



## **BELFIUS BANK SA/NV**

*(incorporated with limited liability in Belgium)*

### **BELGIAN PANDBRIEVEN PROGRAMMES**

**EUR 20,000,000,000 Belgian Mortgage Pandbrieven Programme**

**EUR 10,000,000,000 Belgian Public Pandbrieven Programme**

*Arranger*  
**Belfius Bank**

*Dealers*

Barclays	Landesbank Baden-Württemberg
Belfius Bank	Natixis
BNP PARIBAS	NatWest Markets
Citigroup	Nomura
Commerzbank	NORD/LB
Deutsche Bank	Société Générale Corporate & Investment Banking
DZ BANK AG	UniCredit
Erste Group Bank AG	

2 October 2023



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## Belgian Pandbrieven Programmes

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Belfius Bank SA/NV (the “**Issuer**” or “**Belfius Bank**”) has established two separate programmes for the issuance of pandbrieven in accordance with the Belgian law of 25 April 2014 on the status and supervision of credit institutions (as amended, the “**Banking Law**”) and its executing royal decrees and regulations (the “**Belgian Covered Bonds Regulations**”): (i) a EUR 20,000,000,000 Belgian Mortgage Pandbrieven Programme (the “**Mortgage Pandbrieven Programme**”) pursuant to which Belfius Bank may from time to time issue Belgian mortgage pandbrieven (the “**Mortgage Pandbrieven**”) and (ii) a EUR 10,000,000,000 Belgian Public Pandbrieven Programme (the “**Public Pandbrieven Programme**”, and together with the Mortgage Pandbrieven Programme, the “**Programmes**”) pursuant to which Belfius Bank may from time to time issue Belgian public pandbrieven (the “**Public Pandbrieven**”, and together with the Mortgage Pandbrieven, the “**Pandbrieven**”). The aggregate principal amount outstanding of Mortgage Pandbrieven will not at any time exceed EUR 20,000,000,000 (or the equivalent in other currencies, as at the date of issuance of the Mortgage Pandbrieven). The aggregate principal amount outstanding of Public Pandbrieven will not at any time exceed EUR 10,000,000,000 (or the equivalent in other currencies, as at the date of issuance of the Public Pandbrieven).

Pandbrieven may be issued in dematerialised form (“**Dematerialised Pandbrieven**”) or in registered form (“**Registered Pandbrieven**”). Dematerialised Pandbrieven will be represented by a book-entry in the records of the securities settlement system operated by the National Bank of Belgium (the “**NBB**”) or any successor thereto (the “**Securities Settlement System**”) in accordance with Article 7:35 et seq. of the Belgian code of companies and associations (*Wetboek van vennootschappen en verenigingen/Code des sociétés et des associations*) (as amended, the “**Belgian Code of Companies and Associations**”). Registered Pandbrieven will be registered in a register maintained by the Issuer or by the Registrar in accordance with Article 7:27 et seq. of the Belgian Code of Companies and Associations.

The Pandbrieven under each Programme may be issued on a continuing basis to one or more dealers appointed from time to time under the relevant 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 Pandbrieven under each Programme 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. None of the Dealers under any of the Programmes shall be responsible for, any matter which is the subject of, any statement, representation, warranty or covenant of the Issuer contained in the Pandbrieven or any Programme Documents (as defined herein), or any other agreement or document relating to the Pandbrieven or any Programme Document prepared by the Issuer in respect of the relevant Programme, or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of the Pandbrieven and said Programme Documents prepared by the Issuer in respect of the relevant Programme.

This document constitutes a base prospectus (the “**Base Prospectus**”) within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EU (as amended, the “**EU Prospectus Regulation**”). This Base Prospectus has been approved by the Belgian Financial Services and Markets Authority (the “**FSMA**”), in its capacity as competent authority under the EU Prospectus Regulation. The FSMA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Pandbrieven. Investors should make their own assessment as to the suitability of investing in the Pandbrieven.

The date of this Base Prospectus is 2 October 2023. This Base Prospectus shall be valid for a period of twelve months from its date of approval. The obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when this Base Prospectus is no longer valid.

Application may be made to Euronext Brussels SA/NV (“**Euronext Brussels**”) for Pandbrieven issued under each of the Programmes for the period of 12 months from the date of approval of this Base Prospectus to be listed and admitted to trading on the regulated market of Euronext Brussels (the “**Market**”). The Market is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (as amended, “**MIFID II**”). No certainty can be given that the application will be granted. The Issuer may also issue unlisted Pandbrieven under each of the Programmes or request the listing of Pandbrieven under each of the Programmes on any other stock exchange or market. The applicable final terms in respect of the issuance of any Pandbrieven under each of the Programmes will specify whether or not such Pandbrieven will be listed and, if so, whether on the Market or on any other stock exchange or market.

The “**Supervisory Authority**” (i.e., the NBB and any other supervisory authority to which relevant powers may be transferred) has admitted the Issuer to the list of credit institutions that are authorised to issue covered bonds and has admitted each 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 Supervisory Authority (currently at [www.nbb.be](http://www.nbb.be)). This website and the information contained thereon does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA. Pandbrieven issued under each Programme will constitute Belgian pandbrieven under the Belgian Covered Bonds Regulations and will as such be included in the list of the Supervisory Authority. The Pandbrieven can also be referred to as “European covered bonds (premium)” (*Europese gedekte obligaties (premium)/obligation garantie européenne (de qualité supérieure)*) in accordance with the Belgian Covered Bonds Regulations.

Each Series of Pandbrieven under each Programme may on issuance be assigned a rating by Fitch Ratings Ireland Limited (“**Fitch**”), a rating by Moody’s France S.A.S. (“**Moody’s**”) and/or a rating by S&P Global Ratings Europe Limited (“**S&P**”), and/or a rating by such other rating agency as shall be specified in the final terms in respect of the issuance of any Pandbrieven. Each of Fitch, Moody’s and S&P is established in the European Union and is registered in accordance with Regulation (EC) No. 1060/2009 on credit rating agencies (as amended, the “**CRA Regulation**”) published on the European Securities and Markets Authority’s (“**ESMA**”) website (currently at [www.esma.europa.eu](http://www.esma.europa.eu)). This website and the information contained thereon does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA. Series of Pandbrieven (as defined in Section 1 “Overview of the Programmes”) to be issued under each Programme will be rated or unrated. Where a Series of Pandbrieven is to be rated, such rating will not necessarily be the same as the ratings assigned to other Series of Pandbrieven under the relevant Programme. Whether or not a rating in relation to any Series of Pandbrieven will be treated as having been issued by a credit rating agency established in the European Union and/or in the UK and registered under the CRA Regulation or Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK 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 Pandbrieven will be determined at the time of the offering of each Tranche (as defined in the sections headed “Method of Issue” under Section 1 “Overview of the Programmes”) based on the then prevailing market conditions and will be set out in the applicable final terms.

Pandbrieven issued under the Programmes will not be placed with “consumers” within the meaning of the Belgian code of economic law of 28 March 2013 (*Wetboek van economisch recht/Code de droit économique*) (as amended, the “**Belgian Code of Economic Law**”) and are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any “retail investors” in the European Economic Area (“**EEA**”) or in the United Kingdom (“**UK**”).

The Pandbrieven have not been, and will not be, registered under the United States Securities Act of 1933 (as amended, the “**Securities Act**”) or the securities laws of any state or other jurisdiction of the United States. The Pandbrieven may not be offered, sold or delivered 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) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the applicable securities laws of any state or other jurisdiction of the United States.

In the case of any Pandbrieven which are to be admitted to trading on a regulated market within the EEA or the UK or offered to the public in a member state of the EEA or the UK in circumstances which require the publication of a prospectus under the EU Prospectus Regulation or under Regulation EU 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”) (as amended, the “**UK Prospectus Regulation**”), as applicable, the specified denomination of Pandbrieven issued under this Base Prospectus shall be EUR 100,000 (or the equivalent of at least EUR 100,000 in any other currency as at the date of issuance of the Pandbrieven).

**Pandbrieven issued under the Programmes constitute debt instruments. In case of insolvency or default by the Issuer, investors may not recover all amounts they are entitled to and risk losing all or a part of their investment. Investing in Pandbrieven issued under the Programmes involves certain risks and may not be a suitable investment for all investors. Without prejudice to the Dealers’ obligations under MiFID II in relation to any Pandbrieven, each prospective investor must carefully consider whether it is suitable for that investor to invest in the Pandbrieven in light of its knowledge and financial experience and should, if required, obtain professional advice. Prospective investors should read the Base Prospectus in its entirety and, in particular, the risk factors described under Section 2 “Risk Factors” before making an investment decision in order to fully understand the potential risks and rewards associated with the decision to invest in the Pandbrieven. In case of an issue of Pandbrieven issued as “Green Bonds”, investors should in particular read the risk factor entitled “Risks related to Pandbrieven which qualify as “Green Bonds” which have a particular use of proceeds identified in the applicable Final Terms”, including the sub-risk factors thereunder entitled “Pandbrieven issued as Green Bonds may not meet investor expectations or requirements”, “No assurance of suitability or reliability of the Second Party Opinion”, “No Event of Default or breach of contract” and “Pandbrieven issued as Green Bonds are not linked to the performance of the Eligible Green Assets, do not benefit from any arrangements to enhance the performance of the Green Bonds or any contractual rights derived solely from the intended use of proceeds of such Green Bonds”.**

## IMPORTANT INFORMATION

### GENERAL

This Base Prospectus has been prepared on the basis that any offer to the public of Pandbrieven under each Programme in any member state of the EEA and/or in the UK (each a “**Relevant State**”) will be made pursuant to an exemption under the EU Prospectus Regulation and the UK Prospectus Regulation, as applicable, from the requirement to publish a prospectus for an offer to the public of Pandbrieven. Accordingly, any person making or intending to make an offer to the public of Pandbrieven in that Relevant State which Pandbrieven are the subject of an offering contemplated in this Base Prospectus as completed by the final terms in relation to the offer of those Pandbrieven may only do so in circumstances in which no obligation arises for the Issuer, the Arranger (for both the Mortgage Pandbrieven Programme and the Public Pandbrieven Programme (the “**Arranger**”)) or any Dealer under the relevant Programme to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or to supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer, the Arranger nor any Dealer has authorised, nor do they authorise, the making of any offer of Pandbrieven under any of the Programmes in circumstances in which an obligation arises for the Issuer, the Arranger or any Dealer to publish or supplement a prospectus for such offer. When used in this Base Prospectus, “**Prospectus Regulation**” means the EU Prospectus Regulation and the UK Prospectus Regulation.

This Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see Section 3 “Documents Incorporated by Reference”). Other than in relation to the documents which are deemed to be incorporated by reference, potential investors in the Pandbrieven should be aware that the information on any website to which this Base Prospectus refers does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA.

The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer, 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.

To the fullest extent permitted by law, none of the Arranger nor the Dealers accept any responsibility for the contents of this Base Prospectus or for any other statement made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer or the issuance and offering of the Pandbrieven under any of the Programmes. The Arranger and 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 any of the Programmes are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger or any of the Dealers under the relevant Programme that any recipient of this Base Prospectus or any person supplied with other information provided in connection with the relevant Programme should purchase the Pandbrieven. Each potential purchaser of Pandbrieven should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Pandbrieven should be based upon such independent investigation as it deems necessary. None of the Arranger nor 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 Pandbrieven or any information coming to the attention of the Arranger or any of the Dealers.

No person is or 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 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 under the relevant Programme. Without prejudice to Section 4 “Prospectus Supplement”, 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 relevant 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. If at any time during the life of the Programmes the Issuer shall be required to prepare a supplement pursuant to Article 23 of the EU Prospectus Regulation, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus.

The Dealers have not prepared any financial statements or reports referred to in this Base Prospectus and have not separately conducted any due diligence.

In the case of any Pandbrieven which are to be admitted to trading on a regulated market within the EEA or the UK or offered to the public in a Relevant State in circumstances which require the publication of a prospectus under the Prospectus Regulation, the specified denomination of Pandbrieven issued under this Base Prospectus shall be EUR 100,000 (or the equivalent of at least EUR 100,000 in any other currency as at the date of issuance of the Pandbrieven).

This Base Prospectus contains or incorporates by reference certain statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the Issuer's business strategies, trends in its business, competition and competitive advantage, regulatory changes, and restructuring plans. Words such as believes, expects, projects, anticipates, seeks, estimates, intends, plans or similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. The Issuer does not intend to update these forward-looking statements except as may be required by applicable securities laws. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. A number of important factors could cause actual results, performance or achievements to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements (see Section 2 "Risk Factors"). When evaluating forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, as well as the other risks identified which are specific to the Issuer and/or to the Pandbrieven and which are material for taking an informed investment decision, as corroborated by the content of this Base Prospectus.

This Base Prospectus contains various amounts and percentages which have been rounded and, as a result, when those amounts and percentages are added up, they may not total.

Unless otherwise stated, capitalised terms used in this Base Prospectus have the meanings set forth in this Base Prospectus.

## **IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND THE OFFER OF THE PANDBRIEVEN GENERALLY**

The distribution of this Base Prospectus and the offering or sale of the 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 under the relevant Programme to inform themselves about and to observe any such restriction.

The Pandbrieven have not been, and will not be, registered under the United States Securities Act of 1933 (as amended, the "**Securities Act**") or the securities laws of any state or other jurisdiction of the United States. The Pandbrieven may not be offered, sold or delivered 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) except pursuant to an exemption from, or in a

transaction not subject to, the registration requirements of the Securities Act and the applicable securities laws of any state or other jurisdiction of the United States.

For a description of certain restrictions on offers and sales of Pandbrieven and on the distribution of this Base Prospectus, see Section 13 “Subscription and Sale”.

Neither this Base Prospectus nor any other information supplied in connection with the issue of Pandbrieven constitutes an offer of, or an invitation by or on behalf of the Issuer, the Dealers or the Arranger to subscribe for, or purchase, any Pandbrieven. Any decision to invest in the Pandbrieven should be based on a consideration of the Base Prospectus as a whole and the applicable Final Terms of such Pandbrieven by investors.

**Prohibition of sales to EEA retail investors** – Pandbrieven issued under each of the Programmes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any “retail investors” in the EEA. For these purposes, a retail investor means a person who is one (or more) of (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive 2016/97/EU (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a qualified investor as defined in the EU Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Pandbrieven or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Pandbrieven or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**Prohibition of sales to UK retail investors** – Pandbrieven issued under each of the Programmes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“**UK FSMA 2000**”) and any rules or regulations made under the UK FSMA 2000 to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (as amended, the “**UK PRIIPs Regulation**”) for offering or selling the Pandbrieven or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Pandbrieven or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**Prohibition of sales to consumers in Belgium** – The Pandbrieven are not intended to be offered, sold or otherwise made available, and will not be offered, sold or otherwise made available, in Belgium to “consumers” (*consumenten/consommateurs*) within the meaning of the Belgian Code of Economic Law.

**MIFID II product governance / target market** – The Final Terms in respect of any Pandbrieven will include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Pandbrieven and which channels for distribution of the Pandbrieven are appropriate. Any person subsequently offering, selling or recommending the Pandbrieven (a “**distributor**”) should take into consideration the target market assessment. A distributor subject to MiFID II is, however, responsible for undertaking its own target market assessment in respect of the Pandbrieven (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID II product governance rules under EU Delegated Directive 2017/593 (the “**MiFID II Product Governance Rules**”), any Dealer subscribing for any Pandbrieven is a manufacturer in respect of such Pandbrieven, but otherwise neither the Arranger

nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID II Product Governance Rules.

**UK MiFIR product governance / target market** – The Final Terms in respect of any Pandbrieven may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Pandbrieven and which channels for distribution of the Pandbrieven are appropriate. Any distributor should take into consideration the target market assessment. A distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is, however, responsible for undertaking its own target market assessment in respect of the Pandbrieven (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Pandbrieven under the relevant Programme is a manufacturer in respect of such Pandbrieven, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

**Benchmarks Regulation** – Interest and/or other amounts payable under the Pandbrieven may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the “**Benchmarks Regulation**”). If any such reference rate does constitute such a benchmark, the applicable final terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (ESMA) pursuant to Article 36 of the Benchmarks Regulation. Not every reference rate will fall within the scope of the Benchmarks Regulation. Transitional provisions in the Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant final terms (or, if located outside the European Union, is not required to have obtained recognition, endorsement or equivalence). The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the relevant final terms to reflect any change in the registration status of the administrator.

Amounts payable under the Pandbrieven may be calculated by reference to the Euro Interbank Offered Rate (“**EURIBOR**”) which is provided by the European Money Markets Institute (“**EMMI**”). As at the date of this Base Prospectus, EMMI appears on the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of the Benchmarks Regulation.

## **PANDBRIEVEN ISSUED AS GREEN BONDS**

None of the Issuer, the Arranger nor the Dealers accepts any responsibility for any social, environmental or sustainability assessment by any third party of any Pandbrieven issued as Green Bonds or makes any representation or warranty or assurance whether such Pandbrieven will meet any investor expectations or requirements regarding such “green”, “sustainability” or similar labels. None of the Arranger nor the Dealers are responsible for the use of proceeds for any Pandbrieven issued as Green Bonds, nor the impact or monitoring of such use of proceeds.

In the event any such Pandbrieven are, or are intended to be, listed, or admitted to trading on a dedicated “green”, “sustainability” or other equivalently-labelled segment of a stock exchange or securities market, no representation or assurance is given by the Issuer, the Arranger, the Dealers or any other person that such listing or admission will be obtained or maintained for the lifetime of the Pandbrieven.

Any information on, or accessible through, the Issuer’s website relating to the Issuer’s Green Bond Framework (as defined in Section 14 “Green Bond Framework”) and the information in the Green Bond Framework and any second party opinion is not part of, nor is it incorporated by reference into, this Base Prospectus.

In addition, no assurance or representation is given by the Issuer, the Arranger, the Dealers or any other person as to the suitability or reliability for any purpose whatsoever of any opinion, report or certification of any third party made available in connection with the offering of the Pandbrieven issued as Green Bonds, nor is any such opinion or certification a recommendation by the Issuer, the Arranger or any Dealer or any other person to buy, sell or hold any such Pandbrieven issued as Green Bonds. Any such opinion, report or certification and any other document related thereto does not form part of, and is not incorporated by reference into, this Base Prospectus. Any such opinion is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion and/or the information contained therein and/or the provider of such opinion for the purpose of any investment in the Pandbrieven issued as Green Bonds. For the avoidance of doubt, this is without prejudice to the responsibility of the Issuer for the information contained in this Base Prospectus as set out in the section headed “General” above and for the information contained in the applicable Final Terms as indicated therein.

## CONSIDERATION OF INVESTMENT

An investment in a particular Series of Pandbrieven under each of the Programmes may involve certain risks, which will vary depending on the type of the Pandbrieven. The Pandbrieven may not be a suitable investment for all investors. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the particular Series of Pandbrieven under the relevant Programme, the merits and risks of investing in the Pandbrieven under the relevant Programme and the information contained or referred to in this Base Prospectus or any applicable supplement;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Pandbrieven under the relevant Programme and the impact the Pandbrieven under the relevant Programme will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Pandbrieven under the relevant Programme, including 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) understands thoroughly the terms of the Pandbrieven under the relevant Programme and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) is 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.

## STABILISATION

In connection with the issue of any Tranche of Pandbrieven, the Dealer or Dealers (if any) named as the stabilising manager(s) (the “**Stabilising Manager(s)**”) (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Pandbrieven or effect transactions with a view to supporting the market price of the Pandbrieven at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person 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 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 issue 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 any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.



## **ENGLISH CONCEPTS**

The Pandbrieven under each Programme are issued in accordance with the Belgian Covered Bonds Regulations as further described in this Base Prospectus. The official text of the Belgian Covered Bonds 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 Belgian Covered Bonds Regulations contained in this Base Prospectus, please refer to the official Dutch and French versions of the relevant legislative text, which shall prevail.

## **CURRENCIES**

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “euro”, “EUR” and “€” are to the lawful currency of the member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty establishing the European Union, as amended.

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## SECTION 1 OVERVIEW OF THE PROGRAMMES

*This overview constitutes a general description of each of the Programmes for the purposes of Article 25(1)(b) of Commission Delegated Regulation 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, as amended. It summarises the main terms applicable to respectively (i) the Mortgage Pandbrieven issued under the Mortgage Pandbrieven Programme pursuant to the relevant terms and conditions set out in this Base Prospectus (the “**MP Conditions**”) and the relevant final terms based on the form set out in this Base Prospectus (the “**MP Final Terms**”) and (ii) the Public Pandbrieven issued under the Public Pandbrieven Programme pursuant to the relevant terms and conditions set out in this Base Prospectus (the “**PP Conditions**”) and the relevant final terms based on the form set out in this Base Prospectus (the “**PP Final Terms**”). When used in this Base Prospectus, “**Conditions**” may refer to MP Conditions and/or PP Conditions and “**Final Terms**” may refer to MP Final Terms and/or PP Final Terms, in each case as the context requires.*

*The Issuer may from time to time issue Pandbrieven under each 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 Pandbrieven governed by German law (Gedekte Namensschuldverschreibungen) (“**N Bonds**”). In such circumstances, the relevant (form of) terms and conditions (and, if applicable, final terms) will 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) relating to the relevant Programme.*

*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 (including any documents incorporated by reference herein) and, in relation to the terms and conditions of any particular Series or Tranche of Pandbrieven, the applicable Final Terms.*

*Capitalised terms used herein and not otherwise defined shall bear the meanings ascribed to them in the MP Conditions or the PP Conditions, as the context may require.*

### 1.1. MORTGAGE PANDBRIEVEN 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 1210 Brussels, Place Charles Rogier 11, Belgium, telephone +32 22 22 11 11.

**Website of the Issuer** [www.belfius.be](http://www.belfius.be)

The information on this website does not form part of, and is not incorporated by reference into, this Base Prospectus, except where that information has been expressly incorporated by reference in this Base Prospectus.

**Issuer’s legal entity identifier (LEI)** A5GWLFBH3KM7YV2SFQL84

**NBB issuer license** The “**Supervisory Authority**” (i.e., the NBB) and any other supervisory authority to which relevant powers may be transferred) 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 Mortgage Pandbrieven Programme

<b>Description</b>	<p>The Belgian Mortgage Pandbrieven Programme (the “<b>Mortgage Pandbrieven Programme</b>” or “<b>MP Programme</b>”) is a programme for the continuous offer of Belgian pandbrieven (<i>Belgische pandbrieven/lettres de gage belges</i>) (the “<b>Mortgage Pandbrieven</b>”) in accordance with the Belgian law of 25 April 2014 on the status and supervision of credit institutions (as amended, the “<b>Banking Law</b>”) and its executing royal decrees and regulations (the “<b>Belgian Covered Bonds Regulations</b>”) on any issue date (each, an “<b>Issue Date</b>”).</p>
<b>Mortgage Pandbrieven Programme license</b>	<p>The Supervisory Authority has admitted the Mortgage Pandbrieven Programme to the list of authorised programmes for the issuance of covered bonds under the category Belgian pandbrieven (<i>Belgische pandbrieven/lettres de gage belges</i>) on 6 November 2012. Upon so being notified by the Issuer, the Supervisory Authority shall regularly update such list with the Mortgage Pandbrieven issued under the Mortgage Pandbrieven Programme and shall indicate that the Mortgage Pandbrieven constitute Belgian pandbrieven under the Belgian Covered Bonds Regulations.</p>
<b>Mortgage Pandbrieven Programme Limit</b>	<p>EUR 20,000,000,000 (or its equivalent in other currencies at the date of issue) aggregate outstanding principal amount of Mortgage Pandbrieven at any time.</p>
<b>Belgian Mortgage Pandbrieven</b>	<p>The Mortgage Pandbrieven will be issued as Belgian pandbrieven (<i>Belgische pandbrieven/lettres de gage belges</i>) in accordance with the Belgian Covered Bonds Regulations. The Mortgage Pandbrieven respect all the criteria of the Belgian pandbrieven in the Belgian Covered Bonds Regulations and therefore qualify as “European covered bonds (premium)” (<i>Europese gedekte obligaties (premium)/obligations garanties européennes (de qualité supérieure)</i>) in accordance with the Belgian Covered Bonds Regulations. The NBB publishes a list of Belgian pandbrieven qualifying as European covered bonds (premium), including the Mortgage Pandbrieven, on its website (<a href="http://www.nbb.be">www.nbb.be</a>). This website and the information contained thereon does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA.</p> <p>All Mortgage Pandbrieven to be issued under the Mortgage Pandbrieven Programme will be covered by the same special estate (<i>bijzonder vermogen/patrimoine spécial</i>) of the Issuer constituted pursuant to Article 3 of Annex III to the Banking Law in relation to the MP Programme and in which the MP Cover Assets (as defined below) are segregated (the “<b>MP Special Estate</b>”). The main asset class of the MP Special Estate will consist of Belfius Bank’s residential mortgage loans within the meaning of the Belgian Covered Bonds Regulations (the “<b>Residential Mortgage Loans</b>”, and together with any other assets registered as cover assets (<i>dekkingsactiva/actifs de couverture</i>), the “<b>MP Cover Assets</b>”). The Residential Mortgage Loans are primary assets (<i>primaire active/actifs principaux</i>) as defined in Article 1, 9° of Annex III to the Banking Law (“<b>Primary Assets</b>”). The Issuer shall procure that the value of the Residential Mortgage Loans calculated in accordance with the Belgian Covered Bonds Regulations (and including any collections in respect thereto) will at all times represent at least 105 per cent. of the aggregate outstanding principal amount of the Mortgage Pandbrieven of all Series. The Issuer will maintain a cover register in</p>

which both the issued Mortgage Pandbrieven and the MP Cover Assets are registered in accordance with Article 15, §1, 1° of Annex III to the Banking Law (the “**MP Cover Register**”).

See Section 6.2.1 “Composition of the special estate” of Section 6 “Summary Description of the Legal Framework for Belgian Covered Bonds and Belgian Pandbrieven” and MP Condition 11 (*Issuer Covenants*) for further information on the composition of the MP 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 Belgian Covered Bonds Regulations, the MP Noteholders and any MP Other Creditors (as defined below) will in case a liquidation procedure is started against the Issuer or in case the Issuer is resolved benefit from a dual recourse consisting of (i) an exclusive right of recourse against the MP Special Estate and (ii) an unsecured, unsubordinated recourse against the general estate of the Issuer.

### **Over-Collateralisation and Cover Tests**

At the time of the issuance and as long as any Mortgage Pandbrieven remain outstanding, the Issuer must, in respect of the MP Special Estate, meet the following cover tests as provided for in the Belgian Covered Bonds Regulations.

The value of the Primary Assets registered as Cover Assets in the MP Special Estate must represent at least 85 per cent. of the Series Principal Amount Outstanding of the Mortgage Pandbrieven of all Series (the “**85 per cent. Asset Coverage Test**”).

The value of the MP Cover Assets must provide an excess cover such that their value exceeds the Principal Amount Outstanding of the Mortgage Pandbrieven. The value of the MP Cover Assets must represent at least 105 per cent. of the Series Principal Amount Outstanding of the Mortgage Pandbrieven of all Series (the “**Over-Collateralisation Test**”). The value of the principal amount of the MP Cover Assets can only be taken into account for the purpose of the Over-Collateralisation Test if they are not otherwise taken into account to satisfy other obligations than the payment of principal on the Mortgage Pandbrieven for the purpose of the Amortisation Test (as defined below).

The sum of interest, principal and all other revenues generated by the MP Cover Assets composing MP Special Estate (including the Primary Assets and the other assets being part of the relevant MP Special Estate, i.e., “**Secondary Assets**”) must, for the duration of the Mortgage Pandbrieven, provide a sufficient cover (i) for the payment of principal and interest on the Mortgage Pandbrieven, (ii) for the obligations towards the MP Noteholders and any MP Other Creditors (as defined below) and (iii) for the maintenance and the management of the MP Special Estate, including the costs for the reduction of the MP Special Estate (the “**Amortisation Test**”). To determine the extent to which the principal amount of the MP Cover Assets is included in the calculation referred to above, the eligibility criteria set out in Article 3 of the Covered Bonds Royal Decree shall be taken into account in accordance with Article 5, §3, first indent of the Covered Bonds Royal Decree. The interest generated by the MP Cover Assets are calculated, and the costs for maintenance and management are calculated and estimated, in accordance with Article 5, §3, second and third indent of the Covered Bonds Royal Decree.

The 85 per cent. Asset Coverage Test, the Over-Collateralisation Test and the Amortisation Test are hereinafter jointly referred to as the “**Cover Tests**”. See also Section 6.2.3.2 “Cover Tests” of Section 6 “Summary Description of the Legal Framework for Belgian Covered Bonds and Belgian Pandbrievens”.

### **Valuation Methodology**

The value of the MP Cover Assets are determined in accordance with the valuation methodology set out in Article 6 of the Covered Bonds Royal Decree. In all circumstances, the value of an asset for which there is a payment default within the meaning of Article 178 of the CRR is zero. The value of an asset that is 30 days past due and less than 90 days past due will only be taken into account for 50 per cent. of the value. See also Section 6.2.3.3 “Cover Asset Valuation Methodology” of Section 6 “Summary Description of the Legal Framework for Belgian Covered Bonds and Belgian Pandbrievens”.

### **Liquidity Buffer**

The Belgian Covered Bonds Regulations provide that the MP Special Estate must contain sufficient liquid and available MP Cover Assets to provide a liquidity buffer in order to enable the Issuer to cover the net liquidity outflows of the MP Programme at any time, as well as the maximum amount of the sum of the net liquidity outflows calculated over a six-month period (the “**Liquidity Test**”). As an Extended Maturity Date applies to all Series of Mortgage Pandbrievens, the principal amount of the Series of Mortgage Pandbrievens taken into account for the purpose of the calculation of the net liquidity outflow can be based on the maximum maturity as stipulated in the issue conditions.

The Cover Tests and the Liquidity Test are hereinafter jointly referred to as the “**Statutory Tests**”.

Liquid assets that can be used for the purpose of the Liquidity Test are, in accordance with Article 7 of the Covered Bonds Royal Decree:

- (a) MP Cover Assets satisfying the requirements of assets of level 1 in accordance with Commission Delegated Regulation (EU) 2015/61 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions, that are valued in accordance with this Commission Delegated Regulation and which are not issued by the Issuer;
- (b) short term exposures and short term deposits as set out in Article 3 §1, 4°, a) of the Covered Bonds Royal Decree.

See also Section 6.2.3.5 “Liquidity Test” of Section 6 “Summary Description of the Legal Framework for Belgian Covered Bonds and Belgian Pandbrievens”.

### **Issuer Covenants**

The Issuer will covenant in favour of the MP Noteholders and the MP Noteholders’ Representative for so long as the Mortgage Pandbrievens are outstanding that it will ensure that:

- (a) it will continuously comply with the obligations applicable to it under the Belgian Covered Bonds Regulations, including the Statutory Tests;
- (b) the MP Special Estate will mainly consist of Residential Mortgage Loans;
- (c) the MP Special Estate will not contain any commercial mortgage loans;
- (d) the value of the Residential Mortgage Loans registered as MP Cover Assets in the MP Cover Register (including any collections in respect thereto) (A) is calculated in accordance with the Belgian Covered Bonds Regulations and (B) will at all times represent at least 105 per cent. of the aggregate



outstanding principal amount of the Mortgage Pandbrieven of all Series (it being understood that any surplus above 105 per cent. may be composed of other eligible assets under the MP Programme);

- (e) only Residential Mortgage Loans with a current loan to current value ratio of maximum 120 per cent. will be added to the MP Special Estate;
- (f) only fully drawn Residential Mortgage Loans will be added to the MP Special Estate; and
- (g) the MP Special Estate will at all times include cover assets which (i) are eligible as collateral for Eurosystem monetary policy purposes and intra-day credit operations by the Eurosystem, (ii) have a credit quality step 1 as defined in the Capital Requirements Regulation, (iii) are subject to a daily mark-to-market and have a market value which, after applying the European Central Bank (“ECB”) haircut in accordance with the Guideline 2015/510 of the ECB of 19 December 2014 on the implementation of the Eurosystem monetary policy (as 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, (iv) have a remaining maturity of more than one year and (v) are not debt issued by the Issuer.

#### **Risk Management Policies**

The issuing credit institution must establish risk management policies and perform a stress test on a quarterly basis in order to guarantee that the liquidity flows generated by the MP Cover Assets remain sufficient to satisfy the requirements of the Cover Tests and the Liquidity Test and/or, as the case may be, must possess other assets that can be used quickly as cover asset in order to provide relevant coverage.

The stress tests do at least need to take into account:

- (a) sudden and unexpected interest rate or exchange rate movements;
- (b) scenarios with different levels of percentages of early prepayment of cover assets; and
- (c) scenarios with material deterioration of the credit quality of the cover assets.

See also Section 6.2.3.4 “Risk Management” of Section 6 “Summary Description of the Legal Framework for Belgian Covered Bonds and Belgian Pandbrieven”.

#### **Cross-Acceleration**

Upon service of an acceleration notice under any of the Series of Mortgage Pandbrieven, all outstanding Mortgage Pandbrieven issued under the Mortgage Pandbrieven Programme will become immediately due and payable on the relevant acceleration date, together with any accrued interest, and they will rank *pari passu* among themselves. An acceleration notice under the Mortgage Pandbrieven Programme will however not trigger an acceleration of the outstanding Public Pandbrieven under the Public Pandbrieven Programme (hence no cross-acceleration between the Programmes).

#### **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 MP Special Estate (whether in the administration or the liquidation of the MP Special Estate or otherwise) following (i) the service of an acceleration notice or (ii) a liquidation of the MP Special Estate in accordance with Article 11, 6° or 7° of Annex III to the Banking 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 MP 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 MP 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 MP Operating Creditors;
- (d) *fourth*, on a *pari passu* and *pro rata* basis, in or towards satisfaction of (i) any *Pari Passu* Swap Amounts and (ii) any payments of amounts due and payable to MP Noteholders *pro rata* and *pari passu* on each Series in accordance with the MP Conditions;
- (e) *fifth*, on a *pari passu* and *pro rata* basis, in or towards satisfaction of any Junior Swap Amounts; and
- (f) *sixth*, thereafter any remaining monies will be paid to the general estate of the Issuer.

For the purposes of this provision, terms in capital letters have the following meaning:

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

“**Junior Swap Amount**” means any swap termination amount whereby the MP Derivative Contract Counterparty is the defaulting party or any such other amount, including any costs, charges, liabilities and expenses, due and payable to an MP Derivative Contract 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 MP Noteholders and any other party ranking senior in accordance with the Post-Acceleration Priority of Payments.

“**MP Derivative Contract Counterparty**” means a derivative contract counterparty under a swap agreement entered into by the Issuer in relation to the MP Special Estate.

“**MP Operating Creditor**” means any of (1) the MP (Principal) Paying Agent, (2) the MP Fiscal Agent, (3) the MP Cover Pool Monitor, (4) the MP Registrar, (5) the MP Servicer, (6) any account bank holding assets on behalf of the MP 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 MP Special Estate, (9) the Rating Agencies in relation to any Mortgage Pandbrievens issued under the MP Programme, (10) any independent accountant or independent calculation agent for services provided for the benefit of the MP Special Estate, (11) any custodian in relation to the MP Programme, (12) any agent or party appointed in accordance with the MP Programme Documents or any other creditor of amounts due in connection with the management and administration of the MP Special Estate or (13) any other creditor which may have

a claim against the MP Special Estate as a result of any services provided or contracts entered into in relation to the Mortgage Pandbrieven or the MP Programme, as may from time to time be specified in the MP Conditions of any Mortgage Pandbrieven issued under the MP Programme.

