides for the capitalisation of interest.

As used in this Condition, “**Eligible Investor**” means those entities which are referred to in Article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax (as amended from time to time) and which hold the Mortgage Pandbrieven in an exempt account in the X/N Clearing System.

As used in this Condition, “**Exempt Investor**” means a Noteholder that, as of the relevant Interest Payment Date, (i) is not a tax resident in Belgium, (ii) does not use the income producing assets to exercise a business or professional activity in Belgium, (iii) has been the owner (*eigenaar/propriétaire*) or usufructuary (*vruchtgebruiker/usufruitier*) of the Registered Mortgage Pandbrief in respect of which it is entitled to payment of interest, uninterruptedly for the entire relevant Interest Period, (iv) was registered with the Issuer as the holder of Registered Mortgage Pandbrieven during the same Interest Period as mentioned under (iii) above, (v) has provided the Issuer with an executed Tax Status Certificate with respect to such interest payment executed by or on behalf of such holder on or before the date such Tax Status Certificate is required to be delivered to the Issuer pursuant to Article 118, §1, 1° of the Royal Decree of 27 August 1993 implementing the Belgian Income Tax Code 1992, and (vi) complies with any further requirement imposed by any successor provision to the current relevant Belgian tax provisions.

In these Conditions, “**Tax Status Certificate**” means the certificate required by Article 117, §6 of the Royal Decree of 27 August 1993 implementing the Belgian Income Tax Code 1992 (or any successor provision).

As used in these Conditions, the “**Relevant Date**” in respect of any payment means whichever is the later of (x) the date on which such payment first becomes due and (y), (if any amount of the money payable is improperly withheld or refused) the date on which the full amount of such moneys outstanding is made or (if earlier) the date seven calendar days after that on which notice is duly given to the Noteholders that, upon further presentation of the Mortgage Pandbrief being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Mortgage Pandbrieven, all Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 3 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 2 or any amendment or supplement to it and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts that may be payable under this Condition 5.

## 6 Status and ranking of Mortgage Pandbrieven

The Mortgage Pandbrieven are issued in accordance with and are subject to the provisions of the Covered Bond Regulations. They will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank at all times *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future. In addition and pursuant to the Covered Bond Regulations, the Noteholders, together with the holders of any other Mortgage Pandbrieven issued under the Programme and any Other Creditors as defined in Condition 23, will benefit from a dual recourse consisting of (i) an exclusive recourse against the Special Estate and (ii) an unsecured, unsubordinated recourse against the general estate of the Issuer.

## 7 Specific provisions required by the Covered Bond Regulations

### (a) *Criteria for transfer of assets from the general estate*

For the purpose of Article 64/8, §2, second indent of the Credit Institutions Supervision Law, the following criteria shall be applied in circumstances where amounts must be transferred to the Special Estate but cannot be identified within the general estate of the Issuer. In such circumstances, the general estate shall transfer to the Special Estate (in consultation between the Cover Pool Administrator or the Cover Pool Monitor (as applicable) and the Issuer or the bankruptcy administrator of the Issuer (as applicable)), instead of the relevant amounts, unencumbered assets that for determining the amount will be taken into account as their market value and after applying the Haircut (as defined below) in an equal amount determined in the following order of priority:

- (i) *first*, credit quality step 1 bonds that are ECB eligible and/or level 1 assets as described in the liquidity risk framework calculation of the Liquidity Coverage Ratio (as implemented through CRD IV);
- (ii) *failing which*, credit quality step 2 bonds that are ECB eligible and/or level 2 assets as described in the liquidity risk framework calculation of the Liquidity Coverage Ratio (as implemented through CRD IV);
- (iii) *failing which*, bonds other than (i) or (ii) above that are eligible in repo transactions;
- (iv) *failing which*, bonds other than (i), (ii) or (iii) above;

(v) *failing which*, public sector exposure other than (i), (ii), (iii) or (iv);

(vi) *failing which*, Residential Mortgage Loans; and

(vii) *failing any of the above*, such assets as may be selected on behalf of the Special Estate by the Cover Pool Monitor or Cover Pool Administrator (as applicable) in its sole discretion.

“**Haircut**” means:

(i) for unencumbered assets as defined in 6.1.1(i) and (ii), the ECB haircut in accordance with the Guidelines of the ECB of 20 September 2011 on monetary policy instruments and procedures of the Eurosystem (as may be amended, supplemented, replaced and/or restated from time to time);

(ii) for unencumbered assets as defined in (iii) and (iv) above, 20%; and

(iii) for unencumbered assets as defined in (v) and (vii) above, 25%.

(b) *Use of collateral provided under hedging arrangements*

Collateral provided under hedging arrangements in relation to the Mortgage Pandbrievens or the Cover Assets can only be used for obligations in relation to the Special Estate and in accordance with the relevant hedging arrangement.

(c) *Allocation of proceeds from enforcement of security interest*

In circumstances where a security interest (including mortgages and mortgage mandates) secure claims of both the Special Estate and the general estate of the Issuer, proceeds from the enforcement of any such security interest shall be shared *pro rata* between the Special Estate and the general estate on a *pari passu* basis to the extent that the relevant claims of the general estate relate to Residential Mortgage Loans and such loans were granted to the relevant debtor prior to the date on which the loan(s) which benefit from the same security were registered with the Special Estate. To the extent that (i) the relevant claims of the general estate do not relate to Residential Mortgage Loans or (ii) relate to Residential Mortgage Loans but were granted after the date on which the loans which benefit from the same security were registered with the Special Estate, proceeds from the enforcement of any such security interest shall be applied in priority to satisfy the obligations due in respect of the loans registered with the Special Estate (and only upon satisfaction in full of the relevant claims of the Special Estate shall any of the proceeds be applied against the claims of the general estate which are also secured by such security interest).

## **8 Principal Paying Agent, Paying Agent and Registrar provisions**

The names of the initial Paying Agents and the initial Registrar and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and the Registrar and/or appoint additional or other Paying Agents or Registrars, provided that:

- (1) there will at all times be a Principal Paying Agent and, as long as any Registered Mortgage Pandbrievens of any Series are outstanding, a Registrar for that Series;
- (2) so long as the Mortgage Pandbrievens are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);

- (3) the Issuer will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Any variation, termination, appointment or change shall only take effect (other than in the case of bankruptcy, when it shall be of immediate effect) after not less than 30 nor more than 45 calendar days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 9.

## 9 Notices

All notices to holders of Dematerialised Mortgage Pandbrievien (including notices to convene a meeting of Noteholders) will be deemed to have been validly given if given through the X/N Clearing System, the systems of Euroclear, Clearstream Luxembourg, or any other X/N Clearing System participant and their participants in accordance with the procedures of the relevant clearing system.

All notices to holders of Registered Mortgage Pandbrievien (including notices to convene a meeting of Noteholders) will be mailed by regular post, by fax or by e-mail to the holders at their respective addresses or fax numbers appearing in the register maintained by the Issuer or by the Registrar, or by such other means as accepted by such holders.

If sent by post, notices will be deemed to have been given on the fourth Business Day after the date of mailing. If sent by fax, notices will be deemed to have been given upon receipt of a confirmation of the transmission. If sent by e-mail, when the relevant receipt of such communication being read is given, or where no read receipt is requested, by the sender at the time of sending provided that no delivery failure notification is received by the sender within 24 hours of sending such communication.

For so long as Mortgage Pandbrievien are listed on the official list of Euronext Brussels and if the rules of that exchange so require, any notice to the Noteholders shall be published on the website of Euronext Brussels ([www.nyx.com](http://www.nyx.com)) and if (and only if) the rules of that exchange so require, such notice shall also be published in a daily newspaper of general circulation in Belgium (which is expected to be *De Tijd* and *L'Écho*).

If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe.

Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above or, in the case of direct notification, any such notice shall be deemed to have been given on the date immediately following the date of notification.

Notwithstanding the above, the Noteholders' Representative shall be at liberty to approve any other method of giving notice to Noteholders if, in its opinion, such other method is reasonable having regard to the then-prevailing market practice and rules of the competent authority, stock exchange, clearing system or, as the case may be, quotation system on which the Mortgage Pandbrievien are then admitted to trading.

## 10 Cover Pool Monitor

The Cover Pool Monitor will fulfill the tasks as set out in the Covered Bond Regulations and which is confirmed in an agreement between the Cover Pool Monitor and the Issuer. In addition, the Cover Pool Monitor and the Issuer have agreed that no Residential Mortgage Loans can be deregistered from the Special Estate without the prior approval from the Cover Pool Monitor in case such deregistration would lead to a decrease of the ratio between the value of the Cover Assets and the nominal outstanding of the Mortgage Pandbrievien. No approval is required for deregistration of Residential Mortgage Loans with a value of zero nor for a substitution whereby the value of the Cover Assets does not decrease due to this substitution

## 11 Issuer Covenant

For so long as the Mortgage Pandbrieven are outstanding, the Issuer hereby covenants in favour of the Noteholders and the Noteholders' Representative to:

- (i) comply with all obligations imposed on it under the Covered Bond Regulations;
- (ii) ensure that the Special Estate will mainly consist of Residential Mortgage Loans;
- (iii) ensure that the Special Estate will not contain any commercial mortgage loans, any residential mortgage backed securities, any commercial mortgage backed securities or any other asset backed securities;
- (iv) ensure that the value of the Residential Mortgage Loans that are registered as Cover Assets in the Cover Register (and including any collections in respect thereto) (a) are calculated in accordance with the Covered Bond Regulations and (b) will at all times represent at least 105% of the aggregate nominal outstanding amount of the Mortgage Pandbrieven of all Series (it being understood that any surplus above 105% may be composed of other eligible assets under the Programme);
- (v) ensure that only Residential Mortgage Loans with a current loan to current value ratio of maximum 120% will be added to the Special Estate;
- (vi) ensure that only fully drawn Residential Mortgage Loans will be added to the Special Estate;
- (vii) ensure that the Special Estate will at all times include liquid bonds meeting the criteria set out in article 7 of the NBB Covered Bonds Regulation and which (a) are eligible as collateral for Eurosystem monetary policy purposes and intra-day credit operations by the Eurosystem (b) have a credit quality step 1 as defined in the CRD Directive, (c) are subject to a daily mark-to-market and have a market value which, after applying the ECB haircut in accordance with the Guidelines of the ECB of 20 September 2011 on monetary policy instruments and procedures of the Eurosystem (as may be amended, supplemented, replaced and/or restated from time to time), is higher than the amount of interest due and payable on the outstanding Mortgage Pandbrieven within a period of one year, (d) have a remaining maturity of more than one year, and (e) are not debt issued by the Issuer; and
- (viii) provide regular investor reports with regard to, amongst others, the composition of the Special Estate which will be made available on the website of the Issuer at [www.belfius.be](http://www.belfius.be) on a quarterly basis and, as from Q3 2013, on a monthly basis.

## 12 Noteholders' Waiver

The Noteholders waive, to the fullest extent permitted by law (i) all their rights whatsoever pursuant to Article 1184 of the Belgian Civil Code to rescind (*ontbinden/résoudre*), or demand in legal proceedings the rescission (*ontbinding/résolution*) of, the Mortgage Pandbrieven and (ii) all their rights whatsoever in respect of Mortgage Pandbrieven pursuant to Article 487 of the Belgian Companies Code (right to rescind (*ontbinden/résoudre*)).

## 13 Prescription

Claims against the Issuer for payment in respect of the Mortgage Pandbrieven shall be prescribed and become void, unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 14 Rules of Organisation of the Noteholders

The Rules of Organisation of the Noteholders are attached to, and form an integral part of, these Conditions. References in these Conditions to the Rules of Organisation of the Noteholders include such rules as from

time to time modified in accordance with the provisions contained therein and any agreement or other document expressed to be supplemental thereto.

Articles 568 to 580 of the Belgian Companies Code relating to the noteholders' meeting shall not apply to any issuance of the Mortgage Pandbrieven.

## **15 Noteholders' Representative**

As long as the Mortgage Pandbrieven are outstanding, there shall at all times be a representative of the Noteholders (the "**Noteholders' Representative**") in accordance with Article 64/19, §2 of the Credit Institutions Supervision Law, which has the power to exercise the rights conferred on it by these Conditions, the Rules of Organisation of the Noteholders and the law in order to protect the interests of the Noteholders. The Noteholders' Representative must give account of its performance in accordance with the Noteholders' Representative Agreement.

The Issuer has appointed Stichting Belfius Mortgage Pandbrieven Noteholders' Representative as Noteholders' Representative and the Noteholders' Representative has accepted such appointment for the period commencing on the Issue Date and, subject to early termination of its appointment, ending on the date on which all Series of the Mortgage Pandbrieven have been cancelled or redeemed in accordance with these Conditions and on which all claims of the Other Creditors (to the extent represented by the Noteholders' Representative) against the Special Estate have been settled.

By reason of holding Mortgage Pandbrieven, each Noteholder:

- (i) recognises the Noteholders' Representative as its representative and (to the fullest extent permitted by law) agrees to be bound by any agreement entered into from time to time by the Noteholders' Representative in such capacity as if such Noteholder were a signatory thereto; and
- (ii) acknowledges and accepts that the Issuer shall not be liable, except in case of fraud, in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the Noteholders as a result of the performance by the Noteholders' Representative of its duties or the exercise of any of its rights under these Conditions (including the Rules of Organisation of the Noteholders).

The Noteholders' Representative can also be appointed to represent Other Creditors provided that those Other Creditors agree with such representation.

## **16 Conflicts of Interest**

The Noteholders' Representative shall have regard to the overall interests of the Noteholders and of the Other Creditors that have agreed to be represented by the Noteholders' Representative. The Noteholders' Representative shall not be obliged to have regard to any interests arising from circumstances particular to individual Noteholders or such Other Creditors whatever their number.

The Noteholders' Representative shall, as regards the powers, authorities and discretions vested in it, except where expressly provided otherwise, have regard to the interests of both the Noteholders and the Other Creditors of the Issuer which it represents but if, in the opinion of the Noteholders' Representative, there is a conflict between their interests the Noteholders' Representative will have regard solely to the interest of the Noteholders.

## **17 Meetings of Noteholders**

### *(a) Meetings of Noteholders*

The Rules of Organisation of the Noteholders contain provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification or waiver of any provision of the Conditions applicable to any relevant Series of Mortgage Pandbrieven. For the avoidance of doubt, any such modification or waiver shall be subject to the consent of the Issuer.

All meetings of Noteholders will be held in accordance with the provisions of the Rules of Organisation of the Noteholders. Article 568 to 580 of the Belgian Companies Code with respect to Noteholders' meetings will not apply to any issuance of Mortgage Pandbrieven.

### *(b) Written Resolutions*

A written resolution signed by the holders of 75% in nominal amount of the relevant Series of the Mortgage Pandbrieven outstanding shall take effect as if it were an Extraordinary Resolution. A written resolution signed by the holders of 50% in nominal amount of the relevant Series of the Mortgage Pandbrieven outstanding shall take effect as if it were an Ordinary Resolution. To the extent permitted by the applicable law, a written resolution signed by the holders of 50% in nominal amount of the Mortgage Pandbrieven outstanding as if they were a single Series shall take effect as if it were a Programme Resolution. Such resolutions in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

## **18 Amendments to the Conditions**

Amendments to the Conditions shall be made in accordance with the Rules of Organisation of the Noteholders, and in particular in accordance with Articles 6.1 and 18 thereof.

## **19 No Exchange of Registered Mortgage Pandbrieven**

### *(a) No Exchange of Registered Mortgage Pandbrieven*

Registered Mortgage Pandbrieven may not be exchanged for Dematerialised Mortgage Pandbrieven.

### *(b) Transfer Free of Charge*

Transfer of Mortgage Pandbrieven on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer and/or the Registrar, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar may require).

### *(c) Closed Periods*

No Noteholder may require the transfer of a Registered Mortgage Pandbrief to be registered (i) during the period of 15 calendar days ending on the due date for redemption of that Mortgage Pandbrief, (ii) during the period of 15 calendar days before any date on which Mortgage Pandbrieven may be called for redemption by the Issuer at its option pursuant to Condition 3(f), (iii) after any such Mortgage Pandbrief has been called for redemption or (iv) during the period of 15 calendar days ending on (and including) any Record Date.

## 20 Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further Mortgage Pandbrievens having the same terms and conditions as the Mortgage Pandbrievens (so that, for the avoidance of doubt, references in these Conditions to “**Issue Date**” shall be to the first issue date of the Mortgage Pandbrievens) and so that the same shall be consolidated and form a single series with such Mortgage Pandbrievens, and references in these Conditions to “Mortgage Pandbrievens” shall be construed accordingly.

## 21 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Mortgage Pandbrief is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by the Issuer to any Noteholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer, to the extent of the amount in the currency of payment under the relevant Mortgage Pandbrief that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Mortgage Pandbrief, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 21, it shall be sufficient for the Noteholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Mortgage Pandbrief, or any other judgment or order.

## 22 Payment Default

Failure by the Issuer to pay (i) any principal amount in respect of any Mortgage Pandbrief on the Extended Maturity Date or pursuant to Condition 3(j) paragraph (E), or (ii) any interest in respect of any Mortgage Pandbrief within five Business Days from the day on which such interest becomes due and payable shall constitute a payment default (“**Payment Default**”) if such failure remains unremedied for 10 Business Days after the Noteholders’ Representative has given written notice thereof to the Issuer by registered mail or per courier and with return receipt (“**Payment Notice**”). In case of failure by the Noteholders’ Representative to deliver such Payment Notice, any Noteholder can deliver such notice to the Issuer (with a copy to the Noteholders’ Representative). The date on which a Payment Default occurs shall be the date on which the Noteholders’ Representative or any Noteholder has given notice of such Payment Default plus 10 Business Days (the “**Payment Default Date**”).

Without prejudice to the powers granted to the Cover Pool Administrator, if a Payment Default occurs in relation to a particular Series, the Noteholders’ Representative may, and shall if so requested in writing by the Noteholders of at least 66 <sup>2</sup>/<sub>3</sub> % of the principal amount outstanding of the relevant Series of the Mortgage Pandbrievens then outstanding (excluding any Mortgage Pandbrievens which may be held by the Issuer), serve a notice on the Issuer (“**Acceleration Notice**”) by registered mail or per courier and with return receipt that a Payment Default has occurred in relation to such Series, provided in each case it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

The Acceleration Notice will specify the date on which the Mortgage Pandbrievens become immediately due and payable (the “**Acceleration Date**”), which will be at least two Business Days after the Payment Default Date. A copy of the Acceleration Notice shall be sent to the NBB and to the Noteholders.

From and including the Acceleration Date:

- (i) the Mortgage Pandbrieven shall become immediately due and payable at their Early Redemption Amount;
- (ii) if a Payment Default is triggered with respect to a Series, each Series of Mortgage Pandbrieven will cross accelerate at the Acceleration Date against the Issuer, becoming due and payable, and they will rank *pari passu* among themselves;
- (iii) the Noteholders' Representative, on behalf of the Noteholders, shall have a claim against the Issuer for an amount equal to the Early Redemption Amount and any other amount due under the Mortgage Pandbrieven; and
- (iv) the Noteholders' Representative on behalf of the Noteholders shall be entitled to take any steps and proceedings against the Issuer to enforce the provisions of the Mortgage Pandbrieven. The Noteholders' Representative may, at its discretion and without further notice, take such steps and/or institute such proceedings against the Issuer as it may think fit to enforce such payments, but it shall, subject to be indemnified and/or prefunded to its satisfaction, not be bound to take any such proceedings or steps, unless requested or authorised by an Extraordinary Resolution.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 22 by the Noteholders' Representative shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Noteholders and (in such absence as aforesaid) no liability to the Noteholders or the Issuer shall attach to the Noteholders' Representative in connection with the exercise or non-exercise by it of its powers, duties and discretions hereunder.

### 23 Post-Acceleration Priority of Payments

All monies (other than amounts standing to the credit of a swap collateral account which will be applied in accordance with the provisions of the relevant swap agreement) received or recovered by the Special Estate (whether in the administration, liquidation of the Special Estate or otherwise) following (i) the service of an Acceleration Notice or (ii) a liquidation of the Special Estate in accordance with Article 64/16, 6° or 7° of the Credit Institutions Supervision Law, will be applied in the following order of priority (the “**Post-Acceleration Priority of Payments**”), in each case only if and to the extent that payments or provisions of a higher priority have been made:

- (a) *first*, in or towards satisfaction of all amounts due and payable, including any costs, charges, liabilities and expenses, to the Cover Pool Administrator (including any of its representatives and delegates);
- (b) *second*, in or towards satisfaction of all amounts due and payable, including any costs, charges, liabilities and expenses, to the Noteholders' Representative;
- (c) *third*, on a *pari passu* and *pro rata* basis, in or towards satisfaction of any Expenses which are due and payable to the Operating Creditors;
- (d) *fourth*, on a *pari passu* and *pro rata* basis, in or towards satisfaction of (i) any Pari Passu Swap Amounts, (ii) any Pari Passu Liquidity Amounts, and (iii) any payments of amounts due and payable to Noteholders *pro rata* and *pari passu* on each Series in accordance with these Conditions;
- (e) *fifth*, on a *pari passu* and *pro rata* basis, in or towards satisfaction of (i) any Junior Swap Amounts and (ii) any Junior Liquidity Amounts;

(f) *sixth*, thereafter any remaining monies will be paid to the general estate of the Issuer.

“**Expenses**” means any costs, charges, liabilities, expenses or other amounts payable by the Issuer or by the Special Estate, as applicable, to any Operating Creditor plus any value added tax or any other tax or duty payable thereon.

“**Hedge Counterparty**” means a hedge counterparty under a swap agreement entered into by the Issuer in relation to the Special Estate.

“**Junior Liquidity Amount**” means each amount, including any costs, charges, liabilities and expenses, due and payable to a Liquidity Provider which under the relevant liquidity agreement are expressed to rank junior to interest and principal due to Noteholders and any other party ranking senior in accordance with the Post-Acceleration Priority of Payments.

“**Junior Swap Amount**” means any swap termination amount whereby the Hedge Counterparty is the defaulting party or any such other amount, including any costs, charges, liabilities and expenses, due and payable to a Hedge Counterparty (in accordance with the relevant swap agreement) and which under the relevant swap agreement are expressed to rank junior to interest and principal due to Noteholders and any other party ranking senior in accordance with the Post-Acceleration Priority of Payments.