“**MP Other Creditor**” means the MP Noteholders’ Representative, any MP Operating Creditor, any MP Derivative Contract Counterparty and the MP Cover Pool Administrator.

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

**Cross-Default** None (other than cross-acceleration between Series of Mortgage Pandbrieven).

**Negative Pledge** None.

**Information relating to the parties involved in the MP Programme**

**MP Arranger** Belfius Bank SA/NV

**MP Dealers** Barclays Bank Ireland PLC  
 Belfius Bank SA/NV  
 BNP Paribas  
 Citigroup Global Markets Europe AG  
 Commerzbank Aktiengesellschaft  
 Deutsche Bank Aktiengesellschaft  
 DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main  
 Erste Group Bank AG  
 Landesbank Baden-Württemberg  
 Natixis  
 NatWest Markets N.V.  
 Nomura Financial Products Europe GmbH  
 Norddeutsche Landesbank - Girozentrale -  
 Société Générale  
 UniCredit Bank AG

*The Issuer may from time to time terminate the appointment of any MP Dealer under the MP Programme or appoint additional MP Dealers either in respect of one or more Tranches or in respect of the whole MP Programme.*

**MP Fiscal Agent** Belfius Bank SA/NV, unless otherwise specified in the applicable MP Conditions or MP Final Terms.

**MP Principal Paying Agent** Belfius Bank SA/NV, unless otherwise specified in the applicable MP Conditions or MP Final Terms.

**MP Paying Agent** Belfius Bank SA/NV, unless otherwise specified in the applicable MP Conditions or MP Final Terms.

**MP Registrar** Belfius Bank SA/NV, unless otherwise specified in the applicable MP Conditions or MP Final Terms.

<b>MP Servicer</b>	Belfius Bank SA/NV, unless otherwise specified in the applicable MP Conditions or MP Final Terms.
<b>MP Clearing Systems</b>	The securities settlement system operated by the NBB or any successor thereto (the “ <b>Securities Settlement System</b> ”) (or any other entity entitled by law to replace any such clearing system), Euroclear Bank SA/NV (“ <b>Euroclear Bank</b> ”), Euroclear France SA (“ <b>Euroclear France</b> ”), Clearstream Banking AG, Frankfurt (“ <b>Clearstream Banking Frankfurt</b> ”), SIX SIS Ltd, Switzerland (“ <b>SIX SIS</b> ”), Monte Titoli S.p.A., Italy (“ <b>Euronext Securities Milan</b> ”), Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (“ <b>Euronext Securities Porto</b> ”), LuxCSD S.A. (“ <b>LuxCSD</b> ”) and/or such other clearing system as may be agreed between the Issuer, the MP Fiscal Agent and (where applicable) the relevant MP Dealer(s) <sup>1</sup> .
<b>MP 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>MP Cover Pool Monitor</b>	EY Bedrijfsrevisoren BV/ EY Réviseurs d’Entreprises SRL and its representative (as approved by the Supervisory Authority in accordance with the Belgian Covered Bonds Regulations). The MP Cover Pool Monitor will perform its duties in relation to the MP Programme in accordance with the Belgian Covered Bonds Regulations and the contractual arrangements that will be agreed upon between the MP Cover Pool Monitor and the Issuer.
<b>MP Cover Pool Administrator</b>	<p>The Belgian Covered Bonds Regulations provide that, in certain circumstances of distress, the Supervisory Authority may replace the management of the MP 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 measure or sanction as provided for under Article 8, §1, 1° of Annex III to the Banking Law against the issuing credit institution if, in the opinion of the Supervisory Authority, such measure or sanction and/or the reasons for it may prejudice the rights of the MP Noteholders and/or of any third parties who may have a claim on the MP Special Estate;</li> <li>(b) upon the initiation of winding-up proceedings (<i>liquidatieprocedure/procédure de liquidation</i>) against the issuing credit institution;</li> <li>(c) upon the withdrawal of the General Authorisation and/or Specific Authorisation(s); 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 MP Noteholders.</li> </ul>

*The parties listed above (other than any MP Cover Pool Administrator) are appointed to act in respect of the MP Programme pursuant to the MP Programme Documents as further described under Section 5 “Description of the Programmes” (the “MP Programme Documents”). The relevant MP Programme Documents provide that other*

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<sup>1</sup> The official list of participants as amended, supplemented and/or replaced from time to time can be consulted on the website of the NBB on <http://www.nbb.be>. The information contained on the website of the National Bank of Belgium ([www.nbb.be](http://www.nbb.be)) does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA.

parties may be appointed from time to time and contain certain provisions in relation to the replacement of the above-mentioned parties.

### **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 7:35 et seq. of the Belgian Code of Companies and Associations via a book-entry system maintained in the records of the NBB in its capacity as operator of the Securities Settlement System or (ii) in registered form (“ <b>Registered Mortgage Pandbrieven</b> ”) in accordance with Article 7:27 et seq. of the Belgian Code of Companies and Associations. No physical documents of title will be issued in respect of Dematerialised Mortgage Pandbrieven or Registered Mortgage Pandbrieven.
<b>Method of Issue</b>	<p>The Mortgage Pandbrieven will be issued in series (each a Series). Each Series may comprise one or more Tranches issued on the same or different issue dates. A “<b>Tranche</b>” means, in relation to a Series, Mortgage Pandbrieven which are identical in all respects (including as to listing). A “<b>Series</b>” 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), save as to the issue date, the issue price, the first payment of interest and/or the Temporary ISIN Code and Temporary Common Code (if any and as defined in the applicable MP Final Terms). Once consolidated, the Mortgage Pandbrieven of each Series are intended to be interchangeable with all other Mortgage Pandbrieven of that Series.</p> <p>The specific terms of each Tranche will be set out in the applicable MP Final Terms.</p>
<b>Distribution</b>	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 MP Dealers, in each case in accordance with the Distribution Agreement relating to the Mortgage Pandbrieven Programme.
<b>Selling Restrictions</b>	United States, European Economic Area, United Kingdom, Belgium, the Netherlands, Switzerland and Japan. See Section 13 “ <i>Subscription and Sale</i> ”.
<b>Issue Price</b>	Mortgage Pandbrieven may be issued at their principal amount or at a discount or premium to their principal amount.
<b>Delivery of Mortgage Pandbrieven</b>	Dematerialised Mortgage Pandbrieven will be credited to the accounts held with the Securities Settlement System by Euroclear Bank, Euroclear France, Clearstream Banking Frankfurt, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, LuxCSD or other Securities Settlement System participants or their participants. Registered Mortgage Pandbrieven will be registered in a register maintained by the Issuer or by the MP Registrar in accordance with Article 7:27 et seq. of the Belgian Code of Companies and Associations.
<b>Currencies</b>	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 MP Dealer(s) or investor (as applicable).
<b>Maturities</b>	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 as indicated in the applicable MP Final Terms.

## Redemption

The applicable MP Final Terms will indicate the scheduled maturity date of the Mortgage Pandbrieven (the “**Maturity Date**”). The relevant Mortgage Pandbrieven 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 MP Final Terms may specify that the Mortgage Pandbrieven will be redeemable at the option of the MP Noteholders (“**Noteholder Put**”) or at the option of the Issuer (“**Issuer Call**”), in each case upon giving notice to the Issuer or the MP Noteholders, 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 thereto.

## Extendable Final Maturity Structures

- (i) The obligation of the Issuer to pay the Final Redemption Amount of a Series of Mortgage Pandbrieven on the Maturity Date of such Series can be deferred upon the occurrence of one of the following events:
  - (A) the Issuer fails to redeem the Mortgage Pandbrieven of the relevant Series at their Final Redemption Amount in full within five Business Days after their Maturity Date (“failure to pay”). In such case (subject as provided below in paragraph (iii)), the obligation of the Issuer to redeem such Series shall be automatically deferred to, and shall be due on, the Extended Maturity Date; and
  - (B) the deferral, up to the Extended Maturity Date, may be decided upon by the Cover Pool Administrator in the event a liquidation procedure is initiated against the Issuer or the Issuer is resolved.

For this purpose, the “**Extended Maturity Date**” shall be the date falling one year after the relevant Maturity Date.

- (ii) The Issuer shall give notice of the extension of the Maturity Date to the Extended Maturity Date to the MP Noteholders of the relevant Series, the MP Noteholders’ Representative, the relevant Rating Agencies, the MP Fiscal Agent and the MP Paying Agent and/or MP Registrar as soon as reasonably practicable, it being understood that a failure to notify shall not affect such extension of the Maturity Date. In accordance with Article 13/1, §2 of Annex III to the Banking Law, the Issuer will inform the Supervisory Authority of its action plan to ensure that the Final Redemption Amount due and remaining unpaid, will be paid by the new maturity date.
- (iii) Notwithstanding paragraph (v) below, if and to the extent that on any subsequent Interest Payment Date (as defined in the applicable MP Final Terms) falling prior to the Extended Maturity Date (each an “**Extension Payment Date**”), the Issuer has available funds, then the Issuer shall (a) give notice thereof to the MP Noteholders of such Series, the MP Noteholders’ Representative, the MP Fiscal Agent and the MP Paying Agent and/or MP 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 the Mortgage Pandbrieven of such Series on such Extension Payment Date at their Final Redemption Amount.
- (iv) Save as otherwise provided for in the applicable MP 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 the Extended Maturity Date, (b) be payable in arrears on each Extension

Payment Date (in respect of the Interest Period then ended) or, if earlier, on the Extended Maturity Date and (c) accrue at the rate provided for in the applicable MP Final Terms.

- (v) To the extent that the maturity date of any other Series of Mortgage Pandbrieven has been extended in accordance with the relevant terms and conditions thereof (the “**Extended Mortgage Pandbrieven**”) and the Maturity Date of a Series of Mortgage Pandbrieven falls prior to the extended maturity date of the Extended Mortgage Pandbrieven and on such date the Extended Mortgage Pandbrieven have not yet been redeemed in full, then the Maturity Date of such Series of Mortgage Pandbrieven shall also be extended on its Maturity Date to the Extended Maturity Date. Such extension does not in itself need to be triggered by paragraph (i) above, but is made in accordance with Article 13, §2 *in fine* of Annex III to the Banking Law in order to avoid that an extension of a particular Series of Mortgage Pandbrieven would alter the sequence of Maturity Dates among different Series of Mortgage Pandbrieven.
- (vi) Subject to paragraph (v) above, an extension of one Series does not automatically imply the extension of other Series.
- (vii) In the case the Mortgage Pandbrieven to which an Extended Maturity Date applies are Zero Coupon Mortgage Pandbrieven, the outstanding principal amount will for such purpose be the total amount otherwise payable by the Issuer but unpaid on the relevant Mortgage Pandbrieven on the Maturity Date.
- (viii) 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 shall be a failure to pay which may constitute a Payment Default.
- (ix) Any payments which may 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 Covered Bonds Royal Decree.
- (x) If the maturity of any Mortgage Pandbrieven is extended up to the Extended Maturity Date as described above, for so long as any of those Mortgage Pandbrieven remains outstanding, the Issuer shall not issue any further Mortgage Pandbrieven, unless the proceeds of issuance of such further Mortgage Pandbrieven are applied by the Issuer on issuance in redeeming in whole or in part the relevant Mortgage Pandbrieven in accordance with the terms hereof.

### **Payment Default**

Only failure by the Issuer to pay (i) any principal amount in respect of any Mortgage Pandbrief on the Extended Maturity Date or on any date on which it is required to redeem the Mortgage Pandbrieven in accordance with MP Condition 3(j)(v) (*Redemption, Purchase and Options – Extension of Maturity up to Extended Maturity Date*) or (ii) any interest in respect of any Mortgage Pandbrief within five (5) 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 ten (10) Business Days after the MP 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 MP Noteholders’ Representative to deliver such Payment Notice, any MP Noteholder may deliver such notice to the Issuer (with a copy to the MP Noteholders’ Representative). The date on which a Payment Default occurs shall be the date on which the MP Noteholders’ Representative or any MP Noteholder has given notice of such Payment Default plus ten (10) Business Days (the “**Payment Default Date**”).

Without prejudice to the powers granted to the MP Cover Pool Administrator, only if a Payment Default occurs in relation to a particular Series, the MP Noteholders’ Representative may, and shall if so requested in writing by the MP Noteholders of at least 66<sup>2/3</sup> per cent. of the outstanding principal amount of the relevant Series of the Mortgage Pandbrieven then outstanding (excluding any Mortgage Pandbrieven 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 Pandbrieven become immediately due and payable (the “**Acceleration Date**”), which will be at least two (2) Business Days after the Payment Default Date.

**Specified Denomination**

Mortgage Pandbrieven will be in such denominations as may be specified in the applicable MP Final Terms (the “**Specified Denomination**”), save that (i) the minimum Specified Denomination of the Mortgage Pandbrieven 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 Pandbrieven which are to be admitted to trading on a regulated market within the EEA or the UK or offered to the public in a Relevant State in circumstances which require the publication of a prospectus under the Prospectus Regulation, the Specified Denomination shall be EUR 100,000 (or the equivalent of at least EUR 100,000 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 MP 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 Rate Mortgage Pandbrieven will bear interest payable in arrears on the date or dates in each year specified in the applicable MP 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 published by the International Swaps and Derivatives Association, Inc.;
- (ii) by reference to EURIBOR or any risk-free reference rate replacing it (or such other benchmark as may be specified in the applicable MP Final Terms) as adjusted for any applicable margin as specified in the applicable MP Final Terms; or
- (iii) subject to a prospectus supplement (where applicable) on such other basis as may be agreed between the Issuer and the MP Dealer(s) or investor (as applicable).

Interest Periods will be specified in the applicable MP 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 their Maturity Date, as set out in the MP Conditions).

## **Ratings**

Each Series of Mortgage Pandbrieven issued under the MP Programme may be rated by Fitch Ratings Ireland Limited (“**Fitch**”), by Moody’s France S.A.S. (“**Moody’s**”) by S&P Global Ratings Europe Limited (“**S&P**”) and/or by such other rating agency as shall be specified in the MP Final Terms.

Each of Fitch, Moody’s and S&P 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 website (<https://www.esma.europa.eu>). This website and the information contained thereon does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA.

Where a Series of Mortgage Pandbrieven is to be rated, such rating will be specified in the applicable MP Final Terms and will not necessarily be the same as the ratings assigned to Mortgage Pandbrieven previously issued under the MP 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 or the UK and registered under the CRA Regulation or the UK CRA Regulation will be disclosed in the applicable MP 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 by or on behalf of the Issuer in respect of the Mortgage Pandbrieven 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 or any political subdivision or any authority therein or thereof having power to tax, the Issuer shall, subject to certain exceptions

(including the ICMA Standard EU Tax Exception), pay such additional amounts as may be necessary so that the net amounts received by the MP 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 Pandbrieven in the absence of such withholding or deduction, all as set out in MP Condition 5 (*Tax Gross-up*).

#### **Listing and Admission to Trading**

Where specified in the applicable MP Final Terms, application may be made for a Series of Mortgage Pandbrieven to be listed 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 MP Final Terms. Alternatively, the Series of Mortgage Pandbrieven may remain unlisted.

#### **Use of Proceeds**

Unless otherwise specified in the applicable Final Terms, the net proceeds from the issuance of Mortgage Pandbrieven will be used by the Issuer to fund 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 MP Final Terms. In particular, the Issuer may issue such Pandbrieven where the applicable MP Final Terms specify that, in the case of “green bonds”, it will apply an amount equivalent to the net proceeds of the issue of such Mortgage Pandbrieven to finance and/or refinance over a certain period of time Eligible Green Assets, as described in the applicable MP Final Terms and the Issuer’s Green Bond Framework, such Pandbrieven being referred to as Green Bonds.

The Issuer’s Green Bond Framework is publicly available on the Issuer’s website (<https://www.belfius.be/about-us/en/investors/debt-issuance/green-bonds>). The Green Bond Framework does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA. Investors should have regard to the factors described under Section 2 “Risk Factors”, in particular the risk factor entitled “*Risks related to Pandbrieven which qualify as “Green Bonds” which have a particular use of proceeds identified in the applicable Final Terms*”.

#### **Investor Report**

In accordance with Article 15/1 of Annex III of the Banking Law and Article 12 of the Covered Bonds Royal Decree, the Issuer will publish an investor report (the “**Investor Report**”) on a monthly basis, which will contain information regarding the Mortgage Pandbrieven and the MP Cover Assets in relation to the preceding month, including *inter alia*:

- (a) value of the MP Special Estate and the Mortgage Pandbrieven;
- (b) for each issuance, the ISIN of the Mortgage Pandbrieven, currency, outstanding amount, issue date, Maturity Date (or Extended Maturity Date, as the case may be), coupon characteristics and percentage;
- (c) type of MP Cover Assets, geographical spread of security interests or, in case there are no security interest, of residence or seat of debtors;
- (d) further details on the management of market risks, credit risks and liquidity risks;
- (e) maturity matching between MP Cover Assets and Mortgage Pandbrieven;
- (f) the result of the Statutory Tests, including amounts of elements taken into account for the tests;

- (g) composition of the Liquidity Buffer and description of the assets that make up the Liquidity Buffer;
- (h) composition and details of the MP Cover Assets (including on the basis of currencies, interest rate characteristic, loan seasoning and residual maturity, outstanding amounts, early repayment, arrears, loan-to-value, loan-to-mortgage, type of real estate, ...);
- (i) percentage of receivables in arrears for more than 30 days (but not in default in accordance with Article 178 of the CRR).

Such reports will be available to the prospective investors in the Mortgage Pandbrieven and to the holders of Mortgage Pandbrieven on the website of the Issuer at [www.belfius.be](http://www.belfius.be). This website and the information contained thereon does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA. The Investor Reports do not form part of, and are not incorporated by reference into, this Base Prospectus and they have not been and will not be scrutinised nor approved by the FSMA.

## 1.2. PUBLIC PANDBRIEVEN PROGRAMME OVERVIEW

### Information relating to the Issuer

<b>Issuer</b>	The Issuer 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 1210 Brussels, Place Charles Rogier 11, Belgium, telephone +32 22 22 11 11.
<b>Website of the Issuer</b>	<a href="http://www.belfius.be">www.belfius.be</a> The information on this website does not form part of, and is not incorporated by reference into, this Base Prospectus, except where that information has been expressly incorporated by reference in this Base Prospectus.
<b>Issuer's legal entity identifier (LEI)</b>	A5GWLFBH3KM7YV2SFQL84
<b>NBB issuer license</b>	The Supervisory Authority (i.e., the NBB) and any other supervisory authority to which relevant powers may be transferred) 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 Public Pandbrieven Programme

<b>Description</b>	The Belgian Public Pandbrieven Programme (the “ <b>Public Pandbrieven Programme</b> ” or “ <b>PP Programme</b> ”) is a programme for the continuous offer of Belgian pandbrieven ( <i>Belgische pandbrieven/lettres de gage belges</i> ) (the “ <b>Public Pandbrieven</b> ”) in accordance with the Belgian Covered Bonds Regulations on any issue date (each, an “ <b>Issue Date</b> ”).
<b>Public Pandbrieven Programme license</b>	The Supervisory Authority has admitted the Public Pandbrieven Programme to the list of authorised programmes for the issuance of covered bonds under the category Belgian pandbrieven ( <i>Belgische pandbrieven/lettres de gage belges</i> ) on 10 June 2014. Upon so being notified by the Issuer, the Supervisory Authority shall regularly update such list with the Public Pandbrieven issued under the Public Pandbrieven Programme and shall indicate that the Public Pandbrieven constitute Belgian pandbrieven under the Belgian Covered Bonds Regulations.

**Public Pandbrieven  
Programme Limit**

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

**Belgian Public  
Pandbrieven**

The Public Pandbrieven will be issued as Belgian pandbrieven (*Belgische pandbrieven/lettres de gage belges*) in accordance with the Belgian Covered Bonds Regulations. The Public Pandbrieven respect all the criteria of the Belgian pandbrieven in the Belgian Covered Bonds Regulations and therefore qualify as “European covered bonds (premium)” (*Europese gedekte obligaties (premium)/obligations garanties européennes (de qualité supérieure)*) in accordance with the Belgian Covered Bonds Regulations. The NBB publishes a list of Belgian pandbrieven qualifying as European covered bonds (premium), including the Public Pandbrieven on its website ([www.nbb.be](http://www.nbb.be)). This website and the information contained thereon does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA.

All Public Pandbrieven to be issued under the Public Pandbrieven Programme will be covered by the same special estate (*bijzonder vermogen/patrimoine spécial*) of the Issuer constituted pursuant to Article 3 of Annex III to the Banking Law in relation to the PP Programme and in which the PP Cover Assets (as defined below) are segregated (the “**PP Special Estate**”). The main asset class of the PP Special Estate will consist of Belfius Bank’s public sector exposure which meets the criteria set out in Article 3, §1, 3° of the Covered Bond Royal Decree, i.e., receivables on or guaranteed by (i) a central government or central bank of a member state of the Organisation for Economic Cooperation and Development (“**OECD**”), or by a regional or local government of those member states, (ii) a public entity of an OECD member state or (iii) a multilateral development bank or international organisation that obtains a 0 per cent. risk weight in accordance with Articles 117 and 118 of the CRR (the “**Public Sector Exposure**”, and together with any other assets registered as cover assets (*dekkingsactiva/actifs de couverture*), the “**PP Cover Assets**”). The Public Sector Exposure are Primary Assets.

The Issuer shall procure that the value of the Public Sector Exposure calculated in accordance with the Belgian Covered Bonds Regulations (and including any collections in respect thereto) will at all times represent at least 105 per cent. of the aggregate outstanding principal amount of the Public Pandbrieven of all Series. The Issuer will maintain a cover register in which both the issued Public Pandbrieven and the PP Cover Assets are registered in accordance with Article 15, §1, 1° of Annex III to the Banking Law (the “**PP Cover Register**”).

See Section 6.2.1 “Composition of the special estate” of Section 6 “Summary Description of the Legal Framework for Belgian Covered Bonds and Belgian Pandbrieven” and PP Condition 11 (*Issuer Covenants*) for further information on the composition of the PP Special Estate.

**Status and ranking of  
Public Pandbrieven**

The Public 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 Belgian Covered Bonds Regulations, the PP Noteholders and any PP Other Creditors (as defined below) will in case a liquidation procedure is started against the Issuer or in case the Issuer is resolved benefit from a dual recourse

consisting of (i) an exclusive right of recourse against the PP Special Estate and (ii) an unsecured, unsubordinated recourse against the general estate of the Issuer.

### **Over-Collateralisation and Cover Tests**

At the time of the issuance and as long as any Public Pandbrieven remain outstanding, the Issuer must, in respect of the PP Special Estate, meet the following cover tests as provided for in the Belgian Covered Bonds Regulations.

The value of the Primary Assets registered as Cover Assets in the PP Special Estate must represent at least 85 per cent. of the Series Principal Amount Outstanding of the Public Pandbrieven of all Series (the “**85 per cent. Asset Coverage Test**”).

The value of the PP Cover Assets must provide an excess cover such that their value exceeds the Principal Amount Outstanding of the Public Pandbrieven. The value of the PP Cover Assets must represent at least 105 per cent. of the Series Principal Amount Outstanding of the Public Pandbrieven of all Series (the “**Over-Collateralisation Test**”). The value of the principal amount of the PP Cover Assets can only be taken into account for the purpose of the Over-Collateralisation Test if they are not otherwise taken into account to satisfy other obligations than the payment of principal on the Public Pandbrieven for the purpose of the Amortisation Test (as defined below).

The sum of interest, principal and all other revenues generated by the PP Cover Assets composing PP Special Estate (including the Primary Assets and the other assets being part of the relevant PP Special Estate, i.e., Secondary Assets) must, for the duration of the Public Pandbrieven, provide a sufficient cover (i) for the payment of principal and interest on the Public Pandbrieven, (ii) for the obligations towards the PP Noteholders and any PP Other Creditors (as defined below) and (iii) for the maintenance and the management of the PP Special Estate, including the costs for the reduction of the PP Special Estate (the “**Amortisation Test**”). To determine the extent to which the principal amount of the PP Cover Assets is included in the calculation referred to above, the eligibility criteria set out in Article 3 of the Covered Bonds Royal Decree shall be taken into account in accordance with Article 5, §3, first indent of the Covered Bonds Royal Decree. The interest generated by the PP Cover Assets are calculated, and the costs for maintenance and management are calculated and estimated, in accordance with Article 5, §3, second and third indent of the Covered Bonds Royal Decree.

The 85 per cent. Asset Coverage Test, the Over-Collateralisation Test and the Amortisation Test are hereinafter jointly referred to as the “**Cover Tests**”. See also Section 6.2.3.2 “Cover Tests” of Section 6 “Summary Description of the Legal Framework for Belgian Covered Bonds and Belgian Pandbrieven”.

### **Valuation Methodology**

The value of the PP Cover Assets are determined in accordance with the valuation methodology set out in Article 6 of the Covered Bonds Royal Decree. In all circumstances, the value of an asset for which there is a payment default within the meaning of Article 178 of the CRR is zero. The value of an asset that is 30 days past due and less than 90 days past due will only be taken into account for 50 per cent. of the value. See also Section 6.2.3.3 “Cover Asset Valuation Methodology” of Section 6 “Summary Description of the Legal Framework for Belgian Covered Bonds and Belgian Pandbrieven”.

### **Liquidity Buffer**

The Belgian Covered Bonds Regulations provide that the PP Special Estate must contain sufficient liquid and available PP Cover Assets to provide a liquidity buffer

in order to enable the Issuer to cover the net liquidity outflows of the PP Programme at any time, as well as the maximum amount of the sum of the net liquidity outflows calculated over a six-month period (the “**Liquidity Test**”). As an Extended Maturity Date applies to all Series of Public Pandbrievens, the principal amount of the Series of Public Pandbrievens taken into account for the purpose of the calculation of the net liquidity outflow can be based on the maximum maturity as stipulated in the issue conditions.

The Cover Tests and the Liquidity Test are hereinafter jointly referred to as the “**Statutory Tests**”.

Liquid assets that can be used for the purpose of the Liquidity Test are, in accordance with Article 7 of the Covered Bonds Royal Decree:

- (a) PP Cover Assets satisfying the requirements of assets of level 1 in accordance with Commission Delegated Regulation (EU) 2015/61 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions, that are valued in accordance with this Commission Delegated Regulation and which are not issued by the Issuer;
- (b) short term exposures and short term deposits as set out in Article 3 §1, 4°, a) of the Covered Bonds Royal Decree.

See also Section 6.2.3.5 “Liquidity Test” of Section 6 “Summary Description of the Legal Framework for Belgian Covered Bonds and Belgian Pandbrievens”.

## **Issuer Covenants**

The Issuer will covenant in favour of the PP Noteholders and the PP Noteholders’ Representative for so long as the Public Pandbrievens are outstanding that it will ensure that:

- (a) it will continuously comply with the obligations applicable to it under the Belgian Covered Bonds Regulations, including the Statutory Tests;
- (b) the PP Special Estate will mainly consist of Public Sector Exposure;
- (c) the PP Special Estate will not contain any commercial or residential mortgage loans;
- (d) the value of the Public Sector Exposure registered as PP Cover Assets in the PP Cover Register (including any collections in respect thereto) (A) is calculated in accordance with the Belgian Covered Bonds Regulations and (B) will at all times represent at least 105 per cent. of the aggregate outstanding principal amount of the Public Pandbrievens of all Series (it being understood that any surplus above 105 per cent. may be composed of other eligible assets under the PP Programme);
- (e) only fully drawn loans constituting Public Sector Exposure will be added to the PP Special Estate; and
- (f) the PP Special Estate will at all times include cover assets which (i) are eligible as collateral for Eurosystem monetary policy purposes and intra-day credit operations by the Eurosystem, (ii) have a credit quality step 1 as defined in the Capital Requirements Regulation, (iii) are subject to a daily mark-to-market and have a market value which, after applying the ECB haircut in accordance with the Guideline 2015/510 of the ECB of 19 December 2014 on the implementation of the Eurosystem monetary policy (as amended, supplemented, replaced and/or restated from time to time), is higher than the

amount of interest due and payable on the outstanding Public Pandbrieven within a period of six months, (iv) have a remaining maturity of more than one year and (v) are not (A) debt issued by the Issuer or (B) Public Sector Exposure which benefits from a netting arrangement (within the meaning of the Belgian financial collateral law of 15 December 2004 (*wet betreffende financiële zekerheden en houdende diverse fiscale bepalingen inzake zakelijke-zekerheidsovereenkomsten en leningen met betrekking tot financiële instrumenten / loi relative aux sûretés financières et portant des dispositions fiscales diverses en matière de conventions constitutives de sûreté réelle et de prêts portant sur des instruments financiers*) (as amended, the “**Financial Collateral Law**”) which is part of a financial collateral arrangement.

### **Risk Management Policies**

The issuing credit institution must establish risk management policies and perform a stress test on a quarterly basis in order to guarantee that the liquidity flows generated by the PP Cover Assets remain sufficient to satisfy the requirements of the Cover Tests and the Liquidity Test and/or, as the case may be, must possess other assets that can be used quickly as cover asset in order to provide relevant coverage.

The stress tests do at least need to take into account:

- (a) sudden and unexpected interest rate or exchange rate movements;
- (b) scenarios with different levels of percentages of early prepayment of cover assets; and
- (c) scenarios with material deterioration of the credit quality of the cover assets.

See also Section 6.2.3.4 “Risk Management” of Section 6 “Summary Description of the Legal Framework for Belgian Covered Bonds and Belgian Pandbrieven”.

### **Cross-Acceleration**

Upon service of an acceleration notice under any of the Series of Public Pandbrieven, all outstanding Public Pandbrieven issued under the Public Pandbrieven Programme will become immediately due and payable on the relevant acceleration date, together with any accrued interest, and they will rank *pari passu* among themselves. An acceleration notice under the Public Pandbrieven Programme will however not trigger an acceleration of the outstanding Mortgage Pandbrieven under the Mortgage Pandbrieven Programme (hence no cross-acceleration between the Programmes).

### **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 PP Special Estate (whether in the administration or the liquidation of the PP Special Estate or otherwise) following (i) the service of an acceleration notice or (ii) a liquidation of the PP Special Estate in accordance with Article 11, 6° or 7° of Annex III to the Banking 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 PP 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 PP 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 PP Operating Creditors;
- (d) *fourth*, on a *pari passu* and *pro rata* basis, in or towards satisfaction of (i) any Pari Passu Swap Amounts and (ii) any payments of amounts due and payable to PP Noteholders *pro rata* and *pari passu* on each Series in accordance with the PP Conditions;
- (e) *fifth*, on a *pari passu* and *pro rata* basis, in or towards satisfaction of any Junior Swap Amounts; and
- (f) *sixth*, thereafter any remaining monies will be paid to the general estate of the Issuer.

For the purposes of this provision, terms in capital letters have the following meaning:

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

**“Junior Swap Amount”** means any swap termination amount whereby the PP Derivative Contract Counterparty is the defaulting party or any such other amount, including any costs, charges, liabilities and expenses, due and payable to a PP Derivative Contract 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 PP Noteholders and any other party ranking senior in accordance with the Post-Acceleration Priority of Payments.

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

**“PP Derivative Contract Counterparty”** means a derivative contract counterparty under a swap agreement entered into by the Issuer in relation to the PP Special Estate.

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



the PP Programme, as may from time to time be specified in the PP Conditions of any Public Pandbrieven issued under the PP Programme.

“**PP Other Creditor**” means the PP Noteholders’ Representative, any PP Operating Creditor, any PP Derivative Contract Counterparty and the PP Cover Pool Administrator.

**Cross-Default** None (other than cross-acceleration between Series of Public Pandbrieven).

**Negative Pledge** None.

**Information relating to the parties involved in the PP Programme**

**PP Arranger** Belfius Bank SA/NV

**PP Dealers** Barclays Bank Ireland PLC  
Belfius Bank SA/NV  
BNP Paribas  
Citigroup Global Markets Europe AG  
Commerzbank Aktiengesellschaft  
Deutsche Bank Aktiengesellschaft  
DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main  
Erste Group Bank AG  
Landesbank Baden-Württemberg  
Natixis  
NatWest Markets N.V.  
Nomura Financial Products Europe GmbH  
Norddeutsche Landesbank - Girozentrale -  
Société Générale  
UniCredit Bank AG

*The Issuer may from time to time terminate the appointment of any PP Dealer under the PP Programme or appoint additional PP Dealers either in respect of one or more Tranches or in respect of the whole PP Programme.*

**PP Fiscal Agent** Belfius Bank SA/NV, unless otherwise specified in the applicable PP Conditions or PP Final Terms.

**PP Principal Paying Agent** Belfius Bank SA/NV, unless otherwise specified in the applicable PP Conditions or PP Final Terms.

**PP Paying Agent** Belfius Bank SA/NV, unless otherwise specified in the applicable PP Conditions or PP Final Terms.

**PP Registrar** Belfius Bank SA/NV, unless otherwise specified in the applicable PP Conditions or PP Final Terms.

**PP Clearing Systems** The Securities Settlement System (or any other entity entitled by law to replace any such clearing system), Euroclear Bank, Euroclear France, Clearstream Banking Frankfurt, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, LuxCSD

and/or such other clearing system as may be agreed between the Issuer, the PP Fiscal Agent and (where applicable) the relevant PP Dealer(s)<sup>2</sup>.

<b>PP Noteholders’ Representative</b>	Stichting Belfius Public Pandbrieven Noteholders’ Representative, a foundation ( <i>stichting</i> ) incorporated under Dutch law on 1 July 2014. It has its registered office at Amsterdam. Its managing director is Amsterdamsch Trustee’s Kantoor B.V.
<b>PP Cover Pool Monitor</b>	EY Bedrijfsrevisoren BV / EY Réviseurs d’Entreprises SRL and its representative (as approved by the Supervisory Authority in accordance with the Belgian Covered Bonds Regulations). The PP Cover Pool Monitor will perform its duties in relation to the PP Programme in accordance with the Belgian Covered Bonds Regulations and the contractual arrangements that will be agreed upon between the PP Cover Pool Monitor and the Issuer.
<b>PP Cover Pool Administrator</b>	<p>The Belgian Covered Bonds Regulations provide that, in certain circumstances of distress, the Supervisory Authority may replace the management of the PP 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 measure or sanction as provided for under Article 8, §1, 1° of Annex III to the Banking Law against the issuing credit institution if, in the opinion of the Supervisory Authority, such measure or sanction and/or the reasons for it may prejudice the rights of the PP Noteholders and/or of any third parties who may have a claim on the PP Special Estate;</li><li>(b) upon the initiation of winding-up proceedings (<i>liquidatieprocedure/procédure de liquidation</i>) against the issuing credit institution;</li><li>(c) upon the withdrawal of the General Authorisation and/or Specific Authorisation(s); 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 PP Noteholders.</li></ul>

*The parties listed above (other than any PP Cover Pool Administrator) are appointed to act in respect of the PP Programme pursuant to the PP Programme Documents as further described under Section 5 “Description of the Programmes” (the “PP Programme Documents”). The relevant PP 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.*

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

<b>Form of Public Pandbrieven</b>	Public Pandbrieven can be issued (i) in dematerialised form (“ <b>Dematerialised Public Pandbrieven</b> ”) in accordance with Article 7:35 et seq. of the Belgian Code of Companies and Associations via a book-entry system maintained in the records of the NBB in its capacity as operator of the Securities Settlement System or (ii) in registered form (“ <b>Registered Public Pandbrieven</b> ”) in accordance with Article 7:27 et seq. of the Belgian Code of Companies and Associations. No physical documents of title will be issued in respect of Dematerialised Public Pandbrieven or Registered Public Pandbrieven.
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<sup>2</sup> The official list of participants as amended, supplemented and/or replaced from time to time can be consulted on the website of the NBB on <http://www.nbb.be>. The information contained on the website of the National Bank of Belgium ([www.nbb.be](http://www.nbb.be)) does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA.