“**Liquidity Provider**” means a counterparty under a liquidity arrangement agreement entered into by the Issuer in relation to the Special Estate.

“**Operating Creditor**” means any of (1) the (Principal) Paying Agent, (2) the Fiscal Agent, (3) the Cover Pool Monitor, (4) the Registrar, (5) the Servicer, (6) any account bank holding assets on behalf of the Special Estate, (7) any stock exchange on which the Mortgage Pandbrievens are listed, (8) the Issuer's statutory auditor(s), legal counsel and tax advisers for services provided for the benefit of the Special Estate, (9) the Rating Agencies in relation to any Mortgage Pandbrievens issued under the Programme, (10) any independent accountant or independent calculation agent for services provided for the benefit of the Special Estate, (11) any custodian in relation to the Programme, (12) any agent or party appointed in accordance with the Programme Documents or any other creditor of amounts due in connection with the management and administration of the Special Estate and (13) any other creditor which may have a claim against the Special Estate as a result of any services provided or contracts entered into in relation to the Mortgage Pandbrievens or the Programme, as may from time to time be specified in the Conditions of any Mortgage Pandbrievens issued under the Programme.

“**Other Creditor**” means the Noteholders' Representative, any Operating Creditor, any Liquidity Provider, any Hedge Counterparty and the Cover Pool Administrator.

“**Pari Passu Swap Amount**” means each amount, including any costs, charges, liabilities and expenses, due and payable to a Hedge Counterparty and which under the relevant swap agreement are expressed to rank *pari passu* with interest or principal (as applicable) due to Noteholders.

“**Pari Passu Liquidity Amount**” means each amount, including any costs, charges, liabilities and expenses, due and payable to a Liquidity Provider and which under the relevant liquidity agreement are expressed to rank *pari passu* with interest or principal (as applicable) due to Noteholders.

## 24 Action by Noteholders' Representative

Only the Noteholders' Representative may enforce the rights of the Noteholders under the Mortgage Pandbrievens and/or the Programme Documents against the Issuer (or Special Estate, as applicable). Unless explicitly provided otherwise in the Conditions, no person shall be entitled to proceed directly against the Issuer to enforce the performance of any provision of the Mortgage Pandbrievens and/or the Programme Documents.

However, if the Noteholders' Representative does not react or does not take any action within 10 calendar days of being so directed by the Noteholders in accordance with the Conditions and the Rules of Organisation of the Noteholders, then the Noteholders shall have individual rights to enforce the performance of any provision of the Mortgage Pandbrieven and/or the Programme Documents. Such rights remain however subject to the required quorums, where applicable.

## **25 Governing Law and Jurisdiction**

### *(a) Governing Law*

Unless otherwise specified in the applicable Conditions or Final Terms, the Mortgage Pandbrieven (and any non-contractual obligations arising out of or in connection with the Mortgage Pandbrieven) are governed by, and construed in accordance with, Belgian law.

### *(b) Jurisdiction*

The courts of Brussels, Belgium are to have jurisdiction to settle any disputes that may arise out of or in connection with any Mortgage Pandbrieven (including any disputes relating to any non-contractual obligations arising out of or in connection with the Mortgage Pandbrieven).

**SECTION 9**  
**RULES OF ORGANISATION OF THE NOTEHOLDERS**

**TITLE I**  
**GENERAL PROVISIONS**

**1 General**

- 1.1 Each Noteholder is a member of the Organisation of the Noteholders.
- 1.2 The purpose of the Organisation of the Noteholders is to co-ordinate the exercise of the rights of the Noteholders and, more generally, to take any action necessary or desirable to protect the interest of the Noteholders.
- 1.3 The Organisation of the Noteholders in respect of each Series of Mortgage Pandbrieven issued under the Programme by Belfius Bank NV/SA is created concurrently with the issuance and subscription of the Mortgage Pandbrieven and each such Series is governed by these Rules of Organisation of the Noteholders. Articles 568 to 580 of the Belgian Companies Code shall not apply.
- 1.4 These Rules shall remain in full force and effect until full repayment or cancellation of all the Mortgage Pandbrieven of whatever Series.
- 1.5 The contents of these Rules are deemed to be an integral part of the Conditions of the Mortgage Pandbrieven of each Series issued by the Issuer.

**2 Definitions And Interpretation**

**2.1 Definitions**

In these Rules:

“**Block Voting Instruction**” means a document issued by a Recognised Accountholder or the X/N Clearing System in accordance with Article 7.1;

“**Conditions**” means the Conditions of the Mortgage Pandbrieven of the relevant Series or Tranche issued by the Issuer;

“**Common Terms**” means the terms and conditions which are common to all Mortgage Pandbrieven issued under the Programme as set out in the Programme Agreement;

“**Extraordinary Resolution**” means a resolution passed at a meeting duly convened and held in accordance with these Rules and with respect to matters referred to under Article 6.1;

“**Liabilities**” means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses;

“**Ordinary Resolution**” means any resolution passed at a meeting duly convened and held in accordance with these Rules and with respect to matters referred to under Article 6.2;

“**Organisation of the Noteholders**” means the organisation of the Noteholders that is created upon the issuance of the Mortgage Pandbrieven and that is governed by these Rules of Organisation of the Noteholders;

“**Programme Resolution**” means any resolution passed at a meeting duly convened and held in accordance with these Rules and with respect to matters referred to under Article 6.3;

“**Recognised Accountholder**” means, in relation to one or more Mortgage Pandbrieven, the recognised accountholder (*erkende rekeninghouder/teneur de compte agréé*) within the meaning of Article 468 of the Belgian Companies Code with which a Noteholder holds such Mortgage Pandbrieven on a securities account;

“**Resolution**” means an Ordinary Resolution, an Extraordinary Resolution or a Programme Resolution;

“**Rules**” or “**Rules of Organisation of the Noteholders**” means these rules governing the Organisation of the Noteholders;

“**Voting Certificate**” means a certificate issued by a Recognised Accountholder or the X/N Clearing System in accordance with Article 7.1; and

“**Written Resolution**” means a resolution in writing as referred to in Article 12.

Capitalised words used in these Rules and not otherwise defined herein, shall have the meaning and the construction ascribed to them in the Conditions.

## 2.2 Interpretation

In these Rules:

- (a) references to the **Issuer** are to Belfius Bank SA/NV and shall, with respect to the management of the Special Estate following the appointment of a Cover Pool Administrator and where the context so requires, be deemed to be a reference to the Cover Pool Administrator;
- (b) references to a **meeting** are to a meeting of Noteholders of a single Series of Mortgage Pandbrieven (except in case of a meeting to pass a Programme Resolution, in which case the Mortgage Pandbrieven of all Series are taken together as a single Series) and include, unless the context otherwise requires, any adjournment;
- (c) references to **Mortgage Pandbrieven** and **Noteholders** are only to the Mortgage Pandbrieven of the Series in respect of which a meeting has been, or is to be, called and to the holders of those Mortgage Pandbrieven, respectively; and
- (d) any reference to an **Article** shall, except where expressly provided to the contrary, be a reference to an article of these Rules.

## TITLE II MEETINGS OF THE NOTEHOLDERS

### 3 Convening a Meeting

#### 3.1 Initiative

The Issuer or the Noteholders’ Representative (as the case may be) may convene a meeting at any time. A meeting shall be convened by the Noteholders’ Representative (i) upon the request in writing of Noteholders holding not less than one fifth of the aggregate principal amount outstanding of the relevant Series of the Mortgage Pandbrieven or (ii) in the case of a proposed liquidation of the Special Estate in accordance with Article 64/16, 6° or 7° of the Credit Institutions Supervision Law.

The Issuer or the Noteholders’ Representative can convene a single meeting of Noteholders of more than one Series if in the opinion of the Noteholders’ Representative the subject matter of the meeting is relevant to the Noteholders of each of those Series.

### **3.2 Time and place**

Every meeting shall be held at a time and place approved by the Noteholders' Representative.

### **3.3 Notice**

At least 14 calendar days' notice (exclusive of the day on which the notice is given and of the day on which the relevant meeting is to be held) specifying the date, time and place of the meeting shall be given to the Noteholders in accordance with Condition 9 with a copy to the Issuer, the Cover Pool Administrator or the Noteholders' Representative, as the case may be. The notice shall set out the full text of any resolutions to be proposed. In addition, the notice shall explain (i) how holders of Dematerialised Mortgage Pandbrieven may obtain Voting Certificates and use Block Voting Instructions and the details of the time limits applicable and (ii) the formalities and procedures to validly cast a vote at a meeting in respect of Registered Mortgage Pandbrieven.

## **4 Chairman**

The chairman of a meeting shall be such person (who may, but need not be, a Noteholder) as the Issuer or the Noteholders' Representative (as applicable) may nominate in writing, but if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting the Noteholders, the meeting shall be chaired by the person elected by the majority of the voters present, failing which, the Noteholders' Representative shall appoint a chairman. The chairman of an adjourned meeting need not be the same person as was chairman at the original meeting.

## **5 Quorum and Adjournment**

### **5.1 Quorum**

The quorum at any meeting the purpose of which is to pass an Ordinary Resolution, an Extraordinary Resolution concerning matters referred to under Article 6.1 (a) to (d) or a Programme Resolution concerning matters referred to under Article 6.3 (a) to (c), will be one or more persons holding or representing at least 50% of the aggregate principal amount outstanding of the Mortgage Pandbrieven of the relevant Series (with the Mortgage Pandbrieven of all Series taken together as a single Series in case of a Programme Resolution), or, at an adjourned meeting, one or more persons being or representing Noteholders of the relevant Series for the time being outstanding, whatever the outstanding principal amount of the Mortgage Pandbrieven so held or represented.

At any meeting the purpose of which is to pass an Extraordinary Resolution concerning matters referred to under Article 6.1 (e) to (i), the quorum will be one or more persons holding or representing not less than two thirds of the aggregate principal amount outstanding of the Mortgage Pandbrieven of such Series or, at any adjourned meeting, one or more persons being or representing not less than one third of the aggregate principal amount outstanding of the Mortgage Pandbrieven of such Series for the time being outstanding.

At any meeting the purpose of which is to pass a Programme Resolution concerning matters referred to under Article 6.3 (d), the quorum will be one or more persons holding or representing not less than two thirds of the aggregate principal amount outstanding of the Mortgage Pandbrieven of all Series taken together as a single Series, including at an adjourned meeting.

No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within 15 minutes from the time initially fixed for the meeting, it shall, if convened on the request of Noteholders, be dissolved. In any other case it shall be adjourned until such date, not less than 7 nor more than 42 calendar days later, and time and place as the chairman may decide.

Mortgage Pandbrievien held by the Issuer shall not be taken into account for the calculation of the required quorum.

<b>Purpose of the meeting</b>	<b>Required proportion for an initial meeting to be quorate</b>	<b>Required proportion for an adjourned meeting to be quorate</b>
To pass any Ordinary Resolution	50%	No minimum proportion
To pass any Extraordinary Resolution concerning matters referred to under Article 6.1 (a) to (d)	50%	No minimum proportion
To pass any Extraordinary Resolution concerning matters referred to under Article 6.1 (e) to (i)	Two thirds	One third
To pass any Programme Resolution concerning matters referred to under Article 6.3 (a) to(c)	50%	No minimum proportion
To pass any Programme Resolution concerning matters referred to under Article 6.3 (d)	Two thirds	Two thirds

## **5.2 Adjournment**

The chairman may (and shall if directed by a meeting) adjourn the meeting “from time to time and from place to place”. Only business which could have been transacted at the original meeting may be transacted at a meeting adjourned in accordance with this Article 5.2.

## **5.3 Notice following adjournment**

At least 10 calendar days’ notice of a meeting adjourned for want of quorum shall be given in the same manner as for an original meeting and that notice shall state the quorum required at the adjourned meeting.

Except in case of a meeting to consider an Extraordinary Resolution or a Programme Resolution, it shall not be necessary to give notice of the resumption of a Meeting which has been adjourned for any other reason.

## **6 Powers of Meetings**

### **6.1 Extraordinary Resolution**

A meeting shall, subject to the Conditions and only with the consent of the Issuer, and without prejudice to any powers conferred on other persons by these Rules, have power by Extraordinary Resolution:

- (a) to approve any modification, abrogation, variation or compromise in respect of (i) the rights of the Noteholders’ Representative, the Issuer, the Noteholders or any of them, whether such rights arise under the Programme Documents or otherwise, or (ii) these Rules, the Conditions or any

Programme Document in respect of the material obligations of the Issuer under or in respect of the Mortgage Pandbrieven (other than as referred to under (e) to (i) or under Article 6.3);

- (b) to discharge or exonerate, whether retrospectively or otherwise, the Noteholders' Representative from any liability in relation to any act or omission for which the Noteholders' Representative has or may become liable pursuant or in relation to these Rules, the Conditions or any Programme Document;
- (c) to give any authority or approval which under these Rules or the Conditions is required to be given by Extraordinary Resolution;
- (d) to authorise the Noteholders' Representative (subject to it being indemnified and/or secured to its satisfaction) or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- (e) to waive any breach or authorise any proposed breach by the Issuer of its obligations in respect of the Mortgage Pandbrieven or to waive the occurrence of a Payment Default;
- (f) to change any date fixed for payment of principal or interest in respect of the Series of Mortgage Pandbrieven, to reduce or cancel the amount of principal or interest payable on any date in respect of the Series of Mortgage Pandbrieven or to alter the method of calculating the amount of any payment in respect of the Series of Mortgage Pandbrieven on redemption or maturity or the date for any such payment;
- (g) to effect the exchange or substitution of the Series of Mortgage Pandbrieven for, or the conversion of the Series of Mortgage Pandbrieven into, shares, bonds or other obligations or securities of the Issuer;
- (h) to change the currency in which amounts due in respect of the Series of Mortgage Pandbrieven are payable; and
- (i) to change the quorum required at any meeting of the Noteholders or the majority required to pass any Extraordinary Resolution or a Programme Resolution.

## **6.2 Ordinary Resolution**

A meeting shall, subject to the Conditions and only with the consent of the Issuer, and without prejudice to any powers conferred on other persons by these Rules, have power to decide by Ordinary Resolution on any business which is not listed under Article 6.1 (Extraordinary Resolution) or under Article 6.3 (Programme Resolution).

## **6.3 Programme Resolution**

A meeting shall, subject to the Conditions and without prejudice to any powers conferred on other persons by these Rules or the Covered Bond Regulations, have power by Programme Resolution:

- (a) to remove or replace (i) the Noteholders' Representative or (ii) the managing director of the Noteholders' Representative pursuant to Article 14;
- (b) with the consent of the Issuer, to amend the Common Terms;
- (c) to evaluate the Cover Pool Administrator's proposal or decision to liquidate the Special Estate and the early repayment of the Mortgage Pandbrieven in accordance with Article 64/16, 6° of the Credit Institutions Supervision Law; and
- (d) to proceed with the liquidation of the Special Estate and the early repayment of the Mortgage Pandbrieven in accordance with Article 64/16, 7° of the Credit Institutions Supervision Law.

## **7 Arrangements for Voting**

### **7.1 Dematerialised Mortgage Pandbrieven**

No votes shall be validly cast at a meeting in respect of Dematerialised Mortgage Pandbrieven, unless in accordance with a Voting Certificate or Block Voting Instruction. Articles 568 to 580 of the Belgian Companies Code shall not apply.

Votes can only be validly cast in accordance with Voting Certificates and Block Voting Instructions in respect of Dematerialised Mortgage Pandbrieven held to the order or under the control and blocked by a Recognised Accountholder or the X/N Clearing System and which have been deposited at the registered office of the Issuer or any other person appointed thereto not less than three and not more than six Business Days before the time for which the meeting to which the relevant voting instructions and Block Voting Instructions relate, has been convened or called. The Voting Certificate and Block Voting Instructions shall be valid for as long as the relevant Mortgage Pandbrieven continue to be so held and blocked. During the validity thereof, the holder of any such Voting Certificate or (as the case may be) the proxies named in any such Block Voting Instruction shall, for all purposes in connection with the relevant meeting, be deemed to be the holder of the Mortgage Pandbrieven to which such Voting Certificate or Block Voting Instruction relates.

In default of a deposit, the Block Voting Instruction or the Voting Certificate shall not be treated as valid, unless the chairman of the meeting decides otherwise before the meeting or adjourned meeting proceeds to business.

#### ***Voting Certificates***

A Voting Certificate shall:

- (a) be issued by a Recognised Accountholder or the X/N Clearing System;
- (b) state that on the date thereof (i) Mortgage Pandbrieven (not being Mortgage Pandbrieven in respect of which a Block Voting Instruction has been issued which is outstanding in respect of the meeting specified in such Voting Certificate and any such adjourned meeting) of a specified principal amount outstanding were held to its order or under its control and blocked by it and (ii) that no such Mortgage Pandbrieven will cease to be so held and blocked until the first to occur of:
  - the conclusion of the meeting specified in such Voting Certificate or, if applicable, any such adjourned meeting; and
  - the surrender of the Voting Certificate to the Recognised Accountholder or X/N Clearing System who issued the same; and
- (c) further state that until the release of the Mortgage Pandbrieven represented thereby the bearer of such certificate is entitled to attend and vote at such meeting and any such adjourned meeting in respect of the Mortgage Pandbrieven represented by such certificate.

#### ***Block Voting Instructions***

A Block Voting Instruction shall:

- (a) be issued by a Recognised Accountholder or the X/N Clearing System;
- (b) certify that (i) Mortgage Pandbrieven (not being Mortgage Pandbrieven in respect of which a Voting Certificate has been issued which is outstanding in respect of the meeting specified in such Block Voting Instruction and any such adjourned meeting) of a specified principal amount

outstanding were held to its order or under its control and blocked by it and (ii) that no such Mortgage Pandbrieven will cease to be so held and blocked until the first to occur of:

- the conclusion of the meeting specified in such document or, if applicable, any such adjourned meeting; and
  - the giving of notice by the Recognised Accountholder or the X/N Clearing System to the Issuer, stating that certain of such Mortgage Pandbrieven cease to be held with it or under its control and blocked and setting out the necessary amendment to the Block Voting Instruction;
- (c) certify that each holder of such Mortgage Pandbrieven has instructed such Recognised Accountholder or the X/N Clearing System that the vote(s) attributable to the Mortgage Pandbrieven so held and blocked should be cast in a particular way in relation to the resolution or resolutions which will be put to such meeting or any such adjourned meeting and that all such instructions cannot be revoked or amended during the period commencing 3 Business Days prior to the time for which such meeting or any such adjourned meeting is convened and ending at the conclusion or adjournment thereof;
- (d) state the principal amount outstanding of the Mortgage Pandbrieven so held and blocked, distinguishing with regard to each resolution between (i) those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution, (ii) those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution and (iii) those in respect of which instructions have been so given to abstain from voting; and
- (e) naming one or more persons (each hereinafter called a “**proxy**”) as being authorised and instructed to cast the votes attributable to the Mortgage Pandbrieven so listed in accordance with the instructions referred to in (d) above as set out in such document.

## **7.2 Registered Mortgage Pandbrieven**

Articles 568 to 580 of the Belgian Companies Code shall not apply. The formalities and procedures to validly cast a vote at a meeting in respect of Registered Mortgage Pandbrieven shall be such formalities and procedures as described in the notice referred to in Article 3.3.

## **8 Meeting Attendance**

The following may attend and speak at a meeting:

- (a) Noteholders and their proxies;
- (b) the chairman;
- (c) the Issuer, the Noteholders’ Representative (through their respective representatives) and their respective financial and legal advisers; and
- (d) the Dealers and their advisers.

## **9 Voting**

### **9.1 Voting by show of hands**

Every question submitted to a meeting shall be decided in the first instance by a show of hands. Unless a poll is validly demanded before or at the time that the result is declared, the chairman’s declaration that on a show of hands a resolution has been passed, passed by a particular majority, rejected or rejected by a particular majority shall be conclusive, without proof of the number of votes cast for, or

against, the resolution. Each voter shall have one vote. Where there is only one voter, this Article 9.1 shall not apply and the resolution will immediately be decided by means of a poll.

## **9.2 Voting by poll**

A demand for a poll shall be valid if it is made by the chairman, the Issuer, the Noteholders' Representative or one or more Noteholders present or validly represented at the meeting and representing or holding not less than one fiftieth of the aggregate principal amount outstanding of the relevant Series of the outstanding Mortgage Pandbrieven. A poll shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs, but any poll demanded on the election of the chairman or on any question of adjournment shall be taken at the meeting without adjournment. A valid demand for a poll shall not prevent the continuation of the relevant meeting for any other business as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken.

On a poll each voter has one vote in respect of each integral currency unit of the specified Currency of such Series or such other amount as the Noteholders' Representative may stipulate in its absolute discretion in nominal amount of the outstanding Mortgage Pandbrieven represented or held by such voter. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.

## **9.3 Mortgage Pandbrieven held by the Issuer**

In case Mortgage Pandbrieven are held by the Issuer, the Issuer shall not have any voting rights with respect to such Mortgage Pandbrieven.

## **9.4 Equality of votes**

In case of equality of votes the chairman shall have a casting vote in addition to any other votes which he may have.

## **9.5 Voting majority**

An Extraordinary Resolution shall be validly passed by a voting majority of at least 66 <sup>2/3</sup> % of the aggregate principal amount outstanding of the Series of Mortgage Pandbrieven for which votes have been cast. An Ordinary Resolution shall be validly passed by a simple majority of at least 50% of the aggregate principal amount outstanding of the Series of Mortgage Pandbrieven for which votes have been cast plus one vote. A Programme Resolution shall be validly passed by a simple majority of at least 50% of the aggregate principal amount outstanding of the Mortgage Pandbrieven for which votes have been cast plus one vote, with the Mortgage Pandbrieven of all Series taken together as a single Series.

## **10 Effect and Notice of Resolutions**

A Resolution shall be binding on all the Noteholders, whether or not present at the meeting, when it has been validly passed in accordance with these Rules and each of them shall be bound by it and be bound to give effect to it accordingly.

Save as the Noteholders' Representative may otherwise agree, notice of the result of every vote on a Resolution shall be given to the Noteholders in accordance with Condition 9, with a copy to the Issuer, the Cover Pool Administrator (as the case may be) and the Noteholders' Representative within 14 calendar days of the conclusion of the meeting but failure to do so shall not invalidate the resolution. Notice of the result of a voting on a Programme Resolution shall also be given to the Rating Agencies to the extent any rated Mortgage Pandbrieven are outstanding, unless otherwise agreed upon between the Issuer and the relevant Rating Agency.