<b>Method of Issue</b>	<p>The Public Pandbrieven will be issued in series (each a Series). Each Series may comprise one or more Tranches issued on the same or different issue dates. A “<b>Tranche</b>” means, in relation to a Series, Public Pandbrieven which are identical in all respects (including as to listing). A “<b>Series</b>” means a Tranche of Public Pandbrieven together with any further Tranche or Tranches of Public Pandbrieven which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing), save as to the issue date, the issue price, the first payment of interest and/or the Temporary ISIN Code and Temporary Common Code (if any and as defined in the applicable PP Final Terms). Once consolidated, the Public Pandbrieven of each Series are intended to be interchangeable with all other Public Pandbrieven of that Series.</p> <p>The specific terms of each Tranche will be set out in the applicable PP Final Terms.</p>
<b>Distribution</b>	<p>Public 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 PP Dealers, in each case in accordance with the Distribution Agreement relating to the Public Pandbrieven Programme.</p>
<b>Selling Restrictions</b>	<p>United States, European Economic Area, United Kingdom, Belgium, the Netherlands, Switzerland and Japan. See Section 13 “<i>Subscription and Sale</i>”.</p>
<b>Issue Price</b>	<p>Public Pandbrieven may be issued at their principal amount or at a discount or premium to their principal amount.</p>
<b>Delivery of Public Pandbrieven</b>	<p>Dematerialised Public Pandbrieven will be credited to the accounts held with the Securities Settlement System by Euroclear Bank, Euroclear France, Clearstream Banking Frankfurt, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, LuxCSD or other Securities Settlement System participants or their participants. Registered Public Pandbrieven will be registered in a register maintained by the Issuer or by the PP Registrar in accordance with Article 7:27 et seq. of the Belgian Code of Companies and Associations.</p>
<b>Currencies</b>	<p>Subject to compliance with all relevant laws, regulations and directives, Public Pandbrieven may be issued in any currency agreed between the Issuer and the relevant PP Dealer(s) or investor (as applicable).</p>
<b>Maturities</b>	<p>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 as indicated in the applicable PP Final Terms.</p>
<b>Redemption</b>	<p>The applicable PP Final Terms will indicate the scheduled maturity date of the Public Pandbrieven (the “<b>Maturity Date</b>”). The relevant Public Pandbrieven 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 PP Final Terms may specify that the Public Pandbrieven will be redeemable at the option of the PP Noteholders (“<b>Noteholder Put</b>”) or at the option of the Issuer (“<b>Issuer Call</b>”), in each case upon giving notice to the Issuer or the PP Noteholders, 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 thereto.</p>

## Extendable Final Maturity Structures

- (i) The obligation of the Issuer to pay the Final Redemption Amount of a Series of Public Pandbrievens on the Maturity Date of such Series can be deferred upon the occurrence of one of the following events:
  - (A) the Issuer fails to redeem the Public Pandbrievens of the relevant Series at their Final Redemption Amount in full within five Business Days after their Maturity Date (“failure to pay”). In such case (subject as provided below in paragraph (iii)), the obligation of the Issuer to redeem such Series shall be automatically deferred to, and shall be due on, the Extended Maturity Date; and
  - (B) the deferral, up to the Extended Maturity Date, may be decided upon by the Cover Pool Administrator in the event a liquidation procedure is initiated against the Issuer or the Issuer is resolved.

For this purpose, the “**Extended Maturity Date**” shall be the date falling one year after the relevant Maturity Date.

- (ii) The Issuer shall give notice of the extension of the Maturity Date to the Extended Maturity Date to the PP Noteholders of the relevant Series, the PP Noteholders’ Representative, the relevant Rating Agencies, the PP Fiscal Agent and the PP Paying Agent and/or PP Registrar as soon as reasonably practicable, it being understood that a failure to notify shall not affect such extension of the Maturity Date. In accordance with Article 13/1, §2 of Annex III to the Banking Law, the Issuer will inform the Supervisory Authority of its action plan to ensure that the Final Redemption Amount due and remaining unpaid, will be paid by the new maturity date.
- (iii) Notwithstanding paragraph (v) below, if and to the extent that on any subsequent Interest Payment Date (as defined in the applicable PP Final Terms) falling prior to the Extended Maturity Date (each an “**Extension Payment Date**”), the Issuer has available funds, then the Issuer shall (a) give notice thereof to the PP Noteholders of such Series, the PP Noteholders’ Representative, the PP Fiscal Agent and the PP Paying Agent and/or PP 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 the Public Pandbrievens of such Series on such Extension Payment Date at their Final Redemption Amount.
- (iv) Save as otherwise provided for in the applicable PP 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 the Extended Maturity Date, (b) be payable in arrears on each Extension Payment Date (in respect of the Interest Period then ended) or, if earlier, on the Extended Maturity Date and (c) accrue at the rate provided for in the applicable PP Final Terms.
- (v) To the extent that the maturity date of any other Series of Public Pandbrievens has been extended in accordance with the relevant terms and conditions thereof (the “**Extended Public Pandbrievens**”) and the Maturity Date of a Series of Public Pandbrievens falls prior to the extended maturity date of the Extended Public Pandbrievens and on such date the Extended Public Pandbrievens have not yet been redeemed in full, then the Maturity Date of such Series of Public Pandbrievens shall also be extended on its Maturity Date

to the Extended Maturity Date. Such extension does not in itself need to be triggered by paragraph (i) above, but is made in accordance with Article 13, §2 *in fine* of Annex III to the Banking Law in order to avoid that an extension of a particular Series of Public Pandbrieven would alter the sequence of Maturity Dates among different Series of Public Pandbrieven.

- (vi) Subject to paragraph (v) above, an extension of one Series does not automatically imply the extension of other Series.
- (vii) In the case the Public Pandbrieven to which an Extended Maturity Date applies are Zero Coupon Public Pandbrieven, the outstanding principal amount will for such purpose be the total amount otherwise payable by the Issuer but unpaid on the relevant Public Pandbrieven on the Maturity Date.
- (viii) In the circumstances described above, failure by the Issuer to redeem in full the relevant Public 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 Public Pandbrieven on the Extended Maturity Date shall be a failure to pay which may constitute a Payment Default.
- (ix) Any payments which may 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 Covered Bonds Royal Decree.
- (x) If the maturity of any Public Pandbrieven is extended up to the Extended Maturity Date as described above, for so long as any of those Public Pandbrieven remains outstanding, the Issuer shall not issue any further Public Pandbrieven, unless the proceeds of issuance of such further Public Pandbrieven are applied by the Issuer on issuance in redeeming in whole or in part the relevant Public Pandbrieven in accordance with the terms hereof.

## **Payment Default**

Only failure by the Issuer to pay (i) any principal amount in respect of any Public Pandbrief on the Extended Maturity Date or on any date on which it is required to redeem the Public Pandbrieven in accordance with PP Condition 3(j)(v) (*Redemption, Purchase and Options – Extension of Maturity up to Extended Maturity Date*) or (ii) any interest in respect of any Public Pandbrief within five (5) 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 ten (10) Business Days after the PP 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 PP Noteholders’ Representative to deliver such Payment Notice, any PP Noteholder may deliver such notice to the Issuer (with a copy to the PP Noteholders’ Representative). The date on which a Payment Default occurs shall be the date on which the PP Noteholders’ Representative or any PP Noteholder has given notice of such Payment Default plus ten (10) Business Days (the “**Payment Default Date**”).

Without prejudice to the powers granted to the PP Cover Pool Administrator, only if a Payment Default occurs in relation to a particular Series, the PP Noteholders’ Representative may, and shall if so requested in writing by the PP Noteholders of at least 66<sup>2/3</sup> per cent. of the outstanding principal amount of the relevant Series of the Public Pandbrieven then outstanding (excluding any Public Pandbrieven 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 Public Pandbrieven become immediately due and payable (the “**Acceleration Date**”), which will be at least two (2) Business Days after the Payment Default Date.

**Specified Denomination**

Public Pandbrieven will be in such denominations as may be specified in the applicable PP Final Terms (the “**Specified Denomination**”), save that (i) the minimum Specified Denomination of the Public Pandbrieven 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 Public Pandbrieven which are to be admitted to trading on a regulated market within the EEA or the UK or offered to the public in a Relevant State in circumstances which require the publication of a prospectus under the Prospectus Regulation, the Specified Denomination shall be EUR 100,000 (or the equivalent of at least EUR 100,000 in any other currency as at the date of issuance of the Public Pandbrieven).

**Interest Periods and Rates of Interest**

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

**Governing Law**

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

**Type of Public Pandbrieven**

**Fixed Rate Public Pandbrieven**

Fixed Rate Public Pandbrieven will bear interest payable in arrears on the date or dates in each year specified in the applicable PP Final Terms.

**Floating Rate Public Pandbrieven**

Floating Rate Public 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 published by the International Swaps and Derivatives Association, Inc.;
- (ii) by reference to EURIBOR or any risk-free reference rate replacing it (or such other benchmark as may be specified in the applicable PP Final Terms) as adjusted for any applicable margin as specified in the applicable PP Final Terms; or
- (iii) subject to a prospectus supplement (where applicable) on such other basis as may be agreed between the Issuer and the PP Dealer(s) or investor (as applicable).

Interest Periods will be specified in the applicable PP Final Terms.

**Zero Coupon Public Pandbrieven**

Zero Coupon Public Pandbrievens 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 their Maturity Date, as set out in the PP Conditions).

## **Ratings**

Each Series of Public Pandbrievens issued under the PP Programme may be rated by Fitch, by Moody's, by S&P and/or by such other rating agency as shall be specified in the PP Final Terms.

Each of Fitch, Moody's and S&P 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 website (<https://www.esma.europa.eu>). This website and the information contained thereon does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA.

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

Whether or not a rating in relation to any Series of Public Pandbrievens will be treated as having been issued by a credit rating agency established in the European Union or the UK and registered under the CRA Regulation or the UK CRA Regulation will be disclosed in the applicable PP 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 by or on behalf of the Issuer in respect of the Public Pandbrievens 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 or any political subdivision or any authority therein or thereof having power to tax, the Issuer shall, subject to certain exceptions (including the ICMA Standard EU Tax Exception), pay such additional amounts as may be necessary so that the net amounts received by the PP 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 Public Pandbrievens in the absence of such withholding or deduction, all as set out in PP Condition 5 (*Tax Gross-up*).

## **Listing and Admission to Trading**

Where specified in the applicable PP Final Terms, application may be made for a Series of Public Pandbrievens to be listed 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 PP Final Terms. Alternatively, the Series of Public Pandbrievens may remain unlisted.

## **Use of Proceeds**

Unless otherwise specified in the applicable Final Terms, the net proceeds from the issuance of Public Pandbrievens will be used by the Issuer to fund 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 PP Final Terms. In particular, the Issuer may issue such Pandbrieven where the applicable PP Final Terms specify that, in the case of “green bonds”, it will apply an amount equivalent to the net proceeds of the issue of such Public Pandbrieven to finance and/or refinance over a certain period of time Eligible Green Assets, as described in the applicable PP Final Terms and the Issuer’s Green Bond Framework, such Pandbrieven being referred to as Green Bonds.

The Issuer’s Green Bond Framework is publicly available on the Issuer’s website (<https://www.belfius.be/about-us/en/investors/debt-issuance/green-bonds>). The Green Bond Framework does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA. Investors should have regard to the factors described under Section 2 “Risk Factors”, in particular the risk factor entitled “*Risks related to Pandbrieven which qualify as “Green Bonds” which have a particular use of proceeds identified in the applicable Final Terms*”.

## Investor Report

In accordance with Article 15/1 of Annex III of the Banking Law and Article 12 of the Covered Bonds Royal Decree, the Issuer will publish an investor report (the “**Investor Report**”) on a monthly basis, which will contain information regarding the Public Pandbrieven and the PP Cover Assets in relation to the preceding month, including *inter alia*:

- (a) value of the PP Special Estate and the Public Pandbrieven;
- (b) for each issuance, the ISIN of the Public Pandbrieven, currency, outstanding amount, issue date, Maturity Date (or Extended Maturity Date, as the case may be), coupon characteristics and percentage;
- (c) type of PP Cover Assets, geographical spread of security interests or, in case there are no security interest, of residence or seat of debtors;
- (d) further details on the management of market risks, credit risks and liquidity risks;
- (e) maturity matching between PP Cover Assets and Public Pandbrieven;
- (f) the result of the Statutory Tests, including amounts of elements taken into account for the tests;
- (g) composition of the Liquidity Buffer and description of the assets that make up the Liquidity Buffer;
- (h) composition and details of the PP Cover Assets (including on the basis of currencies, interest rate characteristic, loan seasoning and residual maturity, outstanding amounts, early repayment, arrears, ...);
- (i) percentage of receivables in arrears for more than 30 days (but not in default in accordance with Article 178 of the CRR).

Such reports will be available to the prospective investors in the Public Pandbrieven and to the holders of Public Pandbrieven on the website of the Issuer at [www.belfius.be](http://www.belfius.be). This website and the information contained thereon does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA. The Investor Reports do not form part of, and are not incorporated by reference into, this Base Prospectus and they have not been and will not be scrutinised nor approved by the FSMA.





## SECTION 2 RISK FACTORS

*An investment in the Pandbrieven of each Programme involves a degree of risk. Prospective investors should carefully consider the risks set forth below and the other information contained in this Base Prospectus (including information incorporated by reference herein) before making any investment decision in respect of the Pandbrieven. The risks described below are risks which the Issuer believes may have a material adverse effect on the Issuer's financial condition and the results of its operations, the value of the Pandbrieven under each Programme or the Issuer's ability to fulfil its obligations under such Pandbrieven. All of these factors are contingencies which may or may not occur. Additional risks and uncertainties, including those of which the Issuer is not currently aware or deems immaterial, may also potentially have an adverse effect on the Issuer's business, results of operations, financial condition or future prospects or may result in other events that could cause investors to lose all or part of their investment.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Pandbrieven issued under each Programme are also described below. The Issuer has assessed the most material risks, taking into account the negative impact (including any relevant mitigation measures) of such risks on the Issuer and the probability of their occurrence (“Global Criticality”). Each risk factor relating to the Issuer also includes the Issuer's assessment of whether such Global Criticality can be assessed as high, medium or low.*

*Investors should note that the numbering of the risk factors is only included to enhance readability and does not reflect a specific order of the risk factors. In each category, however, the risk factors which, in the assessment of the Issuer, are the most material risks taking into account the potential negative impact on the Issuer and the probability of their occurrence are mentioned first in accordance with the requirements of the EU Prospectus Regulation.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Pandbrieven issued under each Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Pandbrieven issued under each Programme may occur for other reasons which are not known to the Issuer or which the Issuer deems immaterial at this time. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make payments due in respect of the Pandbrieven. The Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. If any factors become material in the future, the Issuer may be required to prepare a supplement pursuant to Article 23 of the EU Prospectus Regulation.*

*Prospective investors should also read the detailed information set out elsewhere in the Base Prospectus (including any documents deemed to be incorporated in it by reference) and reach their own views prior to making any investment decision.*

*In case of doubt in respect of the risks associated with the Pandbrieven under each Programme and in order to assess their adequacy with their personal risk profile, investors should consult their own financial, legal, accounting and tax experts about the risks associated with an investment in such Pandbrieven, the appropriate tools to analyse that investment, and the suitability of that investment in each investor's particular circumstances. No investor should purchase the Pandbrieven described in the Base Prospectus unless that investor understands and has sufficient financial resources to bear the price, market, liquidity, structure, redemption and other risks associated with an investment in such Pandbrieven. The market value of the Pandbrieven issued under each Programme is expected to fluctuate over time, and investors should be prepared to assume the market risks associated with such Pandbrieven.*

*Capitalised terms used herein and not otherwise defined shall bear the meanings ascribed to them in the “Terms and Conditions of the Mortgage Pandbrieven” or in the “Terms and Conditions of the Public Pandbrieven” below, as the context may require. Any reference to any code, law, decree, regulation, directive or any implementing or other*

*legislative measure shall be construed as a reference to such code, law, decree, regulation, directive or implementing or other legislative measure as the same may be amended, supplemented, restated or replaced from time to time.*

The risk factors have been grouped as set out below:

- risks related to Belfius Bank (Section 2.1); and
- risks related to the Pandbrieven (Section 2.2).

The risks associated with a particular Series under each Programme 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 Pandbrieven. More than one risk factor may have simultaneous effect with regard to the 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 risk factor or combination of risk factors may have on the value of the Pandbrieven.

## 2.1 Risks related to Belfius Bank

### 2.1.1 Risks related to the Financial Situation and Business Activity

#### 2.1.1.1 Macro & geopolitical situation (Global Criticality: High)

The risks linked to the macro & geopolitical situation (Global Criticality: High) can have an influence on the risks described hereafter under the uncertain environment presented in the next paragraph.

Uncertainty and the resulting volatility from the macroeconomic and geopolitical factors have dominated the course of 2022, considerably weakening the post-pandemic recovery of the Belgian economy. Inflation has risen sharply reaching more than 10% in 2022, reflecting strong post-pandemic demand, supply chain bottlenecks, higher energy and food prices, being further fuelled by the rising wage costs and still accommodative monetary policies in the first half of the year. Later on, starting from July 2022, the European Central Bank (“**ECB**”) began raising its key interest rates, with the policy tightening aiming to ensure a timely return of inflation to the 2% medium-term target, however, at the price of lower aggregate demand and economic growth. Nevertheless, the NBB reported an annual gross domestic product (“**GDP**”) growth of 3.2% for the year.

Where last year a recession in 2023 seemed almost unavoidable as monetary policy tightened in rapid fashion to curb the inflationary spiral, this year the economic situation became slightly less gloomy with economic growth showing a positive pace, although at a slower rhythm. In the eurozone, GDP fell 0.1% in the first quarter of 2023 but grew by 0.3% in the second quarter, and Belgian GDP showed quarterly growth of 0.4% in the first quarter and 0.2% in the second quarter, according to the NBB. Inflation and price pressures moderated in 2023 driven by the sharp fall of natural gas prices.

Nevertheless, economic slowdown in Germany and some other countries was evidenced. In order to drive back longer-term inflation expectations, central banks continued tightening monetary policies. Higher interest rates affected lending growth and slowed demand, in particular on real estate markets. The financial turmoil caused by the liquidity problems of some US financial institutions in March 2023, with the collapse of three regional US banks (being Silicon Valley Bank, Silvergate Capital Corporation and Signature Bank), and the forced takeover of the ailing institution Credit Suisse by UBS in Switzerland had, however, no lasting macroeconomic impact (e.g. contagion) on financial markets and did not trouble the economic upturn. For Belfius, as at the date of this Base Prospectus the direct and indirect impacts have remained limited and the liquidity position under simulated stress shows robustness and resilience. Belfius more specifically has no direct exposure towards the three above-mentioned US banks as at the date of this Base Prospectus, while as at the end of 2022 Belfius had a very limited direct exposure to Credit Suisse amounting to a nominal amount of EUR 27.8 million<sup>3</sup>.

In the first half of 2023, Belfius again made a detailed review of its credit risk portfolio and continued to calibrate its IFRS9 provisions. Belfius continues to evolve its credit risk provisioning in synchronization with such transforming context, where inflationary pressures remain persistent, and where economic growth continues to show more resilience than formerly anticipated in general.

Belfius’ loan portfolios continued to demonstrate a strong resilience with risk indicators that remain robust. The credit quality of the portfolio and production stayed solid, payments arrears and non-performing loans (“**NPLs**”) remained under control. Bankruptcy levels, particularly for small businesses, showed a slightly increasing trend but levels remained below the historically observed levels

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<sup>3</sup> Under the format of a trade finance guarantee for EUR 2.8 million and a senior bond issued by Credit Suisse AG for EUR 25 million. Furthermore, Belfius has collateralised derivatives with Credit Suisse for a fair value of EUR -54 million (fair value as of 17 March 2023). Such negative fair value represents a debt owed by Belfius to Credit Suisse, on which Belfius posts cash collateral for that amount.

for the Belgian market. Some other early warning indicators for small businesses (payments arrears and utilisation of credit lines) showed a moderate increase during the first half of 2023.

The provisions for expected losses due to the effects of the Covid-crisis, including expert based overlays for some Covid-impacted sectors, have been:

- adjusted for improving economic outlooks; and
- redirected from Covid-induced overlays for vulnerable sectors to inflation and energy related vulnerabilities.

This led in the first half of 2023 to a relatively low cost of risk (“CoR”) of EUR -17 million (net allowance) compared to EUR +13 million of net reversal in the first half of 2022.

In the field of interest rate risk management, the continued increase in interest rates over the first half of 2023 required proactive risk management in order to manage uncertainties on both sides of the balance sheet.

The continued increase in interest rates over the first half of 2023 had an overall positive impact on Belfius’ standard transformation model. On the one hand, the interest to receive on the new production of commercial loans started to increase and the interest paid to depositors still remained close to zero for payment accounts and is only gradually increasing for savings accounts and term funding for the time being. On the other hand, refinancings and prepaying mortgages have become less interesting for the customers. Furthermore, this increase in rates has further improved the net collateral cost for derivative contracts used to hedge Belfius’ exposure to interest rate risk. The Issuer’s Assets & Liabilities Committee (“ALCo”) will remain attentive to a volatile interest rate environment with primary objective to respect the Risk Appetite Framework (“RAF”). ALM conventional models are regularly reviewed at the light of the macro-economic environment and prevailing interest rates. During the first half of 2023, the continued increase in interest rates has modified the expected interest rate sensitivities of the ‘on demand’ (or non-maturing) deposits, which triggered additional hedging to remain within Belfius’ risk appetite and forward-looking challenges based on scenario-thinking and review of model assumptions by risk management and finance departments.

In order to manage its liquidity risk in 2023, Belfius has continued diversifying funding sources and investor base. Belfius has successfully issued EUR 0.5 billion Tier 2, EUR 0.5 billion covered bonds, EUR 0.75 billion preferred senior under green format and EUR 1 billion preferred senior. The participation of Belfius Bank in the ECB TLTRO III funding programme for an amount of EUR 15.65 billion was reduced to EUR 6 billion at the end of 2022, and in June 2023 another EUR 3.3 billion was repaid. This leads to a residual funding through TLTRO of EUR 2.7 billion that will continue to expire. In an abundant ECB funding environment and a strong wholesale market, Belfius still shows very solid key liquidity metrics at the end of June 2023 with a Liquidity Coverage Ratio of 156% (end of 2022: 173%) and a Net Stable Funding Ratio of 133% (end of 2022: 135%), both well above the minimum requirement of 100%. The recent events of the liquidity outflows of circa EUR 3.5 billion related to the issuance of the Bon d’Etat/Staatsbon by the Belgian state have temporarily reduced the liquidity buffer but remained under control thanks to the sufficient total liquidity buffer of EUR 45 billion at the onset of outflows and actions taken swiftly to ensure that the LCR stays above our internal target of 120% even notwithstanding the part covered by the TLTRO.

In terms of financial market risk (“FMR”), despite high volatilities and risk aversion stemming from abrupt change in monetary policy needed to fight inflation, the US regional banks’ crisis and the near collapse of Credit Suisse in March 2023, Belfius’ financial market activities were very resilient thanks

to reduced exposures due to the increase of UK real rate<sup>4</sup> in the ex-legacy's portfolio and enhanced risk frameworks (XvA dynamic hedging, new Internal Value at Risk model). Despite some exposures to UK utilities recently coming under heightened market pressure, de-risking of the ex-legacy portfolio successfully continues.

Belfius Insurance has been able to maintain a strong Solvency profile as well in this uncertain year 2023. As of the end of June 2023, the consolidated Solvency II ("SII") ratio ended up with a strong 195%, higher than the Solvency II ratio at year-end 2022 (193%). This remained well within Belfius Insurance's risk appetite (>160%). The required capital as per SII capital requirement (SCR) amounted to EUR 1,050 million at the end of June 2023, which is EUR 10 million lower compared to end 2022 (EUR 1,060 million). Market risk dropped given the performance of our equity portfolio and equity transactions during the second quarter which allowed us to have a stable positive evolution of the SII ratio related to equity risk. The SCR linked to interest rate risk is rather limited thanks to ALM management, targeting a limited global duration mismatch between assets and liabilities. The life insurance risk decreased during the first semester of 2023 mainly due to the annual review of the liability projection assumptions

Given that the situation on the ground in Ukraine remains unpredictable and seems to be heading towards a prolonged phase of combat, one has to view these positive signals within a context of continued uncertainty. It is probably too early to already conclude that we are in a scenario of a soft landing in light of the ongoing important uncertainties, such as the less rapid than expected recovery of the Chinese economy (and impact on supply chains and, consequently, on inflation stickiness) or the variability in future European monetary policy (a.o. policy rates, asset purchase programmes and reserve requirements).

In the medium term, in the absence of necessary reforms (e.g. in the labour market), sound(er) energy policy and better (geo)political predictability, the competitiveness of more Belgian enterprises could be hurt, jeopardising medium term (potential) economic growth in Belgium and impacting households further. On top of that, the higher (longer) interest rates could exacerbate the concerns regarding the elevated Belgian fiscal deficit and public debt. Any additional adverse geopolitical development or macroeconomic shock could jeopardise the GDP recovery trajectory and push Belgian economy into recession. Belfius therefore remains vigilant to any signs of further deterioration in economic situation and changes in the macroeconomic conditions (including sudden changes of the yield curve) and pays particular attention to potentially in the current situation vulnerable individual, business and corporate clients, proactively facilitating solutions for them.

#### **2.1.1.2 Credit risk (Global Criticality: High)**

Credit risks are inherent to a wide range of Belfius Bank's businesses and are judged as globally of high criticality for which prudent monitoring and mitigating actions are put in place. These include risks arising from changes in the credit quality of counterparties, as well as the inability to recover amounts due from counterparties. This means that Belfius Bank is exposed to the risk that third parties (such as retail individuals, SMEs, corporates, trading counterparties, counterparties under credit default swaps, interest rate swaps and other derivative contracts, borrowers, issuers of securities which Belfius Bank holds, customers, clearing agents and clearing houses, exchanges, guarantors, (re)insurers and other financial intermediaries) owing Belfius Bank money, securities or other assets do not pay, deliver or perform under their obligations. Bankruptcy, lack of liquidity, downturns in the economy, real estate

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<sup>4</sup> The real interest rate is the rate of interest an investor, saver or lender receives (or expects to receive) after allowing for inflation. As such the "UK real rates" can be seen as the difference between the nominal interest rate levels in GBP (i.e., swap rates) versus the expected inflation rates in UK RPI (i.e., inflation swap rates). The exposure of inflation linked bonds in the ex-legacy portfolio is decreasing whenever the UK real rates increase as bonds' coupons and final settlement amounts retain their real (i.e., inflation-adjusted) value over time, thereby protecting the investment against the corrosive effects of inflation.

collateral value drops, operational failures or other factors may cause them to default on their obligations towards Belfius Bank.

In order to cover the unexpected credit losses, Belfius Bank applies the Advanced Internal Rating-Based (“**A-IRB**”) approach to derive its minimum own funds requirement. The A-IRB approach consists of using three distinct internal models developed and maintained within Belfius Bank following the prescribed regulation (Regulation (EU) No 575/2013 and other EBA regulatory technical standards) by asset class: a Probability of Default (“**PD**”), a Loss-Given Default (“**LGD**”) and a Credit Conversion Factor (“**CCF**”)⁵.

Belfius Bank’s solvency is resilient with a CET1 ratio at the end of June 2023 of 16.5%, an increase of 5 basis points compared to the end of 2022.

On denominator level, at the end of June 2023, regulatory risk exposure of Belfius (“**RWA**”) amounted to EUR 64,928 million, an increase with EUR 778 million compared to EUR 64,150 million at the end of 2022 driven by the increase of credit risk RWA:

- The credit RWA increased by EUR 1,672 million to EUR 50,943 million, mainly due to the commercial growth in franchise activities and particularly in the corporate segment. As at the date of this Base Prospectus, all segments are showing a good resilience to the challenging economic environment in terms of credit quality.
- The RWA for the Danish Compromise increased by EUR 201 million to EUR 8,112 million, mainly due to the OCI evolution of Belfius Insurance during the period, taking into account the pro forma IFRS17, the newest accounting standards, calculated per end December 2022 (EUR - 646 million).
- The Credit Value Adjustment (“**CVA**”)⁶ RWA⁷ decreased by EUR -13 million to EUR 307 million thanks to increasing interest rates.
- The market risk RWA⁸ decreased (by EUR 1,082 million to EUR 1,899 million) as the Value-at-Risk (“**VaR**”)⁹ model change implemented in the fourth quarter of 2022 delivered its full impact only in the first quarter of 2023.
- The regulatory operational risk exposure – based on the standardised approach – remained at EUR 3,667 million.

In order to cover the expected credit losses (“**ECL**”), Belfius Bank applies a provisioning methodology relying on IFRS 9. A set of PD, LGD and CCF models are also used to estimate the provisions to estimate the one-year and the Lifetime Expected Credit Losses for all facilities. Unlike the one performed for capital estimates, the provisions are expressed as Point-In-Time estimates.

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<sup>5</sup> The CCF accounts for the expected evolution of the off-balance part of the exposure and is used to model the Exposure At Default.

<sup>6</sup> This is the price that an investor would pay to hedge the counterparty credit risk of a derivative instrument.

<sup>7</sup> Risk-weighted assets (RWA) are used to determine the minimum amount of capital that must be held by a bank to cover different types of risks. CVA RWA relates to the capital requirements to cover for the impact on CVA of adverse movements in financial market risk factors. CVA is the amount subtracted from the mark-to-market value of derivative positions to account for the expected loss due to counterparty default.

<sup>8</sup> Risk-weighted assets (RWA) are used to determine the minimum amount of capital that must be held by a bank to cover different types of risks. Market risk RWA relates to the capital requirements to cover for the impact on mark-to-market value of the trading book of adverse movements in financial market risk factors (such as interest rate, foreign-exchange and equity).

<sup>9</sup> The VaR concept is used as the principal metric for proper management of the market risk Belfius is facing. The VaR measures the maximum loss in net present value Belfius might be facing in normal and/or historical market conditions over a period of ten days with a confidence interval of 99%.

The pro-active management of the ECL relies on the CoR metric. The CoR approach follows a waterfall principle in Belfius. The provisions for stage 1 & 2 are calculated in a mechanical mode, based on a view on the macroeconomic conditions and perspectives (pillar 1). If Belfius Bank considers that certain risk pockets, defined in terms of sectors or groups of companies, are not sufficiently covered by the mechanical provisions, certain expert overlays are added (pillar 2). If, additionally, the assessment of certain individual counterparties indicates that they present a significantly increased credit risk, but are not yet in default, the constituted provisions could be insufficient. For these cases, an individual management adjustment on the expected credit loss in stage 2 is added (pillar 3). For counterparties in default status (stage 3), the standard impairment process is run and specific provisions are calculated and booked (pillar 4).

With respect to its impairment methodology, in the first half of 2023, entering into a post-Covid era, Belfius:

- has decided to abandon the long-term average of historic data in the calculation of the macroeconomic factors, and only use 2022-2024 macroeconomic data;
- maintains the system of four probability weighted forward-looking scenarios each with their own macroeconomic parameters to build optimistic, neutral, pessimistic and stress cases. The scenarios have, however, been adapted to the updated macroeconomic environment;
- continues its portfolio analysis and monitoring process in order to determine and keep up to date the sectors and/or clients vulnerable to inflation and energy price risks.

In the first half of 2023, the application of the above-mentioned provisioning logic resulted in the CoR on consolidated level amounting to EUR -17 million and composed of EUR +49 million reversals due to the update of the macroeconomic factors, EUR +7 million reversals following the reassessment of the overlay for vulnerable exposures, EUR -79 million specific provisions for loans in default and EUR +6 million reversals for portfolio evolutions.

Belfius has updated the macroeconomic parameters and perspectives for IFRS 9 expected credit loss calculations with scenario weights shifting to a neutral scenario:

- The macroeconomic factors and perspectives were updated in line with Belfius Research expectations. The economic picture for the first half of 2023 is quite ambivalent, with the economic environment showing strong resilience. The effects of the energy crisis are fading out and – with the notable exception of the food processing industry – post-pandemic supply chains problems have largely been resolved. The pass-through of costs to sales prices has increased but remains partial. Most firms feel that it is becoming increasingly difficult to raise further prices, which could lead to a further easing of inflation in the near term.
- Statistics about the economic performance of the Eurozone are divergent. The European Commission first revised its GDP forecast upwards to 1.2% in 2023 and 1.4% in 2024, but based on the GDP figures with negative growth for the fourth quarter of 2022 and the first quarter of 2023, the Eurozone entered (technically) into a light recession. In Belgium, the economic growth keeps its positive pace, although at a slower rhythm, and is hence outperforming most of the European countries. Notwithstanding this strong resilience, several evolutions (such as the economic slowdown in Germany and other EU countries and the rising interest rates) could become factors of risk.
- At the same time, there are also signs of a potential decay. Whereas the labour market was booming towards the end of the Covid-pandemic, the job-growth has slowed down since the start



of 2023; the unemployment showed an increase in the beginning of the year, with an interim market, traditionally a leading indicator, that was starting to slacken. Recent figures tend to be more positive again: despite higher wage costs, most companies maintained or expanded their permanent workforce in the second quarter and prospects for the coming months are mostly stable. Due to structural labour market tightness, firms are reluctant to lay off employees.

- The GDP forecasts improved for 2023-2024, whereas consumer price and house price inflation are expected to decrease in 2023. Belfius' neutral scenario includes a Belgian GDP growth of +0.9% for 2023 (compared to +0.1% as expected by end 2022), followed by a +1.2% growth rate in 2024.
- For 2023, inflation is expected to decrease somewhat more than formerly estimated at the end of 2022.
- The Belgian unemployment rate for 2023 in the neutral scenario has been revised downwards from 8.8% towards 8.2%, and is expected to slightly decrease and then remain stable in the upcoming years. As from 2020 onwards, the unemployment figure includes the exceptional temporary unemployment that is expected to be, to a certain extent, converted into a structural unemployment.

The scenario weights were therefore changed by shifting more weight to a neutral scenario (from 45% to 60%), simultaneously reducing pessimistic (from 40% to 30%) and stress (from 10% to 5%) scenarios. Consequently, the slightly more positive macroeconomic perspectives impacted the CoR positively for EUR +49 million in the first half year.

Furthermore, in 2023, the overlay for vulnerable exposures was reduced by EUR +7 million. Vulnerable exposures linked to Covid-19 have been phased out, and from the first half of 2023 onwards, the overlay for vulnerable exposures merely serves to cover for an anticipation of potential recession effects, in sectors vulnerable to inflation and higher energy prices. The provision for macroeconomic uncertainties and the overlay for vulnerable exposures combined form Belfius 'Overlay for economic uncertainties and vulnerable exposures', of which the stock as of end of June 2023 amounts to EUR 179 million (from EUR 235 million end 2022).

The specific provisions for loans in default (stage 3) negatively impacted the CoR for EUR -79 million for the first six months of 2023. Origins of these stage 3 provisions can often be found in Covid-19 and/or energy and inflation impacts, combined with additional financial pressure, that is caused by demand effects or interest cost increases. With Belfius' anticipative provisioning methodology, the credit losses on these companies, being more sensitive to inflation and high energy prices, have typically been anticipated to a certain extent by stage 2 expected credit losses, constituted during the past years.

The assessment of the overlay for vulnerable exposures was based on a thorough credit review and portfolio screening integrating the emerging risks related to energy and inflation. The impact of the geopolitical tensions and of the spiking inflation on the loan portfolios (both Individuals and Enterprises & Entrepreneurs) was assessed through an analysis of transactional and financial client data, combined with the monitoring of specific early warning indicators (energy and labour cost to income, evolution of net available income) and with more traditional early warnings (such as rating evolutions, the use of credit lines, repayment arrears, etc.). These analyses, performed in a top-down and bottom-up approach, have not yet revealed critical risk observations in the Belfius portfolio so far: the portfolio continues to show a strong resilience with only very few signs of deteriorating credit quality, limited inflow of defaults and bankruptcies and stable credit ratings. In this context, Belfius assessed that there were no Russian nor Ukrainian exposures to provision.

These assessments are combined with a strengthened and continuous risk-based monitoring of the Enterprises & Entrepreneurs portfolio on clients for which early warning risk indicators ‘lighten-up’.

In order to assure an adequate portfolio guidance and monitoring, several business lines need to comply with portfolio guidelines of which the aim is to limit specific sector risks and/or sector risk concentrations. These guidelines impose an upper limit for certain sector risks, on top of the individual credit quality and limits on the counterparty and/or risk group level, and are monitored quarterly by risk management and reported to the management bodies.

This portfolio guidance is part of the RAF, which is subject to a yearly review assessment. The Risk Appetite Framework 2023 included a risk scope extension (e.g. ESG risks, outsourcing risks, more granular credit risk limits, etc.) as well as the roll-out of the framework to the main subsidiaries, allowed for increased consistency throughout the group and a closer monitoring of the risk profile by the Group Financial Conglomerate Review Committee. This yearly review did not lead to any increase of risk appetite.

The Belfius loan portfolios continue to demonstrate a strong resilience with risk indicators that remain robust. The credit quality of the portfolio and production stay solid, payments arrears and NPLs remain under control (asset quality ratio<sup>10</sup> of 1.91% as at 30 June 2023 compared to 1.82% as at 31 December 2022).

Higher interest rates have led to higher financing costs for the customer and lower demand for residential mortgage loans, resulting in a decrease in production at Belfius by around 40% in the first half of 2023. The decrease is primarily observable in the non-First Time Buyers (FTB) loans. Young FTB's (<35years old) increase their share in the mortgage loan production, partially mitigating the higher debt service payments by opting for longer maturities. Borrowers also continue to prefer fixed interest rate loans (99% of the newly originated loan amount), protecting themselves against (even) higher rates in the future. Also due to some seasonal effects, the PD of Mortgage loans portfolio has decreased and is currently at 0.46%, compared to 0.50% at the end of 2022. Despite tighter credit conditions, Belfius remained compliant with the NBB measures<sup>11</sup> (financial collateral included).

Belfius continued to monitor its mortgage loans portfolio in light of inflation and higher energy costs. The deferral of principal payment scheme<sup>12</sup> initiated at the end of 2022 has ended in March of this year with a relatively small number of requests. Currently, as energy prices are lower again and as government interventions are being phased out, we can say that the impact of energy prices on our mortgage loans portfolio has been limited.

Belfius is committed to reducing own and financed emissions, greening its mortgage loans portfolio and lowering the risk associated with climate change. To this end it has increased its effort in collecting data on and monitoring the energy efficiency of the loan portfolio. Moreover, clients can apply for energy renovation loans.

Bankruptcy levels, particularly for small businesses, show a slightly increasing trend but levels remain below the historically observed levels for the Belgian market. The average PD of the E&E (Enterprises

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<sup>10</sup> This is the ratio between impaired loans and advances to customers and the gross outstanding loans and advances to customers.

<sup>11</sup> Reference is made to Annex 1 to the circular NBB\_2019\_27 covering the expectations of the Belgian macroprudential authority on internal management of Belgian mortgage credit standards on the Belgian residential property market limiting the production of loans for more risky segments (e.g. High Loan-To-Value, Buy-To-Let, Debt Servicing Income, ...).

<sup>12</sup> With energy prices peaking as never before in the autumn (reinforcing inflationary pressure), the Belgian financial sector decided to take mitigating measures for households with a new (conditional) payment deferral scheme for vulnerable mortgage clients. The government decided on a basic Energy package providing financial support in the fourth quarter of 2022 to bear the increased energy prices (which was extended for the first quarter of 2023).

and Entrepreneurs) portfolio remained stable (1.59% at the end of June 2023 compared to 1.58% at the end of 2022). Some other early warning indicators for small businesses (payments arrears, utilization of credit lines) show a moderate increase during the first half of 2023.

In an international perspective, commercial real estate is becoming a source of increasing concern from an industry, banking and regulatory point of view, as the sector is confronted with modified market dynamics, due to increased interest rates and building costs, combined with a low investment appetite. These factors are resulting in an increased funding risk for this sector caused by a delay in sales uptake and reduced financial markets' appetite to provide financing and capital to the sector. Although a recent assessment has not revealed negative risk trends or indicators in the Belfius loan portfolio, an increased monitoring and a strengthened follow-up have been put in place for the commercial real estate segment.

Traditionally, Belfius assures a key role in the financing of institutions in the Belgian public and social sector (including hospitals, schools, universities and retirement homes). In 2022, the municipalities have seen a significant increase of their operational expenditures. Their wage costs have increased due to the inflationary pressure, while energy costs have almost doubled due to the energy crunch related to the Russian – Ukrainian war. Fortunately, this has been met with an equal increase in operational revenue. The main driver behind this surge in operational revenue is the indexation of receipts (taxes and subsidies being the main revenues of municipalities are also indexed). The beneficial effect of this indexation will continue into 2023 (despite the softening inflation) as some time lag is present.

The financial situation of most of the regions and municipalities is however expected to experience further pressure in 2023. The public debt burden also grows heavier on a federal level. While this does not pose a significant threat yet, interest rate hikes will worsen the debt burden and cost of capital for the public sector.

Finally, since 2011, Belfius Bank has been engaged in a tactical de-risking of the ex-legacy portfolio. As from 1 January 2017, the remainder of this ex-legacy portfolio has been integrated in Group Center and the remaining securities are being managed in natural run-off. An important component of the ex-legacy portfolio (total notional of Belfius Bank's ex-legacy portfolio as at 31 December 2022 stood at EUR 13.2 billion) is the large outstanding stock of derivatives (total notional of Belfius Bank's ex-legacy derivatives portfolio as at 31 December 2022 stood at EUR 10.1 billion) and bonds composed of long-term inflation linked bonds issued by highly regulated UK utilities and infrastructure companies (total notional as at 31 December 2022 stood at EUR 1.3 billion). These bonds are deemed to be of satisfactory credit quality. Nevertheless, in the unlikely event of a default, the loss could be substantial but is expected to be within the boundaries of the Belfius RAF. The inflation linked nature of these bonds makes them furthermore sensitive to UK real rates<sup>13</sup>. The UK real rate improved by 59 basis points (from -0.19% at the end of the first quarter of 2023 to +0.40% at the end of the second quarter of 2023). This improvement resulted in a decrease of RWA by about EUR 230 million on Belfius' inflation linked bonds. The appreciation of the GBP by 2.5% has mitigated this somewhat adding EUR 35 million in RWA.

Together with the outstanding stock of derivatives, they could have an important additional capital charge in terms of RWA as well as an increased need for collateral posting from Belfius Bank which could put Belfius Bank's overall liquidity under pressure in case of a liquidity crisis in the financial markets. The ex-legacy portfolio is constantly followed-up in terms of risks which may be hedged. The possibility to exit the transactions anticipatively (e.g. through unwind, sale and novation) is regularly reassessed.

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<sup>13</sup> The real interest rate is the rate of interest an investor, saver or lender receives (or expects to receive) after allowing for inflation. As such the "UK real rates" can be seen as the difference between the nominal interest rate levels in GBP (i.e., swap rates) versus the expected inflation rates in UK RPI (i.e., inflation swap rates).

The rating agencies view the group's credit quality positively, as reflected by the rating actions taken between 1 January 2023 and 31 August 2023:

- on 28 June 2023, S&P confirmed Belfius Bank's long-term rating at A with Stable outlook;
- on 7 July 2023, Moody's affirmed Belfius Bank's long-term rating at A1 and changed the outlook to positive from stable;
- on 13 July 2023, Fitch affirmed Belfius Bank's long-term rating at A- with Stable outlook.

#### 2.1.1.3 Profitability (Global Criticality: High)

Belfius Bank's strategy is based on the development of a strong commercial franchise that is to be supported by solid risk and financial profile foundations, a strategy even more relevant since the Covid-19 crisis and the ongoing macro and geopolitical crisis. This translates into growing commercial activities, further growing their footprints in a through-the-cycle profitable way and investments in future business model developments, based on solid solvency foundations. Resilience is proven at the end of June 2023 with a return on equity ("RoE")<sup>14</sup> at group level amounting to 9.5% (compared to 8.9% at the end of 2022). Nevertheless, the unstable environment in which Belfius evolves leads to a high criticality from a risk point of view.

Changes in the profitability and changes in the expectations about the future profitability can influence the secondary market value of Belfius Bank's liabilities. Though Belfius Bank's management and the regulatory authorities via the Supervisory Review and Evaluation Process ("SREP") always strive for a sound and profitable business model, profitability can never be guaranteed as it depends to some extent on external market factors.

The continued increase in interest rates over the first half of 2023 required proactive risk management, in order to manage new uncertainties at both sides of the balance sheet. The increase in rates has further improved the net collateral cost for derivative contracts used to hedge the Bank's exposure to interest rate risk. The ALCo will remain attentive to a volatile interest rate environment with primary objective to respect the Risk Appetite Framework (RAF). Interest Rate Risk In The Banking Book ("IRRBB") management continues to protect net interest income ("NIM") and ALM conventional models are regularly reviewed at the light of the macro-economic environment and prevailing interest rates. During the first half of 2023, the continued increase in interest rates has modified the expected interest rate sensitivities of the 'on demand' (or non-maturing) deposits, which triggered additional hedging to remain within Belfius' risk appetite.

Besides the general economic and competitive climate, monetary policy is among the most important factors determining bank profitability. By influencing the level of the interest rates and the shape of the interest rate curve, the ECB impacts in an important way the Net Interest Rate Margin ("NIM") of commercial banks, like Belfius Bank. This NIM contains the bank's revenues from its normal lending and borrowing activity and for Belfius Bank it constitutes a non-negligible part of the overall income.

#### 2.1.1.4 Market risk (Global Criticality: High)

Market risks are inherent to a range of Belfius Bank's businesses. Aside from the interest rate risk, Belfius Bank is particularly sensitive to P&L volatility stemming from value adjustments (xVA's) and credit derivatives. Those are mostly related to the ex-legacy portfolio. More elaborately, market risk within Belfius Bank is focused on all financial markets activities of the bank and encompasses, as mentioned above, interest rate risk (in this context in the trading book), spread risk and associated credit

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<sup>14</sup> RoE calculation method: sum of the net result of the last four quarters divided by the four quarter rolling average of the shareholders' equity.

risk/liquidity risk, foreign-exchange risk, equity risk (or price risk), inflation risk and commodity price risk. To mitigate the market risk impact, important management actions have been taken, such as additional hedges and reduction of open positions. This has, amongst others, led to reduced credit spread sensitivities while a high criticality due to volatile future markets is determined.

Although markets were very volatile in the first half of 2023, mainly due to banking turmoil in the US and bail-out of Credit Suisse, rising interest rates, the P&L of financial market activities was very resilient. Most trading desks are at or above the budget and increased client activity has led to significant increases in Sales and Structuring activities.

Existing hedges on CVA/FVA, in place since the first half of 2020, perform well, keeping the P&L volatility to a minimum. Further analysis highlighted possible improvement to credit spread macro hedges which will be adapted in the second half of 2023. Consequently, only a limited number of non-hedgeable risks remain. The most relevant one being the Belfius' own funding spread, where the positive evolution of interest rates has made the XVA's less sensitive to this parameter.

At the end of June 2023, the global VaR level of Financial Market activities amounted to EUR 11.8 million, a decrease of EUR 1.5 million compared to end 2022. Although the VaR was volatile – as historic scenarios contain a lot of volatility – overall it remained far from the limit. Only one sub-VaR (CO2<sup>15</sup>) exceeded its limit after an update of the VaR shocks was performed. This exceeding was temporarily approved following the update and actions have permit to reduce the VaR well within limits.

The market RWA decreased by EUR 1.1 billion up to EUR 1.9 billion. The main decrease is linked to the model change implemented in the second half of 2022. As market risk RWA is calculated based on the last 60 days average, the end of year figures were still including effects related the old model which behaved too conservatively with the rate increase.

VaR <sup>(1)</sup> (99% 10 days)  (In millions of EUR)	31/12/22				30/06/23			
	IR <sup>(2)</sup> & FX <sup>(3)</sup>	Equity	Spread	Other risks <sup>(4)</sup>	IR <sup>(2)</sup> & FX <sup>(3)</sup>	Equity	Spread	Other risks <sup>(4)</sup>
<b>By activity</b>								
Average	7.5	4.6	1.1	0.4	6.0	4.3	1.1	0.8
End of Year	6.3	5.8	0.8	0.4	7.0	3.0	1.2	0.6
Maximum	17.5	12.0	2.3	0.8	8.9	7.9	1.7	3.8
Minimum	3.7	2.2	0.2	0.4	3.5	2.3	0.7	0.4
<b>Global</b>								
Average	13.6				12.0			
End of Year	13.3				11.8			
Maximum	25.3				17.3			
Minimum	7.8				7.1			
Limit	26.3				26.3			

(1) The Value-at-Risk (VaR): is a measure of the potential change in market value with a probability of 99% and over a period of 10 days.

(2) IR: interest rate risk and inflation risk.

(3) FX: forex risk.

(4) CO2 risk.

### 2.1.1.5 Operational – Non-Financial Risks & Compliance (Global Criticality: High)

Non-Financial Risk (“NFR”) must be understood as a broad umbrella covering all risks except “financial risks” (the latter encompassing market, ALM, liquidity, credit, and insurance risks). NFR covers, among others, operational risks (including fraud, HR, IT, IT-security, business continuity, outsourcing, data-related, privacy, etc.) as well as reputational, compliance, legal, tax and ESG risks. If any of these risks

<sup>15</sup> Value at Risk assessment of carbon market derivatives.

materialise, this may have an adverse impact on Belfius' business, results of operations, financial condition and prospects, leading to a high criticality.

The NFR management framework determines the principles that ensure an effective management of the non-financial risks. The principles are further elaborated in specific policies and guidelines adapted to the business activities. These general principles are following the applicable legal and regulatory requirements.

The framework is based on the following pillars:

- a risk mapping and taxonomy in order to ensure consistency within the organisation, including a regular review of this mapping and taxonomy to identify emerging risks;
- clear roles and responsibilities, as well as a well-defined way of working together for all the risks based on the three LoD (3 LoD) model (decentralised responsibility);
- a strong governance/committee structure involving the appropriate level of management;
- a RAF definition and monitoring; and
- transversal risk processes and dedicated risk management frameworks, which are structured into the following main domains: Change Risk Management, Integrated Risk Management, Risk Culture & Governance, Operational, Resilience, Information Security and Data Privacy.

Focusing on specific domains:

- Information security management: for Belfius, the purpose of information security is to protect Belfius' information having a value for the organisation: i.e., the information generated by the business, the information belonging to the clients, and also the information derived from freely accessible or publicly available data, which has acquired a value as a result of the treatment carried out by or on behalf of Belfius. The threats against data and information are their loss of integrity, their loss of confidentiality and their unplanned unavailability. The mission of information security is to safeguard against these threats.

Belfius also considers that the objective regarding information security extends to managing the risks linked to the consequences of these threats if they have materialised in terms of customers' trust, finance, reputation, peer confidence (regulators, financial markets) and confidence of the business partners. An information security strategy derived from these principles is applicable to all actions pertaining to information security.

In order to guarantee the information security within Belfius, the Information Security Steering (ISS) Committee, managed by the Chief Information Security Officer (CISO) and chaired by the Chief Risk Officer, aims to ensure a well governed and coordinated information security strategy whereby an adequate system of "prevention", "detection", "protection" and "reaction" is put in place, in line with regulatory requirements for information security. The steering of Belfius' information security is relying on a combination of qualitative statements, tangible figures and quantitative statements: deviations from the risk appetite are challenged to mitigate the risks to an acceptable level. Large security projects are grouped together in a security roadmap which typically spans the course of two years. The ever-evolving security threat landscape however requires the organisation to be resilient and anticipate existing and future threats.

- Incident management: this relates to threats against data and information and their loss of integrity, their loss of confidentiality and their unplanned unavailability. The systematic

collection and control of data on operational incidents is one of the main requirements of the Basel Committee regarding operational risk management.

The reporting mechanisms aim to ensure that the responsible parties are notified quickly when incidents occur. Major incidents are investigated thoroughly and are reported to the CRO/Management Board. Such incidents are also subject to specific action plans and appropriate follow-up, under the responsibility of the concerned line management, for avoidance, mitigation or limitation of the related risk.

The main areas of operational losses remain essentially due to incidents associated with external fraud and incidents in relation to execution, delivery, and process management. Other categories remain limited in amount but not necessarily in number of events. The most important part of the financial impact resulting from operational incidents comes from Belfius Bank's retail business.

- Data privacy management: the respect for privacy and the protection of personal data is a key commitment at Belfius, which is translated into a sound internal governance and principles to be followed in respect of GDPR.

In order to continuously guarantee data privacy within Belfius, the Privacy Committee related to GDPR regularly meets. Belfius' Management and several committees are informed about GDPR on a recurrent basis at Belfius.

Staff needs to regularly update their GDPR knowledge and are also regularly informed on GDPR-news.

The Data Privacy Officer (“DPO”) is part of the second line of defence. A network of privacy correspondents, active in each department, work closely with the DPO to continuously raise awareness, control, and monitor processes and activities being in line with GDPR.

GDPR conformity, including a risk assessment for the rights and freedom of the owners whose personal data is treated, is integrated into every process to offer (existing, adapted and new) products, innovative digital tools, services, and information sharing to its clients.

This also included and includes the review of the privacy notice, the implementation of an adapted cookie policy and the implementation of the ruling of the European Court of Justice on eventual international transfers or international access of personal data.

All activities treating personal data are documented by the business lines in a privacy register and Belfius is very committed to avoid personal data breaches and to manage any incident as quickly as possible.

Data subject rights can be executed by data subjects via multiple possibilities, including the Belfius' online and mobile applications. More than 98% of the data subject rights are asked via the Belfius' online app and receives an answer in the same app within one business day.

Fraud risk: Belfius applies a zero-tolerance policy for all forms of fraud (internal, external and mixed fraud schemes), monitors the threats continuously and manages these risks based on a global anti-fraud policy as defined and steered by senior management. The roles and responsibilities have been clearly defined with business and support lines as the first risk managers. The CRO and NFR team, including the Anti-Fraud Officer as expert, have a clear 2nd Line of Defence role.

In a context of evolving digital channels and faster payments processing, internal controls are continuously screened to prevent fraud and this to protect the interests of Belfius and its

employees, customers, suppliers and other stakeholders. More traditional phishing techniques and cyber fraud cases need continuous investments to protect clients against potential impacts from these fraud schemes.

Moreover, an anti-fraud expert panel is regularly organised to enhance the transversal circulation of information and to ensure that the Anti-Fraud Steering Committee (A-FSC) receives the information necessary for defining and monitoring the anti-fraud risk management.

- **Outsourcing risk:** Belfius is aware that outsourcing & third-party risk must be addressed adequately and fully assumes its responsibilities, including but not limited to overseeing and managing the concerned arrangements and the risks involved. The Outsourcing Risk & Material Arrangements Policy is compliant with the “Final Report on EBA Draft Guidelines on Outsourcing Arrangements”. In particular, the policy provides for the appointment of the outsourcing function and the setup of the Outsourcing Management (steering) Committee (OMC). Its mission consists in ensuring a well governed and coordinated outsourcing strategy in line with Belfius’ strategy, risk appetite and regulatory requirements.
- **Business continuity & crisis management:** Belfius is committed to its clients, counterparties and regulators to put in place, maintain and test viable alternative arrangements that, following an incident, allow the continuation or the resumption of critical business activities at the agreed operational level and entirely compliant with the Belgian regulations.

The supporting process, the business continuity and crisis management, is applied in a uniform way at all Belfius entities and relies on, among others, threat analysis, business impact analysis, reallocation strategies (dual office, remote and homeworking, etc.), effective management reporting, business continuity plans as well as exercise and maintenance programs. In that way, Belfius has also demonstrated its resilience to the Covid-19 situation.

- **Employment practices (HR) & workplace safety, damage to assets & public safety risk:** Belfius has a very low appetite for physical security and workplace safety risk and strives to provide a safe environment for its staff, clients, guests and assets by ensuring that its physical security measures and procedures meet high standards. To meet this goal, a Physical Security Steering Committee with all stakeholders systematically monitors the overall situation by means of a dashboard. It also acts as a forum to reflect and to dialogue on actual incidents, and to envisage action plans to reduce the risk to acceptable levels.
- **Compliance & anti-money laundering (“AML”):** compliance risk is managed around a central compliance department. In Belfius, the Compliance Officer reports directly to the CRO and to the Audit Committee and, if necessary, may directly approach the Chairman of the Board of Directors, the external auditor and the regulators. Belfius Bank has a very low risk appetite for compliance risk. This is important to maintain a good reputation, to maintain the confidence of all stakeholders and to avoid administrative or criminal sanctions. In this context, Belfius is continuously evaluating and reviewing its compliance framework to remain in line with the latest regulatory evolutions, best practices in the market and the strategy of Belfius Bank. In 2022, important progress was made with the implementation of new technologies relying on artificial intelligence, machine learning and robotics techniques in order to further increase the efficiency of the internal control process. The Anti-Money Laundering Compliance Officer (“AML CO”) is head of the AML team, which combats money laundering practices. Belfius strives not to be involved in laundering money from illegal activities, the organisation of tax fraud, financing terrorism or circumventing international embargos in line with all legal requirements. To underline this commitment, the AML CO has established preventive measures and broadened



controls. Proper knowledge of the customers and their identification (Know Your Customer process), investigation on the origin of financial flows on accounts and detection of dubious transactions (Know Your Transaction process) are all vital elements in the prevention of such practices.

#### 2.1.1.6 Liquidity (Global Criticality: High)

Liquidity risk consists of the risk that Belfius Bank will not be able to meet both expected and unexpected current and future cash-flows and collateral needs. Based on prudential liquidity ratios and a diversified source of fundings, Belfius assesses this risk as high.

The liquidity risk at Belfius Bank is mainly stemming from:

- commercial funding collected from customers and the way these funds are allocated to customers through different types of loans/products;
- the volatility of collateral that is to be deposited at counterparties as part of the CSA framework for derivatives and repo transactions (so called cash & securities collateral);
- the value of the liquid reserves by virtue of which Belfius Bank can collect funding on the repo market and/or from the ECB.
- the capacity to obtain interbank and institutional funding.;
- the concentration risk of funding sources, counterparties and maturities.

The monitoring of the liquidity risk is done through internal and regulatory liquidity Key Risk Indicators (“KRI”) that are reported on a regular basis and the compliance with those KRI is also tested under stress scenarios. Next to the Internal Liquidity Ratio (working on a three-month horizon), the short and long-term liquidity risks are managed, respectively, by means of the regulatory Liquidity Coverage Ratio (“LCR”) – one-month horizon and the Net Stable Funding Ratio (“NSFR”) – one year).

During the first half of 2023, Belfius preserved its diversified liquidity profile by:

- maintaining a substantial funding surplus within the commercial balance sheet;
- continuing to obtain diversified long-term funding from institutional investors;
- collecting short and medium-term (CP/CD/EMTN) deposits from institutional investors.

The participation of Belfius Bank in the ECB TLTRO III funding programme for an amount of EUR 15.65 billion was reduced to EUR 6 billion end of 2022, and in June 2023 another EUR 3.3 billion was repaid. This leads to a residual funding through TLTRO of EUR 2.7 billion that will continue to expire.

Belfius Bank reached a 12-month average LCR of 156% at the end of June 2023. This decrease since the end of December 2022 (173%) is mainly explained by the repayment of the TLTRO and a continued strong growth in commercial loans. Without the additional TLTRO at more advantageous conditions to compensate for the pressure on Belfius’ standard transformation model, the LCR remained within Belfius’ driving range during the first half year of 2023. The High Quality Liquid Assets (HQLA) are composed at the end of June 2023 of 73% Level 1 cash, 24% Level 1 bonds, 2% Level 2A bonds and 1% Level 2B bonds. It has to be noted that, in light of the recent events of the liquidity outflows of circa EUR 3.5 billion related to the issuance of the Bon d’Etat/Staatsbon by the Belgian state, Belfius did not alter its risk appetite limit in terms of LCR for which actions have been taken to maintain it above the 120% internal target.

The NSFR, based on the binding CRR 2 rules and calculated according to EBA templates, stood at 133% at the end of June 2023, a decrease from 135% also explained by the repayment of the TLTRO and growth in commercial loans.

The driving factors behind these sources of liquidity risk are to a certain extent beyond the control of Belfius Bank as they are influenced by the evolution of the financial and interbank markets, banking regulations, and, as reflected in the recent events around the issue of the Staatsbon/Bon d'Etat under favourable conditions, to the actions of the Belgian State. The latter instruments have collected ca. EUR 22 billion in August 2023, which have been primarily stemming from the savings and term deposits within the Belgian banking system. This shift has been driven by the favourable (unprecedented) conditions attached to them, offering 2.81% net return. The impact on Belfius has been considerable, of ca. EUR 3.5 billion of outflows, but remained under control thanks to the sufficient liquidity buffer of Belfius (total liquidity buffer of EUR 45 billion at the beginning of outflows) and actions taken swiftly to ensure a LCR ratio above the 120% internal target even notwithstanding the remaining participation to TLTRO.

In terms of risk management, Belfius relies on a close monitoring of a set of regulatory and internal liquidity risk metrics as part of its RAF defined with the following main objective: "Belfius wants to maintain at all times sufficient liquidity even after severe but plausible stress". The risk appetite framework imposes an additional buffer on top of the regulatory minima to be respected at all times. This buffer, combined with a set of predefined recovery measures, aims to ensure that Belfius will respect regulatory minima even under stress. Another control of the second line of defence includes the early warning system that proactively warns for potential liquidity crisis. By means of a detailed Liquidity Risk Dashboard, internal KRI's are continuously monitored and include, among others, maturity concentration of funding, intraday liquidity risks, credit lines and liquidity buffer under stress. Belfius also relies on forward-looking assessment as part of its financial plan and stress testing activities to account for concentration risks, clients' behaviour prospective challenges to address potential future non-maturing deposits' outflows or simulation of bank runs. That way, Belfius ensures to have a sufficient liquidity buffer while accounting for materialisation of some tail risks. The Belfius Bank liquidity risk management framework ensures that risk assessments, reporting's and proper follow-up's are performed to ensure that its liquidity buffer is sufficient to cover extreme stress scenarios based on a large set of assumptions on the levels of inflows, outflows, risk source and at different time horizons (ranging from intraday to complete stress on the funding plans), while respecting the limits defined in the RAF. These limits are integrated in the RAF approved by the Board of Directors and reported on a quarterly basis. Available liquidity reserves also play a key role regarding liquidity: at any time, Belfius Bank aims to ensure it has sufficient quality assets to cover any temporary liquidity shortfalls, both in normal markets and under stress scenarios. Belfius Bank defined specific guidelines for the management of LCR eligible bonds and non-LCR eligible bonds, both approved by the Management Board. Given its solid liquidity position, Belfius' funding plan is more than ever driven by minimum requirement for own funds and eligible liabilities ("MREL") requirements rather than by an expected liquidity shortfall. In this context, during 2023 Belfius Bank issued EUR 0.5 billion covered bonds, EUR 0.5 billion Tier 2 and EUR 0.75 billion preferred senior under green format. The Non-Preferred Senior Bonds of EUR 2.0 billion enable Belfius to respect the regulatory requirement of MREL Subordinated.

#### **2.1.1.7 Competition (Global Criticality: Medium)**

Belfius Bank faces strong competition across all its markets from local and international financial institutions including banks, life insurance companies and mutual insurance organisations. The presence of Belfius Bank being solely limited to Belgium can be assessed as a competitive disadvantage compared to its competitors. While Belfius Bank believes it is positioned to compete effectively with these

competitors, there can be no assurance that increased competition will not adversely affect Belfius Bank's pricing policy and lead to losing market shares in one or more markets in which it operates. The related risk is judged as medium.

Competition is also affected by other factors such as changes in consumer demand and regulatory actions. Moreover, competition can increase as a result of internet and mobile technologies changing customer behaviours, the rise of mobile banking and the threat of banking business being developed by non-financial companies, all of which may reduce the profits of Belfius Bank.

The introduction of the Payment Services Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market may enable the emergence of payment aggregators, which could in turn reduce the relevance of traditional bank platforms and weaken brand relationships. The development of ecosystems – which lead to the abolition of borders across economic sectors – could further exacerbate these threats.

Any failure by Belfius Bank to manage the competitive dynamics to which it is exposed could have a material adverse effect on its business, financial condition, results of operations, and prospects. Nevertheless, Belfius Bank remains confident about its business model targeting the Belgian perimeter, its pro-active and deep work around new technologies and innovative partnerships and its evolution towards a modern banking platform.

In order to stay ahead of this risk, Belfius Bank relies at several levels on benchmarking assessments (CoR, RWA, commercial real estate activities, macro-assumptions in (reverse) stress test exercises, results of transversal EBA benchmarking assessment, etc.).

## **2.2 Risks related to the Pandbrieven**

### **2.2.1 Common risks linked to the Pandbrieven under each Programme**

#### **2.2.1.1 Interest rate risk**

The interest rate risk is one of the central risks of interest-bearing Pandbrieven. The interest rate level on the money and capital markets may fluctuate on a daily basis and cause the value of the Pandbrieven to change on a daily basis. The interest rate risk is a result of the uncertainty with respect to future changes in the level of market interest rate. In particular, holders of Fixed Rate Pandbrieven and Zero Coupon 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.

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

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

### 2.2.1.2 Extension risk

The obligation of the Issuer to pay the Final Redemption Amount of a Series of Pandbrieven on the Maturity Date of such Series can, in accordance with the grounds for extension foreseen in the Belgian Covered Bonds Regulations, be deferred upon the occurrence of one of the two following events:

- (a) the Issuer fails to redeem the Mortgage Pandbrieven of the relevant Series at their Final Redemption Amount in full within five Business Days after their Maturity Date (“failure to pay”). In such case the obligation of the Issuer to redeem such Series shall be automatically deferred to, and shall be due on, the Extended Maturity Date falling one year after the relevant Maturity Date; and
- (b) the deferral may also be decided upon by the Cover Pool Administrator in the event a liquidation procedure is initiated against the Issuer or the Issuer is resolved.

Furthermore, Article 13, §2 *in fine* of Annex III to the Banking Law foresees that an extension of a particular Series of Mortgage Pandbrieven may not alter the sequence of Maturity Dates among different Series of Mortgage Pandbrieven. In order to comply with this provisions, the terms and conditions of the Pandbrieven of each Programme provide that to the extent that the maturity date of any Series of Pandbrieven falls prior to the Extended Maturity Date of another Series which has been extended in accordance with the above provisions, the maturity date of such Series shall also be extended on its maturity date in accordance with the terms and conditions applicable thereto, unless, on or prior to such maturity date, the Series of Pandbrieven for which the Maturity Date has been previously extended is redeemed in full and all interest accrued in respect thereto is paid. While such extension is not triggered by one of two grounds for extension foreseen in the Banking Law, it is foreseen in order to avoid that an extension of a particular Series of Pandbrieven would alter the sequence of Maturity Dates among different Series of Pandbrieven.

Accordingly, MP Noteholders and PP Noteholders (together referred to as the “**Noteholders**”) are exposed to an extension risk. In the case of an extension, the relevant Pandbrieven will bear interest on the outstanding principal amount of the Pandbrieven in accordance with the applicable Final Terms. Moreover, to the extent that the Issuer has sufficient funds available to redeem the relevant Series of Pandbrieven on any Interest Payment Date falling after such extension, the Issuer shall be required to redeem the outstanding principal amount under such Pandbrieven on any such Extension Payment Date (or any other date in accordance with Condition 3(j)(v) (*Redemption, Purchase and Options – Extension of Maturity up to Extended Maturity Date*)).

The extension of the maturity of the particular Series of the 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 MP Special Estate (in case of Mortgage Pandbrieven) or the PP Special Estate (in case of Public Pandbrieven) and no payment will be payable to the Noteholders in that event other than as set out in the terms and conditions of the relevant Programme and the applicable Final Terms. The payment of the remaining unpaid amount shall become due and payable on the Extended Maturity Date.

Noteholders should also note that an extension of the maturity of a particular Series of Pandbrieven will not automatically trigger an extension of the maturity date of any other Series. This would only be the case where the maturity date of such other Series under the same Programme falls prior to the Extended Maturity Date of the particular extended Series and such extended Series have not been redeemed in full on such Maturity Date.

### **2.2.1.3 The Issuer may redeem the Pandbrieven prior to their stated maturity, subject to certain conditions**

The Issuer may have an optional redemption right, in its sole and full discretion, in the circumstances and subject to the conditions set out in MP Condition 3(c) (*Redemption for Illegality*), MP Condition 3(d) (*Redemption for Taxation Reasons*) and MP Condition 3(f) (*Redemption at the option of the Issuer and exercise of Issuer's option*) or PP Condition 3(c) (*Redemption for Illegality*), PP Condition 3(d) (*Redemption for Taxation Reasons*) and PP Condition 3(f) (*Redemption at the option of the Issuer and exercise of Issuer's option*), as applicable.

The Issuer's ability to redeem the Pandbrieven at its option may affect the market value of the Pandbrieven. In particular, during any period when the Issuer has the right to elect to redeem the Pandbrieven or the market anticipates that redemption might occur, such as when the Issuer's cost of borrowing is lower than the interest rate on the Pandbrieven, the market value of the Pandbrieven generally would not be expected to rise substantially above the redemption price.

If the Issuer redeems the Pandbrieven in any of the circumstances mentioned above, there is a risk that the Pandbrieven may be redeemed at times when the redemption proceeds are less than the current market value of the Pandbrieven or when prevailing interest rates may be relatively low, in which case holders of Pandbrieven may only be able to reinvest the redemption proceeds in securities with a lower yield.

### **2.2.1.4 Risks related to Pandbrieven which qualify as "Green Bonds" which have a particular use of proceeds identified in the applicable Final Terms**

(a) Pandbrieven issued as Green Bonds may not meet investor expectations or requirements

As described in Section 7 "Use of Proceeds" and Section 14 "Green Bond Framework", the Issuer has established a green bond framework (as amended and/or supplemented from time to time, the "**Green Bond Framework**") and the Final Terms relating to a specific issue of Pandbrieven may provide that the Issuer will apply an amount equivalent to the net proceeds of the issue of those Pandbrieven to finance and/or refinance, in whole or in part, loans and investments realised by the Issuer to finance projects and/or assets ("**Eligible Green Assets**"), as described in the applicable Final Terms and in the Issuer's Green Bond Framework (such Pandbrieven being referred to as "**Green Bonds**"). For the avoidance of doubt, payments of principal and interest on the relevant Green Bonds shall not depend on the performance of the relevant projects nor have any preferred right against such assets.