## **11 Minutes**

Minutes of all resolutions and proceedings at each meeting shall be made. The chairman shall sign the minutes, which shall be *prima facie* evidence of the proceedings recorded therein. Unless and until the contrary is proved, every such meeting in respect of the proceedings of which minutes have been summarised and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

## **12 Written Resolution**

A written resolution signed by the holders of 75% in nominal amount of the relevant Series of the Mortgage Pandbrieven outstanding shall take effect as if it were an Extraordinary Resolution. A written resolution signed by the holders of 50% in nominal amount of the relevant Series of the Mortgage Pandbrieven outstanding shall take effect as if it were an Ordinary Resolution. To the extent permitted by the applicable law, a written resolution signed by the holders of 50% in nominal amount of the Mortgage Pandbrieven outstanding as if they were a single Series shall take effect as if it were a Programme Resolution. Such resolutions in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

## **13 Further Regulations**

Subject to all other provisions contained in these Rules and with the consent of the Issuer, the Noteholders' Representative may prescribe such further regulations regarding the holding of meetings of Noteholders and attendance and voting as the Noteholders' Representative may determine in its sole discretion.

### **TITLE III NOTEHOLDERS' REPRESENTATIVE**

## **14 Appointment, Removal and Remuneration**

### **14.1 Appointment and removal**

The Issuer has appointed the Noteholders' Representative as legal representative of the Noteholders under the Noteholders' Representative Agreement. In accordance with Article 64/19 of the Credit Institutions Supervision Law, the Noteholders shall be entitled to remove the Noteholders' Representative by Programme Resolution provided that (i) they appoint a new Noteholders' Representative and (ii) neither the managing director of the Noteholders' Representative nor the Noteholders' Representative so removed shall be responsible for any costs or expenses arising from any such removal.

A resolution to appoint or to remove the managing director of the Noteholders' Representative is made by Programme Resolution of the Noteholders, except for the appointment of the first managing director of the Noteholders' Representative which will be Amsterdamsch Trustee's Kantoor B.V. A resolution to remove the managing director of the Noteholders' Representative can be adopted at any time provided that (i) the Noteholders appoint a new managing director which shall meet the eligibility criteria set out under Article 14.2, (ii) the Other Creditors (to the extent represented by the Noteholders' Representative) have been notified thereof and (ii) neither the managing director so removed nor the Noteholders' Representative shall be responsible for any costs or expenses arising from any such removal.

Any resolution to appoint or to remove the Noteholders' Representative or its managing director shall also be binding upon the Other Creditors that have chosen to be represented by the Noteholders' Representative.

#### **14.2 Eligibility Criteria**

The managing director of the Noteholders' Representative shall have the necessary professional and organisational capacity and experience to perform the tasks entrusted to the Noteholders' Representative.

#### **14.3 Removal and resignation of the managing director**

Pursuant to the Noteholders' Representative's articles of association, its managing director ceases to hold office in the following cases:

- (a) upon voluntary resignation, provided that a successor managing director is appointed;
- (b) in the case of a legal entity, upon the ceasing to exist as legal entity, or, in the case of an individual, upon its death;
- (c) upon the managing director being declared bankrupt, applying for a suspension of payments or petitioning for application of the debt restructuring provision referred to in the Dutch bankruptcy act in respect of the managing director, provided that a successor managing director is appointed;
- (d) upon removal from office by the court in cases provided for by the laws of the Netherlands;
- (e) upon removal from office by the board of the Noteholders' Representative, provided that a successor managing director is appointed ; and
- (f) upon removal from office by a Programme Resolution of the Noteholders in accordance with Article 14.1.

Unless the managing director is removed or resigns in accordance with this Article, it shall remain in office until the date on which all Series of the Mortgage Pandbrieven have been cancelled or redeemed and on which all claims of the Other Creditors (to the extent represented by the Noteholders' Representative) against the Special Estate have been settled.

Any removal or resignation of the managing director shall also be binding upon the Other Creditors that have chosen to be represented by the Noteholders' Representative.

#### **14.4 Remuneration**

The Issuer shall pay to the Noteholders' Representative a remuneration for its services as Noteholders' Representative as agreed in the Noteholders' Representative Agreement or a separate fee letter.

### **15 Duties and Powers of the Noteholders' Representative**

#### **15.1 Legal representative**

The Noteholders' Representative is the legal representative of the Noteholders and has the power to exercise the rights conferred on it by these Rules, the Conditions and the law in order to protect the interests of the Noteholders in accordance with Article 64/19, §2, fifth paragraph of the Credit Institutions Supervision Law. The Noteholders' Representative can also be appointed to represent the Other Creditors provided that those Other Creditors agree with such representation. Any conflict of interest between the Noteholders and such Other Creditors will be dealt with in accordance with Article 16.2 (r) and Condition 16.

## **15.2 Meetings and Resolutions of Noteholders**

Unless the relevant Resolution provides to the contrary, the Noteholders' Representative is responsible for implementing all Resolutions of the Noteholders. The Noteholders' Representative has the right to convene and attend meetings of Noteholders to propose any course of action which it considers from time to time necessary or desirable provided that it shall convene a meeting (i) upon the request in writing of Noteholders holding not less than one fifth of the aggregate principal amount outstanding of the relevant Series of the Mortgage Pandbrieven or (ii) in the case of a proposed liquidation of the Special Estate in accordance with Article 64/16, 6° or 7° of the Credit Institutions Supervision Law.

## **15.3 Delegation**

The Noteholders' Representative may in the exercise of the powers, discretions and authorities vested in it – in the interest of the Noteholders – whether by power of attorney or otherwise, delegate to any person or persons some, but not all, of the powers, discretions or authorities vested in it as aforesaid.

Any such delegation may be made upon such conditions and subject to such regulations (including power to sub-delegate) as the Noteholders' Representative may think fit in the interest of the Noteholders. The Noteholders' Representative shall use all reasonable care in the appointment of any such delegate and shall be responsible for the actions of such delegate. The Noteholders' Representative shall, as soon as reasonably practicable, give notice to the Issuer of the appointment of any delegate and any renewal, extension and termination of such appointment, and shall procure that any delegate shall give notice to the Issuer of the appointment of any sub-delegate as soon as reasonably practicable.

## **15.4 Judicial proceedings**

The Noteholders' Representative is authorised to represent the Noteholders in any judicial proceedings including any bankruptcy or similar proceedings in respect of the Issuer.

## **15.5 Consents given by the Noteholders' Representative**

Any consent or approval given by the Noteholders' Representative in accordance with these Rules may be given on such terms as the Noteholders' Representative deems appropriate and, notwithstanding anything to the contrary contained in these Rules, such consent or approval may be given retrospectively.

The Noteholders' Representative may give any consent or approval, exercise any power, authority or discretion or take any similar action if it is satisfied that the interests of the Noteholders will not be materially prejudiced thereby.

## **15.6 Discretions**

Save as expressly otherwise provided herein, the Noteholders' Representative shall have absolute discretion as to the exercise or non-exercise of any right, power and discretion vested in the Noteholders' Representative by these Rules or by operation of law.

## **15.7 Obtaining instructions**

In connection with matters in respect of which the Noteholders' Representative is entitled to exercise its discretion hereunder (including but not limited to forming any opinion in connection with the exercise or non-exercise of any discretion) the Noteholders' Representative has the right (but not the obligation) to convene a meeting of Noteholders in order to obtain the Noteholders' instructions as to how it should act. Prior to undertaking any action, the Noteholders' Representative shall be entitled to request that the Noteholders indemnify it, prefund it and/or provide it with security as specified in Article 16.2 to its satisfaction.

## **16 Exoneration of the Noteholders' Representative**

### **16.1 Limited obligations**

The Noteholders' Representative shall not assume any obligations or responsibilities in addition to those expressly provided herein and in the Programme Documents.

### **16.2 Specific limitations**

Without limiting the generality of Article 16.1, the Noteholders' Representative:

- (a) shall not be under any obligation to take any steps to ascertain whether a Payment Default or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Noteholders' Representative hereunder or under any other relevant document, has occurred and, until the Noteholders' Representative has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Payment Default or such other event, condition or act has occurred;
- (b) shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or any other parties of their obligations contained in these Rules or the Conditions and, until it shall have actual knowledge or express notice to the contrary, the Noteholders' Representative shall be entitled to assume that the Issuer and each other relevant party are duly observing and performing all their respective obligations;
- (c) shall not be under any obligation to disclose (unless and to the extent so required under these Rules, the Conditions or by applicable law) to any Noteholders or any other party, any information (including, without limitation, information of a confidential, financial or price sensitive nature) made available to the Noteholders' Representative by the Issuer or any other person in respect of the Special Estate or, more generally, of the Programme and no Noteholders shall be entitled to take any action to obtain from the Noteholders' Representative any such information;
- (d) except as expressly required in these Rules, shall not be under any obligation to give notice to any person of its activities in performance of the provisions of these Rules or the Conditions;
- (e) shall not be responsible for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules, or of any other document or any obligation or rights created or purported to be created hereby or thereby or pursuant hereto or thereto, nor shall be responsible for assessing any breach or alleged breach by the Issuer and any other party to the transaction, and (without prejudice to the generality of the foregoing) it shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:
  - (i) the nature, status, creditworthiness or solvency of the Issuer;
  - (ii) the existence, accuracy or sufficiency of any legal or other opinion, search, report, certificate, valuation or investigation delivered or obtained or required to be delivered or obtained at any time in connection herewith;
  - (iii) the suitability, adequacy or sufficiency of any collection procedure operated by the Issuer or compliance therewith;
  - (iv) the failure by the Issuer to obtain or comply with any licence, consent or other authorisation in connection with the registration or administration of the assets contained in the Special Estate; and

- (v) any accounts, books, records or files maintained by the Issuer, the Principal Paying Agent or any other person in respect of the Special Estate or the Mortgage Pandbrieven;
- (f) shall not be responsible for the receipt or application by the Issuer of the proceeds of the issuance of the Mortgage Pandbrieven or the distribution of any of such proceeds to the persons entitled thereto;
- (g) shall have no responsibility for procuring or maintaining any rating of the Mortgage Pandbrieven by any credit or rating agency or any other person;
- (h) shall not be responsible for investigating any matter which is the subject of any recital, statement, warranty, representation or covenant by any party other than the Noteholders' Representative contained herein or any certificate, document or agreement relating thereto or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;
- (i) shall not be liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules or the Conditions;
- (j) shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer in relation to the assets contained in the Special Estate or any part thereof, whether such defect or failure was known to the Noteholders' Representative or might have been discovered upon examination or enquiry or whether capable of being remedied or not;
- (k) shall not be under any obligation to guarantee or procure the repayment of the receivables contained in the Special Estate or any part thereof;
- (l) shall not be responsible for reviewing or investigating any report relating to the Special Estate or any part thereof provided by any person;
- (m) shall not be responsible for or have any liability with respect to any loss or damage arising from the realisation of the Special Estate or any part thereof;
- (n) shall not be responsible (except as expressly provided in these Rules) for making or verifying any determination or calculation in respect of the Mortgage Pandbrieven or the Special Estate;
- (o) shall not be under any obligation to insure the Special Estate or any part thereof;
- (p) shall, when in these Rules or the Conditions it is required in connection with the exercise of its powers, authorities or discretions to have regard to the interests of the Noteholders, have regard to the overall interests of the Noteholders of each Series as a class of persons and shall not be obliged to have regard to any interests arising from circumstances particular to individual Noteholders whatever their number and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or taxing authority, and the Noteholders' Representative shall not be entitled to require, nor shall any Noteholders be entitled to claim, from the Issuer, the Noteholders' Representative or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders;
- (q) shall not, if in connection with the exercise of its powers, authorities or discretions, it is of the opinion that the interest of the Noteholders of any one or more Series would be materially

prejudiced thereby, exercise such power, authority or discretion without the approval of such Noteholders by Extraordinary Resolution;

- (r) shall, as regards the powers, authorities and discretions vested in it, except where expressly provided otherwise, have regard to the interests of both the Noteholders and the Other Creditors of the Issuer which it represents but if, in the opinion of the Noteholders' Representative, there is a conflict between their interests the Noteholders' Representative will have regard solely to the interest of the Noteholders;
- (s) may refrain from taking any action or exercising any right, power, authority or discretion vested in it until it has been indemnified and/or secured and/or pre-funded to its satisfaction against any and all actions, proceedings, claims and demands which might be brought or made against it and against all Liabilities suffered, incurred or sustained by it as a result. Nothing shall require the Noteholders' Representative to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured; and
- (t) shall not be liable or responsible for any Liabilities directly or indirectly suffered or incurred by the Issuer, any Noteholders or any other person which may result from anything done or omitted to be done by it in accordance with the provisions of these Rules or the Conditions except insofar as the same are incurred as a result of fraud, gross negligence or wilful default of the Noteholders' Representative.

### **16.3 Illegality**

No provision of these Rules shall require the Noteholders' Representative to do anything which may be illegal or contrary to applicable law or regulations or to expend moneys or otherwise take risks in the performance of any of its duties, or in the exercise of any of its powers or discretion. The Noteholders' Representative may refrain from taking any action which would or might, in its opinion, be contrary to any law of any jurisdiction or any regulation or directive of any agency of any state, or if it has reasonable grounds to believe that it will not be reimbursed for any funds it expends, or that it will not be indemnified against any loss or Liabilities which it may incur as a consequence of such action. The Noteholders' Representative may do anything which, in its opinion, is necessary to comply with any such law, regulation or directive as aforesaid.

## **17 Reliance on Information**

### **17.1 Advice**

The Noteholders' Representative may act on the advice of a certificate, opinion or confirmation of, or any written information obtained from, any lawyer, accountant, banker, broker, tax advisor, credit or rating agency or other expert, notwithstanding that such advice, opinion, certificate, report, engagement letter or other document contain a monetary or other limit in the liability of the providers of such advice, opinion or written information, whether obtained by the Issuer, the Noteholders' Representative or otherwise, and shall not be liable for any loss occasioned by so acting. Any such opinion, advice, certificate or information may be sent or obtained by letter, telegram, e-mail or fax transmission and the Noteholders' Representative shall not be liable for acting on any opinion, advice, certificate or information purporting to be so conveyed although the same contains some error or is not authentic.

## **17.2 Certificates of Issuer**

The Noteholders' Representative shall be at liberty to accept as sufficient evidence:

- (a) as to any fact or matter *prima facie* within the Issuer's knowledge, a certificate duly signed by a director of the Issuer;
- (b) that such is the case, a certificate of a director of the Issuer to the effect that any particular dealing, transaction, step or thing is expedient;

and the Noteholders' Representative shall not be bound in any such case to call for further evidence or be responsible for any loss that may be incurred as a result of acting on such certificate unless any of its officers in charge of the administration of these Rules shall have actual knowledge or express notice of the untruthfulness of the matters contained in the certificate.

## **17.3 Resolution or direction of Noteholders**

The Noteholders' Representative shall not be responsible for acting upon any resolution purporting to be a Written Resolution or to have been passed at any meeting of Noteholders in respect whereof minutes have been made and signed or a direction of the requisite percentage of Noteholders, even though it may subsequently be found that there was some defect in the constitution of the meeting of Noteholders or the passing of the Written Resolution or the giving of such directions or that for any reason the resolution purporting to be a Written Resolution or to have been passed at any meeting or the giving of the direction was not valid or binding upon the Noteholders.

## **17.4 Ownership of the Mortgage Pandbrieven**

The Noteholders' Representative, in order to ascertain ownership of the Mortgage Pandbrieven, may fully rely on:

- the book-entries in the records of the X/N Clearing System, its participants or any Recognised Accountholder in accordance with Articles 468 et seq. of the Belgian Companies Code, as far as the Dematerialised Mortgage Pandbrieven are concerned; and
- the register held in accordance with Article 462 et seq. of the Belgian Companies Code, as far as the Registered Mortgage Pandbrieven are concerned.

## **17.5 Clearing Systems**

The Noteholders' Representative shall be at liberty to call for and to rely on as sufficient evidence of the facts stated therein, a certificate, letter or confirmation certified as true and accurate and signed on behalf of such clearing system as the Noteholders' Representative considers appropriate, or any form of record made by any clearing system, to the effect that at any particular time or throughout any particular period any particular person is, or was, or will be, shown its records as entitled to a particular number of Mortgage Pandbrieven.

## **17.6 Certificates of Parties to Programme Documents**

The Noteholders' Representative shall have the right to call for and to rely on written certificates issued by any party to the Programme Documents (other than the Issuer):

- (a) in respect of every matter and circumstance for which a certificate is expressly provided for under the Conditions or any Programme Document;
- (b) as any matter or fact *prima facie* within the knowledge of such party; or
- (c) as to such party's opinion with respect to any issuance,

and the Noteholders' Representative shall not be required to seek additional evidence in respect of the relevant fact, matter or circumstances and shall not be held responsible for any Liabilities incurred as a result of having failed to do so unless any of its officers has actual knowledge or express notice of the untruthfulness of the matter contained in the certificate.

#### **17.7 Auditors**

The Noteholders' Representative shall not be responsible for reviewing or investigating any auditors' report, certificate or engagement letter and may rely on the contents of any such report or certificate, notwithstanding that such advice, opinion, certificate, report, engagement letter or other document contain a monetary or other limit in the liability of the providers of such advice, opinion or written information.

### **18 Amendments and Modifications**

The Noteholders' Representative may from time to time and without the consent or sanction of the Noteholders concur with the Issuer and any other relevant parties in making any modification to the Conditions or to the Common Terms:

- (a) if the Noteholders' Representative is of the opinion that such modification will not be materially prejudicial to the interests of any of the Noteholders of any Series; or
- (b) if such modification is of a formal, minor or technical nature or, in the opinion of the Noteholders' Representative is to correct a manifest error or to comply with mandatory provisions of law.

Any such modification shall be binding upon the Noteholders and, unless the Noteholders' Representative otherwise agrees, shall be notified by the Issuer to the Noteholders in accordance with Condition 9 as soon as practicable thereafter.

The Noteholders' Representative shall be bound to concur with the Issuer and any other party in making any of the above-mentioned modifications if it is so directed by an Extraordinary Resolution (Conditions) or a Programme Resolution (Common Terms) and if it is indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

Upon the Issuer's request, the Noteholders' Representative shall, without the consent or sanction of any of the Noteholders, concur with the Issuer in making any modifications to the Conditions or to the Common Terms that the Issuer may decide in its discretion in order to comply with any criteria of the Rating Agency which may be published after the signing of the initial agreement(s) for the issuance of and subscription for the Mortgage Pandbrieven and which the Issuer certifies to the Noteholders' Representative in writing are required to avoid a downgrade, withdrawal or suspension of the then current ratings assigned by a Rating Agency to any class of the Mortgage Pandbrieven, provided that the Noteholders' Representative shall not be obliged to agree to any modification which, in the sole opinion of the Noteholders' Representative, as applicable, would have effect of (i) exposing the Noteholders' Representative, as applicable, to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the protections, of the Noteholders' Representative, as applicable in these Rules or the Conditions. For the avoidance of doubt, such modification may include, without limitation, modifications which would allow any hedge counterparty and/or liquidity facility provider not to post collateral in circumstances where it previously would have been obliged to do so. The Rating Agencies are not responsible for any of the decisions that the Noteholders' Representative may or may not take based on any rating confirmation or other papers published by such Rating Agency.

## **19 Waiver**

### **19.1 Waiver of Breach**

The Noteholders' Representative may at any time and from time to time in its sole discretion, without prejudice to its rights in respect of any subsequent breach, condition, event or act, but only if, and in so far as, in its opinion the interests of the holders of any Mortgage Pandbrievien then outstanding shall not be materially prejudiced thereby, authorise or waive, on such terms and subject to such conditions (if any) as it may decide, any of the obligations of or rights against the Issuer or any other relevant party to the Programme.

### **19.2 Binding Nature**

Any authorisation, waiver or determination referred in Article 19.1 shall be binding on the Noteholders.

### **19.3 Restriction on powers**

The Noteholders' Representative shall not exercise any powers conferred upon it by this Article 19:

- (a) in contravention of any express direction by an Extraordinary Resolution but so that no such direction shall affect any authorisation, waiver or determination previously given or made, and only if it shall be indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing; or
- (b) so as to authorise or waive any obligation or right against the Issuer relating to a matter as referred to under Article 6.1 (e) to (i), unless holders of Mortgage Pandbrievien of the relevant Series have, by Extraordinary Resolution, so authorised its exercise.

### **19.4 Notice of waiver**

Unless the Noteholders' Representative agrees otherwise, the Issuer shall cause any such authorisation, waiver or determination as referred in Article 19.1 to be notified to the Noteholders, as soon as practicable after it has been given or made in accordance with Condition 9.

## **20 Indemnity**

The Issuer covenants with and undertakes to the Noteholders' Representative to indemnify the Noteholders' Representative on demand against any Liabilities which are properly incurred by the Noteholders' Representative or any other person appointed by the Noteholders' Representative under the Programme Documents to whom any power, authority or discretion may be delegated by the Noteholders' Representative in the execution, or the purported execution, of the powers, authorities and discretions vested in it by the Programme Documents, in, or in connection with, (except insofar as the same are incurred because of the negligence, wilful default or fraud of the Noteholders' Representative or such other third parties):

- (a) the performance of the terms of the Mortgage Pandbrievien and the Programme Documents;
- (b) anything done or purported to be done by the Noteholders' Representative or any appointee under the Mortgage Pandbrievien or any other Programme Document; or
- (c) the exercise or attempted exercise by or on behalf of the Noteholders' Representative or any appointee of any of the powers of the Noteholders' Representative or any appointee or any other action taken by or on behalf of the Noteholders' Representative with a view to or in connection with enforcing any obligations of the Issuer or any other person under any Programme Document.

## **21 Liability**

Notwithstanding any other provision of these Rules, the Noteholders' Representative shall not be liable for any act, matter or thing done or omitted in any way in connection with the Mortgage Pandbrieven, these Rules or the Conditions except in relation to its own fraud, gross negligence or wilful default.