While the applicable Final Terms may indicate that the Issuer will apply an amount equivalent to the net proceeds of the Green Bonds in, or substantially in, the manner described in Section 7 "Use of Proceeds" and Section 14 "Green Bond Framework" and in the applicable Final Terms, the application may not be capable of being implemented in, or substantially in, such manner and/or in accordance with any timeframe, and it is possible that such amount may not be totally or partially disbursed as planned, for reasons that are outside the Issuer's control or which the Issuer is not able to anticipate. Nor can there be any assurance that such Green Bonds or the activities or projects they finance and/or refinance will have the results or outcome (whether or not related to environmental, sustainability, or other objectives) originally expected or anticipated by the Issuer.

Pandbrieven issued as Green Bonds may not be a suitable investment for all investors seeking exposure to green assets. Any failure to use the net proceeds of any Green Bonds in connection with green or sustainable projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain environmentally focused investors with respect to such Green Bonds, may affect the value and/or

trading price of the Green Bonds, and/or may have consequences for certain investors with portfolio mandates to invest in green or sustainable assets.

In connection with each issue of Green Bonds under the Programmes, the Issuer has requested Sustainalytics, a sustainability rating agency, to issue an independent opinion (the “**Second Party Opinion**”) confirming the sustainability of the Green Bond Framework and alignment of it with the International Capital Market Association (“**ICMA**”) Green Bond Principles 2018 (the “**ICMA Green Bond Principles**”). The ICMA Green Bond Principles are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market, which may be updated from time to time. The Second Party Opinion is available on the website of the Issuer (<https://www.belfius.be/about-us/en/investors/debt-issuance/green-bonds>). The Second Party Opinion and the contents of such website do not form part of, and are not incorporated by reference into, this Base Prospectus and have not been scrutinised nor approved by the FSMA.

No assurance is or can be given to investors by the Issuer, the Arranger, the Dealers or any other person that any projects or uses the subject of, or related to, any Green Bonds will meet or continue to meet on an ongoing basis any or all investor expectations regarding “green”, “sustainable”, “social” or similar labels (including Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the so called “**EU Taxonomy Regulation**”) or Regulation (EU) 2020/852 as it forms part of domestic law in the United Kingdom by virtue of the EUWA) or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, the Issuer’s Green Bond Framework. It should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a “green” or “sustainable” or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as such. The EU Taxonomy Regulation is subject to further development through delegated regulations. Provisional political agreement has been reached in February 2023 on the legislative proposal for a European Green Bond Standard, which will be a voluntary label for issuers of green use of proceeds bonds (such as Green Bonds) where the proceeds will be invested in economic activities aligned with the EU Taxonomy. However, the provisional political agreement remains subject to change and there is no assurance if or when such European Green Bond Standard will be confirmed and adopted by the European Council and European Parliament. Any Green Bonds issued under these Programmes are not expected to be aligned with such European Green Bond Standard and are intended to comply with the criteria and processes set out in the Issuer’s Green Bond Framework only, which predates the potential adoption of the European Green Bond Standard but may be updated in the future to take this into account. It is not clear at this stage the impact which the European Green Bond Standard, if and when implemented, may have on investor demand for, and pricing of, green use of proceeds bonds (such as the Green Bonds) that do not meet such standard. It could reduce demand and liquidity for the Green Bonds and their price.

There can be no assurance by the Issuer or any other persons that the use of the net proceeds of Green Bonds identified in the applicable Final Terms will satisfy, whether in whole or in part, any present or future legislative or regulatory requirements (including the EU Taxonomy Regulation and the European Green Bond Standard), or any present or future investor expectations or requirements with respect to investment criteria or guidelines with which any investor or its investments are required to comply under its own by-laws or other governing rules or investment portfolio mandates. Each prospective investor should have regard to the factors described in the Issuer’s Green Bond Framework (see Section 14 “Green Bond Framework”) and the applicable Final Terms and determine for itself the relevance of the information contained in this Base Prospectus and any applicable Final Terms regarding the use of proceeds and its purchase of the Green Bonds, based upon such investigation as it deems necessary.

Further, although the Issuer may agree at the Issue Date of any Green Bonds to certain allocation and/or impact reporting and to use the proceeds for the financing and/or refinancing of green projects (as specified in the relevant Final Terms), it would not (a) be an event of default under the Green Bonds which would entitle the holders to accelerate the Pandbrieven; (b) lead to an obligation of the Issuer to redeem such Pandbrieven or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of any Pandbrieven, or (c) impact the regulatory treatment of the Green Bonds (i) if the Issuer were to fail to comply with such agreement or were to fail to use the proceeds in the manner specified in the relevant Final Terms or if the use is completed but leads to a result not originally anticipated, (ii) if the Second Party Opinion were to be withdrawn or be no longer valid or renewed, (iii) in case of any failure by the Issuer to comply with any ESG target or with regard to the expected performance of Eligible Green Assets and/or (iv) if there would be a lack of eligible green assets in which the Issuer may invest. Any failure to use an amount equivalent to the net proceeds of any Series of Green Bonds towards the financing and/or refinancing of the Eligible Green Assets, and/or any failure to meet, or to continue to meet, any investor expectations or requirements as to their “green” or equivalent characteristics, including the failure to provide, or the withdrawal of, the Second Party Opinion or the failure by the Issuer to report on the use of proceeds or the Eligible Green Assets as anticipated, may have a material adverse effect on the value and/or trading price of such Green Bonds, and/or may have consequences for certain investors with portfolio mandates to invest in green or sustainable assets (which consequences may include the need to sell the Green Bonds as a result of the Green Bonds not falling within the investor’s investment criteria or mandate).

(b) No assurance of suitability or reliability of the Second Party Opinion

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with each issue of any Green Bonds and in particular as to whether or not any Eligible Green Assets fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification (including the Second Party Opinion) (i) is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus, (ii) may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed in this section and other factors that may affect the value of any Green Bonds, (iii) is not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold Green Bonds and (iv) would only be current as of the date that it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in the Green Bonds (subject to any (limitation of) liability statement contained in such opinion, report or certification – the Second Party Opinion for example provides that “*Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law*”). Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

(c) No Event of Default or breach of contract

While the applicable Final Terms may indicate that the Issuer will apply an amount equal to the net proceeds of any Pandbrieven issued as Green Bonds for Eligible Green Assets as described in the applicable Final Terms, there is no contractual obligation on it to do so or to report on the use of proceeds or Eligible Green Assets.

There can be no assurance that any such Eligible Green Assets will be available or capable of being implemented in the manner anticipated and, accordingly, that the Issuer will be able to use such amounts for such Eligible Green Assets as intended, for reasons that are outside the Issuer’s control or which the

Issuer is not able to anticipate. In addition, there can be no assurance that the Eligible Green Assets will be completed as expected or achieve the impacts or outcomes (environmental, social or otherwise) originally expected or anticipated, and any such failure will not constitute an Event of Default or breach of contract with respect to any Pandbrieven issued as Green Bonds. For the avoidance of doubt, a failure by the Issuer to allocate an amount equal to the proceeds of any Pandbrieven issued as Green Bonds or to report on the use of such amounts or Eligible Green Assets as anticipated or a failure of a third party to issue (or to withdraw) an opinion or certification in connection with an issue of Green Bonds or the failure of the Pandbrieven issued as Green Bonds to meet investors' expectations requirements regarding any "green" or similar labels or any failure by the Issuer to meet any ESG target or objective will not constitute an Event of Default or breach of contract with respect to any Pandbrieven issued as Green Bonds.

- (d) Pandbrieven issued as Green Bonds are not linked to the performance of the Eligible Green Assets, do not benefit from any arrangements to enhance the performance of the Green Bonds or any contractual rights derived solely from the intended use of proceeds of such Green Bonds

The performance of the Green Bonds is not linked to the performance of the Eligible Green Assets or the performance of the Issuer in respect of any environmental or similar targets. There will be no segregation of assets and liabilities in respect of the Green Bonds and the Eligible Green Assets. Consequently, neither payments of principal and/or interest (if any) on the Green Bonds nor any rights of holders shall depend on the performance of the Eligible Green Assets or the performance of the Issuer in respect of any such environmental or similar targets. Holders of any Green Bonds shall have no preferential rights or priority against the assets of the Eligible Green Assets nor benefit from any arrangements to enhance the performance of the Pandbrieven.

#### **2.2.1.5 Secondary market risk**

Pandbrieven will at the time of their issuance not benefit from a trading market. Although application may be made (without this being an obligation) for a particular Series of Pandbrieven for listing and admission to trading on the regulated market of Euronext Brussels or another stock exchange or market, there is no assurance that such application will be accepted or that an active trading market will develop or that any listing or admission to trading will be maintained. A particular Series of Pandbrieven may furthermore upon issuance and placement not be widely distributed.

Accordingly, no assurance can be given that a market will ever develop and, if a market does develop, it may not be liquid. Therefore, investors may not be able to sell their 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 relevant 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 Pandbrieven readily or at prices that will enable the investor to realise a desired yield.

This holds particularly true for any Series of 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 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 Pandbrieven.



#### **2.2.1.6 Taxation**

Potential investors in the 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 relevant Pandbrieven are purchased or when the relevant Pandbrieven are sold to other jurisdictions. Potential investors are advised not to rely upon the tax summary contained in this Base Prospectus but to consult their own independent tax advisers regarding their individual taxation with respect to the acquisition, holding, sale and redemption of the Pandbrieven. Only these advisers are in a position to duly consider the specific situation of the potential investor. In addition, potential purchasers should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment, which will apply at any given time. This risk factor has to be read in conjunction with Section 12 “Taxation”.

#### **2.2.1.7 Change of law (including tax law)**

The MP Conditions and the PP Conditions are, save to the extent referred to therein, based on legislation in effect as at the date of issue of the relevant Pandbrieven. No assurance can be given as to the impact of any possible judicial decision or changes to the laws (including tax laws) in Belgium, other jurisdictions (such as FATCA under U.S. law) or on a supranational level into national legislation and on the existing Belgian Covered Bonds Regulations or administrative practice after the date of issue of the relevant Pandbrieven. Investors should note that the provisions of the MP Conditions and PP Conditions contain certain provisions dealing with a change of law. Such provisions will be applied, in accordance with the law in force at the relevant time.

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

#### **2.2.1.8 The terms and conditions of the Pandbrieven do not contain financial covenants and the Issuer is not prohibited from entering into or issuing further debt, whereby any future debt may be on better terms than the Pandbrieven**

There is no restriction in the MP Conditions or in the PP Conditions on the amount of debt that the Issuer may enter into or issue. The Issuer may incur additional indebtedness which may have better terms than the Pandbrieven (e.g. in relation to events of default and covenants). The Issuer may also create additional special estates, and the holders of the Pandbrieven will not have recourse to such additional special estates.

The entry into or issue of any such debt or securities may reduce the amount recoverable by investors upon the Issuer’s insolvency. If the Issuer’s financial condition were to deteriorate, the holders of the Pandbrieven could suffer direct and materially adverse consequences, including reduction of interest and principal and, if the Issuer were to be liquidated (whether voluntarily or involuntarily), the holders of the Pandbrieven could suffer loss of their entire investment.

In addition, the MP Conditions and the PP Conditions do not require the Issuer to comply with financial ratios or otherwise limit its ability or that of its subsidiaries to incur additional debt, nor do they limit the Issuer’s ability to use cash to make investments or acquisitions, or the ability of the Issuer or its subsidiaries to pay dividends, repurchase shares or otherwise distribute cash to shareholders. Such

actions could potentially affect the Issuer's ability to service its debt obligations, including those of the Pandbrieven.

### **2.2.1.9 Credit ratings may not reflect all risks and a credit rating reduction may result in a reduction in the trading value of the Pandbrieven**

The Issuer has been and the Pandbrieven may be assigned a credit rating by one or more independent credit rating agencies. Where applicable, the expected credit ratings of the Pandbrieven will be set out in the Final Terms of the relevant Series of Pandbrieven. Other Series of Pandbrieven may be unrated and one or more credit rating agencies may assign unsolicited additional credit ratings to the Pandbrieven.

Certain investors are restricted under the CRA Regulation 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. Certain information with respect to the credit rating agencies and ratings will be disclosed in the applicable Final Terms.

Similarly, certain investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

There is no guarantee that any ratings will be assigned and/or maintained. The ratings (including any unsolicited ratings) may furthermore not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors (including a change of control affecting the Issuer) that may affect the value of the 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.

Finally, any negative change in or withdrawal of a rating assigned to the Issuer could adversely affect the trading price of the Pandbrieven, including where this would lead to a negative change in or withdrawal of a credit rating assigned to such Pandbrieven.

## **2.2.2 Risks related to the MP Special Estate and the PP Special Estate as well as the MP Cover Assets and the PP Cover Assets**

### **2.2.2.1 Liquidity risk**

The maturity and amortisation profile of the MP Cover Assets (in case of the MP Programme) and the PP Cover Assets (in case of the PP Programme) may not match the repayment profile and maturities of the Pandbrieven under the relevant Programme, therefore creating a need for liquidity solutions at the level of the relevant Programme.

The liquidity risk at the level of each Programme is mitigated by a liquidity test under the Belgian Covered Bonds Regulations which provides that the MP Special Estate (in case of the MP Programme) and the PP Special Estate (in case of the PP Programme) must contain sufficient liquid and available MP Cover Assets and PP Cover Assets, as applicable, to provide a liquidity buffer in order to enable the Issuer to cover the net liquidity outflows of the relevant Programme at any time, as well as the maximum amount of the sum of the net liquidity outflows calculated over a six-month period (the "**Liquidity Test**") (see Section 6.2.3.4 "Risk Management" of Section 6 "Summary Description of the Legal Framework

for Belgian Covered Bonds and Belgian Pandbrieven”). As an Extended Maturity Date applies to all Series of Mortgage Pandbrieven and Public Pandbrieven, the principal amount of the Series of Mortgage Pandbrieven and Public Pandbrieven taken into account for the purpose of the calculation of the net liquidity outflow can be based on the maximum maturity as stipulated in the issue conditions. The Issuer has undertaken to comply with the Liquidity Test under each Programme.

Furthermore, the Issuer (or the relevant Cover Pool Administrator, as the case may be) may also enter into derivative contracts to alleviate mismatches that could give rise to liquidity risk (as described in Section 6.2.3.4 “Risk Management” of Section 6 “Summary Description of the Legal Framework for Belgian Covered Bonds and Belgian Pandbrieven”).

The issuing credit institution must also establish risk management policies and perform a stress test on a quarterly basis in order to guarantee that the liquidity flows generated by the MP Cover Assets or PP Cover Assets remain sufficient to satisfy the requirements of the Cover Tests and the Liquidity Test and/or, as the case may be, must possess other assets that can be used quickly as cover asset in order to provide relevant coverage.

The stress tests do at least need to take into account:

- (a) sudden and unexpected interest rate or exchange rate movements;
- (b) scenarios with different levels of percentages of early prepayment of cover assets;
- (c) scenarios with material deterioration of the credit quality of the cover assets.

See Section 6.2.3.5 “Liquidity Test” of Section 6 “Summary Description of the Legal Framework for Belgian Covered Bonds and Belgian Pandbrieven”.

Under the terms of the Pandbrieven of each Programme, the Issuer furthermore has the option to subscribe to its own Mortgage Pandbrieven and/or Public Pandbrieven for liquidity purposes (including, without limitation, for transactions with the European Central Bank) (see respectively MP Conditions 3(g) (*Redemption, Purchase and Options – Purchases*) and 3(h) (*Redemption, Purchase and Options – Subscription to own Mortgage Pandbrieven*) and PP Conditions 3(g) (*Redemption, Purchase and Options – Purchases*) and 3(h) (*Redemption, Purchase and Options – Subscription to own Public Pandbrieven*)). The maturity of the Pandbrieven under each Programme will also automatically be extended if and to the extent that the Issuer would not be in a position to repay the relevant Pandbrieven within five (5) Business Days of their Maturity Date (or if, on the Maturity Date, there is another Series of Pandbrieven outstanding under the relevant Programme which was previously extended and which the Issuer fails to fully redeem on or prior to the Maturity Date). Any payment which is subject to such an extension shall, however, not be considered as an unconditional payment on the Pandbrieven under the relevant Programme for purposes of the Liquidity Test.

#### **2.2.2.2 Default by borrowers in paying amounts due on the Residential Mortgage Loans or in relation to the Public Sector Exposure**

Borrowers may default on their obligations under the Residential Mortgage Loans (in relation to the Mortgage Pandbrieven) or in respect of the Public Sector Exposure (in relation to the Public Pandbrieven), as applicable. Defaults may occur for a variety of reasons, including because of credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political

developments and government policies. Other factors in borrowers' individual, personal or financial circumstances may affect their ability to pay amounts due.

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

In addition, even though the Issuer is required to register additional assets in the relevant special estate if the value of the relevant special estate decreases to such an extent that the Cover Tests would no longer be met, there can be no assurance that the Issuer will be in a position to originate or add new assets to the relevant special estate in the future.

### **2.2.2.3 Disposition of MP Cover Assets and PP Cover Assets by the Cover Pool Administrator**

The Belgian Covered Bonds Regulations provide that, in certain circumstances of distress, the Supervisory Authority may replace the management of a special estate by entrusting it to a cover pool administrator. Following its appointment, the cover pool administrator is legally entrusted with all powers that are necessary for the management of the special estate, including the power to dispose of cover assets and to extend maturities. Its remit is to ensure that the obligations towards the noteholders are complied with.

Following the appointment of a Cover Pool Administrator, the Cover Pool Administrator, or any person appointed by the Cover Pool Administrator, will be entitled to sell in whole or in part the MP Cover Assets or the PP Cover Assets, as the case may be, in order to help satisfy the Issuer's obligations in respect of the Pandbrieven. There is no guarantee that the Cover Pool Administrator will be able to sell in whole or in part the MP Cover Assets or the PP Cover Assets, as the case may be, as the Cover Pool Administrator may not be able to find a buyer at the time it chooses to sell. In such case, there may be insufficient funds to pay the amounts due to the Noteholders.

In addition, the Cover Pool Administrator may, in the case of bankruptcy proceedings and subject to consultation with the MP Noteholders' Representative or the PP Noteholders' Representative, as applicable, and approval of the Supervisory Authority, transfer the relevant 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. Even though the rights of the Noteholders against the relevant special estate will be maintained and will follow the relevant special estate on any such transfer, investors should be aware that in such circumstances the debtor under the Pandbrieven will be the institution to which the relevant special estate is transferred. Any such transfer and change of debtor will be discussed with the MP Noteholders' Representative or the PP Noteholders' Representative, as applicable, but will not require the consent of the Noteholders.

In a similar vein, within the framework of resolution measures taken in accordance with the provisions of the BRRD and the Banking Law, the relevant resolution authority may under certain conditions impose a transfer of all or part of the assets and/or liabilities of the Issuer. Such transfer may include the relevant special estate. In such event, the rights of the Noteholders will be maintained and transferred together with the cover assets that form the relevant special estate. It can however not be guaranteed that any such transfer has no adverse effect on the value of the Pandbrieven.

Finally, the Cover Pool Administrator may, in certain circumstances and subject to conditions, proceed with the liquidation of the relevant special estate and with the early repayment of the Pandbrieven.

#### **2.2.2.4 Noteholders may not immediately accelerate the Pandbrieven upon a breach of the Statutory Tests or an Issuer's bankruptcy**

Breach of the Statutory Tests and the opening of bankruptcy proceedings with respect to the Issuer will not give the Noteholders the right to declare the Pandbrieven immediately due and payable.

The Supervisory Authority may appoint a Cover Pool Administrator in certain circumstances, including:

- (a) upon the adoption of a measure or sanction as provided for under Article 8, §1, 1° of Annex III to the Banking Law against the issuing credit institution if, in the opinion of the Supervisory Authority, such measure or sanction and/or the reasons for it may prejudice the rights of the holders of the Belgian covered bonds and/or of any third parties who may have a claim on the special estate;
- (b) upon the initiation of winding-up proceedings (*liquidatieprocedure/procédure de liquidation*) against the issuing credit institution;
- (c) upon the withdrawal of the General Authorisation and/or Specific Authorisation(s); or
- (d) where the Supervisory Authority is of the opinion that the assessment of the situation of the issuing credit institution is such that it may seriously affect (*ernstig in gevaar kan brengen/de nature à mettre gravement en péril*) the interests of the Belgian covered bondholders.

Upon appointment, the Cover Pool Administrator will manage the relevant special estate with a view to satisfying the obligations in relation to the Pandbrieven as provided for in the MP Conditions and the PP Conditions. The Cover Pool Administrator is legally entrusted with all necessary and relevant powers to manage the relevant special estate. On the initiation of bankruptcy proceedings against the Issuer, the Cover Pool Administrator may also in certain circumstances proceed with the liquidation of the relevant special estate and with the early repayment of the Pandbrieven.

Other than pursuant to a Payment Default or in accordance with Article 11, 7° of Annex III to the Banking Law, the Noteholders cannot direct an acceleration of the Pandbrieven.

### **2.2.3 Specific risks linked to the Mortgage Pandbrieven**

#### **2.2.3.1 Value and maintenance of the MP Special Estate**

The Noteholders of Mortgage Pandbrieven will have an exclusive claim on the MP Special Estate together with the MP Other Creditors. The Cover Tests (as defined in Section 6.2.3.2 “Cover Tests” of Section 6 “Summary Description of the Legal Framework for Belgian Covered Bonds and Belgian Pandbrieven”) applicable to the MP Special Estate are intended to ensure that the Issuer maintains an adequate amount of MP Cover Assets in the MP Special Estate to enable the Issuer to meet its obligations under the Mortgage Pandbrieven. Since the economic value of the MP Cover Assets may increase or decrease, the value of the MP Special Estate may decrease over time (e.g. if there is a general decline in property values or an increase in borrower defaults). 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 MP Special Estate, the above factors (or a combination of them) may have an adverse effect on mortgage borrowers' ability to meet their mortgage payment obligations. This could reduce the value of the Residential Mortgage Loans and, ultimately, could result in losses for the MP Noteholders (and MP Other Creditors) if the MP Special Estate is liquidated.

In addition, although the Cover Tests (and the Issuer's obligation to remedy breaches of the Cover Tests) are intended to ensure that the value of the MP Special Estate (as determined in accordance with the Belgian Covered Bonds Regulations) is greater than the outstanding principal amount of MP Mortgage Pandbrieven covered by the MP Special Estate, no assurance can be given that the Issuer will be in a position to originate or add Residential Mortgage Loans to the MP Special Estate in the future or that the income generated by or proceeds resulting from any sale or realisation of the MP Cover Assets will at the time of realisation be sufficient to enable the Issuer to meet its obligations under the Mortgage Pandbrieven.

#### **2.2.3.2 Mortgage mandates**

Pursuant to the Belgian Covered Bonds Regulations, a residential mortgage loan which is partly secured by a mortgage mandate may be included in the MP Special Estate. Subject to certain valuation rules (see Section 6.2.3.3 "Cover assets valuation methodology" of Section 6 "Summary Description of the Legal Framework for Belgian Covered Bonds and Belgian Pandbrieven"), (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 Bank 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 MP Condition 7(c)).

#### **2.2.3.3 Set-off risk**

Under Belgian law, legal set-off occurs where two persons hold claims against each other, provided, in general, that, with respect to the payment of a sum of money, their debts exist and are certain, liquid and due (*zeker, effen en opeisbaar/certaines, liquides et exigibles*). 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 MP Special Estate.

Pursuant to the Mobilisation Law (as defined in Section 6.1.2 "Legislative Framework" of Section 6 "Summary Description of the Legal Framework for Belgian Covered Bonds and Belgian Pandbrieven"), the underlying debtor of a Residential Mortgage Loan may no longer invoke set-off of its debt with any claim that it would have against the Issuer if the claim of the underlying debtor would only arise, or the conditions for set-off (as set out in the preceding paragraph) would only be met, after (i) notification of

the registration/transfer of the Residential Mortgage Loan to the MP Special Estate or (ii) the opening of bankruptcy proceedings against the Issuer.

The MP Special Estate may nevertheless still be subject to the rights of the underlying debtors of Residential Mortgage Loans to invoke set-off against the MP 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 MP Special Estate, may additionally affect any sale proceeds of the MP Special Estate and may ultimately affect the ability of the Issuer or, as the case may be, the MP Cover Pool Administrator to make payments under the Mortgage Pandbrieven.

## **2.2.4 Specific risks linked to the Public Pandbrieven**

### **2.2.4.1 Value and maintenance of the PP Special Estate**

The PP Noteholders will have an exclusive claim on the PP Special Estate together with the PP Other Creditors. The Cover Tests applicable to the PP Special Estate are intended to ensure that the Issuer maintains an adequate amount of PP Cover Assets in the PP Special Estate to enable the Issuer to meet its obligations under the Public Pandbrieven. Since the economic value of the PP Cover Assets may increase or decrease, the value of the PP Special Estate may vary over time. The Issuer makes no representation, warranty or guarantee that the value of any of the PP Cover Assets will remain at the same level as it was on the date of the registration of the relevant PP Cover Asset in the PP Special Estate or at any other time.

Although the Cover Tests (and the Issuer's obligation to remedy breaches of the Cover Tests) are intended to ensure that the value of the PP Special Estate (as determined in accordance with the Belgian Covered Bonds Regulations) is greater than the outstanding principal amount of Public Pandbrieven covered by the PP Special Estate, no assurance can be given that the income generated by or proceeds resulting from any sale or realisation of the PP Cover Assets will at the time of realisation be sufficient to enable the Issuer to meet its obligations under the Public Pandbrieven. Moreover, the composition and the characteristics of the Public Sector Exposure that will be included in the Special Estate may change from time to time as a result of additions, removals and/or substitutions (i.e., a replacement of the Public Sector Exposure by another) of PP Cover Assets.

In addition, even though the Issuer will be under the obligation to register additional assets to the PP 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 Public Sector Exposure to the PP Special Estate in the future.

### **2.2.4.2 Certain allocation issues may arise**

An allocation issue could arise if (i) Public Sector Exposure has been entered into with a debtor, (ii) some but not all of the Public Sector Exposure has been registered with the PP Special Estate and (iii) a particular debtor has insufficient funds available to satisfy its obligations under such Public Sector Exposure. In such circumstances, a debtor may, pursuant to Article 5.208 of the Belgian Civil Code, choose to which Public Sector Exposure its payment may be allocated (it being understood that payments should be allocated to interest before principal).

While it is fairly customary to request debtors to waive Article 5.208 of the Belgian Civil Code in the context of loans granted to customers (including in the case of mortgage loans), this is not the case in relation to loans granted to public entities. Accordingly, this could have a negative impact on the PP Special Estate if (i) both the Issuer were to be in an insolvency situation and the underlying debtor of a particular Public Sector Exposure in a situation of financial distress, (ii) such debtor would have amounts

payable to both the PP Special Estate and the general estate of the Issuer and (iii) such debtor would choose to satisfy its debt towards the general estate in priority pursuant to an election based on Article 5.208 of the Belgian Civil Code. Absent any such election, the payment would, in such a scenario, be split pro rata between the PP Special Estate and the general estate of the Issuer pursuant to PP Condition 7(c) (*Allocation*).

#### **2.2.4.3 Public Sector Exposure debtors may benefit from immunity of enforcement**

The PP Special Estate may be composed of exposure to federal, regional and local authorities as well as exposure to public sector entities. Pursuant to Article 1412*bis* of the Belgian Judicial Code, all assets of federal, regional or local authorities and public sector entities are protected by immunity from enforcement, except to the extent that assets against which enforcement is sought are clearly not useful for purposes of ensuring the continuity of the relevant public authority or entity's public service.

It should also be noted that federal, regional or local authorities and public sector entities are not subject to bankruptcy laws. It is therefore not possible for creditors of such authorities or entities to put them into bankruptcy or force their liquidation.

#### **2.2.4.4 Set-off risk**

Under Belgian law, legal set-off occurs where two persons hold claims against each other, provided, in general, that, with respect to the payment of a sum of money, their debts exist and are certain, liquid and due (*zeker, effen en opeisbaar/certaines, liquides et exigibles*). As a result, set-off rights may arise in respect of cross-claims between an underlying debtor of a Public Sector Exposure and the Issuer, potentially reducing amounts receivable by the PP Special Estate.

Pursuant to the Mobilisation Law, the underlying debtor of a Public Sector Exposure may no longer invoke set-off of its debt with any claim that it would have against the Issuer if the claim of the underlying debtor would only arise, or the conditions for set-off (as set out in the preceding paragraph) would only be met, after (i) notification of the registration/transfer of the Public Sector Exposure to the PP Special Estate or (ii) the opening of bankruptcy proceedings against the Issuer.

Such protection against contractual set-off does, however, not apply in the specific situation where the underlying debtor of a Public Sector Exposure is a public entity which can invoke a netting arrangement (within the meaning of the financial collateral law of 15 December 2004) which is part of a financial collateral arrangement. Such a situation rarely arises in practice and the Issuer has committed not to include any Public Sector Exposure in the PP Special Estate which would be subject to any such specific netting arrangement.

The PP Special Estate may nevertheless still be subject to the rights of the underlying debtors of Public Sector Exposure to invoke set-off against the PP 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 Public Sector Exposure 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 PP Special Estate, may additionally affect any sale proceeds of the PP Special Estate and may ultimately affect the ability of the Issuer or, as the case may be, the PP Cover Pool Administrator to make payments under the Public Pandbrieven.



### SECTION 3 DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with:

- the audited consolidated accounts of Belfius Bank for the years ended 31 December 2021<sup>16</sup> and 31 December 2022<sup>17</sup>, including the reports of the statutory auditors in respect thereof;
- the disclosure document on “Alternative Performance Measures” (the “APM”) for the years ended 31 December 2021<sup>18</sup> and 31 December 2022<sup>19</sup>;
- the half-yearly report ended 30 June 2023 (the “**Half-Yearly Report 2023**”)<sup>20</sup>;
- the disclosure document on the APM for the half-year ended 30 June 2023<sup>21</sup>;
- the Terms and Conditions of the Mortgage Pandbrieven set out at pages 92 to 126 of the Base Prospectus dated 4 October 2022 relating to Belfius Bank’s Belgian Pandbrieven Programmes<sup>22</sup>; and
- the Terms and Conditions of the Public Pandbrieven set out at pages 127 to 160 of the Base Prospectus dated 4 October 2022 relating to Belfius Bank’s Belgian Pandbrieven Programmes<sup>23</sup>.

Such documents shall be incorporated by reference into 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.

In respect of any issuance of a new Tranche increasing a Series issued under a previous base prospectus, the present Base Prospectus should be read and construed in conjunction with the conditions (set out in Section 8) of the relevant base prospectus, which are incorporated by reference in the present Base Prospectus.

Copies of all documents incorporated by reference in this Base Prospectus may be obtained without charge from the website of the Issuer at [www.belfius.be](http://www.belfius.be). Potential investors in the relevant Pandbrieven should be aware that any website referred to in this Base Prospectus does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA.

The tables below set out the relevant page references for:

- (i) the consolidated balance sheet, (ii) the consolidated statement of income, (iii) the consolidated statement of comprehensive income, (iv) the consolidated statement of change in equity (v) the consolidated cash flow statement, (vi) the notes to the consolidated financial statements, (vii) the audit report on the consolidated

<sup>16</sup> <https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/2021%20Annual%20Report.pdf>.

<sup>17</sup> <https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/Annual%20Report%20Belfius%20Bank%202022%20-%20ENG.pdf>.

<sup>18</sup> <https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/2021%20Alternative%20Performance%20Measures.pdf>.

<sup>19</sup> <https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/2022%20Alternative%20Performance%20Measures.pdf>.

<sup>20</sup> <https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/1H%202023%20Half-yearly%20report.pdf>.

<sup>21</sup> <https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/1H%202023%20APM.pdf>.

<sup>22</sup> <https://www.belfius.be/about-us/dam/corporate/investors/debt-issuances/-belgian-mortgage-pandbrieven-programme/prospectus-and-supplements/2022/Base%20Prospectus%20-%20Belfius%20Pandbrieven%202022%20-%204%20October%202022%20Final.pdf>.

<sup>23</sup> <https://www.belfius.be/about-us/dam/corporate/investors/debt-issuances/belgian-public-pandbrieven-programme--/prospectus-and-supplements/2022/Base%20Prospectus%20-%20Belfius%20Pandbrieven%202022%20-%204%20October%202022%20Final.pdf>.

accounts, (viii) the non-consolidated balance sheet, (ix) the non-consolidated statement of income, (x) the audit report on the non-consolidated accounts as well as the APM for the years ended 31 December 2021 and 31 December 2022; and

- (i) the unaudited consolidated balance sheet, (ii) the unaudited consolidated statement of income, (iii) the unaudited consolidated statement of comprehensive income, (iv) the unaudited consolidated statement of change in equity, (v) unaudited consolidated cash flow statement, (vi) the limited review report on the consolidated accounts and (vii) the notes to the consolidated interim financial statements of Belfius Bank for the period ended 30 June 2022 as well as the APM for the half-year ended 30 June 2022.

Solely the information listed in the tables below in respect of the annual reports for the years ended 31 December 2021 and 2022 and the Half-Yearly Report 2023 is incorporated by reference in the Base Prospectus. The other parts of the annual reports and the Half-Yearly Report 2023 are not incorporated by reference. They are either deemed not relevant for the investor or are already covered elsewhere in the Base Prospectus. The consolidated balance sheet and consolidated statement of income of Belfius Bank for the years ended 31 December 2021 and 2022 can also be found in Section 11 “Description of the Issuer”.

<b>Belfius Bank SA/NV</b>			
	<b>Annual Report 2021 (English version)</b>	<b>Annual Report 2022 (English version)</b>	<b>Half-Yearly Report 2023 (English version) unaudited – condensed</b>
	<b>audited</b>	<b>audited</b>	
consolidated balance sheet	238-239	261-262	93-94
consolidated statement of income	240	263	95
consolidated statement of comprehensive income	241-242	264-265	96-97
consolidated statement of change in equity	243-247	266-270	98-102
consolidated cash flow statement	248-249	271-272	103-104
notes to the consolidated financial statements	252-394	273-420	105-192
audit report on the consolidated accounts	395-400	421-426	193
non-consolidated balance sheet	404-406	428-429	-
non-consolidated statement of income	407-408	431-432	-
audit report on the non-consolidated accounts	409 <sup>24</sup>	433 <sup>25</sup>	-

<sup>24</sup> The statutory report on the non-consolidated account is not included in the English version, but reference in such version is made to the French and the Dutch versions, available on these websites: <https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/fr/2021%20Rapport%20Annuel.pdf> (French version – as from page 420) and <https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/nl/2021%20Jaarverslag.pdf> (Dutch version – as from page 426).

<sup>25</sup> The statutory report on the non-consolidated account is not included in the English version, but reference in such version is made to the French and the Dutch versions, available on these websites: <https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/fr/Rapport%20annuel%20Belfius%20Bank%202022%20-%20FR.pdf> (French version – as from page 517) and <https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/nl/Jaarverslag%20Belfius%20Bank%202022%20-%20NL.pdf> (Dutch version – as from page 522).

**APM for the financial years ended 31 December 2021, 31 December 2022 and 30 June 2023**

**Belfius Bank SA/NV**

	<b>Alternative performance measures 2021</b>	<b>Alternative performance measures 2022</b>	<b>Alternative performance measures 1H 2023</b>
common equity tier 1 ratio	1	1	1
tier 1 ratio	1	1	1
total capital ratio	1	1	1
leverage ratio	2	2	2
solvency II ratio	2	2	2
liquidity coverage ratio	2	2	2
net stable funding ratio	2	2	2
net interest margin	3	3	3
cost-income ratio	3	3	3
credit cost ratio	3	3	3
asset quality ratio	4	4	4
coverage ratio	4	4	4
return on equity	4	4	4
return on assets	4	4	4
return on normative regulatory equity	5	5	5
total savings and investments of commercial activities	5	5	5
total loans to customers	6	6	6
ALM liquidity bond portfolio	6	6	6
ALM yield bond portfolio	6	7	7
credit guarantee portfolio	7	7	7
funding diversification	7	7	7
life income margin	8	8	-
non-life expense ratio	8	9	8
non-life net loss ratio	9	9	9
adjusted results	10	10	10

## **SECTION 4**

### **PROSPECTUS SUPPLEMENT**

Under Article 23(1) of the Prospectus Regulation, the Issuer is required to prepare a supplement to the Base Prospectus without undue delay if a significant new factor, material mistake or material inaccuracy relating to the information included in the Base Prospectus occurs, provided it is capable of affecting the assessment of the Pandbrieven under a Programme and arises or is noted between the time when the Base Prospectus is approved and the time when trading on a regulated market begins.

If at any time the Issuer shall be required to prepare a supplement pursuant to Article 23(1) of the Prospectus Regulation, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus which, in respect of any subsequent issuance of Pandbrieven to be listed and to be admitted to trading on the regulated market of Euronext Brussels or another regulated market as specified in the applicable Final Terms, shall constitute a prospectus supplement in accordance with Article 23(1) of the Prospectus Regulation.

The obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when this Base Prospectus is no longer valid. This Base Prospectus shall be valid for a period of twelve months from its date of approval.

## SECTION 5 DESCRIPTION OF THE PROGRAMMES

*The Issuer has established two separate programmes for the issuance of pandbrieven in accordance with the Banking Law and the Belgian Covered Bonds Regulations: (i) the Mortgage Pandbrieven Programme and (ii) the Public Pandbrieven Programme.*

### 5.1 Mortgage Pandbrieven Programme and Mortgage Pandbrieven Documents

The Issuer may from time to time issue Mortgage Pandbrieven under its Mortgage Pandbrieven Programme. The aggregate outstanding principal amount of Mortgage Pandbrieven in euro shall not at any time exceed EUR 20,000,000,000 (or the euro equivalent at the date of issuance in the case of other currencies). All Series of Mortgage Pandbrieven outstanding from time to time shall be included in a list which can be consulted on the website of the Supervisory Authority at [www.nbb.be](http://www.nbb.be). The information on this website does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA.

In addition to a recourse to the general estate of the Issuer, holders of Mortgage Pandbrieven issued under the MP Programme (and the MP Other Creditors) will benefit from an exclusive recourse against the same MP Special Estate (which is distinct from the PP Special Estate and the general estate of the Issuer). The main asset class of the MP Special Estate will consist of Residential Mortgage Loans. The eligible residential mortgage loans pool is determined in line with the Belgian Covered Bonds Regulations. The selection of the Residential Mortgage Loans out of that eligible residential mortgage loans pool, that are registered as MP Cover Assets, is based on criteria such as (but not limited to) maturity, type of interest rate, etc. in order to optimise the management of the MP Programme. The value of the Residential Mortgage Loans calculated in accordance with the Belgian Covered Bonds Regulations (and including any collections in respect thereof) will at all times represent at least 105 per cent. of the aggregate outstanding principal amount of the Mortgage Pandbrieven of all Series. Both the issued Mortgage Pandbrieven and the Residential Mortgage Loans and any other MP Cover Assets will be registered in the MP Cover Register. Investor reports with details on, among others, the composition of the MP Special Estate will be made available on the website of the Issuer ([www.belgius.be](http://www.belgius.be)) on a monthly basis. The investor reports do not form part of, and are not incorporated by reference into, this Base Prospectus and they have not been and will not be scrutinised nor approved by the FSMA.

Under the Mortgage Pandbrieven Programme, the Issuer may issue Mortgage Pandbrieven subject to the MP Conditions (and the relevant MP 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 are or, as the case may be, will be set out in a schedule to the MP Programme Agreement.

#### 5.1.1 MP Programme Agreement

The MP Programme Agreement is an over-arching agreement initially dated 8 November 2012, as amended and/or supplemented and/or restated from time to time, containing certain common terms (the “**MP Common Terms**”) which will apply to all Mortgage Pandbrieven issued under the MP Programme (including, without limitation, N Bonds). These MP Common Terms include the Post-Acceleration Priority of Payments, the Payment Default provision and cross-acceleration, the Rules of Organisation of the MP Noteholders, the MP Noteholders’ Waiver, certain provisions required by the Belgian Covered Bonds Regulations, certain MP Issuer Covenants, and specify, for the avoidance of doubt, that all the holders of Mortgage Pandbrieven will be represented by the MP Noteholders’ Representative and will benefit from an exclusive recourse against the MP Special Estate. The MP Programme Agreement further

provides that a MP Programme Resolution will be required for any amendment to the MP Common Terms, unless (i) the MP Noteholders' Representative is of the opinion that such amendment will not be materially prejudicial to the interests of the MP Noteholders, (ii) the amendment is of a formal, minor or technical nature or, in the opinion of the MP Noteholders' Representative, is to correct a manifest error or to comply with mandatory provisions of law or (iii) such amendment is made to comply with any criteria from a Rating Agency. The MP Programme Agreement also provides that no Residential Mortgage Loans can be deregistered from the MP Special Estate without prior approval of the MP Cover Pool Monitor in case such deregistration would lead to a decrease of the ratio between the value of the MP Cover Assets and the outstanding principal amount of the Mortgage Pandbrievien. No such approval is required for the deregistration of Residential Mortgage Loans with a value of zero nor for a substitution (i.e., the replacement of a Residential Mortgage Loan by another) whereby the value of the MP Cover Assets does not decrease due to this substitution.

#### **5.1.2 MP Noteholders' Representative Agreement**

Pursuant to the MP Noteholders' Representative Agreement, initially dated 8 November 2012, as amended and/or supplemented and/or restated from time to time, the holders of the Mortgage Pandbrievien (and the MP Other Creditors which have agreed thereto) will be represented by the MP Noteholders' Representative which shall have the powers and rights conferred on it by the applicable terms and conditions, the Rules of Organisation of the MP Noteholders and the MP Noteholders' Representative Agreement.

#### **5.1.3 MP Agency Agreement**

The Mortgage Pandbrievien issued under the Base Prospectus will also have the benefit of an MP Agency Agreement (unless otherwise specified), initially dated 8 November 2012, as amended and/or supplemented and/or restated from time to time, pursuant to which the relevant (principal) paying agent, fiscal agent, registrar and calculation agent shall be appointed.

#### **5.1.4 MP Distribution Agreement**

Pursuant to and subject to the terms of the MP Distribution Agreement, initially dated 8 November 2012, as amended and/or supplemented and/or restated from time to time, the Issuer may agree with the MP Dealers that are party thereto to issue Mortgage Pandbrievien. The Issuer may also decide to issue Mortgage Pandbrievien which are not subject to the MP Distribution Agreement.

#### **5.1.5 MP Clearing Services Agreement**

The Issuer has entered into a MP Clearing Services Agreement on 23 March 2023 with the NBB replacing any previous ones, in its capacity as operator of the Securities Settlement System, and the MP Principal Paying Agent in relation to Dematerialised Mortgage Pandbrievien which will be represented by a book-entry in the records of the Securities Settlement System.

This Base Prospectus, the MP Programme Agreement, the MP Noteholders' Representative Agreement, the MP Agency Agreement, the MP Distribution Agreement, the MP Clearing Services Agreement and any other agreement or document entered into from time to time under or in connection with the MP 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 "**MP Programme Documents**"). Unless otherwise specified, the MP Programme Documents are and will be governed by Belgian law.

Pursuant to the terms of the MP 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 Pandbrievien or N Bonds).

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 MP Programme or issuance of any Mortgage Pandbrieven. Each of the MP Programme Documents shall further contain specific provisions for the amendment, supplement, replacement and/or restatement of such agreement and a reference to any MP 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.

## **5.2 Public Pandbrieven Programme and Public Pandbrieven Documents**

The Issuer may from time to time issue Public Pandbrieven under its Public Pandbrieven Programme. The aggregate outstanding principal amount of Public 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 Series of Public Pandbrieven outstanding from time to time shall be included in a list which can be consulted on the website of the Supervisory Authority at [www.nbb.be](http://www.nbb.be). The information on this website does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA.

In addition to a recourse to the general estate of the Issuer, holders of Public Pandbrieven issued under the PP Programme (and the PP Other Creditors) will benefit from an exclusive recourse against the same PP Special Estate (which is distinct from the MP Special Estate and the general estate of the Issuer). The main asset class of the PP Special Estate will consist of Public Sector Exposure. The eligible public sector exposures pool is determined in line with the Belgian Covered Bonds Regulations. The selection of the Public Sector Exposure out of that eligible public sector exposures pool, that is registered as PP Cover Assets, is based on criteria such as (but not limited to) maturity, type of interest rate, etc. in order to optimise the management of the Public Pandbrieven Programme. The value of the Public Sector Exposure calculated in accordance with the Belgian Covered Bonds Regulations (and including any collections in respect thereof) will at all times represent at least 105 per cent. of the aggregate outstanding principal amount of the Public Pandbrieven of all Series. Both the issued Public Pandbrieven and the Public Sector Exposure and any other PP Cover Assets will be registered in the PP Cover Register. Investor reports with details on, among others, the composition of the PP Special Estate will be made available on the website of the Issuer ([www.belfius.be](http://www.belfius.be)) on a monthly basis. The investor reports do not form part of, and are not incorporated by reference into, this Base Prospectus and they have not been and will not be scrutinised nor approved by the FSMA.

Under the Public Pandbrieven Programme, the Issuer may issue Public Pandbrieven subject to the PP Conditions (and the relevant PP Final Terms) set out in this Base Prospectus, but the Issuer may also from time to time issue Public 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 Public Pandbrieven are or, as the case may be, will be set out in a schedule to the PP Programme Agreement.

### **5.2.1 PP Programme Agreement**

The PP Programme Agreement is an over-arching agreement initially dated 15 July 2014, as amended and/or supplemented and/or restated from time to time, containing certain common terms (the “**PP Common Terms**”) which will apply to all Public Pandbrieven issued under the PP Programme (including, without limitation, N Bonds). These PP Common Terms include the Post-Acceleration Priority of Payments, the Payment Default provision and cross-acceleration, the Rules of Organisation of the PP Noteholders, the PP Noteholders’ Waiver, certain provisions required by the Belgian Covered Bonds Regulations, certain PP Issuer Covenants, and specify, for the avoidance of doubt, that all the holders of Public Pandbrieven will be represented by the PP Noteholders’ Representative and will benefit from an exclusive recourse against the PP Special Estate. The PP Programme Agreement further provides

that a PP Programme Resolution will be required for any amendment to the PP Common Terms, unless (i) the PP Noteholders' Representative is of the opinion that such amendment will not be materially prejudicial to the interests of the PP Noteholders, (ii) the amendment is of a formal, minor or technical nature or, in the opinion of the PP Noteholders' Representative is to correct a manifest error or to comply with mandatory provisions of law or (iii) such amendment is made to comply with any criteria from a Rating Agency. The PP Programme Agreement also provides that no Public Sector Exposure can be deregistered from the PP Special Estate without prior approval of the PP Cover Pool Monitor in case such deregistration would lead to a decrease of the ratio between the value of the PP Cover Assets and the outstanding principal amount of the Public Pandbrieven. No such approval is required for the deregistration of Public Sector Exposure with a value of zero nor for a substitution (i.e., the replacement of a Public Sector Exposure by another) whereby the value of the PP Cover Assets does not decrease with more than EUR 10,000,000 due to this substitution.

#### **5.2.2 PP Noteholders' Representative Agreement**

Pursuant to the PP Noteholders' Representative Agreement initially dated 15 July 2014, as amended and/or supplemented and/or restated from time to time, the holders of the Public Pandbrieven (and the PP Other Creditors which have agreed thereto) will be represented by the PP Noteholders' Representative which shall have the powers and rights conferred on it by the applicable terms and conditions, the Rules of Organisation of the PP Noteholders and the PP Noteholders' Representative Agreement.

#### **5.2.3 PP Agency Agreement**

The Public Pandbrieven issued under the Base Prospectus will also have the benefit of a PP Agency Agreement (unless otherwise specified) initially dated 15 July 2014, as amended and/or supplemented and/or restated from time to time, pursuant to which the relevant (principal) paying agent, fiscal agent, registrar and calculation agent shall be appointed.

#### **5.2.4 PP Distribution Agreement**

Pursuant to and subject to the terms of the PP Distribution Agreement initially dated 15 July 2014, as amended and/or supplemented and/or restated from time to time, the Issuer may agree with the PP Dealers that are party thereto to issue Public Pandbrieven. The Issuer may also decide to issue Public Pandbrieven which are not subject to the PP Distribution Agreement.

#### **5.2.5 PP Clearing Services Agreement**

The Issuer has entered into a PP Clearing Services Agreement, dated 10 May 2016, as amended and/or supplemented and/or restated from time to time, with the NBB, in its capacity as operator of the Securities Settlement System, and the PP Principal Paying Agent in relation to Dematerialised Public Pandbrieven which will be represented by a book-entry in the records of the Securities Settlement System.

This Base Prospectus, the PP Programme Agreement, the PP Noteholders' Representative Agreement, the PP Agency Agreement, the PP Distribution Agreement, the PP Clearing Services Agreement and any other agreement or document entered into from time to time under or in connection with the PP 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 "**PP Programme Documents**"). Unless otherwise specified, the PP Programme Documents are and will be governed by Belgian law.

Pursuant to the terms of the PP 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 Public Pandbrieven or N Bonds).



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 PP Programme or issuance of any Public Pandbrieven. Each of the PP Programme Documents shall further contain specific provisions for the amendment, supplement, replacement and/or restatement of such agreement and a reference to any PP 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.

### **5.3 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 Pandbrieven issued under each Programme 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 form of the terms applicable thereto will, at the relevant time of issuance, be annexed to the applicable MP Programme Agreement or PP 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 and Belgian pandbrieven 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 and Belgian pandbrieven. Accordingly, it is qualified in its entirety by reference to the applicable laws and regulations.*

#### 6.1 Introduction

##### 6.1.1 Background

A dedicated regulatory regime for the issuance of covered bonds by Belgian credit institutions was initially adopted in August 2012 and introduced into Belgian law. The Belgian Covered Bonds 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 and unsubordinated 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 “**Belgian Covered Bonds Regulations**”):

- Book II, Title II, Chapter IV, Section III of, and Annex III to, the Belgian law of 25 April 2014 on the status and supervision of credit institutions (*Wet van 25 april 2014 op het statuut van en het toezicht op kredietinstellingen/Loi du 25 avril 2014 relative au statut et au contrôle des établissements de crédit*) (as amended from time to time, the “**Banking Law**”);
- the Belgian 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*) (as amended from time to time, the “**Mobilisation Law**”);
- the Belgian 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*) as amended by the Belgian Royal Decree of 27 January 2022 (see below), and as may be further amended from time to time, the “**Covered Bonds Royal Decree**”);
- the Belgian 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*), as amended by the Royal Decree of 27 January 2022 (see below), as may be further amended from time to time, the “**Cover Pool Administrator Royal Decree**”); and

- the NBB Covered Bonds Regulation and the NBB Cover Pool Monitor Regulation (each as defined below).

At the end of 2019, the European Parliament and the Council finalised the legislative package on covered bond reforms made up of a new covered bond directive (“**Directive (EU) 2019/2162**”) and a new regulation (“**Regulation (EU) 2019/2160**”), which entered into force on 7 January 2020 with the deadline for application of 8 July 2022 (both texts have relevance for the EEA and are to be implemented in the member states of the EEA).

Directive (EU) 2019/2162 replaced Article 52(4) of the UCITS Directive and established a revised common baseline for issuance of covered bonds for EU regulatory purposes (subject to various options that member states may choose to exercise when implementing the new Directive through national laws).

The new Regulation became directly applicable in the EU from 8 July 2022 and it amended Article 129 of Regulation 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms (“**CRR**”) (and certain related provisions) and further strengthened the criteria for covered bonds that benefit from preferential capital treatment under the CRR regime.

In addition, Directive (EU) 2019/2162 provides for permanent grandfathering with respect to certain requirements of the new regime for Article 52(4) UCITS Directive-compliant covered bonds issued before 8 July 2022 and includes an option for the EU member states to allow tap issues with respect to grandfathered covered bonds (for up to 24 months after 8 July 2022), provided such tap issues comply with certain prescribed requirements.

The Belgian Covered Bonds Regulations have recently been updated to transpose Directive (EU) 2019/2162 and to take into account Regulation (EU) 2019/2160, through the following instruments:

- the Belgian law of 26 November 2021 amending the Banking Law to, *inter alia*, transpose Directive (EU) 2019/2162 into Belgian law (the “**Law of 26 November 2021**”);
- the Belgian Royal Decree of 27 January 2022 amending the Covered Bonds Royal Decree, the Cover Pool Administrator Royal Decree, the Belgian Royal Decree of 12 November 2012 concerning the undertakings for collective investment satisfying the conditions of Directive 2009/65/EC and the Belgian Royal Decree of 25 February 2017 concerning certain public alternative investment funds and their management companies, and containing diverse provisions (the “**Royal Decree of 27 January 2022**”);
- the Regulation of the National Bank of Belgium (NBB\_2022\_15) regarding practical rules for the application of the law of 25 April 2014 establishing a legal framework for Belgian covered bonds dated 14 June 2022 (*Praktische regels voor de toepassing van de wet van 25 april 2014 op het statuut van en het toezicht op kredietinstellingen en beursvennootschappen zoals gewijzigd door de wet van 26 november 2021 met het oog op de omzetting van Richtlijn 2019/2162 betreffende de uitgifte van en het overheids-toezicht op gedekte obligaties/Modalités pratiques d’application de la loi du 25 avril 2014 relative au statut et au contrôle des établissements de crédit telle que modifiée par la loi du 26 novembre 2021 afin de transposer la directive 2019/2162 relative à l’émission et à la surveillance publique des obligations sécurisées*) as subsequently amended and/or supplemented (the “**NBB Covered Bonds Regulation**”); and
- the Regulation of the National Bank of Belgium (NBB\_2022\_16) addressed to the cover pool monitors of Belgian credit institutions that issue Belgian covered bonds dated 14 June 2022 (*Circulaire aan de portefeuillesurveillanten van kredietinstellingen naar Belgisch recht die Belgische covered bonds uitgeven/Circulaire aux surveillants de portefeuille auprès*

*d'établissements de crédit de droit belge qui émettent des covered bonds belges*) as subsequently amended and/or supplemented (the “**NBB Cover Pool Monitor Regulation**”).

The Belgian Covered Bonds Regulations contemplate a full on balance structure with a right of dual recourse for holders of covered bonds (an exclusive claim against the special estate (together with the cover pool creditors) and an unsecured claim against the general estate of the Issuer).

The transitory provisions of the updated legislation provide that covered bonds issued:

- (a) prior to 8 July 2022; or
- (b) under a programme for the issuance of covered bonds and with an ISIN opened prior to 8 July 2024 and which satisfy the following conditions:
  - (i) the maturity date of the relevant covered bonds is before 8 July 2027;
  - (ii) the total volume of issuances under the same programme after 8 July 2022 is not more than two times the volume of outstanding covered bonds on that date;
  - (iii) the total volume of the issuance on the maturity date is not more than EUR 6,000,000,000; and
  - (iv) the cover assets are situated in Belgium,

are until their maturity date subject to Articles 6, 80, 81 and 82 of the Banking Law, Articles 2, 3, 4, 6, 13 and 15 of Annex III to the Banking Law, Articles 3, 4, 5, 6, 7 and 8 of the Covered Bonds Royal Decree and Article 4, §1, 7° and 8° of the Cover Pool Administrator Royal Decree, as they applied prior to their amendment pursuant to the updated legislation.

For the remainder, the Belgian Covered Bonds Regulations, as recently amended, will apply to the aforementioned covered bonds under (a) and (b). This includes, without limitation, revised reporting requirements that the Issuer will have to comply with and which are in line with the requirements set out in Directive (EU) 2019/2162. As an exception, certain new provisions in relation to the composition of the cover assets, the inclusion of derivatives in the cover assets, requirements for the cover assets and provisions establishing the conditions under which issuing credit institutions may provide, in their terms of issue, for the implementation of extended maturity structures (Articles 1/2, 1/3, 2/1 and 13/1 of Annex III to the Banking Law) will not apply to the covered bonds mentioned under (a) and (b) above.

The provisions of the Belgian Covered Bonds Regulations that are relevant to the covered bonds issued under this Base Prospectus may be summarised as described in the sections below.

### **6.1.3 Belgian covered bonds and Belgian pandbrieven**

Pursuant to Article 1, 1° of Annex III to the Banking 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;
- (b) are included in the list of Belgian covered bonds, or are subject to a Belgian covered bond programme approved by the Supervisory Authority; and
- (c) are secured by cover assets (*dekkingsactiva/actifs de couverture*).

Pursuant to Article 1, 3° of Annex III to the Banking Law, a *Belgian pandbrief/lettre de gage belge* is a Belgian covered bond of which the cover assets satisfy the conditions set on the basis of Article 2, §1 of Annex III to the Banking Law: in order to qualify as a *Belgian pandbrief/lettre de gage belge*, the composition and valuation of cover assets must guarantee that the Belgian covered bond satisfies the

requirements to obtain a beneficial weight as included in Article 129 of the CRR. Based on the power granted to the King on the basis of Article 81, §4 of the Banking Law, the criteria to determine or clarify whether a Belgian covered bond complies with this regulation have been set out in the Covered Bonds Royal Decree.

Belgian covered bonds which comply with the requirements set out in the Covered Bonds Royal Decree may therefore be referred to as Belgian pandbrieven (*Belgische pandbrieven/lettres de gage belges*). The Pandbrieven issued under the relevant Programme will comply with the requirements set out in the Covered Bonds Royal Decree and will therefore be deemed to comply with Article 129 of the CRR. The Pandbrieven comply with all the criteria of the Belgian pandbrieven in the Belgian Covered Bonds Regulations and therefore qualify as “European covered bonds (premium)” (*Europese gedekte obligaties (premium)/obligation garantie européenne (de qualité supérieure)*) in accordance with the Belgian Covered Bonds Regulations. The NBB publishes a list of Belgian pandbrieven qualifying as European covered bonds (premium), including the Pandbrieven, on its website ([www.nbb.be](http://www.nbb.be))<sup>26</sup>.

#### 6.1.4 Dual authorisation by the Supervisory Authority

A Belgian credit institution must be authorised by the Supervisory Authority prior to being entitled to issue Belgian covered bonds. The authorisation of the Supervisory Authority comprises:

- (a) a general authorisation to be requested in accordance with Article 80, §1 of the Banking Law 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 specific authorisation to be requested in accordance with Article 81, §1 of the Banking Law 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 (i.e., [www.nbb.be](http://www.nbb.be))<sup>27</sup>, the Supervisory Authority will publish:

- (a) a list of credit institutions that are authorised to issue Belgian covered bonds; and
- (b) a list that specifies, per credit institution, the programmes (and the issuances thereunder) or issuances that have been authorised to issue, and in which a distinction is made between, covered bonds which meet the requirements defined in Article 6 of the Banking Law for a Belgian covered bond, a European covered bond and a European covered bond (premium), and covered bonds that do not meet such requirements.

##### 6.1.4.2 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 Supervisory Authority on the credit institution’s organisational capacity to issue Belgian covered bonds prior to and after the issuance of Belgian covered bonds.

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<sup>26</sup> The information contained on the website of the National Bank of Belgium ([www.nbb.be](http://www.nbb.be)) does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA.

<sup>27</sup> The information contained on the website of the National Bank of Belgium ([www.nbb.be](http://www.nbb.be)) does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA.

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

- (a) that the administrative and accounting organisation of the issuing credit institution allows it to operate in accordance with the Belgian Covered Bonds Regulations, in particular as regards its capacity to segregate the Cover Assets from its general estate;
- (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
- (c) that the person who, within the effective management of the credit institution, is responsible for the issuance and administration of the Belgian covered bonds has the required expertise and is sufficiently available to carry out this responsibility and provides the credit institution of the necessary resources to ensure the proper performance of the issuance and management of these covered bonds.

#### **6.1.4.3 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, the extent to which the maturity dates of the Belgian covered bonds coincide with those of the cover assets, the possible existence of an extendable maturity structure and the identification of the cover pool monitor which the credit institution proposes to appoint. 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 Supervisory Authority (see Section 6.2.4) on the compliance by the issuing credit institution with the requirements of the Belgian Covered Bonds Regulations prior to and after the issuance of Belgian covered bonds.

The Supervisory Authority 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;
- (b) the Cover Assets meet the requirements of the Belgian Covered Bonds Regulations; and
- (c) the issuing credit institution has an appropriate organisation in place to ensure the compliance with the legal and regulatory provisions regarding the issue of Belgian covered bonds (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 in relation to a special estate are registered (a “**Cover Register**”).

A special estate includes by operation of law:

- (a) all assets registered in a Cover Register in accordance with Article 15, §1, 1° of Annex III to the Banking Law (the “**Cover Assets**”);

- (b) all collateral (cash or financial instruments) received in relation to any derivative contracts that have been registered as Cover Assets;
- (c) all security interests (*in rem* and *in personam*), guarantees or privileges under whichever form that have been granted in relation to the 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 Cover Assets or of the rights mentioned in (a) and (c) 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.

In accordance with Article 3, §5 of the Covered Bonds Royal Decree, the issuing credit institution shall satisfy the requirement imposed by Article 208, fifth indent of the CRR to have procedures in place to verify whether the relevant real estate is adequately insured against the risk of damages.

Pursuant to a revindication mechanism provided by Article 3, §2, second indent of Annex III to the Banking Law, if the issuing credit institution holds amounts as provided for in Article 3, § 2, first indent, 4° of Annex III to the Banking Law for the account of a special estate, and these amounts cannot be identified in the general estate when the delivery of these assets is requested on behalf of the special estate, the ownership right in relation to these amounts that are part of the special estate will be transferred for a corresponding value to other unencumbered assets in the general estate of the issuing credit institution 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 to 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 derivative contract counterparties.

The distribution or priority rules in relation to the obligations towards the noteholders and the obligations towards such other creditors of the relevant 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 that apply to Cover Assets registered in the Cover Register and limits set out in the Belgian Covered Bonds 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 6.2.3.5);
- (d) the Cover Register and the correct registration of Cover Assets therein meet the requirements set out in the Belgian Covered Bonds Regulations (see Section 6.2.3.6).

Furthermore, the credit institution must establish risk management policies in relation to the Cover Assets (see Section 6.2.3.4).

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

#### 6.2.3.1 Types of eligible assets

A special estate may be composed of assets falling within any of the following four categories: residential mortgage loans (“**category 1**”), commercial mortgage loans (“**category 2**”), public sector exposures (“**category 3**”) and exposures to credit institutions (“**category 4**”).

##### (a) Mortgage Loans

A 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 EEA up to the lower of (i) the principal amount of the corresponding mortgages and (ii) 80 per cent. of the value of the relevant Residential Real Estate. 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 per cent. of all the residential mortgage loans included in the special estate.

“**Residential Real Estate**” is real property that is destined for housing or for leasing (*huur/location*) housing by the owner.

- (ii) Commercial mortgage loans (category 2): mortgage receivables secured by a mortgage on Commercial Real Estate located in the EEA up to a value which is the lower of (i) the principal amount of the corresponding mortgages (together with all previously granted mortgages) and (ii) 60 per cent. of the value of the relevant Commercial Real Estate. Mortgage receivables relating to Commercial Real Estate under construction or in development may not be included in the special estate.

“**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.

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

Pursuant to the Belgian Covered Bonds 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 Bank to the same grantor, the proceeds of any enforcement will in principle be shared *pro rata* among the various loans (including any such loans that are still with the general estate) (see also MP Condition 7(c)).

- (b) Public sector exposures (category 3): receivables on or guaranteed by (i) a central government or central bank of a member state of the Organisation for Economic Cooperation and Development (“OECD”), or by a regional or local government of those member states, (ii) a public entity of an OECD member state, or (iii) a multilateral development bank or international organisation that obtains a 0 per cent. risk weight in accordance with Articles 117 and 118 of the CRR.

When the counterparties to the claims referred to under (i) and (ii) are not members of the EU or, in the case of central banks, not members of the European System of Central Banks (ESCB), only those claims are eligible which:

- (i) in the case of counterparties referred to in point (i), belong to credit quality step 1 or 2 as determined in accordance with Article 136 of the CRR;
- (ii) in the case of counterparties referred to in point (ii), have the same risk weight as exposures in relation to institutions or central governments, and central banks in accordance with, respectively, Article 115(1) or (2) or Article 116(1), (2) or (4) of the CRR and belong to credit quality step 1 or 2 as determined in accordance with Article 136 of the CRR,

provided that claims on counterparties belonging to credit quality step 2 may not exceed 20 per cent. of the nominal amount of all outstanding Belgian covered bonds concerned;

- (c) Exposures to credit institutions (category 4): claims against credit institutions of an OECD member state and which belong to credit quality steps 1 or 2 as established under Article 136 of the CRR, where those claims take the form of:

- (i) short-term claims having a maturity of 3 months or less, or short-term deposits with an original maturity of up to 100 days, where they are used to meet the liquidity requirement for the Special Estate, as set out in Article 7, paragraph 1 of the Covered Bonds Royal Decree; or
- (ii) derivative contracts that comply with the requirements set out in Article 4 of the Covered Bonds Royal Decree.

The claims on credit institutions belonging to credit quality step 2 may only be used as Cover Assets up to 10 per cent. of the nominal amount of the relevant outstanding Belgian covered bonds.

The total value of claims on credit institutions belonging to the credit quality steps 1 or 2 shall not exceed 15 per cent. of the nominal amount of the relevant outstanding Belgian covered bonds.

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.

At the time an asset is registered as a Cover Asset in the Cover Register, such asset may not be subject to a payment default in the sense of Article 178 of the CRR (Article 3, §6 of the Covered Bonds Royal Decree).

#### 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, i.e., the “**Primary Assets**”, must represent at least 85 per cent. of the principal amount of the Belgian covered bonds outstanding (the “**85 per cent. 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 outstanding principal amount of the Belgian covered bonds. For each special estate, the value of the Cover Assets must represent at least 105 per cent. of the outstanding principal amount of the issued Belgian covered bonds (the “**Over-Collateralisation Test**”). The value of the principal amount of the Cover Assets can only be taken into account for the purpose of the Over-Collateralisation Test if they are not otherwise taken into account to satisfy other obligations than the payment of principal on the Belgian covered bonds for the purpose of the Amortisation Test (as defined below). As a result, the outstanding principal amount of the issued Belgian covered bonds must at all times be over-collateralised by at least 5 per cent.; 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 maintenance and management of the special estate (including the costs of winding down the issuance programme). 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**”).

To determine the extent to which the principal amount of the cover assets is included in the calculation referred to above, the eligibility criteria set out in Article 3 of the Covered Bonds Royal Decree shall be taken into account in accordance with Article 5, §3, first indent of the Covered Bonds Royal Decree.

The interest generated by the Cover Assets are calculated, and the costs for maintenance and management are calculated and estimated, in accordance with Article 5, §3, second and third indent of the Covered Bonds Royal Decree.

The 85 per cent. Asset Coverage Test, the Over-Collateralisation Test and the Amortisation Test are hereinafter jointly referred to as the “**Cover Tests**”.

#### 6.2.3.3 Cover assets valuation methodology

For the purpose of the Cover Tests, 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 per cent. 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 créanciers*)).

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 créanciers*)) 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 créanciers*)), 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 créanciers*)). 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 Article 208 of the CRR are fulfilled, including the requirements that the valuation of the Residential Real Estate is frequently, and at least annually, verified and that the issuing credit institution has procedures in place to verify that the property in question is adequately insured against the risk of loss.

- (b) Commercial mortgage loans: the lesser of (i) the outstanding loan amount, (ii) 60 per cent. 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 créanciers*)). 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 by the relevant entities).
- (d) Derivative contracts: for the calculation of the requirements of the 85 per cent. Asset Coverage Test and the Over-Collateralisation Test, derivative contracts shall be valued on the basis of the amount due at the termination of the derivative contract (close-out amount).
- (e) Exposure to credit institutions: the value will be equal to the amount at which the assets are registered in the accounting statements of the issuing credit institution.

No assets that are in payment default in the sense of Article 178 of the CRR, may be registered in the special estate (Article 3, §6 of the Covered Bonds Royal Decree).

In any event, the value of an asset that is in payment default in the sense of Article 178 of the CRR is zero. The value of an asset that is 30 days past due and less than 90 days past due will only be taken into account for 50 per cent. of the value as set out above.

#### **6.2.3.4 Risk Management**

The issuing credit institution must establish risk management policies and perform a stress test on a quarterly basis in order to guarantee that the liquidity flows generated by the Cover Assets for each special estate remain sufficient to satisfy the requirements of the Cover Tests and the Liquidity Test and/or, as the case may be, must possess other assets that can be used quickly as cover asset in order to provide relevant coverage.

The stress tests do at least need to take into account:

- (a) sudden and unexpected interest rate or exchange rate movements;
- (b) scenarios with different levels of percentages of early prepayment of cover assets; and
- (c) scenarios with material deterioration of the credit quality of the cover assets.

#### **6.2.3.5 Liquidity Test**

Each special estate must contain sufficient liquid and available Cover Assets to provide a liquidity buffer in order to enable the issuing credit institution to cover at all times the net liquidity outflows of the relevant issue or the relevant issuance programme at any time, and the maximum amount of the sum of the net liquidity outflows calculated over a six month period (the “**Liquidity Test**”). Where an extended final maturity is specified for an issue of covered bonds, the principal amount of such covered bonds to be taken into account for the purpose of the calculation of the net liquidity outflow can be based on the extended final maturity as stipulated in the issue conditions.

Liquid assets that can be used for the purpose of the Liquidity Test are, in accordance with Article 7 of the Covered Bonds Royal Decree:

- (a) Cover Assets satisfying the requirements of assets of level 1 in accordance with Commission Delegated Regulation (EU) 2015/61 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions, that are valued in accordance with this Commission Delegated Regulation and which are not issued by the Issuer;
- (b) short term exposures and short term deposits as set out in Article 3 §1, 4°, a) of the Covered Bonds Royal Decree.

If an issuing credit institution fails to meet the requirements of the Liquidity Test, it will have 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).

#### **6.2.3.6 The Cover Register**

As from their registration in a Cover Register, the assets listed in Article 1/2 of Annex III to the Banking Law, including the derivative contracts, 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 derivative contracts 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, derivative contracts 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 Supervisory Authority.

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. Both the register and the back-up shall be kept in electronic form.

#### **6.2.3.7 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 Supervisory Authority 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 Supervisory Authority or, where appropriate, the ECB at the request of the Supervisory Authority may revoke the General Authorisation or one or more Specific Authorisations. For so long as the issuing credit institution is in breach of the Liquidity Test or Cover Test, it shall not be allowed to issue new Belgian covered bonds, regardless of the granting of any grace period by the Supervisory

Authority. In cases of extreme urgency or if the seriousness of the facts justifies such action, the Supervisory Authority or the ECB may proceed with a deregistration without setting a grace period.

A deregistration will be notified by the Supervisory Authority to the European Commission and the European Banking Authority. As a result of this deregistration, the relevant issuer will no longer be entitled to issue Belgian covered bonds. In case it wishes to issue new Belgian covered bonds, the issuing credit institution will again have to comply with all requirements in order to be registered. A deregistration does not affect the holders of outstanding Belgian covered bonds.