The Noteholders' Representative is entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation to the Conditions and these Rules, that such exercise will not be materially prejudicial to the interests of any of the Noteholders if a Rating Agency has confirmed in writing that the then current ratings of the Mortgage Pandbrieven would not be adversely affected by such exercise. However, the Noteholders' Representative shall not be obliged to seek such confirmation from any Rating Agency. In being entitled to rely on the fact that any Rating Agency has confirmed that the ratings that may be applied to the Mortgage Pandbrieven would not be adversely affected, it is hereby acknowledged by the Noteholders' Representative and the Noteholders that the above does not impose or extend any actual or contingent liability for the relevant Rating Agency to the Noteholders' Representative, the Noteholders or any other person or create any legal relations between the relevant Rating Agency and the Noteholders' Representative, the Noteholders or any other person whether by way of contract or otherwise. The Rating Agencies are not responsible for any of the decisions that the Noteholders' Representative may or may not take based on any rating confirmation or other papers published by such Rating Agency.

**SECTION 10**  
**FORM OF FINAL TERMS**

*Set out below is the form of Final Terms which will be completed for each Tranche of Mortgage Pandbrieven issued under the Programme.*

**Final Terms dated [●]**

**[Name of Issuer]**

Issue of [Aggregate Nominal Amount of Tranche]

[Title of Mortgage Pandbrieven]

under the EUR 10,000,000,000

**Belgian Mortgage Pandbrieven Programme**

## PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [●] [and the Prospectus Supplement dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (and amendments thereto, including the 2010 Prospectus Directive Amending Directive (Directive 2010/73/EU) as implemented in any Member State of the European Economic Area which has implemented the Prospectus Directive) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Mortgage Pandbrieven described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Mortgage Pandbrieven is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the Prospectus Supplement] [is] [are] available for inspection during normal business hours at the office of the Fiscal Agent and [the office of the Issuer].

*[The following alternative language applies if the first tranche of an issuance which is being increased was issued under a Base Prospectus (or equivalent) with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “**Conditions**”) set forth in the [Base Prospectus] dated [original date] [and the Prospectus Supplement dated [●]]. This document constitutes the Final Terms of the Mortgage Pandbrieven described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (and amendments thereto, including the 2010 Prospectus Directive Amending Directive (Directive 2010/73/EU) as implemented in any Member State of the European Economic Area which has implemented the Prospectus Directive) (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated [current date] [and the Prospectus Supplement dated [●]], which [together] constitutes a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the [Base Prospectus] dated [original date] [and the Prospectus Supplement dated [●]] and are attached hereto. Full information on the Issuer and the offer of the Mortgage Pandbrieven is only available on the basis of the combination of these Final Terms and the [Base Prospectus dated [current date] [Prospectuses dated [original date] and [current date]] [and the Prospectus Supplement dated [●]]. The Base Prospectus dated [current date] [Prospectuses] [and the Prospectus Supplement dated [●]] are available for inspection during normal business hours at the office of the Fiscal Agent and [the office of the issuer]

*[The following alternative language applies if no prospectus is required in accordance with the Prospectus Directive.]*

The [Final Terms] do not constitute final terms for the purposes of Article 5.4 of Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU) (the “**Prospectus Directive**”). The Issuer is not offering the [Mortgage Pandbrieven] in any jurisdiction in circumstances which would require a prospectus pursuant to the Prospectus Directive. Nor is any person authorised to make such an offer of the [Mortgage Pandbrieven] on behalf of the Issuer in any jurisdiction. In addition, no application has been made (nor is it proposed that any application will be made) for listing the [Mortgage Pandbrieven] on any stock exchange.

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.]*

*[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

1	Issuer:	Belfius Bank
2	[(i)] Series Number:	[•]
	[(ii)] Tranche Number:	[•]
		<i>(If fungible with an existing Series, details of that Series, including the date on which the Mortgage Pandbrieven become fungible).]</i>
3	Specified Currency or Currencies:	[•]
4	Aggregate Nominal Amount:	[•]
	[(i)] Series:	[•]
	[(ii)] Tranche:	[•]
5	Issue Price:	[•]% of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (in the case of fungible issuances only, if applicable)]
6	(i) Specified Denomination:	[•] <i>[minimum €100,000]</i>
	(ii) Calculation Amount:	[•] <i>[If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor] [Note: There must be a common factor in the case of two or more Specified Denominations]</i>
7	[(i)] Issue Date:	[•]
	[(ii)] Interest Commencement Date:	[•]
8	Maturity Date:	<i>[Specify date or (for Floating Rate Mortgage Pandbrieven or any other rate where the Interest Period end date(s) are adjusted) Interest Payment Date falling in or nearest to the relevant month and year]</i>
9	Extended Maturity Date:	<i>[insert date] (the date should be that falling one year after the Maturity Date)</i>
10	Interest Basis:	
	(i) Period to (but excluding) Maturity Date	[[•]% Fixed Rate]  [[LIBOR/EURIBOR] +/- [•]% Floating Rate] [Zero Coupon] (further particulars specified below)
	(ii) Period from Maturity Date (including) to Extended Maturity Date (excluding)	[[•]% Fixed Rate]  [[LIBOR/EURIBOR] +/- [•]% Floating Rate] (further particulars specified below)
11	Redemption/Payment Basis:	[Redemption at par]

- [Other (specify)]
- 12 Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Mortgage Pandbrieven into another interest or redemption/payment basis]*
- 13 Noteholder Put/Issuer Call: [Noteholder Put]  
[Issuer Call]  
[(Further particulars specified below)]  
[Not applicable]
- 14 (i) Status of the Mortgage Pandbrieven: *“Belgische pandbrieven/Lettres de gage belges”.*
- (ii) Date [Board] approval for issuance of Mortgage Pandbrieven obtained: [●] [and [●], respectively]]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Mortgage Pandbrieven)]*
- 15 Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

**16 Fixed Rate Mortgage Pandbrief Provisions**

- (I) To Maturity Date [Applicable/Not Applicable]
- (II) From Maturity Date up to Extended Maturity Date [Applicable/Not Applicable]

*(If (I) and/or (II) above are not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Rate[(s)] of Interest:
- (a) To Maturity Date [●]% per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (b) From Maturity Date up to Extended Maturity Date [Not applicable] [●]% per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s):
- (a) To Maturity Date Each [●] and [●], from and including [●] up to and including [●] [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of “Business Day”]*]/not adjusted]
- (b) From Maturity Date up to Extended Maturity Date [Not applicable] Each [●] and [●], from and including [●] up to and including [●] [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of “Business Day”]*]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]:
- (a) To Maturity Date [●] per Calculation Amount
- (b) From Maturity Date up to [Not applicable] [●] per Calculation Amount

	Extended Maturity Date	
	(iv) Broken Amount(s):	
	(a) To Maturity Date	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
	(b) From Maturity Date up to Extended Maturity Date	[Not applicable] [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
	(v) Day Count Fraction:	
	(a) To Maturity Date	[30/360/Actual/Actual (ICMA/ISDA)/Other]
	(b) From Maturity Date up to Extended Maturity Date	[Not applicable] [30/360/Actual/Actual (ICMA/ISDA)/Other]
	(vi) Determination Dates:	
	(a) To Maturity Date	[●] in each year <i>(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual ([ICMA]))</i>
	(b) From Maturity Date up to Extended Maturity Date	[Not applicable][●] in each year <i>(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual ([ICMA]))</i>
	(vii) Other terms relating to the method of calculating interest for Fixed Rate Mortgage Pandbrieven:	[Not Applicable/give details]
17	<b>Floating Rate Mortgage Pandbrief Provisions</b>	[Applicable/Not Applicable]
	(I) To Maturity Date	[Applicable/Not Applicable]
	(II) From Maturity Date up to Extended Maturity Date	[Applicable/Not Applicable]
		<i>(If (I) and/or (II) are not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Specified Interest Payment Dates:	
	(a) To Maturity Date	Each [●] and [●], from and including [●] up to and including [●]
	(b) From Maturity Date up to Extended Maturity Date	[Not applicable] Each [●] and [●], from and including [●] up to and including [●]
	(ii) Interest Period Dates:	
	(a) To Maturity Date	[●] (not applicable unless different from Interest Payment Dates)
	(b) From Maturity Date up to Extended Maturity Date	[Not applicable] [●] (not applicable unless different from Interest Payment Dates)
	(iii) Business Day Convention:	
	(a) To Maturity Date	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day

- Convention/Preceding Business Day Convention/other  
(give details)]
- (b) From Maturity Date up to Extended Maturity Date [Not applicable] [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (iv) Business Centre(s):
- (a) To Maturity Date [•]
- (b) From Maturity Date up to Extended Maturity Date [Not applicable] [•]
- (v) Manner in which the Rate(s) of Interest is/are to be determined:
- (a) To Maturity Date [Screen Rate Determination/ISDA Determination/other (give details)]
- (b) From Maturity Date up to Extended Maturity Date [Not applicable] [Screen Rate Determination/ISDA Determination/other (give details)]
- (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):
- (a) To Maturity Date [•]
- (b) From Maturity Date up to Extended Maturity Date [Not applicable][•]
- (vii) Screen Rate Determination:
- (a) To Maturity Date
- Reference Rate: [•]
  - Interest Determination Date(s): [•]
  - Relevant Screen Page: [•]
- (b) From Maturity Date up to Extended Maturity Date [Not applicable]
- Reference Rate: [•]
  - Interest Determination Date(s): [•]
  - Relevant Screen Page: [•]
- (viii) ISDA Determination:
- (a) To Maturity Date
- Floating Rate Option: [•]
  - Designated Maturity: [•]
  - Reset Date: [•]
- (b) From Maturity Date up to Extended Maturity Date [Not applicable]

- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
- (ix) Margin(s):
- (a) To Maturity Date [ +/- ][●] % per annum
  - (b) From Maturity Date up to Extended Maturity Date [Not applicable] [ +/- ][●] % per annum
- (x) Minimum Rate of Interest:
- (a) To Maturity Date [●] % per annum
  - (b) From Maturity Date up to Extended Maturity Date [Not applicable] [●] % per annum
- (xi) Maximum Rate of Interest:
- (a) To Maturity Date [●] % per annum
  - (b) From Maturity Date up to Extended Maturity Date [Not applicable] [●] % per annum
- (xii) Day Count Fraction:
- (a) To Maturity Date [●]
  - (b) From Maturity Date up to Extended Maturity Date [Not applicable] [●]
- (xiii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Mortgage Pandbrieven, if different from those set out in the Conditions:
- (a) To Maturity Date [●]
  - (b) From Maturity Date up to Extended Maturity Date [Not applicable] [●]
- 18 **Zero Coupon Mortgage Pandbrief Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (I) Amortisation Yield: [●] % per annum
  - (II) Any other formula/basis of determining amount payable: [●]

**PROVISIONS RELATING TO REDEMPTION**

- 19 **Issuer Call** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (I) Optional Redemption Date(s): [●]
  - (II) Optional Redemption Amount(s) [●] per Calculation Amount

of each Mortgage Pandbrief and method, if any, of calculation of such amount(s):

(III) If redeemable in part:

(a) Minimum Redemption Amount: [•]

(b) Maximum Redemption Amount: [•]

(IV) Notice period: [•] *If setting notice periods which are different from those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and Fiscal Agent*

20 **Noteholder Put** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(I) Optional Redemption Date(s): [•]

(II) Optional Redemption Amount(s) of each Mortgage Pandbrief and method, if any, of calculation of such amount(s): [•] per Calculation Amount

(III) Notice period: [•] *If setting notice periods which are different from those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and Fiscal Agent*

21 **Final Redemption Amount of each Mortgage Pandbrief** [•] per Calculation Amount

22 **Early Redemption Amount**  
Early Redemption Amount(s) of each Mortgage Pandbrief payable on redemption for illegality or for taxation reasons or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): [•]

#### **GENERAL PROVISIONS APPLICABLE TO THE MORTGAGE PANDBRIEVEN**

23 Form of Mortgage Pandbrieven: [Dematerialised Mortgage Pandbrieven/Registered Mortgage Pandbrieven]

24 Financial centre(s) or other special [Not Applicable/give details. Note that this paragraph relates to the date and place of payment, and not interest

- provisions relating to payment dates: *period end dates, to which sub-paragraphs 17(iv) and 19(ix) relate*
- 25 Redenomination, renominatisation and reconventioning provisions: [Redenomination [not] applicable]  
*(If Redenomination is applicable, specify the terms of the redenomination in an annex to the Final Terms)*
- 26 Consolidation provisions: [Not Applicable/The provisions in Condition 20 apply]
- 27 Other final terms: [Not Applicable/give details] *(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)*

## DISTRIBUTION

- 28 (I) If syndicated, names of Managers: [Not Applicable/give names of entities]
- (II) Stabilising Manager(s) (if any): [Not Applicable/give names]
- 29 If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]
- 30 Additional Selling Restrictions: [Not Applicable/give details]
- 31 U.S. Selling Restrictions: Reg. S Compliance Category 2; TEFRA not applicable

## Purpose of Final Terms

These Final Terms comprise the final terms required for issuance [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on the regulated market of Euronext Brussels of the Mortgage Pandbrieven described herein] pursuant to the EUR 10,000,000,000 Belgian Mortgage Pandbrieven Programme of Belfius Bank SA/NV as Issuer.

## Responsibility

The Issuer accepts responsibility for the information contained in these Final Terms. [[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading]

Signed on behalf of the Issuer:

By: .....  
Duly authorised

## PART B - OTHER INFORMATION

### 1 LISTING AND ADMISSION TO TRADING

- (i) Admission to trading: [Application has been made for the Mortgage Pandbrieven to be listed on the official list of [Euronext Brussels] and admitted to trading on the Regulated Market of [Euronext Brussels] with effect from [●] [Not Applicable.] (Where documenting a fungible issuance need to indicate that the original Mortgage Pandbrieven are already admitted to trading.)
- (ii) Estimate of total expenses related to admission to trading: [●]

### 2 RATINGS

- Ratings: The Mortgage Pandbrieven to be issued have been rated:
- [S&P: [●]]
- [Moody's: [●]]
- [Fitch: [●]]
- [[Other]: [●]]
- [and endorsed by *[insert details]*]<sup>1</sup>
- (The above disclosure should reflect the rating allocated to Mortgage Pandbrieven of the type being issued under the Programme generally or, where the issuance has been specifically rated, that rating.)
- Insert one (or more) of the following options, as applicable:*<sup>2</sup>
- [[Insert legal name of particular credit rating agency entity providing rating] is established in the EU and registered under Regulation (EC) No 1060/2009, as amended by Regulation (EU) No 513/2011 (the “CRA Regulation”).]*
- [[Insert legal name of particular credit rating agency entity providing rating] is established in the EU and has applied for registration under Regulation (EC) No 1060/2009, as amended by Regulation (EU) No 513/2011 (the “CRA Regulation”), although notification of the registration decision has not yet been provided.]*
- [[Insert legal name of particular credit rating agency entity providing rating] is established in the EU and*

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<sup>1</sup> “and endorsed by ...”: Insert this wording where one or more of the ratings included in the Final Terms has been endorsed by an EU registered credit rating agency for the purposes of Article 4(3) of the CRA Regulation.

<sup>2</sup> A list of registered Credit Rating Agencies is published on the ESMA website (<http://www.esma.europa.eu/>).

is neither registered nor has it applied for registration under Regulation (EC) No 1060/2009, as amended by Regulation (EU) No 513/2011 (the “**CRA Regulation**”).

*[Insert legal name of particular credit rating agency entity providing rating]* is not established in the EU but the rating it has given to the [Mortgage Pandbrieven] is endorsed by *[insert legal name of credit rating agency]*, which is established in the EU and registered under Regulation (EC) No 1060/2009, as amended by Regulation (EU) No 513/2011 (the “**CRA Regulation**”).

*[Insert legal name of particular credit rating agency entity providing rating]* is not established in the EU but is certified under Regulation (EC) No 1060/2009, as amended by Regulation (EU) No 513/2011 (the “**CRA Regulation**”).]

*[Insert legal name of particular credit rating agency entity providing rating]* is not established in the EU and is not certified under Regulation (EC) No 1060/2009, as amended by Regulation (EU) No 513/2011 (the “**CRA Regulation**”) and the rating it has given to the Mortgage Pandbrieven is not endorsed by a credit rating agency established in the EU and registered under the CRA Regulation.]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

*(The above disclosure should reflect the rating allocated to Mortgage Pandbrieven of the type being issued under the Programme generally or, where the issuance has been specifically rated, that rating.)*

### 3 **LEGAL ADVISERS**

To Belfius Bank SA/NV

Linklaters LLP

To the Dealers

Allen & Overy LLP

### 4 **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

“So far as the Issuer is aware, no person involved in the offer of the Mortgage Pandbrieven has an interest material to the offer.”

### 5 **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES<sup>6</sup>**

[(i) Reasons for the offer:

[•] *(See “Use of Proceeds” wording in Base Prospectus -if reasons for offer different from general funding purposes of the Issuer, will need to include those reasons here.)*

[(ii) Estimated net proceeds:

[•] *(If proceeds are intended for more than one use will need to split out and present in order of priority.*

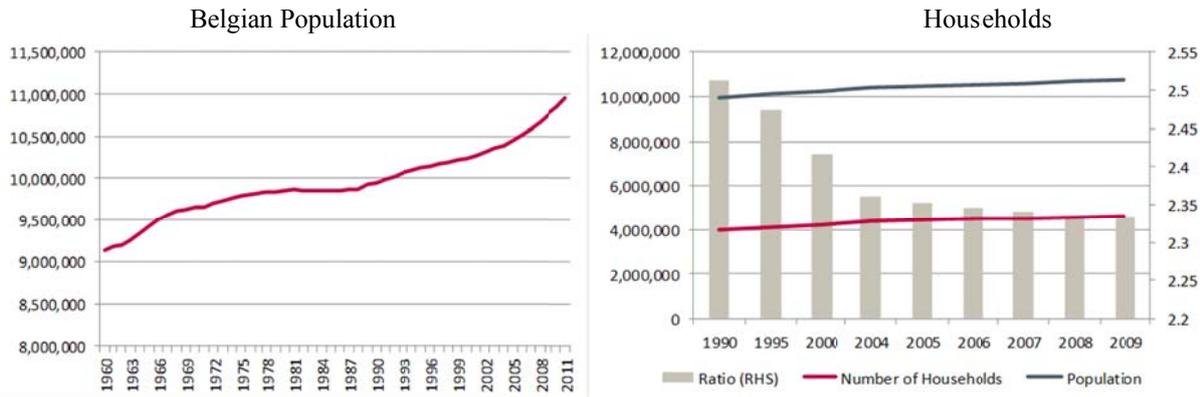
*If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

- [(iii)] Estimated total expenses: [•] *[Include breakdown of expenses.]*
- 6 **[Fixed Rate Mortgage Pandbrieven only - YIELD]**
- Indication of yield: [•] Calculated as *[include details of method of calculation in summary form]* on the Issue Date. As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]
- 7 **OPERATIONAL INFORMATION**
- Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No].  
[Note that the designation “yes” simply means that the Mortgage Pandbrieven are intended upon issuance to be deposited in accordance with the rules of the relevant clearing system (where applicable) and does not necessarily mean that the Mortgage Pandbrieven will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issuance or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.]
- ISIN Code: [•]
- Common Code: [•]
- Any clearing system(s) other than the clearing system operated by the National Bank of Belgium, Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/give name(s) and number(s)[and address(es)]]
- Delivery: Delivery [against/free of] payment
- Names and addresses of additional Paying Agent(s) (if any): [•]
- Name and address of Calculation Agent (if any): [•]

## SECTION 11 THE BELGIAN MORTGAGE HOUSING MARKET

### Demographics

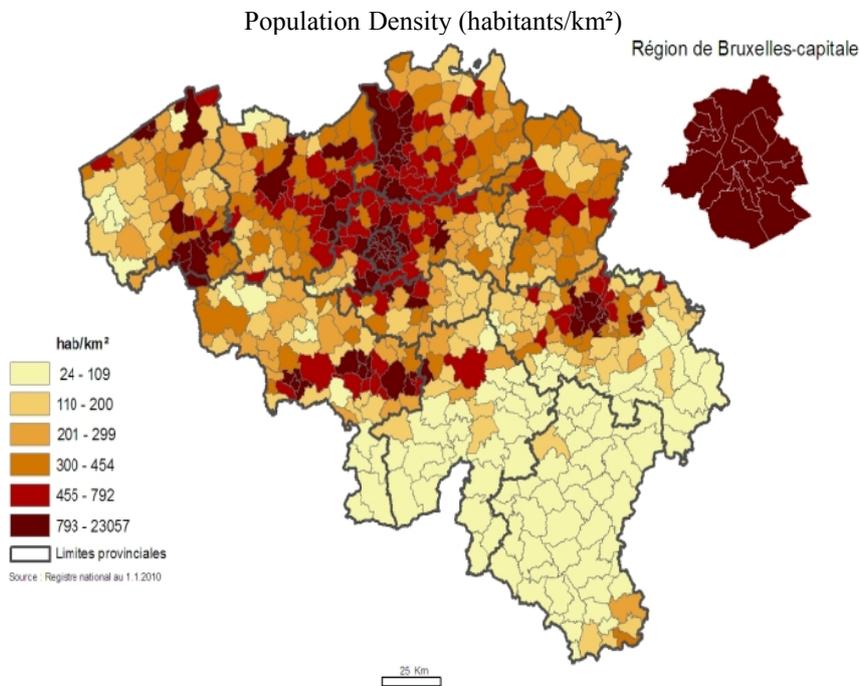
Belgium has 10.92 million inhabitants on a surface of only 30,528 km<sup>2</sup>, thereby being the third most densely populated country in Europe after Malta and the Netherlands. The population increased by nearly 10% over the past 20 years. The number of households though has been growing faster than the population, reflecting a trend towards more single-person households and elderly people living independently.



Source: Eurostat

Source: Eurostat and Belgostat

Especially Brussels and Flanders are densely populated. This has led to a scarcity of building plots in both regions. As a consequence the average size of lands sold for construction has shrunk by one-third between 2002 and 2005. The number of land transactions in Flanders has dropped by two-thirds between 1992 and March 2012.