The Supervisory Authority can also publish warnings to indicate that a credit institution has failed to comply with the Supervisory Authority's requests to meet the requirements of the Belgian Covered Bonds Regulations within a specified grace period. In addition, as part of its general supervisory function under the Banking Law, the Supervisory Authority 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 Supervisory Authority has the power to impose administrative penalties on issuing credit institutions. Such administrative penalties may range from EUR 10,000 to 10 per cent. of the credit institution's annual net turnover of the past financial year (see Section 6.3.5).

#### **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 Supervisory Authority. 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 Supervisory Authority 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 Supervisory Authority 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 Supervisory Authority if the issuing credit institution no longer satisfies such requirements.

#### **6.2.5 Cover pool administrator**

##### **6.2.5.1 Appointment**

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

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

- (a) upon the adoption of a measure or sanction as provided for under Article 8, §1, 1° of Annex III to the Banking Law against the issuing credit institution if, in the opinion of the Supervisory Authority, such measure or sanction and/or the reasons for it may prejudice the rights of the holders of the Belgian covered bonds and/or of any third parties who may have a claim on the special estate;
- (b) upon the initiation of winding-up proceedings (*liquidatieprocedure/procédure de liquidation*) against the issuing credit institution;
- (c) upon the withdrawal of the General Authorisation and/or Specific Authorisation(s); or
- (d) where the Supervisory Authority is of the opinion that the assessment of the situation of the issuing credit institution is such that it may seriously affect (*ernstig in gevaar kan brengen/de nature à mettre gravement en péril*) the interests of the Belgian covered bondholders.

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 EEA 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, including the power to dispose of cover assets and to extend maturities. Its remit is to ensure that the obligations towards the noteholders 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, among 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 derivative contracts, carrying out of certain administrative tasks and extension of maturities.

The cover pool administrator will also have to test compliance with the Cover Tests and inform the Supervisory Authority 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 Supervisory Authority and the noteholders' representative will be required for any transaction (including a sale of any cover assets) if as a result the Cover Tests, the Liquidity Test or contractual provisions would no longer be met or if there is a risk that these would no longer be met.

The Cover Pool Administrator 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 Supervisory Authority, 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 by 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**

Based on Article 10 of the Covered Bonds Royal Decree, an issuing credit institution may no longer issue further Belgian covered bonds if the amount of cover assets exceeds 8 per cent. of the issuing credit institution's total assets. The Supervisory Authority can specify which assets are to be taken into account for the purpose of calculating this 8 per cent. limit and how such assets should be valued.

The prior consent for an exception can only be granted by the Supervisory Authority:

- (a) on a temporary basis, in case of exceptional circumstances having consequences for the issuing institution and that necessitate an increased utilisation of Belgian covered bonds as a funding tool;
- (b) in case other instruments of the issuing credit institution provide sufficient protection to reach the threshold of 8 per cent. of total liabilities, including own funds, as referred to in Article 255, §6,3° of the Banking Law or in Article 27, 7<sup>th</sup> indent, sub a of Regulation (EU) 806/2014 of the European Parliament and the Council of 15 July 2014 of the establishment of uniform rules for the resolution of credit institutions and certain investment firms within the framework of a common resolution mechanism and a common resolution fund. In such case the 8 per cent. limit does not apply. The Issuer has applied for this exception which was granted by the Supervisory Authority. Therefore, the 8 per cent. limit no longer applies to the Pandbrieven.

Further, Article 10 of the Covered Bonds Royal Decree provides that the Supervisory Authority may request that a credit institution that issues Belgian covered bonds limits the issue volume of Belgian covered bonds in order to protect the credit institution's other creditors. The Supervisory Authority will assess the need to establish such an issue limit, including by analysing criteria showing that creditors of



the credit institution other than holders of Belgian covered bonds should be protected. At a minimum, the following criteria will be taken into account by the Supervisory Authority in its assessment:

- (a) other instruments of the issuing credit institution must provide sufficient protection to reach the threshold of 8 per cent. of the total liabilities, including own funds, as referred to in Article 255, §6, 3° of the Credit Institutions Supervision Law or in Article 27, 7th indent, sub a of Regulation (EU) 806/2014; and
- (b) compliance with existing indicators for encumbered assets:
  - (i) if the issuing credit institution exceeds a “flashing light” threshold (*knipperlichtdrempelwaarde/seuil clignotant*) for encumbered assets at the individual level in the narrow or broad sense as stated in the Communication of the NBB (NBB\_2016\_34) dated 18 July 2016, the credit institution will have to regulate itself within a certain period of time; in the absence of this, the NBB may impose an issue limit for covered bonds;
  - (ii) if the issuing credit institution exceeds a recovery plan threshold (*herstelplandrempelwaarde/seuil de plan de redressement*) for the encumbered assets at individual level in the narrow or broad sense, the NBB will impose a covered bond issue limit.

As of 1 January 2024, Article 10 of the Covered Bond Royal Decree shall no longer include such issuance limit of 8 per cent. and will only retain the possibility for the Supervisory Authority to limit the volume of its issue of Belgian covered bonds in order to protect the creditors of the credit institution other than the holders of Belgian covered bonds.

### **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 7:162 to 7:176 of the Belgian Code of Companies and Associations (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 Supervisory Authority authorising it to issue covered bonds as well as a specific license in relation to the programme (or standalone 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 Supervisory Authority removes the issuer from the list of Belgian covered bond issuers and revokes its license (see Section 6.2.3.7) or if the Supervisory Authority 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 Statutory Tests, it will be prevented from further issuing Belgian covered bonds (see Section 6.2.3.5).

### **6.3.5 The Supervisory Authority**

The NBB is responsible for supervising compliance with the Belgian Covered Bonds Regulations by issuing credit institutions.

As noted above, a Belgian credit institution requires a General Authorisation and a Specific Authorisation from the Supervisory Authority to issue Belgian covered bonds. The prior authorisations of the Supervisory Authority relate to (a) the organisational capacity of the credit institution to issue Belgian covered bonds and to provide the follow up and (b) whether a particular issue or issue programme complies with the legal requirements.

The appointment of the cover pool monitor must be approved by the Supervisory Authority and the Supervisory Authority appoints the cover pool administrator.

The Supervisory Authority has an important role in the administration of the Belgian Covered Bonds Regulations. For instance, the Supervisory Authority:

- (a) determines the policy in relation to the Belgian Covered Bonds Regulations and can amend the regulations of the Supervisory Authority in relation to Belgian covered bonds;
- (b) gives guidance under the Belgian Covered Bonds Regulations;
- (c) maintains a register of issuers and Belgian covered bonds regulated under the Belgian Covered Bonds Regulations;
- (d) will undertake an on-going supervisory role with respect to Belgian covered bond issuers; and
- (e) has the power to give directions and impose sanctions.

The issuing credit institution and the cover pool monitor have ongoing obligations to provide to the Supervisory Authority periodic information on compliance with the Belgian Covered Bonds Regulations and to inform the Supervisory Authority if the Cover Tests and the Liquidity Test will not, or are likely not to, be met.

The issuing credit institution needs to periodically demonstrate to the Supervisory Authority that the issued Belgian covered bonds continue to satisfy the requirements imposed by the Belgian Covered Bonds Regulations, in particular, by reporting on:

- (a) compliance with the requirements regarding the eligibility criteria of the cover assets and the composition of the special estate;
- (b) valuation of the cover assets, the compliance with the coverage requirements, the liquidity requirements and the requirements relating to the extendable maturity structures, in particular by reporting on the results of the stress tests in relation to the coverage and liquidity requirements;
- (c) compliance with asset segregation requirements, in particular compliance with asset registration requirements;
- (d) credit, foreign exchange, liquidity and interest rate risk; and
- (e) performance of the tasks of the cover pool monitor.

The issuing credit institution needs to demonstrate to the Supervisory Authority, whenever significant changes are proposed to be made to the Belgian covered bonds, the issuance programme or the related legal documentation, that the Belgian covered bonds continue to comply with the requirements to obtain the General Authorisation and Specific Authorisation.

If applicable, the issuing credit institution needs to take measures to limit interest rate and exchange rate risk. To this effect, the issuing credit institutions must establish a risk policy in order to ensure that in the event of (i) brutal interest rate or exchange rate movements, (ii) significant deterioration in the credit quality of the Cover Assets or (iii) different levels of prepayment rates for the Cover Assets (as further

specified in Article 8 of the NBB Covered Bonds Regulation), the liquidity flows generated by the Cover Assets are sufficient to satisfy the Cover Tests and the Liquidity Test.

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 Supervisory Authority 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 Supervisory Authority, or, where appropriate, the ECB at the request of the Supervisory Authority, may revoke the General Authorisation or one or more Specific Authorisations. For so long as the issuing credit institution is in breach of the Liquidity Test or Cover Test, it shall not be allowed to issue new Belgian covered bonds, regardless of the granting of any grace period by the Supervisory Authority. In cases of extreme urgency or if the seriousness of the facts justifies such action, the Supervisory Authority or the ECB may proceed with a deregistration without setting a grace period.

A deregistration will be notified by the Supervisory Authority to the European Commission and the European Banking Authority. As a result of this deregistration, the issuer will no longer be entitled to issue Belgian covered bonds. In case it wishes to issue new Belgian covered bonds, the issuing credit institution will again have to comply with all requirements in order to be registered. A deregistration does not affect the holders of outstanding Belgian covered bonds.

The Supervisory Authority can also publish warnings to indicate that a credit institution has failed to comply with the Supervisory Authority's requests to meet the requirements of the Belgian Covered Bonds Regulations within a specified grace period. In addition, as part of its general supervisory function under the Banking Law, the Supervisory Authority 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 Supervisory Authority has the power to impose administrative penalties on issuing credit institutions. Such administrative penalties may range from EUR 10,000 to 10 per cent. of the credit institution's annual net turnover of the past financial year.

## **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(s) (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 Supervisory Authority and the cover pool administrator in order to enable them to manage the special estate in accordance with the Belgian Covered Bonds 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 a special estate are, by operation of law, automatically excluded from the bankruptcy estate and exclusively allocated to the relevant special estate. Moreover, creditors of the credit institution's general estate cannot exercise any recourse against, nor attach any assets that fall within, the relevant special estate.

A special mechanism has been created to protect cash held by the issuing credit institution on behalf of the relevant special estate. Pursuant to this mechanism, the ownership rights of the relevant 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. These mechanics aim to reduce the commingling risk that would arise if the bank accounts of the special estate are held with the issuer of the covered bonds.

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 relevant special estate to another institution.

#### **6.4.2.2 Liquidation of a 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 Supervisory Authority, transfer the relevant 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 relevant 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 relevant Cover Assets are not sufficient to satisfy the obligations under the Belgian covered bonds (subject to the approval by the Supervisory Authority and consultation of the relevant 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 relevant 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 relevant 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 Supervisory Authority, 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 a special estate**

A Special Estate could be transferred to a third party, either (i) by way of a resolution measure (*afwikkelingsinstrument/instrument de résolution*) provided for under Book II, Title VIII of the Banking Law in accordance with Article 6/1 of Annex III to the Banking Law or (ii) following the commencement of bankruptcy proceedings or recovery measures, if the relevant Cover Pool Administrator decides to transfer in accordance with Article 11, 5° of Annex III to the Banking Law. The Banking Law provides

that, in the case of such a transfer, the rights of the relevant noteholders against the relevant special estate will be maintained and will follow the relevant special estate.

## **SECTION 7 USE OF PROCEEDS**

Unless otherwise specified in the applicable Final Terms, the net proceeds from the Pandbrieven to be issued under each Programme (including N Bonds) will be used by the Issuer to fund its general corporate purposes.

If, in respect of any particular issuance of Pandbrieven, there is a particular identified use of proceeds, this will be stated in the applicable MP Final Terms or PP Final Terms. In particular, the Issuer may issue such Pandbrieven under each Programme where the applicable MP Final Terms or PP Final Terms specify that, in the case of “green bonds”, it will apply an amount equivalent to the net proceeds of the issue of such Pandbrieven to finance and/or refinance over a certain period of time Eligible Green Assets, as described in the applicable MP Final Terms or PP Final Terms and the Issuer’s Green Bond Framework, such Pandbrieven being referred to as Green Bonds.

The Issuer’s Green Bond Framework is publicly available on the Issuer’s website (<https://www.belfius.be/about-us/en/investors/debt-issuance/green-bonds>). The Green Bond Framework does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA.

Investors should have regard to the factors described under Section 2 “Risk Factors”, in particular the risk factor entitled “*Risks related to Pandbrieven which qualify as “Green Bonds” which have a particular use of proceeds identified in the applicable Final Terms*”.

## SECTION 8 TERMS AND CONDITIONS

### 8.1 TERMS AND CONDITIONS OF THE MORTGAGE PANDBRIEVEN

*Unless otherwise specified, the following are the terms and conditions (the “**MP 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 “**MP 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 MP Final Terms.*

*The Issuer may also issue from time to time Mortgage Pandbrieven under the Belgian Mortgage Pandbrieven Programme (the “**MP Programme**”) which shall be subject to terms and conditions and/or final terms not contemplated by the base prospectus adopted in relation to the MP Programme (the “**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 MP Programme Agreement (as defined below).*

All capitalised terms that are not defined in these MP Conditions will have the meanings given to them in the relevant MP Final Terms. Save where an intention to the contrary appears, references in the MP Conditions to “**Mortgage Pandbrieven**” are to the Mortgage Pandbrieven of one Series only, not to all Mortgage Pandbrieven that may be issued under the MP 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 issue date, first payment of interest, the issue price and/or the Temporary ISIN Code and Temporary Common Code (if any and as defined in the applicable MP Final Terms)). Once consolidated, the Mortgage Pandbrieven of each Series are intended to be interchangeable with all other Mortgage Pandbrieven of the same Series. Each Series may comprise one or more Tranches issued on the same or different issue dates. A “**Tranche**” means Mortgage Pandbrieven which are identical in all respects (including as to listing). The specific terms of each Tranche (including, without limitation, the aggregate principal amount, issue price, redemption price thereof, and interest, if any, payable thereunder) will be determined by the Issuer and the relevant MP Dealer(s) at the date of issuance and will be set out in the MP Final Terms of such Tranche. In these MP Conditions, “**MP 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 securities settlement system operated by the National Bank of Belgium (the “**NBB**”) or any successor thereto (the “**Securities Settlement System**”), its participants or any recognised accountholder within the meaning of Article 7:35 of the Belgian Code of Companies and Associations. 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 the programme agreement initially dated 8 November 2012 (as amended, supplemented, replaced and/or restated from time to time, the “**MP Programme Agreement**”) between the Issuer, Stichting Belfius Mortgage Pandbrieven Noteholders’ Representative in its capacity as representative of the MP Noteholders and of any other creditors that are holders of claims covered by the MP Special Estate and that have agreed to be so represented (the “**MP Noteholders’ Representative**”) and any other party named therein. The powers and rights conferred on the MP Noteholders’ Representative are laid down in these MP Conditions, the Rules of Organisation of the MP Noteholders and in the contractual arrangements between the MP Noteholders’ Representative

and the Issuer (the noteholders' representative agreement, initially dated 8 November 2012 and as amended, supplemented, replaced and/or restated from time to time, the "**MP Noteholders' Representative Agreement**"). Furthermore, the Mortgage Pandbrieven will have the benefit of an agency agreement initially dated 8 November 2012 (as amended, supplemented, replaced and/or restated from time to time, the "**MP Agency Agreement**") between the Issuer, Belfius Bank (among others) in its capacity as fiscal agent for Mortgage Pandbrieven (the "**MP 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 "**MP Principal Paying Agent**", the "**MP Paying Agents**" (which expression shall, unless the context requires otherwise, include the Principal Paying Agent), the "**MP Fiscal Agent**", the "**MP Registrar**" and the "**MP Calculation Agent(s)**". The MP Noteholders are deemed to have notice of and have accepted to be bound by all of the provisions of the MP Programme Agreement, the MP Noteholders' Representative Agreement and the MP Agency Agreement applicable to them.

Any reference herein to any agreement, document, code, law, decree or regulation shall be construed as a reference to such agreement, document, code, law, decree or regulation as the same may be supplemented, varied, recast, amended and/or restated from time to time.

The MP Programme Agreement, the MP Noteholders' Representative Agreement, the MP Agency Agreement, the MP Distribution Agreement and the Articles of Association of the Issuer 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 MP Paying Agents for the period of 12 months following the date of this Base Prospectus.

Where these MP Conditions refer to any computation of a term or period of time, Article 1.7 of the Belgian Civil Code (*Burgerlijk Wetboek/Code Civil*) of 13 April 2019 (the "**Belgian Civil Code**") shall not apply to the extent inconsistent with these MP Conditions.

Any MP Condition may derogate either expressly or implicitly from applicable legal provisions. Even if there is no express derogation from a specific legal provision, the relevant MP Condition may still implicitly derogate from legal provisions (for instance by providing for a different contractual regime).

## 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 Belgian Covered Bonds Regulations and are covered by the same special estate (*bijzonder vermogen/patrimoine spécial*) of the Issuer constituted pursuant to Article 3 of Annex III to the Banking Law in relation to the MP Programme and in which the MP Cover Assets (as defined below) are segregated (the "**MP Special Estate**"). The main asset class of the Special Estate will consist of Belfius Bank's residential mortgage loans within the meaning of the Belgian Covered Bonds Regulations (the "**Residential Mortgage Loans**", and together with any other assets registered as cover assets (*dekkingsactiva/actifs de couverture*), the "**MP Cover Assets**"). The Residential Mortgage Loans are primary assets (*primaire active/actifs principaux*) as defined in Article 1, 9° of Annex III to the Banking Law ("**Primary Assets**"). The Issuer shall procure that the value of the Residential Mortgage Loans which are part of the MP Special Estate calculated in accordance with the Belgian Covered Bonds Regulations (and including any collections in respect thereof) represents at all times at least 105 per cent. of the aggregate outstanding principal amount of the Mortgage Pandbrieven of all Series. The



Supervisory Authority 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 Supervisory Authority shall regularly update such list with the Mortgage Pandbrieven issued under the MP Programme and shall indicate that the Mortgage Pandbrieven constitute Belgian pandbrieven under the Belgian Covered Bonds Regulations. The Mortgage Pandbrieven can also be referred to as “European covered bonds (premium)” (*Europese gedekte obligaties (premium)/obligation garantie européenne (de qualité supérieure)*) in accordance with the Belgian Covered Bonds Regulations.

(b) *Form and Denomination*

The Mortgage Pandbrieven can be issued in dematerialised form (“**Dematerialised Mortgage Pandbrieven**”) or in registered form (“**Registered Mortgage Pandbrieven**”).

Dematerialised Mortgage Pandbrieven are issued in dematerialised form via a book-entry system maintained in the records of the Securities Settlement System in accordance with Article 7:35 et seq. of the Belgian Code of Companies and Associations and will be credited to the accounts held with the Securities Settlement System by Euroclear Bank SA/NV (“**Euroclear Bank**”), Euroclear France SA (“**Euroclear France**”), Clearstream Banking AG, Frankfurt (“**Clearstream Banking Frankfurt**”), SIX SIS Ltd, Switzerland (“**SIX SIS**”), Monte Titoli S.p.A., Italy (“**Euronext Securities Milan**”), Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (“**Euronext Securities Porto**”), LuxCSD S.A. (“**LuxCSD**”) or other Securities Settlement System participants or their participants. The Dematerialised Mortgage Pandbrieven are accepted for clearance through the Securities Settlement 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 Terms and Conditions governing the participation in the NBB-SSS and its annexes, as issued or modified by the NBB from time to time (the laws, decrees and rules mentioned in this MP Condition being referred to herein as the “**Securities Settlement 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 MP 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 Pandbrieven will be registered in a register maintained by the Issuer or by a registrar on behalf of the Issuer (the “**MP Registrar**”) in accordance with Article 7:23 et seq. of the Belgian Code of Companies and Associations. Holders of Registered Mortgage Pandbrieven can obtain a certificate demonstrating the registration of the Registered Mortgage Pandbrieven in the register.

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

(c) *Title and Transfer*

Title to and transfer of Dematerialised Mortgage Pandbrieven will be evidenced only by records maintained by the Securities Settlement System, Euroclear Bank, Euroclear France, Clearstream Banking Frankfurt, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, LuxCSD or other Securities Settlement System participants and in accordance with the applicable procedures of the Securities Settlement System, Euroclear Bank, Euroclear France, Clearstream Banking Frankfurt, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, LuxCSD and other Securities Settlement System participants.

Title to and transfer of Registered Mortgage Pandbrieven shall pass by registration of the transfer by the Issuer or by the Registrar in a register in accordance with Article 7:23 *et seq.* of the Belgian Code of Companies and Associations. In case of a sale or transfer of the Registered Mortgage Pandbrieven, the transferor and transferee thereof will be 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 MP Registrar.

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.

(d) *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 MP 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 MP Registrar may require).

(e) *Closed Periods*

No MP Noteholder may require the transfer of a Registered Mortgage Pandbrief to be registered (i) during the period of 15 calendar days ending on (but excluding) the due date for redemption of that Mortgage Pandbrief, (ii) during the period of 15 calendar days before (but excluding) any date on which Mortgage Pandbrieven may be called for redemption by the Issuer at its option pursuant to MP Condition 3(f) (*Redemption, Purchase and Options – Redemption at the option of the Issuer and exercise of Issuer's option*), (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.

## 2. Interest and Other Calculations

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

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 MP Condition 2(g) (*Interest and Other Calculations – Margin, Maximum Rate of Interest, Minimum Rate of Interest, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts and Rounding*)) 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 MP Condition 2(h) (*Interest and Other Calculations – Calculations*).

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

- (A) Each Floating Rate Mortgage Pandbrief bears interest on its outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal (subject as provided in MP Condition 2(g) (*Interest and Other Calculations – Margin, Maximum Rate of Interest, Minimum Rate of Interest, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts and Rounding*)) 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 MP Condition 2(h) (*Interest and Other Calculations – Calculations*). The “**Interest Payment Date**” means the date shown in the applicable MP Final Terms as a Specified Interest Payment Date, or, if no Specified Interest Payment Date is shown in the applicable MP Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown therein 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 MP 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 MP 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 MP Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option is as specified in the applicable MP Final Terms;
  - (ii) the Designated Maturity is a period specified in the applicable MP Final Terms; and
  - (iii) the relevant Reset Date is the first day of that Interest Accrual Period, unless otherwise specified in the applicable MP 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 MP 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. (Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the MP 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 MP 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 MP Condition 2(h) (*Interest and Other Calculations – Calculations*).

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

For the purposes of the foregoing:

- (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 MP Calculation Agent shall request, if the Reference Rate is EURIBOR, the principal Eurozone office of each of the Reference Banks, to provide the MP Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate, 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 MP 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 MP Calculation Agent; and
- (b) if paragraph (a) above applies and the MP 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 MP Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, 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 EURIBOR, the Eurozone inter-bank market, or, if fewer than two of the Reference Banks provide the MP 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 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 MP Calculation Agent it is quoting to leading banks in, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, 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) *Linear Interpolation*

Where Linear Interpolation is specified in the MP Final Terms as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the MP Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the MP Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

“**Applicable Maturity**” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate and (b) in relation to ISDA Determination, the Designated Maturity.

(d) *Rate of Interest on Zero Coupon Mortgage Pandbrieven*

Where a Mortgage Pandbrief, the Rate of Interest of which 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 MP Final Terms, the Early Redemption Amount (as defined in MP Condition 3(b) (*Redemption, Purchase and Options – Early Redemption*)) 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 MP Condition 3(b) (*Redemption, Purchase and Options – Early Redemption*)).

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

Subject as provided in MP Condition 2(j) (*Interest and Other Calculations – Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Mortgage Pandbrieven up to the Extended Maturity Date*), interest shall cease to accrue on each Mortgage Pandbrief on the due date for redemption unless (i) 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 MP Condition to the Relevant Date or (ii) a Mortgage Pandbrief is partially redeemed, in which event interest shall only cease to accrue in respect of the redeemed part of such Mortgage Pandbrief.

(f) *Business Day Convention*

If any date referred to in these MP 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 Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, or (ii) 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 (iii) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day. In the event of Mortgage Pandbrievien cleared through the Securities Settlement System, the Following Business Day Convention will always be applicable.

(g) *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 MP 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 MP 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 MP 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.

(h) *Calculations*

The amount of interest payable per Calculation Amount (as determined in the applicable MP 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 MP 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.

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

The MP Calculation Agent shall, as soon as practicable on each date as the MP 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 MP Principal Paying Agent, the Issuer, each of the MP Paying Agents, the MP Noteholders, the MP Noteholders' Representative, any other MP Calculation Agent appointed in respect of the Mortgage Pandbrieven that is to make a further calculation upon receipt of such information and, if the Mortgage Pandbrieven are listed on a stock exchange and the rules of such exchange so require, such stock 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 stock 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 MP Condition 2(f) (*Interest and Other Calculations - Business Day Convention*), 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 MP Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

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

(i) If the maturity of the Mortgage Pandbrieven is extended beyond the Maturity Date in accordance with MP Condition 3(j) (*Redemption, Purchase and Options – Extension of Maturity up to Extended Maturity Date*), the Mortgage Pandbrieven shall bear interest from (and including) the Maturity Date to (but excluding) the earlier of (i) the relevant Interest Payment Date after the Maturity Date on which the Mortgage Pandbrieven are redeemed in full, (ii) the Extended Maturity Date, or (iii) the date on which the Mortgage Pandbrieven are redeemed in full in accordance with MP Condition 3(j)(v) (*Redemption, Purchase and Options - Extension of Maturity up to Extended Maturity Date*), subject to MP Condition 2(e) (*Interest and Other Calculations – Accrual of interest and late payment interest*). In that event, interest shall be payable on those Mortgage Pandbrieven at the rate determined in accordance with MP Condition 2(j)(ii) on the outstanding principal amount of the Mortgage Pandbrieven in arrears on the relevant interest payment date (i.e., on the Extension Payment Date on which the Mortgage Pandbrieven are redeemed in full, the Extended Maturity Date or the date on which the Mortgage Pandbrieven are redeemed in full in accordance with MP Condition 3(j)(v) (*Redemption, Purchase and Options -*

*Extension of Maturity up to Extended Maturity Date*), as applicable). The final Interest Payment Date shall fall no later than the Extended Maturity Date.

- (ii) If the maturity of the Mortgage Pandbrieven is extended beyond the Maturity Date in accordance with MP Condition 3(j) (*Redemption, Purchase and Options – Extension of Maturity up to Extended Maturity Date*), the rate of interest payable from time to time in respect of the outstanding principal amount of the Mortgage Pandbrieven 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 MP Final Terms and, where applicable, determined by the MP Principal Paying Agent or, where the applicable MP Final Terms specifies a MP Calculation Agent, the MP 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 MP Final Terms.
  - (iii) In the case of Mortgage Pandbrieven which are Zero Coupon Mortgage Pandbrieven up to (and including) the Maturity Date, for the purposes of this MP Condition 2(j) (*Interest and Other Calculations - Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Mortgage Pandbrieven up to the Extended Maturity Date*) the outstanding principal amount 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 MP Conditions.
  - (iv) This MP Condition 2(j) (*Interest and Other Calculations - Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Mortgage Pandbrieven up to the Extended Maturity Date*) shall only apply to Mortgage Pandbrieven if the Issuer has insufficient funds available to redeem those Mortgage Pandbrieven in full within five Business Days after the Maturity Date or if, on such Maturity Date, there is another Series of Mortgage Pandbrieven outstanding which was previously extended and which the Issuer fails to fully redeem on or prior to the Maturity Date, and the maturity of those Mortgage Pandbrieven is automatically extended up to the Extended Maturity Date in accordance with MP Condition 3(j) (*Redemption, Purchase and Options – Extension of Maturity up to Extended Maturity Date*).
- (k) *MP Calculation Agent*

The Issuer shall procure that there shall at all times be one or more MP Calculation Agents if provision is made for them in the applicable MP Final Terms and for so long as any Mortgage Pandbrief is outstanding (as defined in the MP Agency Agreement). Where more than one MP Calculation Agent is appointed in respect of the Mortgage Pandbrieven, references in these MP Conditions to the MP Calculation Agent shall be construed as each MP Calculation Agent performing its respective duties under the MP Conditions. The MP Calculation Agent may not resign its duties without a successor having been appointed as aforesaid. Nevertheless, if the MP Calculation Agent is unable or unwilling to act as such or if the MP 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 may calculate this amount in such manner as it shall deem fair and reasonable in all circumstances but taking into account the provisions of the applicable MP Final Terms. In making such determination or calculation, the Issuer may rely on a leading bank or financial institution engaged in the inter-bank market to act as such in its place or may appoint a leading bank or financial institution to act as such in its



place. The Issuer will give notice of such calculations in accordance with this MP Condition 2 (*Interest and Other Calculations*).

(l) *Benchmark replacement*

In addition, notwithstanding the other provisions in this MP Condition 2, if the Issuer determines that a Benchmark Event occurs in relation to the relevant Reference Rate specified in the applicable MP Final Terms when any Rate of Interest (or the relevant component part thereof) remains to be determined by reference to such Reference Rate, then the following provisions shall apply to the relevant Mortgage Pandbrieven:

- (i) the Issuer shall use reasonable endeavours, as soon as reasonably practicable, to appoint and consult with a Reference Rate Determination Agent (which may or may not be the same entity as the MP Calculation Agent) with a view to the Issuer determining (without any requirement for the consent or approval of the MP Noteholders) (A) a Successor Rate (as defined below) or, failing which, an Alternative Reference Rate (as defined below), for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Mortgage Pandbrieven and (B) in either case, an Adjustment Spread (as defined below);
- (ii) if the Issuer is unable to appoint a Reference Rate Determination Agent prior to the Determination Cut-Off Date (as defined below), the Issuer (acting in good faith and in a commercially reasonable manner) may still determine (A) a Successor Rate or, failing which, an Alternative Reference Rate and (B) in either case, an Adjustment Spread in accordance with this MP Condition 2(l);
- (iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with paragraphs (i) or (ii) above, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this MP Condition 2(l));
- (iv) if the Issuer, following consultation with the Reference Rate Determination Agent (if any) and acting in good faith, determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Issuer may (without any requirement for the consent or approval of the MP Noteholders) also specify changes to these MP Conditions, including but not limited to (A) the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date, and/or the definition of Reference Rate applicable to the Mortgage Pandbrieven and (B) the method for determining the fall-back rate in relation to the Mortgage Pandbrieven, in any such case in order to ensure the proper operation of such Successor Rate or Alternative Reference Rate or any Adjustment Spread (as applicable). If the Issuer, following consultation with the Reference Rate Determination Agent (if any) and acting in good faith, determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Issuer is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the MP Fiscal Agent and any other agents party to the

MP Agency Agreement shall, at the direction and expense of the Issuer, effect such consequential amendments to the MP Agency Agreement and these MP Conditions as may be required in order to give effect to the application of this MP Condition 2(l). No consent shall be required from the MP Noteholders in connection with determining or giving effect to the Successor Rate or Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps to be taken by the MP Fiscal Agent and any other agents party to the MP Agency Agreement (if required or useful); and

- (v) the Issuer shall promptly, following the determination of any Successor Rate, Alternative Reference Rate or Adjustment Spread (as applicable), give notice thereof to the MP Calculation Agent, the MP Fiscal Agent and, in accordance with MP Condition 9 (*Notices*), the MP Noteholders. Such notice shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any consequential changes made to the MP Agency Agreement and these MP Conditions (if any),

*provided that* the determination of any Successor Rate, Alternative Reference Rate or Adjustment Spread (as applicable) and any other related changes to the Mortgage Pandbrieven, shall be made in accordance with the relevant Applicable Banking Regulations (if applicable).

A Reference Rate Determination Agent (which may or may not be the same entity as the MP Calculation Agent) appointed pursuant to this MP Condition 2(l) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the MP Calculation Agent, the MP Fiscal Agent or the MP Noteholders for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this MP Condition 2(l).

Without prejudice to the obligations of the Issuer under this MP Condition 2(l), the Reference Rate and the other provisions in this MP Condition 2 will continue to apply unless and until the MP Calculation Agent has been notified of the Successor Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any consequential changes made to the MP Agency Agreement and these MP Conditions (if any).

(m) *Definitions*

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

“**Adjustment Spread**” means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Issuer, following consultation with the Reference Rate Determination Agent (if any) and acting in good faith, determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the relevant circumstances, any economic prejudice or benefit (as applicable) to the MP Noteholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Issuer, following consultation with the Reference Rate Determination Agent (if any) and acting in good faith, determines is recognised or acknowledged as being in customary market usage in international debt

capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or

- (iii) if no such customary market usage is recognised or acknowledged, the Issuer, following consultation with the Reference Rate Determination Agent (if any) and acting in good faith, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or
- (iv) if no such industry standard is recognised or acknowledged, the Issuer, in its discretion, following consultation with the Reference Rate Determination Agent (if any) and acting in good faith, determines to be appropriate.

**“Alternative Reference Rate”** means the rate that the Issuer determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Period, or, if the Issuer determines that there is no such rate, such other rate as the Issuer determines in its discretion is most comparable to the relevant Reference Rate.

**“Applicable Banking Regulation”** means at any time, the laws, regulations, rules, guidelines and policies of the Lead Regulator, or of the European Parliament and Council then in effect in Belgium, relating to capital adequacy and applicable to the Issuer at such time (for the avoidance of doubt, including as at the Issue Date the rules contained in, or implementing, CRD V).

**“Banking Law”** means the Belgian law of 25 April 2014 on the status and supervision of credit institutions (*Wet van 25 april 2014 op het statuut van en het toezicht op de kredietinstellingen/Loi du 25 avril 2014 relative au statut et au contrôle des établissements de crédit*), as amended from time to time.

**“Belgian Code of Companies and Associations”** means the Belgian *Wetboek van Vennootschappen en Verenigingen / Code des Sociétés et des Associations* of 23 March 2019, as further amended, supplemented and/or replaced from time to time.

**“Belgian Covered Bonds Regulations”** means Book II, Title II, Chapter IV, Section III of, and Annex III to, the Banking Law, the Mobilisation Law, the Covered Bonds Royal Decree, the Cover Pool Administrator Royal Decree, the NBB Covered Bonds Regulation, the NBB Cover Pool Monitor Regulation and any other law, royal decree, regulation or order that may be passed or taken in relation to Belgian covered bonds, as amended, supplemented and/or replaced from time to time.

**“Benchmark Event”** means:

- (i) the relevant Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the relevant Reference Rate stating that it will, by a specified date within the following six months, cease to publish the relevant Reference, permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate); or

- (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate stating that the relevant Reference Rate has been or will be, by a specified date within the following six months, permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor or the administrator of the relevant Reference Rate that means that the relevant Reference Rate will be prohibited from being used within the following six months; or
- (v) it has become unlawful for the MP Calculation Agent, the MP Fiscal Agent or any other agents party to the MP Agency Agreement to calculate any payments due to be made to any MP Noteholders using the relevant Reference Rate.

“**Business Day**” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) (a) on which banks are open for general business in Belgium, (b) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and (c) (in the case of a currency for which payments can be made through the Securities Settlement System) on which the Securities Settlement System is operating; and
- (ii) in the case of euro, a day (other than a Saturday or Sunday) (a) on which the Securities Settlement System is operating, (b) on which banks and foreign exchange markets are open for general business in Belgium and (c) (if a payment in euro is to be made on that day), which is a business day for T2 (a “**TARGET Business Day**”); and
- (iii) in the case of a currency other than euro and/or one or more business centres (the “**Business Centre(s)**”), as specified in the applicable MP Final Terms, a day (other than a Saturday or a Sunday) (a) on which banks are open for general business in Belgium, (b) on which commercial banks and foreign exchange markets settle payments in such currency in each of the Business Centres and (c) (in the case of a currency for which payments can be made through the Securities Settlement System) on which the Securities Settlement System is operating.