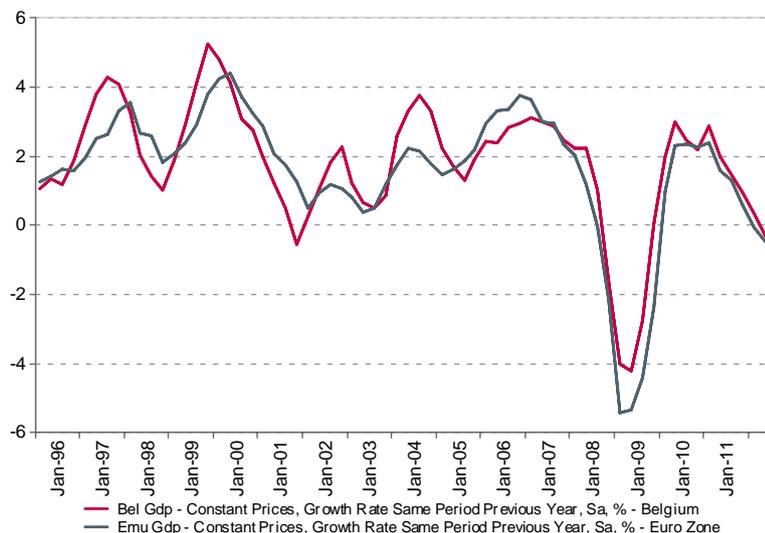


Source: Belgostat

## Economic Snapshot

During the crisis of 2008-2009, the Belgian GDP declined by less than the Eurozone average. Afterwards it also recovered more strongly. Nonetheless, the Belgian economy has not been immune to the recent economic slowdown. In the second quarter of 2012, the Belgian economy shrank by 0.3% year-on-year, which was still better than the 0.4% decline for the Eurozone.

Belgian GDP Growth Year on Year



Source: Factset

The unemployment rate declined from a peak of 8.5% in April 2010 to 7% in March 2011. It has since ticked up slightly to 7.2% in July 2012. The Belgian unemployment rate has therefore been more stable than the Eurozone average, where the unemployment rate increased from 9.9% to 11.3% over the same period.

### 1. The Belgian Banking sector

In the nineties, the Belgian banking landscape changed from being dominated by public credit institutions to a consolidated environment controlled by a handful of major banking groups.

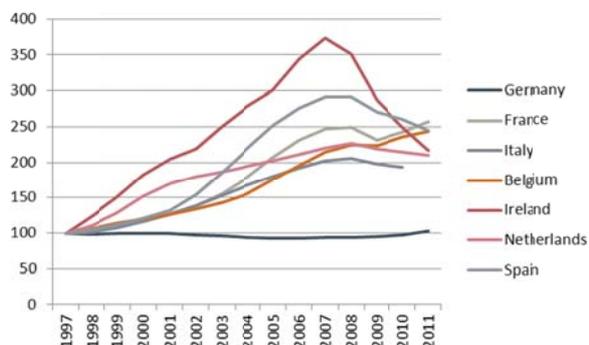
The four biggest players, Belfius Bank, KBC Bank, BNP Paribas Fortis and ING control about 70% of the mortgage lending market, whereas other credit and financial institutions (smaller banks, insurance companies, savings banks) and mortgage facilitators cover the remainder.

### 2. House Prices

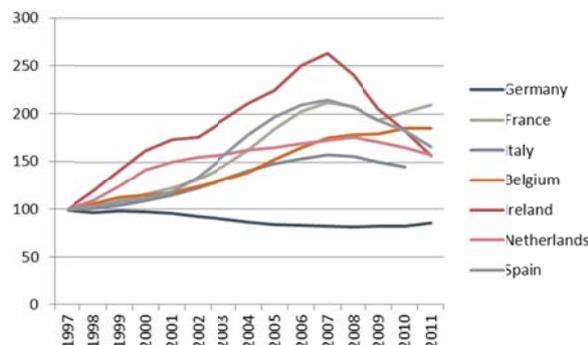
House prices have seen an acceleration in 2004, due to a change in the tax system and a tax amnesty (see below). They stabilised in 2008-2009, as a consequence of the financial crisis.

They increased again in 2010-2011 supported by low interest rates and as the labour market held up relatively well, but the increase in house prices was more or less in line with inflation. Real house prices have therefore been relatively stable lately.

### Nominal House Prices, 1997=100



### Real House Prices\*, 1997=100



\* Nominal house prices deflated by the private consumption deflator  
 Source: OECD Economic Outlook Annex Tables

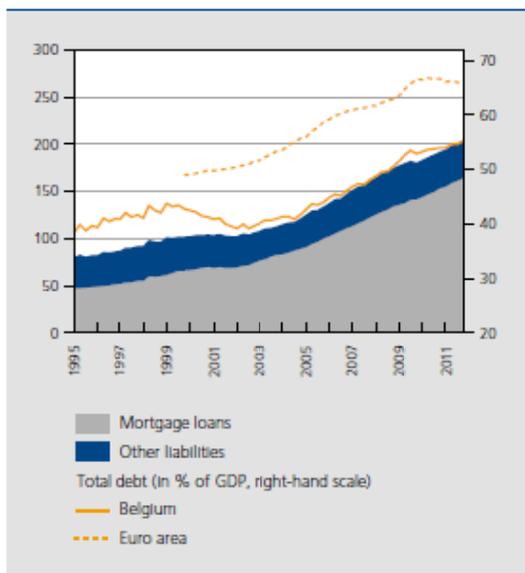
### 3. Household Debt and Net Financial Asset Position

The overall debt ratio of Belgian households increased to 55.8% of GDP in 2011, which remains considerably lower than in the euro area (65.8% of GDP). According to the National Bank of Belgium, three main factors have contributed to this increased indebtedness, namely an increase in the number of mortgage loans outstanding, an increase in the average amount of new mortgage loans, and a decline in the rate of amortisation of the outstanding stock.

Belgian households have a very high net financial asset position, in comparison with other euro area countries. The net financial asset position is calculated as the difference between the financial assets and the financial liabilities of households. 'Financial assets' comprise deposits and saving accounts, investments in bonds, etc. Real estate is not taken into account. 'Financial liabilities' refers to loans, debit amounts on an account, etc. Please see "Financial Stability Review, 2012" as published by the NBB for more information.

#### Debt of Belgian Households

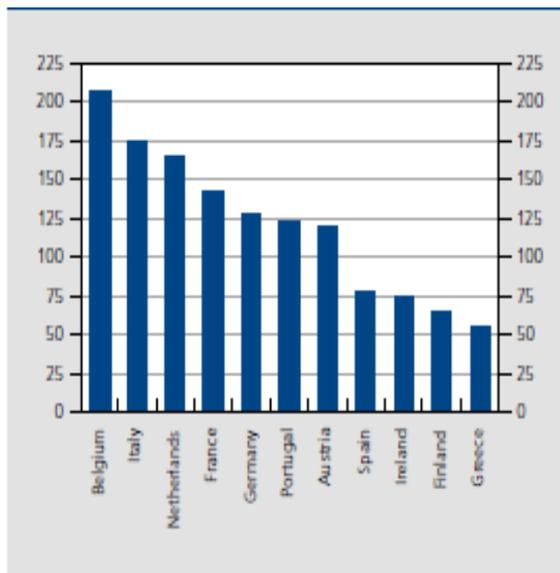
In € billion, unless otherwise stated



Source: ECB, NBB.

#### Net Financial Asset Position of Households

In % of GDP



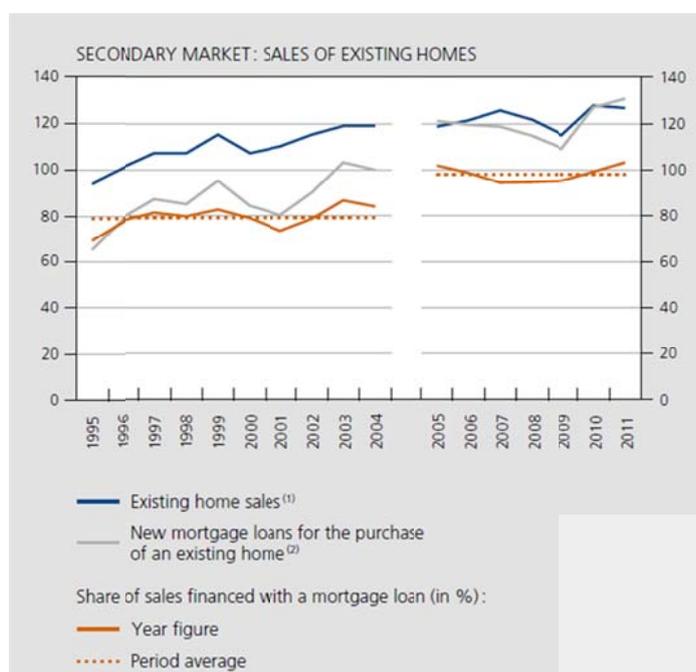
Source: EC, NBB.

#### 4. Tax System and Mortgages

The Belgian households live for a large part in their own house, which is due to a tax system which favours home ownership. In 2007, it had an owner occupation rate of 79%, which is much higher than the EU average of 68.9% in 2009.

The tax system has since long been promoting home ownership, but from 2005 the system has become even more favourable for the only and own property. Interest payments, principal redemptions and insurance premiums are all deductible under the new system for up to €2,200 per person per year (amount for the tax year 2012). On top of this, this ceiling is increased by €730 per person per year (amount for the tax year 2012) in the first ten years of the mortgage.

This new system has led to more mortgage financing for house purchases, which is shown on the graph below. Before 2005, around 80% of purchases of existing homes were financed at least in part by a mortgage. Since 2005, this has increased to 100%.



Source: National Bank of Belgium

There also exists a favourable treatment for other properties (for example second houses).

This change in the mortgage deduction was preceded in 2004 by a tax amnesty. Money hidden abroad could be regulated by paying a fee of 9%. The fee was lowered to 6% if the money was reinvested in certain assets. Money reinvested in the purchase, construction or renovation of real estate also qualified for the lower fee of 6%. This tax amnesty led to a surge in house prices in 2004-2005, as regulated money was invested in Belgian real estate.

Between 1 January 2009 and 31 December 2011, another tax incentive led to a surge in the number of mortgages. As part of fiscal stimulus package, a favourable tax regime for “green loans” was introduced. The sole purpose of these loans should be the financing of pre-defined energy-saving investments (e.g. replacing or maintenance of heating system; solar panels; double glass windows; isolation of roof, floor or walls; thermostatic valves; energy audits; etc.)

For loan amounts between €1,250 and €15,000 per person/house/year, households could benefit of an interest rate reduction of 1.5% and a tax reduction of 40% (30% since 2012) of the remaining interest rate costs.

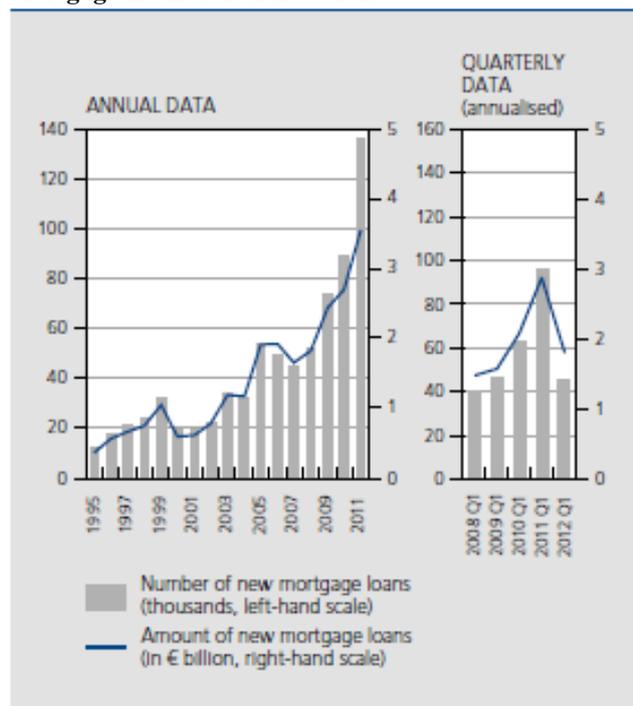
Most of the loans under this “green loans” were made under the form of a mortgage. The graph underneath shows the strong surge of mortgage loans for renovation.

The number of new loans for renovation purposes surged from an annual average of 36,000 in the period 2000-2008 to an annual average of 100,000 in the years 2009-2011. The large number of loans in these three years resulted in new production totalling €8.7 billion.

As part of the political agreement on a State reform reached in 2011, it is envisaged that, possibly as from 2014, the Regions (i.e., Flanders, Wallonia and Brussels) will become competent for tax incentives (including tax reductions and tax credits for mortgage loans) regarding the purchase of own dwellings. As the precise remit thereof is yet to be determined, the impact on the mortgage and housing market is as yet unknown.

Data for Q1 2012 show that the expiring of the fiscal incentives has led to a significant decline in the number and amounts of new mortgage loans for renovation.

### Mortgage Loans for Renovation



Source: NBB.

Another important element of the Belgian house market is the high level of registration taxes on the purchase of a real estate property. Registration tax differ according to the region. In Flanders, they are 10% of the sale value, with a tax-free amount of the first €15,000. In Brussels, they are 12.5% of the sale value, with a tax-free amount of the first €60,000. In Wallonia, they are 12.5% of the sale value.

As a consequence of these registration taxes, the turnover on the Belgian residential real estate market remains quite low compared to other countries. Though the registration tax is now transferable in the Flanders region, this has not yet led to a sizeable increase in turnover.

### 5. Mortgage Mandates – a Belgian Particularity

There is also a tax in Belgium on the mortgage registration, which amounts to 1% of the size of the mortgage. In order to reduce mortgage registration fees and taxes a mortgage mandate (*hypothecair mandaat/mandat hypothécaire*) is frequently used.

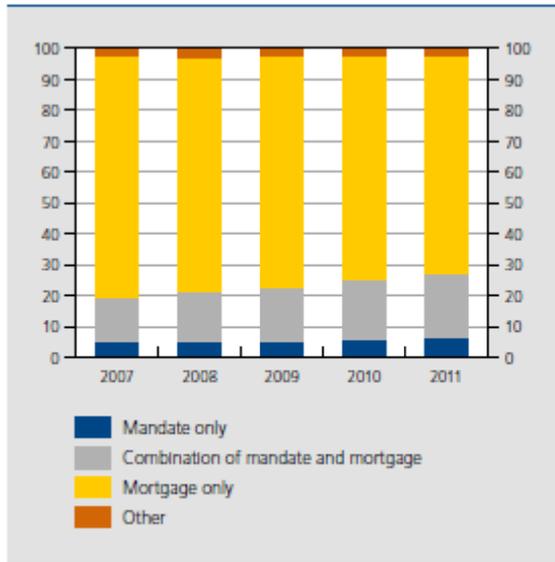
A mortgage mandate is an agreement between the borrower and a proxy whereby the borrower gives the proxy an irrevocable and unconditional power of attorney to unilaterally (no further involvement of the borrower required)

create a mortgage on a predefined property in favour of the lender and this up to a certain predefined amount. This mandate can be exercised at any time.

It is market practice in Belgium to grant a residential mortgage loan partially covered by a mortgage (frequently up to the maximum tax benefit) and partially by a mandate. This way the borrower avoids part of the mortgage registration fees it needs to pay.

### Use of Mandates and Mortgages

% of total outstanding amounts at the end of the year

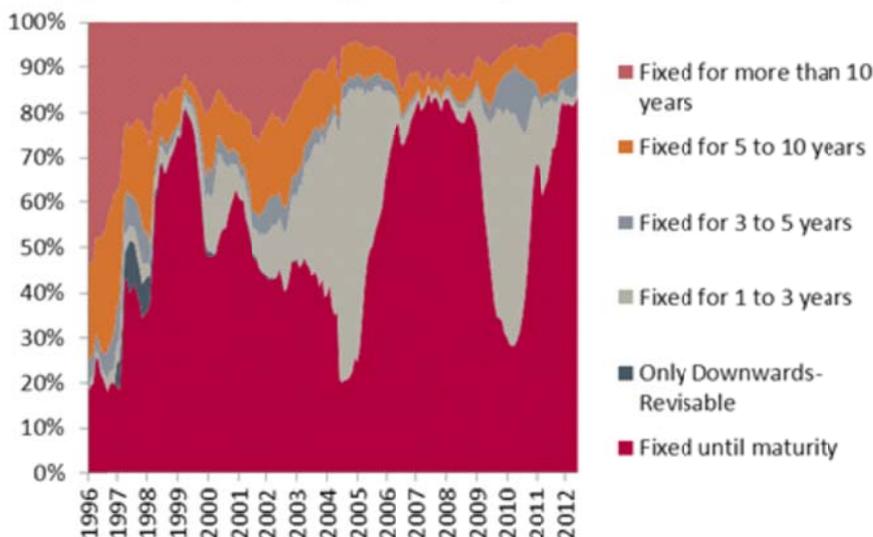


Source: NBB.

## 6. Main Characteristics of Belgian Mortgage Loans

Over the years, Belgian households have shown a strong preference for fixed rate loans, or rates which are fixed for relatively long periods. However, there are occasional surges in mortgage loans which are reset more frequently, if the loan yield curve is favourable.

### Mortgage Amounts by Rate Type and Vintage



Source: UPC-BVK

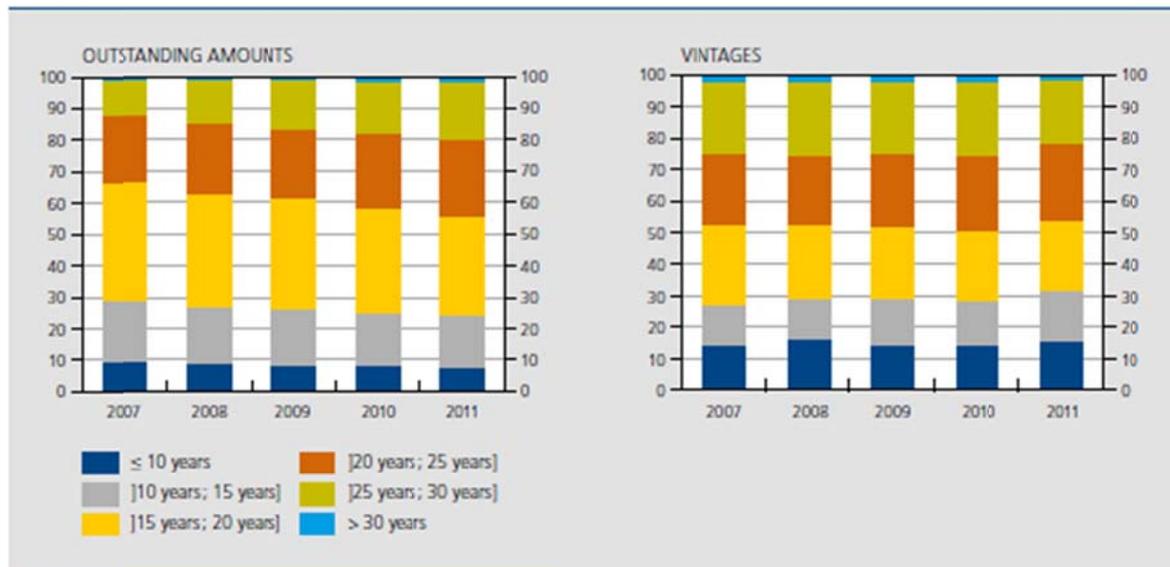
The law imposes a large set of restrictions on resettable mortgage rates, which protect the debtor against large interest rate shocks. The reference interest rates are the Belgian 12-month T-bill and longer-term OLO yields. The minimum reset frequency is 1 year. The margin is fixed at origination.

After the first year, the interest rate may increase by maximum 1% compared to the original interest rate. After the second year, the interest rate may increase by maximum 2% compared to the original interest rate. Over the whole duration of the mortgage, the interest rate may increase to maximum the double of the original interest rate.

The maturity of a mortgage inscription is capped at 30 years by law. Therefore real estate loans exceeding 30 years are rare. The share of mortgage loans with an original maturity exceeding 20 years has increased strongly in recent years.

### Maturities at Origination

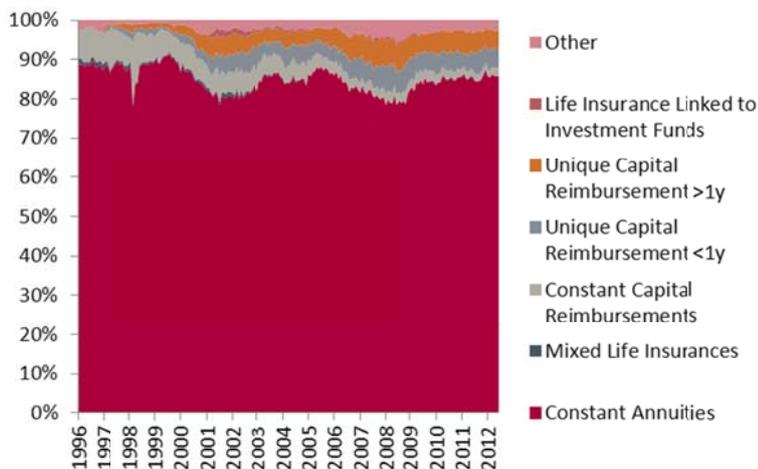
In % of total loans at the end of the year or total loans granted during a particular vintage



Source: NBB.

Most mortgages are reimbursed in constant annuities, with also a small part in constant principal reimbursement (linear amortisation). The share of interest-only loans remains low.

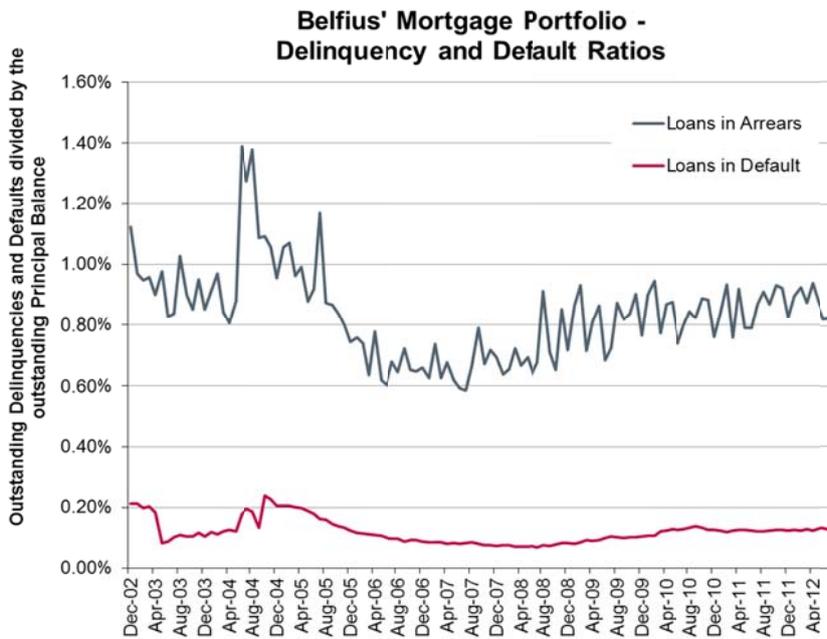
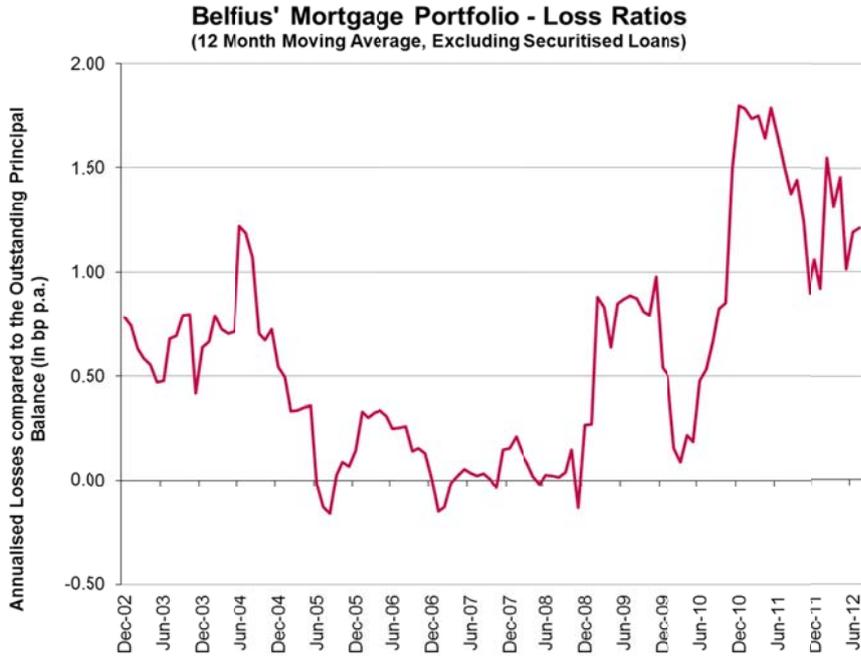
### Mortgage Amounts by Reimbursement Type and Vintage



Source: UPC-BVK

## Loss Ratios and Delinquencies and Default Ratios

The tables below show the loss ratios and the delinquency and default ratios with respect to the Belfius mortgage loans portfolio for the past ten years.



## SECTION 12 DESCRIPTION OF THE ISSUER

### **Belfius Bank profile**

Belfius Bank SA/NV (“**Belfius Bank**”), previously Dexia Bank Belgium SA/NV, is a company limited by shares (*naamloze vennootschap/société anonyme*) of unlimited duration incorporated on 23 October 1962 which collects savings from the public. It is registered with the Crossroads Bank for Enterprises under business identification number 0403.201.185 and has its registered office at 1000 Brussels, Boulevard Pachéco 44, Belgium, telephone +32 22 22 11 11.

Dexia Bank Belgium SA/NV (at the time *Gemeentekrediet van België NV/Crédit Communal de Belgique SA*) was originally set up and developed as a local public sector bank. After a while, it also approached the retail market and developed a branch network covering the entire country. From the nineties, Dexia Bank Belgium SA/NV began to expand abroad, with the acquisition of Dexia Banque Internationale à Luxembourg SA (currently Banque Internationale à Luxembourg SA). In 1996, Dexia Belgium SA/NV joined with Dexia Crédit Local de France SA (at the time known as Crédit Local de France SA) to found Dexia SA/NV, a European banking group.

Until 20 October 2011, the majority of Dexia Bank Belgium SA/NV’s shares were held by Dexia SA/NV.

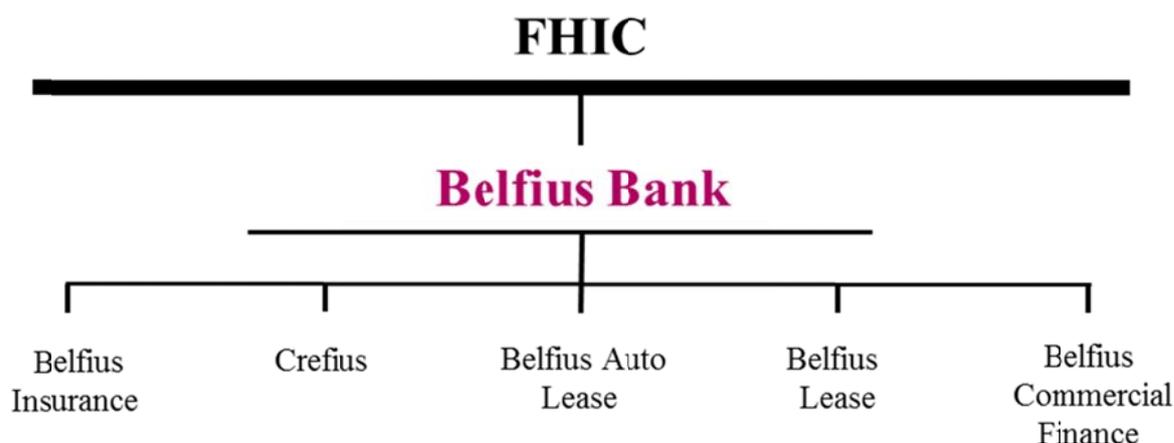
Following the aggravation of the sovereign debt crisis and, more generally, the hardening of the macroeconomic environment, Dexia SA/NV faced increased pressures on its liquidity. Against that deteriorating economic background and considering (a) the risks caused by the situation of the Dexia group to the commercial franchise of Dexia Bank Belgium SA/NV and (b) the systemic nature of Dexia Bank Belgium SA/NV in relation to the Belgian financial system, the Belgian federal state offered to purchase Dexia Bank Belgium SA/NV on 9 October 2011.

The sale and purchase agreement relates to all the assets and liabilities, as well as the holdings of Dexia Bank Belgium SA/NV, with the exception of its 49% holding in Dexia Asset Management SA/NV, which was transferred to Dexia SA/NV on 20 October 2011. Dexia Bank Belgium SA/NV and Dexia Asset Management SA/NV will nonetheless continue their commercial and operational relations. The two companies maintain their long-established partnership in order to offer clients tailored solutions. The details of the partnership are outlined in a formal framework agreement.

The purchase of Dexia Bank Belgium SA/NV was finalised on 20 October 2011. Since then, the Federal Holding and Investment Company (“**FHIC**”), acting on behalf of the Belgian federal state (based upon the Royal Decree of 16 September 2011 entrusting the FHIC with a task within the meaning of Article 2 §3 of the Law of 2 April 1962 relating to the FHIC and to regional investment companies), holds 100% of the shares of Dexia Bank Belgium SA/NV. All ties between Belfius Bank and the Dexia group are progressively being unwound, especially the funding still granted to Dexia entities. Belfius Bank’s remaining exposure to Dexia amounted to EUR 28 billion at the end of June 2012 and is fully secured. Full disclosure about the remaining cash exposure to Dexia can be found in the 1H 2012 presentation to investors available on the website of Belfius Bank ([www.belfius.be](http://www.belfius.be)).

A new start requires a new name. Indeed, the “Dexia” brand name did not belong to Dexia Bank Belgium SA/NV. In addition, a new name would eliminate all confusion with the Dexia group to which Dexia Bank Belgium SA/NV no longer belonged.

Since 1 March 2012 Dexia Bank Belgium SA/NV has been operating under the brand name of “Belfius Bank and Insurance”. The legal name of the company was changed to Belfius Bank on 11 June 2012.



Belfius Bank is above all a local bank carrying out the activities in Belgium associated with such a status: it collects savings deposits and investments via sales networks and then re-injects such funds into the society in the form of loans to individuals (mainly mortgage loans), to the self-employed, to small and medium sized enterprises (“SMEs”) and to the liberal professions, corporates and, in particular, public and social institutions and thus carries out the normal bank transformation function.

Commercial activities are structured around three segments: retail and commercial banking, public and wholesale banking and insurance.

**(A) Retail and commercial banking**

Belfius Bank offers a full range of banking and insurance services to clients of the retail and commercial bank (i.e. individuals and the self-employed, as well as SMEs).

As for investments, Belfius Bank essentially offers classic balance sheet products such as current accounts, short- and long-term deposit accounts, ordinary savings accounts and, via the internet, savings bonds and other types of bonds. Among the off-balance sheet products Belfius Bank offers a wide range of securities from undertakings for collective investment such as the Belgian open-ended collective investment companies (*Beleggingsmaatschappijen met veranderlijk kapitaal (BEVEK's)/Sociétés d'Investissements à Capital Variable (SICAV's)*) and investment funds managed by Dexia Asset Management SA/NV and life insurance packages (namely “*tak 21/branche 21*” with guaranteed yield and capital protection and “*tak 23/branche 23*” without guaranteed yield or capital protection) managed by Belfius Insurance SA/NV. In addition, Belfius Bank offers a range of structured products, frequently together with capital guarantees. Tax optimisation via retirement savings is also being offered. Progressive saving is encouraged by offering savings plans having specific characteristics depending on the target to be achieved.

The investment offer is made taking into account the outcome of the specific client risk assessment, which shows the level of risk a client is willing to take. The investor portraits range from fixed to protected, tactical or dynamic. Each portrait allows for a corresponding range of specific products to be offered in line with the level of risk acceptable to the client. For wealthy clients, discretionary management and advisory packages have been developed, as well as financial estate planning packages.

As for credits, Belfius Bank offers mortgage loans for the purchase of land or construction and/or house or apartment conversions with different formulae: fixed rate, semi-fixed or variable rate, mainly for terms of 15, 20, 25 or 30 years. Consumer loans include the car purchase package and its green

variant (for instance when the car has lower emission due to specific ecological features), green loans, personal loans and budget lines (i.e. current account overdrafts). The self-employed and small enterprises can obtain traditional credit in the form of investment loans, straight loans and loans for the advanced payment of professional withholding tax.

The insurance products include life insurances, as well as outstanding balance insurances, non-life products, civil liability, fire, automobile and similar insurances.

Belfius Bank also offers a full range of national and international payment services, debit and credit cards, direct-debit (*domiciliëring/domiciliation*), standing orders and so on. The client can choose between four packages: blue, red, gold and platinum, each tied to a wide range of services.

“Belfius Direct Net” is an internet transaction portal offering all products and services and acting as a vital supplement to the country-wide branch network.

After a difficult year in 2011, marked by the economic environment and by the situation of the Dexia group, customer confidence was regained in the first half of 2012. This resulted in an increase of customer investments to EUR 91 billion (of which EUR 61.5 billion on-balance-sheet and EUR 29.7 billion off-balance-sheet). As at the end of June 2012, outstanding savings accounts amounted to EUR 31.2 billion – a rise of almost 7% in comparison with the end of December 2011.

As for the granting of loans, Belfius Bank granted EUR 1.4 billion of mortgage loans and EUR 220 million of consumer loans. Additionally, during the same period, Belfius Bank issued EUR 1.1 billion of credit facilities to SMEs, the self-employed and the liberal professions. In order to promote the creation of companies, the bank signed, with the European Investment Fund, an extensive guarantee agreement, covering up to total loans of EUR 450 million for starters in Belgium over the next two of years.

Further performances of note were posted by MasterCard Prepaid (more than 10 000 cards in just one month), the Travel App (more than 23,000 downloads in two months) and the Mobile Banking application (more than 50,000 contracts in one year) – evidence of the changes in Belgian banking expectations and habits.

## **(B) Public and wholesale banking**

Belfius Bank combines relations with the public and the social sector with corporate banking activities and some specialist activities in public and wholesale banking.

- *public banking and social profit*

Belfius Bank has long been the preferred partner of local authorities and social organisations in Belgium. It offers its clients a full range of products and services, including services for investment finance, cash flow management and payment management. The range of products and services is structured in six “lines” reflecting Belfius Bank’s commitment to meet the social and sustainability concerns of its clients.

“**Immo Line**” groups a wide range of finance packages ranging from classic finance to public-private partnerships tailored to the size of the particular public or social client and the desired level of ancillary assistance. This wide range includes specialist services such as real estate loans for the implementation of real estate projects, housing certificates offering senior citizens the opportunity to participate in the funding of residential services, public-private partnerships and existing asset management.

“**Energy Line**” encompasses solutions for a green automobile fleet (“**Green Fleet**”) and green IT facilities (“**Green IT**”), the latter being a formula for cogeneration systems and solar panels.

In 2012, Belfius Bank benefited from a special credit line provided by the European Investment Bank to fund innovative projects in renewable energy or energy performance.

“**Social Line**” covers a range of products principally targeted at the beneficiaries of social assistance. It enables some 200,000 socially vulnerable people in Belgium to have access to suitable basic banking services (such as social assistance accounts in order for them to receive their allowance, budget management systems and system I accounts to facilitate the management of assets for people in rest homes or other institutions, the reconstitution of lease guarantees and prepaid cards). Belfius Bank is proud to be one of the only banks in Europe which has incorporated a social approach in its range of services.

“**IT Line**” was created to facilitate cash flow management. “Dexia Web Software” enables payments to be effected, accounts being consulted and loans and investments being managed on-line and in real-time. Reports can be obtained via CODA (*Gecodeerde berichtgeving/Extrait de compte codifié*) and Papyrus (Project for Paper Reporting Substitution), both legalised systems which are powerful, reliable, ecological and efficient and which dramatically reduce the direct and indirect costs of paper reporting. In 2011, Belfius Bank continued to improve existing tools in order to adapt them to the specific needs of its clients. The client take-up of Papyrus, the paper statement replacement tool, also evolved in a positive way.

“**People Line**” offers, *inter alia*, appropriate solutions for setting-up of pensions for civil servants. Today, Belfius Bank has become a leader in the life sector for public service pensions.

The ageing population and its social and financial consequences led Belfius Bank to develop Silver Line in order to offset the associated problems. In this context, Belfius Bank established a particularly well-documented socio-demographic profile for local public authorities as well as for social institutions faced with either the ageing problem or the arrival of young children in the educational circuit. Those initiatives are the result of long-term work carried out by Belfius Bank’s research department and financial experts and have proved to be a great success.

A team of public bankers and relationship managers for the public and social sectors establish and maintain contacts with clients in the relevant sectors. Belfius Bank regularly organises seminars and strategy breakfasts on topics of interest for their clients which highlights Belfius Bank’s expertise and the added value it may create. Each year, Belfius Bank also publishes studies on the financial situation of the various local authorities and of general, university and psychiatric hospitals.

- *corporate banking*

Regarding corporate banking, Belfius Bank offers a wide range of products and services in all fields. A cross-selling strategy coupled with a targeted market approach contributes to a favourable development of the corporate market. Well-balanced risk management leads to extremely limited losses on the loan portfolio.

Corporate bankers can rely on the assistance of specialists in payments, classic short- and long-term loans, as well as specialised (foreign trade, documentation, syndication, consortium) loans, cash flow management, real estate and financial asset management, factoring, leasing, car leasing, renting, electronic banking, specific financial structures (initial public offerings, delisting, management buy-outs, project finance and so on), insurance, financial markets (for instance to manage the currency risk), personnel management (i.e. pensions, remuneration), private banking (i.e. succession) and so on.

The business line benefits from the specialised support of financial markets management specialists who manage the structured products used in active debt management or tailor investment products. A full range of hedging agreements in relation to interest rates (such as forward rate agreements and interest rate swaps) and exchange rates (such as spots, swaps, forwards, plain vanilla options and exotic options) are available for clients relying on Belfius Bank's commercial team in public and wholesale banking. Belfius Bank is also the business line partner for all operations on the debt capital markets (i.e. treasury bills, commercial papers, medium-term notes, retail bonds), and its internal knowledge has developed strongly over the last couple of years.

Public and Wholesale Banking activity was sustained in the first half of 2012. There has been a strong recovery of funding since the separation of the Group Dexia. Deposits amounted to EUR 17.8 billion at the end of June 2012, up 3% on the end of 2011.

As for the granting of loans, Belfius Bank booked EUR 1.6 billion of loans to the public & social sector in the first half of 2012. Loans granted to corporates were stable during the period, at EUR 240 million.

During the first half of 2012, Belfius was, in particular, confirmed as cash contractor for the Walloon Region for the period 2013-2017, a function it also exercises on behalf of the French-speaking Community, Brussels-Capital Region and the German-speaking Community as well as many other public bodies. Finally, with respect to project financing, Belfius took part, in particular, in the consortial financing of the offshore wind farm Northwind at the North Sea, confirming its wish to continue to contribute to the development of renewable energy in Belgium.

## **(C) Insurance**

Belfius Insurance SA/NV, a subsidiary of Belfius Bank, offers insurance products to clients of the retail and commercial bank (i.e. individuals, private banking and SMEs) and to public and wholesale banking clients (both public and social profit).

Belfius Insurance SA/NV combines the advantages of *Les AP Assurances/DVV Verzekeringen SA/NV*, an exclusive network of agents (principally non-life) with a bank-insurance approach via the Belfius Bank network, and occupies the fifth place on the insurance market in Belgium with a total market share of almost 8% (10% in life and 5% in non-life). This multi-channel approach is enhanced by using the services of Corona Direct SA/NV, a direct insurer.

In the first half-year, insurance activities – both life and non-life – grew, through all distribution channels in Belgium (bank-insurance, the DVV network, Wholesale, Direct).

In **Life insurance**, gross written premiums amounted to EUR 975 million during 1H 2012.

Life insurance reserves increased further, from EUR 19.1 billion at the end of 2011 to EUR 19.5 billion at the end of June 2012.

The growth of the **non-Life activities** has its roots in price-optimising and bigger volumes.

Gross written premiums stood at EUR 291 million in the first half of 2012, up 5% on the same period last year. Higher gross written premiums resulted in an improvement of the combined ratios.

## **Belfius Bank's commitments**

Belfius Bank made three clear commitments, closely linked with the long experience Belfius Bank has gained over the past 150 years in the public sector and in retail banking over the past 50 years.

### **1. Belfius Bank seeks to be a locally anchored relationship bank**

Belfius Bank aims, today more than ever, to prioritise the personal relationship with its customers, through a personalised management of relations, an open and integrated approach, offering specialised advice and an extensive range of high quality products and services in a culture of sustainability and stability over the long term.

Being a relationship-based bank having its roots in the local community also implies that it has to be accessible 24/7. With 818 branches at 31 December 2011, 420 of which have already been converted to the open branch concept, Belfius Bank is active on the Belgian market with presence equally strong in Flanders, Brussels and Wallonia.

### **2. Belfius Bank seeks to be a bank that offers added value to society**

Belfius Bank aims to be the preferred partner in the public and social profit sectors for financial services. Savings bonds for local projects, successfully launched in December 2011, are just one example. Offering such services and products enables the allocation of the collected funds to projects that benefit society (i.e. convalescent and nursing homes, hospitals, swimming pools, kindergartens, etc.).

From a financial point of view, Belfius Bank also aims to meet the major challenges of society such as the ageing population, sustainable development and social integration.

Moreover, Belfius Bank will continue to participate in value adding through philanthropic initiatives such as the “Belfius Foundation”. Moreover, the creation of a community service centre will enable employees of Belfius Bank to use their skills and expertise for the benefit of local initiatives.

### **3. Belfius Bank supports clear and transparent communication**

Confidence is key in a banking relationship. Such confidence is created, earned and consolidated through clear and transparent communication with its customers at all times. Belfius Bank aims to communicate regularly about its strategy, its results and its corporate governance.

## **Recent developments**

In a still challenging macro-economic and financial environment, Belfius Bank managed to achieve significant progress in recent months in the following key fields.

### **1. Profitability**

In the first half of 2012, Belfius Bank reported a net income group share of EUR 252 million, partly due to some important one-off items.

Those items included a capital gain of approximately EUR 430 million after tax stemming from the buy-back of subordinated and hybrid capital (Tier 2 and Tier 1) issuances of Belfius Bank, partially offset by:

- an impairment of EUR 216 million as a result of de-risking actions within the investment portfolio, mainly the sale of GIIPS and CEE government bonds, both in bank and insurance;
- additional provisioning for legacy activities (EUR -101 net impact).

This result has strengthened Belfius Bank ‘s core shareholders’ equity and allows for a further improvement of the risk profile.

## **2. Exposure to PIIGS**

Belfius Bank has in the first half-year substantially reduced its concentration risk on certain PIIGS countries despite very stressed market conditions, especially from the second quarter of 2012 onwards. Accordingly, outstanding Greek and Spanish government bonds have been reduced to nil, and outstanding Portuguese government bonds to EUR 74 million at the end of June 2012. At the same date, EUR 3.1 billion of assets from the investment portfolio have been disposed of, of which EUR 2 billion at the level of the bank and EUR 1.1 billion at the level of the insurance company.

## **3. Liquidity Position**

Since the beginning of 2012, Belfius Bank has substantially improved its liquidity position so that the bank did not ask for an extension of the exemption for liquidity ratio's granted by the National Bank of Belgium until the end of September 2012. This improvement stems mainly from:

- the sale of its subsidiary Elantis to Belfius Insurance;
- an internal securitization of loans to SMEs;
- increasing client deposits (Public and Wholesale Banking and Retail and Commercial Banking);
- a further reduction of the funding granted to Dexia.

As at 30 June 2012, the cash funding given to Dexia amounted to EUR 28 billion and was totally secured. At the end of October, this secured cash funding to Dexia was further reduced to about EUR 25 billion, mainly composed of:

- EUR 14 billion of government guaranteed bonds issued by DCL, backed by guarantees from Belgium, France and Luxembourg;
- EUR 1 billion of covered bonds issued by DMA & LdG;
- EUR 9 billion of cash against collateral under market standard practices (haircuts, margin calls).

## **Ratings**

As at 8 November 2012, Belfius Bank had the following long-term ratings:

- A - from Fitch France S.A.S. (stable outlook)
- A- from Standard and Poor's (negative outlook)
- Baa1 from Moody's (stable outlook).

## **Other information**

There is no arrangement known to Belfius Bank, the operation of which may at a subsequent date result in a change of control of Belfius Bank.

There are no recent events particular to Belfius Bank which are, to a material extent, relevant to the evaluation of its solvency.

## Management and Supervision of Belfius Bank

### Composition of the management board and the board of directors

#### 1. *Management board*

The management board has currently nine members who have all acquired experience in the banking and financial sector. The members of the management board form a college.

Since 16 February 2012, the management board has consisted of the following nine members:

<u>Name</u>	<u>Position</u>	<u>Other major functions performed outside Belfius Bank</u>
Jozef Clijsters .....	chairman	none
Marc Lauwers.....	vice chairman	none
Ann De Roeck .....	member	none
Dirk Gyselinc.....	member	none
Eric Hermann.....	member	none
Roger Leysens.....	member	none
Luc Van Thielen.....	member	none
Dirk Vanderschrick .....	member	none
Johan Vankelecom .....	member	none

The above members of the management board have their business address at 1000 Brussels, Boulevard Pacheco 44.

The board of directors has delegated the management of the bank's business to a management board created from among its members.

Such delegation of its powers does not extend to supervision of the management or the business position of the bank, or to the determination of general policy, or to any other powers that are reserved under the law to the board of directors.

The management board is responsible for the management of the bank whose various business lines and support activities it runs and co-ordinates, and for doing so in the light of the objectives and general policy laid down by the board of directors.

The management board delivers a prior opinion on all proposals that are to be discussed in the board of directors or the strategy committee in relation to the strategy or general policy of the bank, regardless of whether those proposals emanate from the chairman of the management board or from other directors.

The members of the management board must carry out their duties in complete objectivity and independence and as a result may not serve exclusively the interests of the shareholders. This implies that the necessary conditions must be met in order to carry out the functions of a bank in a stable and continuous manner.

Subject to the supervision of the board of directors, the management board takes the necessary measures to ensure that the bank has a management structure that is suited to the activities it pursues or

intends to pursue, as well as an administrative and book-keeping organisation, systems of control and security relating to electronic data processing and internal audit.

The management board oversees the line management and the performance of the powers and responsibilities that have been assigned as well as reporting procedures.

There are no potential conflicts of interest between any duties to Belfius Bank of the members of the management board and their private interests and other duties.

## **2. Board of directors**

In accordance with Belgian law governing Belgian *naamloze vennootschappen/sociétés anonymes* and the articles of association of Belfius Bank, Belfius Bank is administered by its board of directors, which is entitled to take any action the right to which is not expressly reserved to the general meeting of shareholders of Belfius Bank by law or the articles of association of Belfius Bank. In accordance with Belgian banking law, the board of directors may delegate all or part of its powers, provided that such delegation does not affect either the determination of general policy or any actions which are reserved to the board of directors by law.

The board of directors of Belfius Bank has delegated to the management board of Belfius Bank all such powers to the maximum extent permitted under Belgian law.

Pursuant to the articles of association of Belfius Bank, the board of directors of Belfius Bank is composed of a minimum of 3 members appointed for maximum terms of four years, and includes members with professional banking experience proposed by the board of directors of Belfius Bank, each of whom must also be a member of the management board of Belfius Bank. The table below sets forth the names of the directors, their position within Belfius Bank and the other major functions they perform outside Belfius Bank. The board of directors counts currently 18 members.

The executive members of the board of directors shall withdraw on the date of the general shareholders' meeting held in the year in which they reach the age of 65.

The non-executive members of the board of directors shall withdraw on the date of the general shareholders' meeting held in the year in which they reach the age of 70.

The board of directors has the right to make an exception to the aforementioned principles on a case-by-case basis if it considers it to be in the company's best interest.

The business address for the members of the board of directors is Boulevard Pachéco 44, B-1000 Brussels, Belgium.

### *Composition at 16 February 2012*

Following the takeover of the bank by the FPIC, the Belgian federal Government put forward the names of candidates for the position of non-executive directors of Belfius Bank. Following this election, the non-executive directors in office resigned as directors of Belfius Bank with effect from 7 February 2012.

The appointments of the new non-executive directors were approved at an extraordinary general meeting on 9 February 2012.

The board of directors in its new composition met for the first time on 16 February 2012 and consisted of 19 members, nine of whom sit on the management board.

Ms Durez resigned as of 5 September 2012 as member of the management board. Since 5 September 2012 the board consists of 18 members, 7 of whom are independent directors.

In view of the fact that the board of directors consists of professionals in the financial sector, it disposes of the knowledge and experience required to manage the various business activities of a bank.

<b>Name</b>	<b>Position</b>	<b>Other major functions performed outside Belfius Bank</b>
Alfred Bouckaert .....	Chairman, independent director	none
Jozef Clijsters .....	chairman of the management board of Belfius Bank	none
Marc Lauwers.....	vice chairman of the management board of Belfius Bank responsible for retail and commercial banking	none
Johan Vankelecom .....	member of the management board of Belfius Bank chief financial officer responsible for finance, research and balance sheet management	none
Ann De Roeck .....	member of the management board of Belfius Bank secretary general responsible for the legal and tax departments, the department for wealth analysis & planning and the general secretariat & participations	none
Dirk Gyselinc.....	member of the management board of Belfius Bank responsible for public and wholesale banking	none
Dirk Vanderschrick .....	member of the management board of Belfius Bank responsible for treasury and financial markets	none
Eric Hermann.....	member of the management board of Belfius Bank chief risk officer	none
Roger Leysens.....	member of the management board of Belfius Bank responsible for the management of human resources	none
Luc Van Thielen.....	member of the management board of Belfius Bank chief operations officer responsible for IT, operations, facility management and organisation	none
Marie Gemma Dequae.....	member of the Board of Directors of Belfius Bank, independent director	former risk manager of the Bekaert Group former president of the <i>Federation of European Risk</i>

<b>Name</b>	<b>Position</b>	<b>Other major functions performed outside Belfius Bank</b>
		<i>Management Associations</i>
Wouter Devriendt.....	member of the Board of Directors of Belfius Bank	independent consultant at the Federal Participations and Investment Company (FPIC)
Pierre Francotte.....	member of the Board of Directors of Belfius Bank, independent director	former CEO of Euroclear and professor at the <i>Solvay Brussels School of Economics and Management</i>
Guy Quaden.....	member of the Board of Directors of Belfius Bank, independent director	former governor of the National Bank of Belgium
Chris Sunt.....	member of the Board of Directors of Belfius Bank	lawyer
Lutgart Van Den Berghe	member of the Board of Directors of Belfius Bank, independent director	executive director at Guberna and professor at the <i>Vlerick Leuven Ghent Management School</i>
Rudi Vander Vennet.....	member of the Board of Directors of Belfius Bank, independent director	professor of financial economics and banking
Serge Wibaut.....	member of the Board of Directors of Belfius Bank, independent director	independent consultant

There are no potential conflicts of interest between any duties to Belfius Bank of the members of the board of directors and their private interests and other duties.

### **Specialised committees set up by the board of directors**

Following the takeover of Belfius Bank by the Belgian federal state, appropriate new principles of corporate governance will be introduced throughout 2012 in the context of the specific commitments that underlie the future of the bank.

These new principles approved by the board of directors on 28 March 2012 redefine the roles and responsibilities of the board of directors, the management board and the various specialised committees established by the board of directors.

There are no potential conflicts of interest between any duties to Belfius Bank of the members of any of the following specialised committees and their private interests and other duties.

#### **1. *Appointments and compensation committee***

On 16 February 2012, the appointments and compensation committee of Belfius Bank had the following membership:

<b>Name</b>	<b>Position</b>
Alfred Bouckaert .....	vice chairman chairman of the board of directors of Belfius Bank
Lutgart Van Den Berghe ....	member director of Belfius Bank

Three independent directors sit on the appointments and compensation committee. The chairman Martine Durez resigned as of 5 September and a new member of the board of directors has to be appointed. The committee is constituted in such a manner as to enable it to formulate a competent and independent judgment of the policies and practices of remuneration and on the incentives created for the management of risks, capital and reserves and liquidity.

The appointments and compensation committee prepares the decisions of the board of directors that relate to:

- remuneration policy;
- the compensation paid to the chairman of the management board and, at its proposal, the compensation of the members of the management board; and
- the remuneration report published in the annual report.

## 2. *Audit committee*

Following the sale of Belfius Bank to the Federal Participation and Investment Company, a new audit committee was established at the first meeting of the new board of directors on 16 February 2012.

<b>Name</b>	<b>Position</b>
Guy Quaden .....	chairman director of Belfius Bank
Chris Sunt.....	member director of Belfius Bank
Rudi Vander Vennet.....	member director of Belfius Bank

The audit committee assists the board of directors in its task of carrying out prudential supervision and exercising general control.

## 3. *Strategy committee*

The strategy committee consists of five members including the chairman of the board of directors, the chairman of the management board and three non-executive directors.

<b>Name</b>	<b>Position</b>
Alfred Bouckaert .....	chairman chairman of the board of directors of Belfius Bank
Jozef Clijsters	Chairman of the management board of Belfius Bank

<b>Name</b>	<b>Position</b>
	member
Wouter Devriendt.....	director of Belfius Bank
Guy	member
Quaden.....	director of Belfius Bank
Serge Wibaut.....	member
	director of Belfius Bank

The committee meets in order to examine matters of a strategic or highly confidential nature before they are submitted to the board of directors, and does so with regard to their compliance with the statutory rules and regulations in force and with Belfius Bank's articles of association. It also monitors the implementation of the decisions adopted thereon by the board of directors.

#### **4. Capital & risk management committee**

The capital & risk management committee consists of four non-executive directors, including the chairman of the board of directors.

<b>Name</b>	<b>Position</b>
Rudi Van der Vennet	chairman director of Belfius Bank
Serge Wibaut.....	member director of Belfius Bank
Alfred Bouckaert .....	member chairman of the board of directors of Belfius Bank
Pierre Francotte.....	member director of Belfius Bank

To assist the board of directors in the following tasks:

- the detection of risks inherent in the business of banking and insurance to which the bank is exposed;
- the supervision of the bank's risk policy (risk appetite and risk strategy) and the proper management of those risks;
- ensuring that the risks are proportional to the bank's capital;
- supervision of the effectiveness of the risk management function, infrastructure and organisation;
- examination of the main exposures to risk and the manner in which they are managed; and
- alignment of the bank's risk profile with the approved risk appetite and risk strategy.

## Selected Financial Information

The following tables summarise (i) the audited consolidated balance sheet, consolidated income statement and consolidated cash flow statement of Belfius Bank (previously Dexia Bank Belgium SA/NV) for the periods ending 31 December 2010 and 31 December 2011 and (ii) the unaudited consolidated balance sheet of Belfius Bank for the period ending 30 June 2012 and the unaudited consolidated income statement for the periods ending 30 June 2011 and 30 June 2012.

### Consolidated Balance Sheet

	31 December		30 June
	2010	2011	2012
	<i>(EUR '000)</i>		<i>(EUR '000)</i>
<b>Assets</b>	<b>Audited</b>		<b>Unaudited</b>
Cash and balances with central banks	1,460,908	713,586	3,521,477
Loans and advances due from banks	67,936,784	46,174,903	46,245,552
Loans and advances to customers	99,472,471	91,933,190	90,724,963
Financial assets measured at fair value through profit or loss	6,320,036	5,500,634	5,269,150
Financial investments	36,475,085	44,911,922	31,950,696
Derivatives	30,313,229	34,933,281	36,744,111
Fair value revaluation of portfolio hedge	1,812,004	3,198,807	3,822,442
Investments in associates	277,969	93,154	92,539
Tangible fixed assets	1,241,293	1,401,028	1,355,937
Intangible assets and goodwill	229,235	218,533	212,790
Tax assets	953,365	2,062,324	1,522,758
Other assets	1,393,092	1,344,716	1,544,881
Non current assets held for sale	16,664	22,965	21,416
<b>Total assets</b>	<b>247,902,135</b>	<b>232,509,043</b>	<b>223,028,712</b>

	31 December		30 June
	2010	2011	2012
	<i>(EUR '000)</i>		<i>(EUR '000)</i>
<b>Liabilities</b>	<b>Audited</b>		<b>Unaudited</b>
Due to banks	62,368,244	59,415,413	41,341,869
Customer borrowings and deposits	82,876,531	70,264,724	78,409,440
Financial liabilities measured at fair value through profit or loss	12,194,667	11,082,012	10,991,688
Derivatives	34,902,906	41,372,637	43,008,270
Fair value revaluation of portfolio hedge	(42,023)	30,204	59,760
Debt securities	28,957,883	24,361,727	23,314,363

	31 December		30 June
	2010	2011	2012
Subordinated debts	2,715,641	2,685,467	1,225,999
Technical provisions of insurance companies	15,619,891	16,786,233	17,240,270
Provisions and other obligations	900,859	977,211	932,588
Tax liabilities	34,936	38,449	77,801
Other liabilities	1,920,469	2,219,740	2,231,721
Liabilities included in disposal groups held for sale	2	0	0
<b>Total liabilities</b>	<b>242,450,006</b>	<b>229,233,817</b>	<b>218,833,770</b>

	31 December		30 June
	2010	2011	2012
	<i>(EUR '000)</i>		<i>(EUR '000)</i>
<b>Equity</b>	<b>Audited</b>		<b>Unaudited</b>
Subscribed capital	3,458,066	3,458,066	3,458,066
Additional paid-in capital	209,232	209,232	209,232
Treasury shares	0	0	0
Reserves and retained earnings	3,604,061	4,290,275	2,923,672
Net income for the period	678,322	(1,366,816)	252,407
<b>Core shareholders' equity</b>	<b>7,949,681</b>	<b>6,590,757</b>	<b>6,843,377</b>
Gains and losses not recognised in the statement of income	(2,517,932)	(3,331,416)	(2,909,405)
– Available-for-sale reserve on securities	(1,247,197)	(2,368,136)	-
– Frozen fair value adjustment of financial assets reclassified to L&R	(1,254,618)	(952,603)	-
– Other reserves	(16,117)	(10,677)	-
<b>Total shareholders' equity</b>	<b>5,431,749</b>	<b>3,259,341</b>	<b>3,933,972</b>
Non-controlling interests	20,380	15,865	16,565
Discretionary participation features of insurance contracts	0	20	244,405
<b>Total equity</b>	<b>5,452,129</b>	<b>3,275,226</b>	<b>4,194,943</b>
<b>Total liabilities and equity</b>	<b>247,902,135</b>	<b>232,509,043</b>	<b>223,028,712</b>

	31 December		30 June	
	2010	2011	2011	2012
	<i>(EUR '000)</i>		<i>(EUR '000)</i>	
<b>Consolidated Statement of Income</b>	<b>Audited</b>		<b>Unaudited</b>	
Interest income	25,238,192	26,888,549	13,191,717	11,581,207
Interest expense	(23,128,386)	(24,747,323)	(12,140,757)	(10,457,048)
Dividend income	66,133	69,218	50,583	37,237
Net income from associates	28,672	(2,739)	15,505	846
Net income from financial instruments at fair value through profit or loss	(28,264)	(60,765)	75,203	(71,376)
Net income on investments	207,150	(2,043,040)	(550,464)	377,259
Fee and commission income	489,436	487,152	247,737	225,248
Fee and commission expense	(121,060)	(154,922)	(63,511)	(62,471)
Premiums and technical income from insurance activities	3,449,474	2,698,278	1,787,088	1,386,661
Technical expense from insurance activities <sup>(1)</sup>	(3,891,767)	(3,029,733)	(2,006,816)	(1,625,625)
Other net income	76,715	(38,407)	8,563	(33,424)
<b>Income</b>	<b>2,386,295</b>	<b>66,268</b>	<b>614,849</b>	<b>1,358,515</b>
Staff expense	(669,167)	(660,055)	(307,072)	(318,314)
General and administrative expense	(502,982)	(528,474)	(232,352)	(239,418)
Network costs <sup>(1)</sup>	(308,014)	(305,480)	(151,757)	(149,290)
Depreciation & amortisation	(115,768)	(116,281)	(58,436)	(56,205)
Expenses	(1,595,931)	(1,610,290)	(749,618)	(763,227)
<b>Gross operating income</b>	<b>790,364</b>	<b>(1,544,022)</b>	<b>(134,769)</b>	<b>595,288</b>
Impairment on loans and provisions for credit commitments	(26,371)	(555,289)	(16,686)	(142,139)
Impairment on tangible and intangible assets	(12)	(46,965)	(10,756)	211
Impairment on goodwill	0	0	0	0
Provisions for legal litigations	(1,899)	572	798	0
<b>Net income before tax</b>	<b>762,082</b>	<b>(2,145,704)</b>	<b>(161,412)</b>	<b>453,360</b>
Tax expense	(81,601)	778,791	61,961	(200,426)
Net income of continuing operations	680,481	(1,366,913)	(99,451)	252,934
Discontinued operations (net of tax)	0	0	0	0
<b>Net income</b>	<b>680,481</b>	<b>(1,366,913)</b>	<b>(99,451)</b>	<b>252,934</b>
Attributable to non-controlling interests	2,159	(97)	(544)	(527)
Attributable to equity holders of the parent	678,322	(1,366,816)	(99,995)	252,407

(1) Figures as of 31 December 2010 have been restated.

## Consolidated Cash Flow Statement

	31 December	
	2010	2011
	(EUR '000)	
<b>Cash flow from operating activities</b>	<b>Audited</b>	
Net income after income taxes	680,481	(1,366,913)
<i>Adjustment for:</i>		
Depreciation , amortization and other impairment	130,930	179,977
Impairment on bonds , equities, loans and other assets	(130,870)	1,860,848
Net gains or losses on investments	(71,119)	211,373
Charges for provisions (mainly insurance provision)	2,201,528	1,275,893
Unrealized gains or losses	(44,996)	20,644
Income from associates	(28,672)	2,739
Dividends from associates	31,384	38,474
Deferred taxes	43,244	(789,719)
Other adjustments	912	151
Changes in operating assets and liabilities	7,621,874	(11,808,865)
<b>Net cash provided (used) by operating activities</b>	<b>10,434,696</b>	<b>(10,375,398)</b>

	31 December	
	2010	2011
	(EUR '000)	
<b>Cash flow from investing activities</b>	<b>Audited</b>	
Purchase of fixed assets	(293,540)	(425,375)
Sales of fixed assets	260,312	114,951
Acquisitions of unconsolidated equity shares	(1,049,261)	(461,840)
Sales of unconsolidated equity shares	1,509,824	807,923
Acquisitions of subsidiaries and of business units	0	0
Sales of subsidiaries and of business units	(12,857)	19,577
<b>Net cash provided (used) by investing activities</b>	<b>414,478</b>	<b>55,236</b>

	<b>31 December</b>	
	<b>2010</b>	<b>2011</b>
	<i>(EUR '000)</i>	
	<b>Audited</b>	
<b>Cash flow from financing activities</b>		
Issuance of new shares	0	0
Issuance of subordinated debts	1,354	0
Reimbursement of subordinated debts	(315,482)	(101,888)
Purchase of treasury shares	0	0
Sale of treasury shares	0	0
Dividends paid	(4,327)	(911)
<b>Net cash provided (used) by financing activities</b>	<b>(318,455)</b>	<b>(102,799)</b>
<b>Net cash provided</b>	<b>10,530,719</b>	<b>(10,422,961)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>27,504,177</b>	<b>38,035,992</b>
Cash flow from operating activities	10,434,696	(10,375,398)
Cash flow from investing activities	414,478	55,236
Cash flow from financing activities	(318,455)	(102,799)
Effect of exchange rate changes and change in scope of consolidation on cash and cash equivalents	1,096	0
<b>Cash and cash equivalents at the end of the period</b>	<b>38,035,992</b>	<b>27,613,031</b>
<b>Additional information</b>		
Income tax paid	5,620	(11,750)
Dividends received	97,517	107,692
Interest received	25,708,999	28,200,125
Interest paid	(24,533,728)	(25,910,012)

## **SECTION 13**

### **EU DIRECTIVE ON THE TAXATION OF SAVINGS INCOME**

The EU has adopted a directive (European Council Directive 2003/48/EC) regarding the taxation of savings income (hereinafter "**Savings Directive**"). Under the Savings Directive, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or other similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria instead are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above

## SECTION 14

### BELGIAN TAXATION ON THE MORTGAGE PANDBRIEVEN

The following is a general description of the principal Belgian tax consequences for investors receiving interest in respect of or disposing of the Mortgage Pandbrieven issued by the Issuer and is of a general nature based on the Issuer's understanding of current law and practice. This general description is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date. Investors should appreciate that, as a result of changing law or practice, the tax consequences may be otherwise than as stated below. Investors should consult their professional advisers on the possible tax consequences of subscribing for, purchasing, holding, selling or converting the Mortgage Pandbrieven issued by the Issuer under the laws of their countries of citizenship, residence, ordinary residence or domicile.

#### Belgian Withholding Tax

##### (a) General

All payments by or on behalf of the Issuer of interest on the Mortgage Pandbrieven are in principle subject to the 21% Belgian withholding tax on the gross amount of the interest, subject to such relief as may be available under Belgian domestic law or applicable double tax treaties.

In this regard, "interest" means the periodic interest income, any amount paid by the Issuer in excess of the issue price (whether or not on the maturity date) and, in case of a realisation of the Mortgage Pandbrieven between two interest payment dates, the *pro rata* of accrued interest corresponding to the detention period.

##### (b) Belgian interest withholding tax exemption for certain holders of Dematerialised Mortgage Pandbrieven (X/N withholding tax exemption)

Payments of interest and principal under the Dematerialised Mortgage Pandbrieven by or on behalf of the Issuer may be made without deduction of withholding tax in respect of the Dematerialised Mortgage Pandbrieven if and as long as at the moment of payment or attribution of interest they are held by certain eligible investors (the "**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 X/N Clearing System operated by the National Bank of Belgium (the "**NBB**" and the "**X/N Clearing System**"). Euroclear and Clearstream Luxembourg are directly or indirectly Participants for this purpose.

Holding the Dematerialised Mortgage Pandbrieven through the X/N Clearing System enables Eligible Investors to receive the gross interest income on their Dematerialised Mortgage Pandbrieven and to transfer the Dematerialised Mortgage Pandbrieven on a gross basis.

Participants to the X/N Clearing System must enter the Dematerialised Mortgage Pandbrieven which they hold on behalf of Eligible Investors in an X Account.

Eligible Investors are those entities referred to in Article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax (*koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing/arrêté royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier*) (as amended from time to time) which include, *inter alia*:

- (i) Belgian corporations subject to Belgian corporate income tax;
- (ii) 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 1° and 3° subject to the

application of Article 262, 1° and 5° of the Belgian Income Tax Code 1992 (*wetboek van inkomstenbelastingen 1992/ code des impôts sur les revenus 1992*);

- (iii) 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 of 27 August 1993 implementing the Belgian Income Tax Code 1992 (*koninklijk besluit tot uitvoering van het wetboek inkomstenbelastingen 1992/ arrêté royal d'exécution du code des impôts sur les revenus 1992*);
- (iv) non-resident investors whose holding of the Dematerialised Mortgage Pandbrieven is not connected to a professional activity in Belgium, referred to in Article 105, 5° of the same decree;
- (v) investment funds, recognised in the framework of pension savings, provided for in Article 115 of the same decree;
- (vi) investors provided for in Article 227, 2° of the Belgian Income Tax Code 1992 which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident income tax pursuant to Article 233 of the same code;
- (vii) the Belgian State in respect of investments which are exempt from withholding tax in accordance with Article 265 of the Belgian Income Tax Code 1992;
- (viii) 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 or traded in Belgium; and
- (ix) Belgian resident corporations, not provided for under (i) above, when their activities exclusively or principally consist of the granting of credits and loans.

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

Participants to the X/N Clearing System must keep the Dematerialised Mortgage Pandbrieven which they hold on behalf of the non-Eligible Investors in a non-exempt securities account (an “**N Account**”). In such instance, all payments of interest are subject to the 21% withholding tax. This withholding tax is withheld by the NBB and paid to the Belgian Treasury.

Transfers of Dematerialised Mortgage Pandbrieven between an X Account and an N Account give rise to certain adjustment payments on account of withholding tax:

- A transfer from an N Account (to an X Account or N Account) gives rise to the payment by the transferor non-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 or N Account) to an N Account gives rise to the refund by the NBB to the transferee non-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 Dematerialised Mortgage Pandbrieven between two X Accounts do not give rise to any adjustment on account of withholding tax.

Upon opening of an X Account for the holding of Dematerialised Mortgage Pandbrieven, the 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 X/N Clearing System as to the eligible status.

An Exempt Account may be opened with a Participant by an intermediary (an “**Intermediary**”) in respect of Dematerialised Mortgage Pandbrieven that the Intermediary holds for the account of its clients (the “**Beneficial Owners**”), provided that each Beneficial Owner is an Eligible Investor. In such a 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 an Eligible Investor and (ii) the Beneficial Owners holding their Dematerialised Mortgage Pandbrieven through it are also Eligible Investors. A Beneficial Owner is also required to deliver a statement of its eligible status to the intermediary.

These identification requirements do not apply to Dematerialised Mortgage Pandbrieven held in Euroclear or Clearstream Luxembourg as Participants to the X/N Clearing System, provided that Euroclear or Clearstream only hold X Accounts and that they are able to identify the holders for whom they hold Dematerialised Mortgage Pandbrieven in such account.

In accordance with the X/N Clearing System, a Noteholder who is withdrawing Dematerialised Mortgage Pandbrieven from an Exempt Account will, following the payment of interest on those Dematerialised Mortgage Pandbrieven, be entitled to claim an indemnity from the Belgian tax authorities of an amount equal to the withholding on the interest payable on the Dematerialised Mortgage Pandbrieven from the last preceding Interest Payment Date until the date of withdrawal of the Dematerialised Mortgage Pandbrieven from the X/N Clearing System. As a condition of acceptance of the Dematerialised Mortgage Pandbrieven into the X/N Clearing System, the Noteholders waive the right to claim such indemnity.

**(c) Belgian interest withholding tax exemption for certain holders of Registered Mortgage Pandbrieven**

Payments of interest and principal by the Issuer under the Registered Mortgage Pandbrieven (except Zero Coupon Pandbrieven and other Registered Mortgage Pandbrieven which provide for the capitalisation of interest) may be made without deduction of withholding tax provided that the following conditions are cumulatively met (Article 107, §2, 5°, b) and 8°, and Article 118, §1, 1° and 2° of the Royal Decree of 27 August 1993 implementing the Belgian Income Tax Code 1992):

- (i) the Registered Mortgage Pandbrieven are registered in the name of the Noteholder with the Issuer during the entire relevant Interest Period;
- (ii) the Noteholder is the legal owner (*eigenaar/propriétaire*) or usufructuary (*vruchtgebruiker/usufruitier*) of the Registered Mortgage Pandbrieven during the entire relevant Interest Period;
- (iii) the Noteholder is either (A) not resident for tax purposes in Belgium and does not use the income producing assets to exercise a business or professional activity in Belgium; or (B) a financial institution or institution which is assimilated therewith, provided for in Article 105, 1° of the Royal Decree of 27 August 1993 implementing the Belgian Income Tax Code or (C) a state regulated institution (*parastatale/institution parastatale*) for social security, or institution which is assimilated therewith, provided for in Article 105, 2° of the Royal Decree of 27 August 1993 implementing the Belgian Income Tax Code; and
- (iv) upon each interest payment, the Noteholder must provide the Issuer with an affidavit in which it is certified that the conditions mentioned in points (ii) and (iii) are complied with.

If a Belgian withholding tax was levied by the Issuer further to non-compliance of condition (ii) above, then the transferor and/or the transferee have the right, subject to certain time limitations and provided conditions (i) and (iii) are fulfilled, to file a claim with the Belgian tax authorities to request a refund

of Belgian withholding tax on the *pro rata* amount of interest attributable to them (Article 119, §1 of the Royal Decree of 27 August 1993 implementing the Belgian Income Tax Code 1992).

## **Belgian income tax and capital gains**

### **(a) Belgian resident individuals**

Natural persons 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 Mortgage Pandbrieven as a private investment, do not have to declare the interest on the Mortgage Pandbrieven in their personal income tax return, provided that they have elected for a withholding of the 4% additional tax on investment income (see below) in addition to the 21% Belgian withholding tax and provided that this additional tax has effectively been borne by the beneficiary of the interest income.

If the 4% additional tax on investment income has not been withheld in addition to the Belgian withholding tax, the Noteholder will be required to declare the interest income in his/her personal income tax return. Moreover, in such case, certain information (including the amount of interest income and the identity of the Noteholder) will be communicated to a central contact point operated by the Belgian ministry of Finance (separated from the tax administrations) which in turn will communicate the relevant information to the tax administration on an annual basis (if the total amount of investment income communicated with respect to that holder in the relevant year exceeds the threshold of EUR 20,020 mentioned below), as well as on demand.

Interest income which is declared in the annual personal income tax return will in principle be taxed at a flat rate of 21% increased with local surcharges (however, the Belgian federal government has approved a draft bill which, if adopted by the legislator, would abolish such local surcharges) and increased, as the case may be, with the 4% additional tax on investment income (see below). The Belgian withholding tax levied may be credited. In addition, if the interest is declared and the withheld 4% additional tax on investment income exceeds the amount of 4% additional tax on investment income effectively due, the excess may be credited against the personal income tax liability and any excess may be refunded.

Belgian resident individuals who receive qualifying investment income (qualifying interest and qualifying dividends) in an amount exceeding EUR 20,020 (amount for income year 2012) on a yearly basis will be subject to an additional tax on investment income of 4% on the income exceeding EUR 20,020. Certain investment income is not subject to the additional tax on investment income, i.e. dividend income taxed at 25%, liquidation bonuses, the part of interest on regulated savings accounts taxed at 15%, the income from government bonds issued and subscribed between 24 November and 2 December 2011 and income not considered as taxable moveable income (including the exempt part of interest on regulated savings accounts); however, this investment income is in principle first taken into account to determine whether the EUR 20,020 threshold is exceeded, except for liquidation bonuses, the income from the above mentioned government bonds and income not considered as taxable moveable income (including the exempt part of interest on regulated savings accounts). Interest on the Mortgage Pandbrieven will be taken into account to calculate the EUR 20,020 threshold and will be subject to the 4% additional tax on investment income if and to the extent that the threshold is exceeded.

Capital gains realised on the sale of the Mortgage Pandbrieven are in principle tax exempt, unless the capital gains are realised outside the scope of the management of one's private estate or unless the capital gains qualify as interest (as defined in the section entitled "Belgian Withholding Tax – (a) General"). Capital losses are in principle not tax deductible.

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

**(b) Belgian resident companies**

Interest attributed or paid to corporations 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 sale of the Mortgage Pandbrieven are taxable at the ordinary corporate income tax rate of in principle 33.99%. Capital losses realised upon the sale of the Mortgage Pandbrieven are in principle tax deductible.

**(c) Belgian legal entities**

For Belgian legal entities subject to the Belgian legal entities tax (*rechtspersonenbelasting/impôts des personnes morales*) which have been subject to the 21% Belgian withholding tax on interest payments, such withholding tax constitutes the final taxation.

Belgian legal entities which have received interest income on Dematerialised Mortgage Pandbrieven without deduction for or on account of Belgian withholding tax, are required to declare and pay the 21% withholding tax to the Belgian tax authorities.

Capital gains realised on the sale of the Mortgage Pandbrieven are in principle tax exempt, unless the capital gains qualify as interest (as defined in section entitled “Belgian Withholding Tax – (a) General”). Capital losses are in principle not tax deductible.

**(d) Organisation 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, the 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) Belgian non-residents**

*Dematerialised Mortgage Pandbrieven*

Noteholders who are not residents of Belgium for Belgian tax purposes and who are not holding the Dematerialised Mortgage Pandbrieven through their permanent establishment in Belgium will not become liable for any Belgian tax on income or capital gains by reason only of the acquisition or disposal of the Dematerialised Mortgage Pandbrieven, provided that they qualify as Eligible Investors and that they hold their Dematerialised Mortgage Pandbrieven in an X Account. If the Dematerialised Mortgage Pandbrieven are not entered into an X-account by the Eligible Investor, withholding tax on the interest is in principle applicable at the current rate of 21%, possibly reduced pursuant to a tax treaty, on the gross amount of the interest.

*Registered Mortgage Pandbrieven*

Noteholders who are not residents of Belgium for Belgian tax purposes and who are not holding the Registered Mortgage Pandbrieven through their permanent establishment in Belgium will not become liable for any Belgian tax on income or capital gains by reason only of the acquisition or disposal of the Registered Mortgage Pandbrieven, save, as the case may be, in the form of withholding tax.

## **Tax on stock exchange transactions**

A tax on stock exchange transactions (*beurstaks/taxe sur les opérations de bourse*) will be levied on the purchase and sale in Belgium of the Mortgage Pandbrieven on a secondary market through a professional intermediary. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is 0.09% with a maximum amount of EUR 650 per transaction and per party. 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.

However, no tax on stock exchange 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 various duties and taxes (*Wetboek Diverse Rechten en Taksen/Code des Droits et Taxes Diverses*).

## **European Directive on taxation of savings income in the form of interest payments**

The EU has adopted a directive (European Council Directive 2003/48/EC) regarding the taxation of savings income (hereinafter “**Savings Directive**”). Under the Savings Directive, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or other similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State (hereinafter “**Disclosure of Information Method**”). However, for a transitional period, Luxembourg and Austria instead are required (unless during that period they elect otherwise) to operate a withholding system (hereinafter “**Source Tax**”) in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

### **(a) Individuals not resident in Belgium**

Interest paid or collected through Belgium on the Mortgage Pandbrieven and falling under the scope of application of the Savings Directive will be subject to the Disclosure of Information Method.

### **(b) Individuals resident in Belgium**

An individual resident in Belgium will be subject to the provisions of the Savings Directive, if he receives interest payments from a paying agent (within the meaning of the Savings Directive) established in another EU Member State, Switzerland, Liechtenstein, Andorra, Monaco, San Marino, Curaçao, Bonaire, Saba, Sint Maarten, Sint Eustatius (formerly the Netherlands Antilles), Aruba, Guernsey, Jersey, the Isle of Man, Montserrat, the British Virgin Islands, Anguilla, the Cayman Islands or the Turks and Caicos Islands.

If the interest received by an individual resident in Belgium has been subject to a Source Tax, such Source Tax does not liberate the Belgian individual from declaring the interest income in the personal income tax declaration. The Source Tax will be credited against the personal income tax. If the Source Tax withheld exceeds the personal income tax due, the excessive amount will be reimbursed, provided it reaches a minimum of EUR 2.5.

## SECTION 15 SUBSCRIPTION AND SALE

Pursuant to a Distribution Agreement dated 8 November 2012 (the “**Distribution Agreement**”) between the Issuer, the Dealers and the Arranger and subject to the conditions contained therein, the Dealers have agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Mortgage Pandbrieven. The Mortgage Pandbrieven may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Distribution Agreement also provides for Mortgage Pandbrieven to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission in respect of Mortgage Pandbrieven subscribed by them. The Issuer has agreed to reimburse the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issuance of Mortgage Pandbrieven on a syndicated basis will be stated in the applicable Final Terms.

The Issuer has agreed to indemnify the Dealers against certain liabilities relating to any misrepresentation or breach of any of the representations, warranties or agreements of the Issuer in connection with the offer and sale of the Mortgage Pandbrieven. The Distribution Agreement entitles the Dealers to terminate any agreement that they make to subscribe Mortgage Pandbrieven in certain circumstances prior to payment for such Mortgage Pandbrieven being made to the Issuer.

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer’s affiliates. If any of the Dealers or their affiliates has a lending relationship with the Issuer, certain of the Dealers or their affiliates routinely hedge, and certain other of those Dealers or their affiliates may hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Mortgage Pandbrieven issued under the Programme. Any such short positions could adversely affect future trading prices of Mortgage Pandbrieven issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### **United States**

The Mortgage Pandbrieven have not been or will not be registered under the U.S. Securities Act of 1933 as amended (the “**Securities Act**”) and the Mortgage Pandbrieven may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented and agreed that, except as permitted by the Distribution Agreement, it has not offered or sold and will not offer or sell the Mortgage Pandbrieven of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer and/or the Principal Paying Agent by the relevant Dealer, or,

in the case of Mortgage Pandbrieven issued on a syndicated basis, the relevant Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Mortgage Pandbrieven during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Mortgage Pandbrieven within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Mortgage Pandbrieven within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **Public Offer Selling Restriction Under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a “**Relevant Member State**”), each of the Dealers and the Issuer has represented and agreed that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), it has not made and will not make an offer of Mortgage Pandbrieven which are the subject of the offering contemplated by this Base Prospectus as completed by the relevant final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Mortgage Pandbrieven to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Mortgage Pandbrieven to the public**” in relation to any Mortgage Pandbrieven in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Mortgage Pandbrieven to be offered so as to enable an investor to decide to purchase or subscribe the Mortgage Pandbrieven, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

### **United Kingdom**

Each of the Dealers and the Issuer has represented and agreed that:

1. in relation to any Mortgage Pandbrieven which have a maturity of less than one year from the date of issuance, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any such Mortgage Pandbrieven other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as

principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issuance of the Mortgage Pandbrieven would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “**FSMA 2000**”) by the Issuer;

2. it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA 2000) received by it in connection with the issuance or sale of any Mortgage Pandbrieven in circumstances in which section 21(1) of the FSMA 2000 does not apply to the Issuer; and
3. it has complied and will comply with all applicable provisions of the FSMA 2000 with respect to anything done by it in relation to any Mortgage Pandbrieven in, from or otherwise involving the United Kingdom.

## **Belgium**

Any offering of the Mortgage Pandbrieven will be exclusively conducted under applicable private placement exemptions.

Registered Mortgage Pandbrieven may not be acquired by a Belgian or foreign transferee who is not subject to income tax or who is, as far as interest income is concerned, subject to a tax regime that is deemed by the Belgian tax authorities to be significantly more advantageous than the common Belgian tax regime applicable to interest income (within the meaning of Articles 54 and 198, §1, 11° of the Belgian Income Tax Code 1992) or who is resident or established in a tax haven country or a low-tax jurisdiction (within the meaning of Article 307 of the Belgian Income Tax Code 1992).

## **The Netherlands**

The Mortgage Pandbrieven (or any interest therein) are not and may not, directly or indirectly, be offered, sold, pledged, delivered or transferred in the Netherlands, on their issue date or at any time thereafter, and neither this Base Prospectus nor any other document in relation to any offering of the Mortgage Pandbrieven (or any interest therein) may be distributed or circulated in the Netherlands, other than to qualified investors as defined in the Prospectus Directive (as defined under "Public Offer Selling Restriction Under the Prospectus Directive" above), provided that these parties acquire the Mortgage Pandbrieven for their own account or that of another qualified investor.

## **Switzerland**

The Mortgage Pandbrieven may not be publicly offered, sold or advertised, directly or indirectly, in or from Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Mortgage Pandbrieven constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Federal Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange Ltd., and neither this Base Prospectus nor any other offering or marketing material relating to the Mortgage Pandbrieven may be publicly distributed or otherwise made publicly available in Switzerland.

## **Japan**

The Mortgage Pandbrieven have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “Financial Instruments and Exchange Act”).

Accordingly, each of the Dealers and the Issuer has represented and agreed that it has not, directly or indirectly offered, or sold and will not, directly or indirectly, offer or sell any Mortgage Pandbrieven in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

## **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealers. Any such modification will be set out in the Final Terms issued in respect of the issuance of Mortgage Pandbrieven to which it relates or in a supplement to this Base Prospectus.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Mortgage Pandbrieven, or possession or distribution of this Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Mortgage Pandbrieven or has in its possession or distributes this Base Prospectus, any other offering material or any Final Terms in all cases at its own expense.

## SECTION 16 GENERAL INFORMATION

1. Application has been made to Euronext Brussels for Mortgage Pandbrieven issued under the Programme to be admitted to the official list of Euronext Brussels and to be admitted to trading on Euronext Brussels' regulated market.
2. The Issuer has obtained all necessary consents, approvals and authorisations in Belgium in connection with the issuance of the Mortgage Pandbrieven. The Programme was authorised by a resolution of the Management Board of the Issuer passed on 7 November 2012.
3. The Issuer is licensed as a Belgian credit institution
4. Save as disclosed in the section headed "Description of the Issuer" on page 124 of this Base Prospectus, there has been no material adverse change in the prospects of the Issuer on a consolidated basis since 31 December 2011. In addition, other than as disclosed in "Description of the Issuer" on page 124, there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the prospects of the Issuer for the current financial year.
5. Save as disclosed in the section headed "Description of the Issuer" on page 124 of this Base Prospectus, there has been no significant change in the financial or trading position of the Issuer since 31 December 2011.
6. Except as disclosed in the section headed "Description of the Issuer" on page 124 of this Base Prospectus, neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have or have had in the recent past significant effects, on the financial position or profitability of the Issuer or any of its subsidiaries.
7. Dematerialised Mortgage Pandbrieven have been accepted for clearance through the X/N Clearing System. The Common Code and the International Securities Identification Number (ISIN) (and any other relevant identification number for any Alternative Clearing System) for a Series of Mortgage Pandbrieven will be set out in the applicable Final Terms.
8. The address of the X/N Clearing System is Boulevard de Berlaimont 14, B-1000 Brussels, Belgium. The address of any Alternative Clearing System will be specified in the applicable Final Terms.
9. There are no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Mortgage Pandbrieven being issued.
10. The issue price and the amount of the relevant Mortgage Pandbrieven will be determined before filing of the applicable Final Terms of each Tranche, based on then prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issuances of Mortgage Pandbrieven, except for investor reports (with regard to, amongst others, the composition of the Special Estate and which will be made available on the website of the Issuer at [www.belfius.be](http://www.belfius.be)) and if required by any applicable laws and regulations.
11. Copies of the annual report and audited annual accounts of the Issuer for the years ended 31 December 2010 and 31 December 2011, including the reports of the statutory auditors in respect thereof, and copies of this Base Prospectus and any supplements and each Final Terms of listed tranches may be obtained. The Programme Agreement, the Agency Agreement, the Noteholders' Representative

Agreement, the Distribution Agreement and the Articles of Association of the Issuer will be available, during normal business hours, for inspection at the specified offices of the Issuer and each of the Paying Agents, so long as any of the Mortgage Pandbrieven is outstanding. Copies of such Agreements may also be requested at the e-mail address which will be specified on the Issuer's website ([www.belfius.be](http://www.belfius.be)). The audit of the Issuer's financial statements was conducted by DELOITTE Reviseurs d'Entreprises SC s.f.d. SCRL, represented by Bernard de Meulemeester and Frank Verhaegen Berkenlaan 8B, 1831 Diegem (a member of IBR – IRE Instituut der Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises). They rendered unqualified audit reports on the financial statements of the Issuer for the years ended 31 December 2010 and 2011.

12. This Base Prospectus and the Final Terms of tranches listed on Euronext Brussels and all documents that have been incorporated by reference will be available on the Issuer's website ([www.belfius.be](http://www.belfius.be)) and/or Euronext Brussels' website ([www.nyx.com](http://www.nyx.com)).
13. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions and may perform services for the Issuer and their respective affiliates in the ordinary course of business.

**REGISTERED OFFICE OF BELFIUS BANK SA/NV**

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**Nomura International plc**  
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**The Royal Bank of Scotland plc**  
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**HSBC Bank plc**  
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**Landesbank Baden-Württemberg**  
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**Natixis**  
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**Société Générale**  
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France

**UBS Limited**  
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**UniCredit Bank AG**

12 Arabellastr.  
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Germany

**CALCULATION AGENT & REGISTRAR**

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Boulevard Pachéco 44  
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**FISCAL AGENT**

**Belfius Bank SA/NV**

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**PRINCIPAL PAYING AGENT**

**Belfius Bank SA/NV**

Boulevard Pachéco 44  
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**ARRANGER**

**Belfius Bank SA/NV**

Boulevard Pachéco 44  
B-1000 Brussels  
Belgium

**COVER POOL MONITOR**

**Ernst & Young Bedrijfsrevisoren CVBA/Réviseurs d'Entreprises SCRL**

**NOTEHOLDERS' REPRESENTATIVE**

**Stichting Belfius Mortgage Pandbrieven Noteholders' Representative**  
Amsterdam

**NOTEHOLDERS' REPRESENTATIVE MANAGING DIRECTOR**

**Amsterdamsch Trustee's Kantoor B.V.**

Fred. Roeskestraat 123 1HG  
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the Netherlands

**AUDITORS**

**To BELFIUS BANK SA/NV**

**Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA**  
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**LEGAL ADVISERS**

**To BELFIUS BANK SA/NV**

in respect of Belgian law

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