“**Cover Pool Administrator Royal Decree**” means the Belgian Royal Decree of 11 October 2012 on the cover pool administrator in the context of the issue 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 kredietinstellingen 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*), as amended by the Belgian Royal Decree of 27 January 2022, as from time to time further amended and/or supplemented.

“**Covered Bonds Royal Decree**” means the Belgian Royal Decree of 11 October 2012 on the issue 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*) as amended by the Belgian Royal Decree of 27 January 2022, as from time to time further amended and/or supplemented.

“**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 MP 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 MP Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/360**” is specified in the applicable MP 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 MP 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 MP 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 MP 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 MP 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 an Interest Determination Date in any year to but excluding the next Interest Determination Date; and

**“Interest 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 according to the applicable MP Final Terms, the Interest Commencement Date.

**“Determination Cut-Off Date”** means no later than five Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period.

**“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 Pandbrieven, and unless otherwise specified in the applicable MP Final Terms, shall mean the Fixed Coupon Amount or Broken Amount specified in the applicable MP 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 MP 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 MP 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 unless otherwise specified herein.

“**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 MP Special Estate following the appointment of a MP Cover Pool Administrator and where the context so requires, be deemed to be a reference to the MP Cover Pool Administrator.

“**Lead Regulator**” means the NBB, ECB or any successor entity primarily responsible for the prudential supervision of the Issuer.

“**Mobilisation Law**” means the Belgian law of 3 August 2012 on various measures to facilitate the mobilisation of receivables 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*) as subsequently amended and/or supplemented.

“**MP Cover Pool Administrator**” means a cover pool administrator (*portefeuillebeheerder/gestionnaire de portefeuille*) appointed to manage the MP Special Estate in any of the circumstances as described in Article 8 of Annex III to the Banking Law.

“**MP Cover Pool Monitor**” means a cover pool monitor (*portefeuillesurveillant/surveillant de portefeuille*) appointed in accordance with Article 16, §1 of Annex III to the Banking Law.

“**NBB Cover Pool Monitor Regulation**” means the Regulation of the National Bank of Belgium (NBB\_2022\_16) addressed to the cover pool monitors of Belgian credit institutions that issue Belgian covered bonds dated 14 June 2022 (*Circulaire aan de portefeuillesurveillanten van kredietinstellingen naar Belgisch recht die Belgische covered bonds uitgeven/Circulaire aux surveillants de portefeuille auprès d'établissements de crédit de droit belge qui émettent des covered bonds belges*) as subsequently amended and/or supplemented.

“**NBB Covered Bonds Regulation**” means the Regulation of the National Bank of Belgium (NBB\_2022\_15) regarding practical rules for the application of the law of 25 April 2014 establishing a legal framework for Belgian covered bonds dated 14 June 2022 (*Praktische regels voor de toepassing van de wet van 25 april 2014 op het statuut van en het toezicht op kredietinstellingen en beursvennootschappen zoals gewijzigd door de wet van 26 november 2021 met het oog op de omzetting van Richtlijn 2019/2162 betreffende de uitgifte van en het overheidstoezicht op gedekte obligaties/Modalités pratiques d'application de la loi du 25 avril 2014 relative au statut et au contrôle des établissements de crédit telle que modifiée par la loi du 26 novembre 2021 afin de transposer la directive 2019/2162 relative à l'émission et à la surveillance publique des obligations sécurisées*) as subsequently amended and/or supplemented.

“**NBB**” means the National Bank of Belgium in its capacity as operator of the Securities Settlement System.

“**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 MP Programme from time to time, which may include Moody’s, Fitch, S&P and/or any such other rating agency as shall be specified in the MP Final Terms.

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

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

**“Reference Rate Determination Agent”** means either (i) an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case selected and appointed by the Issuer at its own expense, (ii) the MP Calculation Agent or (iii) any affiliate of the Issuer or the MP Calculation Agent.

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

**“Relevant Nominating Body”** means, in respect of a Reference Rate:

- (i) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the Reference Rate relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate, (C) a group of the aforementioned central banks or other supervisory authorities or (D) the Financial Stability Board or any part thereof.

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

**“Rules of Organisation of the MP Noteholders”** means the rules of organisation of the MP Noteholders as set out in Section 9 “Rules of Organisation of the Noteholders” of the 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 MP Final Terms or, if none is specified, the currency in which the Mortgage Pandbrieven are denominated.

**“Successor Rate”** means the rate that the Issuer determines is a successor to, or replacement of, the Reference Rate which is formally recommended by any Relevant Nominating Body.

“**Supervisory Authority**” means National Bank of Belgium (*Nationale Bank van België/Banque Nationale de Belgique*) and any other supervisory authority to which relevant powers may be transferred.

“**T2**” means the real time gross settlement system operated by the Eurosystem, or any successor system.

### 3. Redemption, Purchase and Options

#### (a) *Final Redemption*

Unless previously redeemed in whole or in part, purchased and cancelled as provided below or its maturity is extended in accordance with these MP Conditions, each Mortgage Pandbrief shall be finally redeemed on the Maturity Date specified in the applicable MP 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 MP Condition 3(c) (*Redemption, Purchase and Options – Redemption for Illegality*), MP Condition 3(d) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*), MP Condition 3(i) (*Redemption, Purchase and Options – Cancellation*) or MP Condition 22 (*Payment Default and Cross-Acceleration*) shall be the Amortised Face Amount (calculated as provided below) of such Mortgage Pandbrief, unless otherwise specified in the applicable MP 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 MP Final Terms, the “**Amortisation Yield**” shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Mortgage Pandbrieven 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 MP Condition 3(c) (*Redemption, Purchase and Options – Redemption for Illegality*), MP Condition 3(d) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*), MP Condition 3(i) (*Redemption, Purchase and Options – Cancellation*) or MP Condition 22 (*Payment Default and Cross-Acceleration*) 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 MP Condition 2 (*Interest and Other Calculations*).

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 MP Final Terms.

(B) Other Mortgage Pandbrieven

The Early Redemption Amount payable in respect of any Mortgage Pandbrief (other than Mortgage Pandbrieven described in (A)(i) above), upon redemption of such Mortgage Pandbrief pursuant to MP Condition 3(c) (*Redemption, Purchase and Options – Redemption for Illegality*), MP Condition 3(d) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*), MP Condition 3(i) (*Redemption, Purchase and Options – Cancellation*) or MP Condition 22 (*Payment Default and Cross-Acceleration*) shall be the Final Redemption Amount together with interest accrued to the date fixed for redemption, unless otherwise specified in the applicable MP Final Terms.

(c) *Redemption for Illegality*

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 MP Noteholders in accordance with MP Condition 9 (*Notices*) (which notice shall be irrevocable), at their Early Redemption Amount, if the Issuer notifies the MP 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 Pandbrieven, or (iii) allow any Mortgage Pandbrieven 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 MP Principal Paying Agent and the MP 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 MP Noteholders in accordance with MP Condition 9 (*Notices*) (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, become obliged to pay on any Mortgage Pandbrief of any Series or Tranche additional amounts pursuant to MP Condition 5 (*Tax Gross-up*) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Belgium or any political subdivision or any authority therein or thereof having the power to tax, or any change in the application or official interpretation of such laws or regulations (including a finding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date of the first Tranche of the relevant Series of Mortgage Pandbrieven. Prior to the publication of any notice of redemption pursuant to this

paragraph, the Issuer shall deliver to the MP Principal Paying Agent and the MP 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 MP Noteholders*

If a Noteholder Put is specified in the applicable MP Final Terms, the Issuer shall, at the option of the MP Noteholder and upon the MP Noteholder giving not less than 15 nor more than 30 calendar days' notice (or such other notice period as specified in the applicable MP 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 MP 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 MP Final Terms, the MP Noteholder must deposit with a MP Paying Agent at its specified office a duly completed option exercise notice (the "**Exercise Notice**") in the form obtained from any MP Paying Agent or the MP Registrar, as the case may be, with a copy to be sent to the Issuer at the Address specified in the MP Final Terms within the notice period. In the case of Dematerialised Mortgage Pandbrieven, the MP Noteholder shall transfer, or cause to be transferred, the Dematerialised Mortgage Pandbrieven to be redeemed to the account of the MP 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 MP 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 MP Final Terms) irrevocable notice to the MP Noteholders in accordance with MP Condition 9 (*Notices*), 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 MP Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the applicable MP 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 MP 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 principal amount of all such Mortgage Pandbrieven in a Series in proportion to the aggregate principal amount redeemed.

So long as the Mortgage Pandbrieven 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 Pandbrieven, cause to be published (i) as long as such Mortgage Pandbrieven are admitted to trading on the regulated market of Euronext Brussels and the rules of such exchange so permit, on the website of Euronext Brussels ([www.euronext.com](http://www.euronext.com)), (ii) as long as such Mortgage Pandbrieven are admitted to trading on a regulated market other than Euronext Brussels and the rules of such exchange so permit, on the website of such exchange, or (iii) in a leading newspaper with general circulation in the city where the regulated market on which such Mortgage Pandbrieven are admitted to trading is located (but only if the rules of that exchange so require), 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 outstanding principal amount of Mortgage Pandbrieven.

(g) *Purchases*

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

Unless otherwise indicated in the MP Final Terms, Mortgage Pandbrieven so purchased by the Issuer may be held in accordance with Article 10 of Annex III to the Banking Law or cancelled in accordance with MP Condition 3(i) (*Redemption, Purchase and Options – Cancellation*) below.

(h) *Subscription to own Mortgage Pandbrieven*

The Issuer may subscribe to its own Mortgage Pandbrieven.

(i) *Cancellation*

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

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

(i) The obligation of the Issuer to pay the Final Redemption Amount of a Series of Mortgage Pandbrieven on the Maturity Date of such Series can be deferred upon the occurrence of one of the following events:

- (A) the Issuer fails to redeem the Mortgage Pandbrieven of the relevant Series at their Final Redemption Amount in full within five Business Days after their Maturity Date (“failure to pay”). In such case (subject as provided below in paragraph (iii)), the obligation of the Issuer to redeem such Series shall be automatically deferred to, and shall be due on, the Extended Maturity Date; and
- (B) the deferral, up to the Extended Maturity Date, may be decided upon by the Cover Pool Administrator in the event a liquidation procedure is initiated against the Issuer or the Issuer is resolved.

The “**Extended Maturity Date**” shall be the date falling one year after the relevant Maturity Date.

- (ii) The Issuer shall give notice of the extension of the Maturity Date to the Extended Maturity Date to the MP Noteholders of the relevant Series, the MP Noteholders' Representative, the relevant Rating Agencies, the MP Fiscal Agent and the MP Paying Agent and/or MP Registrar as soon as reasonably practicable, it being understood that a failure to notify shall not affect such extension of the Maturity Date. In accordance with Article 13/1, §2 of Annex III to the Banking Law, the Issuer will inform the Supervisory Authority of its action plan to ensure that the Final Redemption Amount due and remaining unpaid, will be paid by the new maturity date.
- (iii) Notwithstanding paragraph (v) below, if and to the extent that on any subsequent Interest Payment Date (as defined in the applicable MP Final Terms) falling prior to the Extended Maturity Date (each an "**Extension Payment Date**"), the Issuer has available funds, then the Issuer shall (a) give notice thereof to the MP Noteholders of such Series, the MP Noteholders' Representative, the MP Fiscal Agent and the MP Paying Agent and/or MP 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 the Mortgage Pandbrieven of such Series on such Extension Payment Date at their Final Redemption Amount.
- (iv) Save as otherwise provided for in the applicable MP 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 the Extended Maturity Date, (b) be payable in arrears on each Extension Payment Date (in respect of the Interest Period then ended) or, if earlier, on the Extended Maturity Date and (c) accrue at the rate provided for in the applicable MP Final Terms.
- (v) To the extent that the maturity date of any other Series of Mortgage Pandbrieven has been extended in accordance with the relevant terms and conditions thereof (the "**Extended Mortgage Pandbrieven**"), and the Maturity Date of a Series of Mortgage Pandbrieven falls prior to the extended maturity date of the Extended Mortgage Pandbrieven and on such date the Extended Mortgage Pandbrieven have not yet been redeemed in full, then the Maturity Date of such Series of Mortgage Pandbrieven shall also be extended on its Maturity Date to the Extended Maturity Date. Such extension does not in itself need to be triggered by paragraph (i) above, but is made in accordance with Article 13, §2 *in fine* of Annex III to the Banking Law in order to avoid that an extension of a particular Series of Mortgage Pandbrieven would alter the sequence of Maturity Dates among different Series of Mortgage Pandbrieven.
- (vi) Subject to paragraph (v) above, an extension of one Series does not automatically imply the extension of other Series.
- (vii) In the case the Mortgage Pandbrieven to which an Extended Maturity Date applies are Zero Coupon Mortgage Pandbrieven, the outstanding principal amount will for the purposes of this MP Condition 3(j) (*Redemption, Purchase and Options – Extension of Maturity up to Extended Maturity Date*) be the total amount otherwise payable by the Issuer but unpaid on the relevant Mortgage Pandbrieven on the Maturity Date.
- (viii) Any extension of the maturity of Mortgage Pandbrieven under this MP Condition 3(j) (*Redemption, Purchase and Options – Extension of Maturity up to Extended Maturity Date*) shall be irrevocable. Where this MP Condition 3(j) (*Redemption, Purchase and Options – Extension of Maturity up to Extended Maturity Date*) applies, 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 shall be a failure to pay which may constitute a Payment Default.

- (ix) Any payments which may be subject to an extension in accordance with this MP Condition 3(j) (*Redemption, Purchase and Options – Extension of Maturity up to Extended Maturity Date*) shall not be deemed to constitute an unconditional payment for the purpose of Article 7, §1 of the Covered Bonds Royal Decree.
- (x) If the maturity of any Mortgage Pandbrieven is extended up to the Extended Maturity Date in accordance with this MP Condition 3(j) (*Redemption, Purchase and Options – Extension of Maturity up to Extended Maturity Date*), for so long as any of those Mortgage Pandbrieven remains outstanding, the Issuer shall not issue any further Mortgage Pandbrieven, unless the proceeds of issuance of such further Mortgage Pandbrieven are applied by the Issuer on issuance in redeeming in whole or in part the relevant Mortgage Pandbrieven in accordance with the terms hereof.

#### 4. Payments

(a) *Dematerialised Mortgage Pandbrieven*

Payment of principal and interest in respect of Dematerialised Mortgage Pandbrieven will be made in accordance with the applicable rules and procedures of the Securities Settlement System, Euroclear Bank, Euroclear France, Clearstream Banking Frankfurt, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, LuxCSD and any other Securities Settlement System participant. Upon receipt of any payment in respect of Dematerialised Mortgage Pandbrieven, the Securities Settlement System, Euroclear Bank, Euroclear France, Clearstream Banking Frankfurt, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, LuxCSD and any other Securities Settlement System participant, shall immediately credit the accounts of the relevant account holders with the payment.

(b) *Registered Mortgage Pandbrieven*

Payments of principal and interest in respect of Registered Mortgage Pandbrieven shall be paid to the person shown on the register maintained by the Issuer or by the MP 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*

Save as provided in MP Condition 5 (*Tax Gross-up*), payments will be subject in all cases to any other applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer or its agents under this MP Programme agree to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements.

(d) *Non-Business Day*

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 nor to any interest or other sum in respect of such postponed payment, unless otherwise specified in the applicable MP Final Terms.

## 5. Tax Gross-up

All payments of principal and interest by or on behalf of the Issuer in respect of the Mortgage Pandbrieven, shall be made without withholding or deduction for any present or future taxes, duties, assessments or other charges of whatever nature (“**Taxes**”) 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 or any political subdivision or any authority therein or thereof having the power to tax, the Issuer shall pay such additional amounts as may be necessary in order that the net amounts received by the MP 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 Pandbrieven 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) *Lawful avoidance/Other connection:* 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) *Non-Eligible Investors:* 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 MP 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) *Conversion into registered Mortgage Pandbrieven:* to, or to a third party on behalf of, a holder who is liable to such Taxes because the Dematerialised Mortgage Pandbrieven were converted into Registered Mortgage Pandbrieven upon his/her request and could no longer be cleared through the Securities Settlement System; or
  - (4) *Payment through another Paying Agent:* held by or on behalf of a holder who would have been able to avoid such withholding or deduction by arranging to receive the relevant payment through another Paying Agent in a member state of the European Union.
- (ii) with respect to any payment in respect of any Registered Mortgage Pandbrief:
  - (1) *Lawful avoidance/Other connection:* 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) *Not Exempt Investors*: to a holder who is not an Exempt Investor; or
- (3) *Issuer not a financial institution anymore*: where such withholding or deduction is imposed for reason of the holder of the Registered Mortgage Pandbrief, at the time of the relevant interest payment, not benefitting from a full exemption from Belgian interest withholding tax due to the Issuer no longer qualifying as a financial institution as referred to in the Articles 105, 1°, a) and 107, §2, 5°, b) of the Royal Decree implementing the Belgian Income Tax Code 1992; or
- (4) *Payment through another Paying Agent*: held by a holder of a Registered Mortgage Pandbrief who would have been able to avoid such withholding or deduction by arranging to receive the relevant payment through another Paying Agent of the Issuer in a member state of the European Union; or
- (5) *Zero Coupon / Capitalisation of interest*: which is issued as a Zero Coupon Mortgage Pandbrief or any other Registered Mortgage Pandbrief which provides for the capitalisation of interest.

Notwithstanding anything to the contrary contained herein, the Issuer shall be entitled to withhold and deduct any amounts required to be deducted or withheld pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement (IGA) between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”) and the Issuer shall not be required to pay any additional amounts in respect of FATCA Withholding. For the avoidance of doubt, the Issuer shall not be required to pay any additional amounts in respect of FATCA Withholding by a clearing system or any participant in a clearing system.

As used in this Condition, “**Eligible Investor**” means those entities (i) 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 (ii) which rightfully hold the Mortgage Pandbrief in an exempt account (X-Account) in the Securities Settlement System.

As used in this Condition, “**Exempt Investor**” means a MP Noteholder that, as of the relevant Interest Payment Date, I. (i) is not a tax resident in Belgium, (ii) does not use the income producing assets, i.e. the Registered Mortgage Pandbrief, 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 the payment of interest, uninterruptedly for the entire relevant Interest Period, (iv) was registered with the Issuer as the holder of Registered Mortgage Pandbrief 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 or II. (i) is a financial institution or an institution assimilated therewith or a semi-governmental institution for social security

or an institution assimilated therewith, (ii) has been the legal owner (*eigenaar/propriétaire*) or usufructuary (*vruchtgebruiker/usufruitier*) of the Registered Mortgage Pandbrief during the entire relevant interest period, (iii) has been registered with the Issuer as the holder of the Registered Mortgage Pandbrief during the entire relevant interest period, (iv) has provided the Issuer with an affidavit in which the MP Noteholder is identified and in which it is certified that the conditions mentioned in points (i) and (ii) are complied with, with respect to such interest payment on or before the date such affidavit is required to be delivered to the Issuer and (v) 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 Belgian Royal Decree of 27 August 1993 implementing the Belgian Income Tax Code 1992 (or any successor provision).

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 MP Condition 3 (*Redemption, Purchase and Options*) or any amendment or supplement to it, (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to MP Condition 2 (*Interest and Other Calculations*) 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 MP Condition 5 (*Tax Gross-up*).

## **6. Status and ranking of Mortgage Pandbrieven**

The Mortgage Pandbrieven are issued in accordance with and are subject to the provisions of the Belgian Covered Bonds 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 Belgian Covered Bonds Regulations, the MP Noteholders, together with the holders of any other Mortgage Pandbrieven issued under the MP Programme and any MP Other Creditors as defined in MP Condition 23 (*Post-Acceleration Priority of Payments*), will in case a liquidation procedure is started against the Issuer or in case the Issuer is resolved benefit from a dual recourse consisting of (i) an exclusive recourse against the MP Special Estate and (ii) an unsecured, unsubordinated recourse against the general estate of the Issuer.

## **7. Specific provisions required by the Belgian Covered Bonds Regulations**

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

For the purpose of Article 3, §2, second indent of Annex III to the Banking Law, the following criteria shall be applied in circumstances where amounts must be transferred to the MP Special Estate but cannot be identified within the general estate of the Issuer. In such circumstances, the general estate shall transfer to the MP Special Estate (in consultation between the MP Cover Pool Administrator or the MP Cover Pool Monitor (as applicable) and the Issuer or the relevant resolution authority under the BRRD and the Banking Law 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 at 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 pursuant to the Capital Requirements Regulation);

- (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 pursuant to the Capital Requirements Regulation);
- (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) above;
- (vi) *failing which*, Residential Mortgage Loans; and
- (vii) *failing any of the above*, such assets as may be selected on behalf of the MP Special Estate by the MP Cover Pool Monitor or MP Cover Pool Administrator (as applicable) in its sole discretion.

In these MP Conditions:

“**CRD V**” means the Capital Requirements Directive and the Capital Requirements Regulation.

“**Capital Requirements Directive**” means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions on prudential requirements for credit institutions and investment firms, as amended or replaced by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019.

“**Capital Requirements Regulation**” means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended by Regulation (EU) 2019/876, and as may be further amended or replaced from time to time.

“**Haircut**” means:

- (i) for unencumbered assets as defined in Condition 7(a)(i) and Condition 7(a)(ii), the ECB haircut in accordance with the Guideline (EU) 2015/510 of the ECB of 19 December 2014 on the implementation of the Eurosystem monetary policy (as may be amended, supplemented, replaced and/or restated from time to time);
  - (ii) for unencumbered assets as defined in Condition 7(a)(iii) and Condition 7(a)(iv), 20 per cent.; and
  - (iii) for unencumbered assets as defined in Condition 7(a)(v) to Condition 7(a)(vii), 25 per cent.
- (b) *Use of collateral provided under derivative contracts*

Collateral provided under derivative contracts in relation to the Mortgage Pandbrieven or the MP Cover Assets can only be used for obligations in relation to the MP Special Estate and in accordance with the relevant derivative contract.

- (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 MP 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 MP 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 MP Special Estate. To the extent that the relevant claims of the general estate (i) 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 MP 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 MP Special Estate (and only upon satisfaction in full of the relevant claims of the MP 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. MP Principal Paying Agent, MP Paying Agent, MP Fiscal Agent and MP Registrar provisions**

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

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

- (1) there will at all times be a MP Principal Paying Agent, a MP Fiscal Agent and, as long as any Registered Mortgage Pandbrievens of any Series are outstanding, a MP 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 MP 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).

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 MP Noteholders in accordance with MP Condition 9 (*Notices*).

#### **9. Notices**

All notices to holders of Dematerialised Mortgage Pandbrievens (including notices to convene a meeting of MP Noteholders) will be deemed to have been validly given if given through the Securities Settlement System, the systems of Euroclear Bank, Euroclear France, Clearstream Banking Frankfurt, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, LuxCSD or any other Securities Settlement System participant and their participants in accordance with the procedures of the relevant clearing system.

All notices to holders of Registered Mortgage Pandbrievens (including notices to convene a meeting of MP 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 MP 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 Pandbrievens are listed on Euronext Brussels (or another regulated market) and if the rules of that exchange so require, any notice to the MP Noteholders shall be published on the

website of Euronext Brussels (www.euronext.com) (or the website of such other regulated market) 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 MP Noteholders' Representative shall be at liberty to approve any other method of giving notice to MP 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 Pandbrieven are then admitted to trading.

#### **10. MP Cover Pool Monitor**

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

#### **11. Issuer Covenants**

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

- (i) it will continuously comply with the obligations applicable to it under the Belgian Covered Bonds Regulations, including the Statutory Tests;
- (ii) the MP Special Estate will mainly consist of Residential Mortgage Loans;
- (iii) the MP Special Estate will not contain any commercial mortgage loans;
- (iv) the value of the Residential Mortgage Loans registered as MP Cover Assets in the MP Cover Register (including any collections in respect thereto) (a) is calculated in accordance with the Belgian Covered Bonds Regulations and (b) will at all times represent at least 105 per cent. of the aggregate outstanding principal amount of the Mortgage Pandbrieven of all Series (it being understood that any surplus above 105 per cent. may be composed of other eligible assets under the MP Programme);
- (v) only Residential Mortgage Loans with a current loan to current value ratio of maximum 120 per cent. will be added to the MP Special Estate;
- (vi) only fully drawn Residential Mortgage Loans will be added to the MP Special Estate; and
- (vii) the MP Special Estate will at all times include cover assets 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 Capital Requirements Regulation, (c) are subject to a daily mark-to-market and have a market value which, after applying the ECB haircut in accordance with the Guideline 2015/510 of the ECB of 19 December 2014 on the implementation of the Eurosystem monetary policy (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.

## **12. MP Noteholders' Waiver**

The MP Noteholders waive, to the fullest extent permitted by law, (i) all their rights whatsoever pursuant to Articles 5.90 to 5.93 (inclusive) of the Belgian Civil Code to rescind (*ontbinden/résoudre*), or to 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 7:64 of the Belgian Code of Companies and Associations (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 MP Noteholders**

The Rules of Organisation of the MP Noteholders are attached to, and form an integral part of, these MP Conditions. References in these MP Conditions to the Rules of Organisation of the MP 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 7:162 to 7:176 of the Belgian Code of Companies and Associations relating to the noteholders' meeting shall not apply to any issuance of the Mortgage Pandbrieven.

## **15. MP Noteholders' Representative**

As long as the Mortgage Pandbrieven are outstanding, there shall at all times be a representative of the MP Noteholders (the "**MP Noteholders' Representative**") in accordance with Article 14, §2 of Annex III to the Banking Law, who has the power to exercise the rights conferred on it by these MP Conditions, the Rules of Organisation of the MP Noteholders and the law in order to protect the interests of the MP Noteholders. The MP Noteholders' Representative must give account of its performance in accordance with the MP Noteholders' Representative Agreement.

The Issuer has appointed Stichting Belfius Mortgage Pandbrieven Noteholders' Representative as MP Noteholders' Representative and the MP 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 MP Conditions and on which all claims of the MP Other Creditors (to the extent represented by the MP Noteholders' Representative) against the MP Special Estate have been settled.

By reason of holding Mortgage Pandbrieven, each MP Noteholder (including, for the avoidance of doubt, each holder of a Mortgage Pandbrief subject to terms not contemplated by the Base Prospectus):

- (i) recognises the MP 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 MP Noteholders' Representative (or its delegate) in such capacity as if such MP Noteholder were a signatory thereto; and

- (ii) acknowledges and accepts that the Issuer shall not be liable, except in case of fraud of the Issuer, in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the MP Noteholders as a result of the performance by the MP Noteholders' Representative of its duties or the exercise of any of its rights under these MP Conditions (including the Rules of Organisation of the MP Noteholders).

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

## **16. Conflicts of Interest**

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

The MP 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 MP Noteholders and the MP Other Creditors of the Issuer which it represents but if, in the opinion of the MP Noteholders' Representative, there is a conflict between their interests the MP Noteholders' Representative will have regard solely to the interest of the MP Noteholders.

## **17. Meetings of MP Noteholders**

### *(a) Meetings of MP Noteholders*

The Rules of Organisation of the MP Noteholders contain provisions for convening meetings of MP Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification or waiver of any provision of the MP 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 MP Noteholders will be held in accordance with the provisions of the Rules of Organisation of the MP Noteholders. Articles 7:162 to 7:176 of the Belgian Code of Companies and Associations with respect to MP Noteholders' meetings will not apply to any issuance of Mortgage Pandbrieven.

### *(b) Written Resolutions*

A written resolution signed by the holders of 75 per cent. in principal 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 per cent. in principal 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 per cent. in principal amount of the Mortgage Pandbrieven outstanding as if they were a single Series shall take effect as if it were a MP 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 MP Noteholders.

**18. Amendments to the MP Conditions**

Amendments to the MP Conditions shall be made in accordance with the Rules of Organisation of the MP Noteholders, and in particular in accordance with Articles 6.1, 6.3 and 18 thereof.

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

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

**20. Further Issues**

The Issuer may from time to time without the consent of the MP Noteholders create and issue further Mortgage Pandbrieven having the same terms and conditions as the Mortgage Pandbrieven (so that, for the avoidance of doubt, references in these Conditions to “**Issue Date**” shall be to the first issue date of the Mortgage Pandbrieven) and so that the same shall be consolidated and form a single series with such Mortgage Pandbrieven, and references in these MP Conditions to “Mortgage Pandbrieven” 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 MP 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 MP Condition 21, it shall be sufficient for the MP 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 MP 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 and Cross-Acceleration**

Only failure by the Issuer to pay (i) any principal amount in respect of any Mortgage Pandbrief on the Extended Maturity Date or pursuant to MP Condition 3(j)(v) (*Redemption, Purchase and Options – Extension of Maturity up to Extended Maturity Date*) or (ii) any interest in respect of any Mortgage Pandbrief within five (5) 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 ten (10) Business Days after the MP 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 MP Noteholders’ Representative to deliver such Payment Notice, any MP Noteholder may deliver such Payment Notice to the Issuer (with a copy to the MP Noteholders’ Representative). The date on which a Payment Default occurs shall be the date on which the MP Noteholders’ Representative or any MP Noteholder has given notice of such Payment Default plus ten (10) Business Days (the “**Payment Default Date**”).



Without prejudice to the powers granted to the MP Cover Pool Administrator, only if a Payment Default occurs in relation to a particular Series, the MP Noteholders' Representative may, and shall if so requested in writing by the MP Noteholders of at least 66<sup>2/3</sup> per cent. of the outstanding principal amount of the relevant Series of the Mortgage Pandbrieven then outstanding (excluding any Mortgage Pandbrieven 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 Pandbrieven 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, the MP Noteholders, the relevant Rating Agencies and the MP Cover Pool Monitor.

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 MP Noteholders' Representative on behalf of the MP 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 MP Noteholders' Representative on behalf of the MP Noteholders shall be entitled to take any steps and proceedings against the Issuer to enforce the provisions of the Mortgage Pandbrieven. The MP 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.

Accordingly and for the avoidance of doubt, if an acceleration date occurs under any of the outstanding Series of Mortgage Pandbrieven (as such term is defined under the Series under which such acceleration date occurs), the Mortgage Pandbrieven shall cross accelerate on such acceleration date in accordance with item (ii) above (as set out in the conditions applicable to such Series) and shall become immediately due and payable. An acceleration notice under the Public Pandbrieven Programme will however not trigger an acceleration of the outstanding Mortgage Pandbrieven under the Mortgage Pandbrieven Programme (hence no cross-acceleration between the Programmes).

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this MP Condition 22 by the MP Noteholders' Representative shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the MP Noteholders and (in such absence as aforesaid) no liability to the MP Noteholders or the Issuer shall attach to the MP 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 MP Special Estate (whether in the administration, the liquidation of the MP Special Estate or otherwise) following (i) the service of an Acceleration Notice or (ii) a liquidation of the MP Special Estate in accordance with Article 11, 6° or 7° of Annex III to the Banking 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 MP 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 MP 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 MP Operating Creditors;
- (d) *fourth*, on a *pari passu* and *pro rata* basis, in or towards satisfaction of (i) any *Pari Passu* Swap Amounts and (ii) any payments of amounts due and payable to MP Noteholders *pro rata* and *pari passu* on each Series in accordance with these MP Conditions;
- (e) *fifth*, on a *pari passu* and *pro rata* basis, in or towards satisfaction of any Junior Swap 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 MP Special Estate, as applicable, to any MP Operating Creditor plus any value added tax or any other tax or duty payable thereon.

“**Junior Swap Amount**” means any swap termination amount whereby the MP Derivative Contract Counterparty is the defaulting party or any such other amount, including any costs, charges, liabilities and expenses, due and payable to a MP Derivative Contract 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 MP Noteholders and any other party ranking senior in accordance with the Post-Acceleration Priority of Payments.

“**MP Derivative Contract Counterparty**” means a derivative contract counterparty under a swap agreement entered into by the Issuer in relation to the MP Special Estate.

“**MP Operating Creditor**” means any of (1) the MP (Principal) Paying Agent, (2) the MP Fiscal Agent, (3) the MP Cover Pool Monitor, (4) the MP Registrar, (5) the MP Servicer, (6) any account bank holding assets on behalf of the MP 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 MP Special Estate, (9) the relevant Rating Agencies in relation to any Mortgage Pandbrievens issued under the MP Programme, (10) any independent accountant or independent calculation agent for services provided for the benefit of the MP Special Estate, (11) any custodian in relation to the MP Programme, (12) any agent or party appointed in accordance with the MP Programme Documents or any other creditor of amounts due in connection with the management and administration of the MP Special Estate and (13) any other creditor which may have a claim against the MP Special Estate as a result of any services provided or contracts entered into in relation to the Mortgage

Pandbrieven or the MP Programme, as may from time to time be specified in the MP Conditions of any Mortgage Pandbrieven issued under the MP Programme.

“**MP Other Creditor**” means the MP Noteholders’ Representative, any MP Operating Creditor, any MP Derivative Contract Counterparty and the MP Cover Pool Administrator.

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

#### **24. Action by MP Noteholders’ Representative**

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

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

#### **25. No Hardship**

The Issuer hereby acknowledges that the provisions of Article 5.74 of the Belgian Civil Code shall not apply with respect to its obligations under these MP Conditions and that it shall not be entitled to make any claim under Article 5.74 of the Belgian Civil Code.

#### **26. Governing Law and Jurisdiction**

##### *(a) Governing Law*

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).

## 8.2 TERMS AND CONDITIONS OF THE PUBLIC PANDBRIEVEN

*Unless otherwise specified, the following are the terms and conditions (the “**PP Conditions**”) which shall apply to the Public 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 “**PP 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 PP Final Terms.*

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

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

The Public 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 issue date, first payment of interest, the issue price and/or the Temporary ISIN Code and Temporary Common Code (if any and as defined in the applicable PP Final Terms)). Once consolidated, the Public Pandbrieven of each Series are intended to be interchangeable with all other Public Pandbrieven of the same Series. Each Series may comprise one or more Tranches issued on the same or different issue dates. A “**Tranche**” means Public Pandbrieven which are identical in all respects (including as to listing). The specific terms of each Tranche (including, without limitation, the aggregate principal amount, issue price, redemption price thereof, and interest, if any, payable thereunder) will be determined by the Issuer and the relevant PP Dealer(s) at the date of issuance and will be set out in the PP Final Terms of such Tranche. In these PP Conditions, “**PP Noteholder**” or “**holder of any Public Pandbrief**” means the person in whose name a Registered Public Pandbrief is registered or, as the case may be, the person evidenced as holding the Dematerialised Public Pandbrief by the book-entry system maintained in the records of the securities settlement system operated by the National Bank of Belgium (the “**NBB**”) or any successor thereto (the “**Securities Settlement System**”), its participants or any recognised accountholder within the meaning of Article 7:35 of the Belgian Code of Companies and Associations. 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 Public Pandbrieven are issued pursuant to the programme agreement initially dated 15 July 2014 (as amended, supplemented, replaced and/or restated from time to time, the “**PP Programme Agreement**”) between the Issuer, Stichting Belfius Public Pandbrieven Noteholders’ Representative in its capacity as representative of the PP Noteholders and of any other creditors that are holders of claims covered by the PP Special Estate and that have agreed to be so represented (the “**PP Noteholders’ Representative**”) and any other party named therein. The powers and rights conferred on the PP Noteholders’ Representative are laid down in these PP Conditions, the Rules of Organisation of the PP Noteholders and in the contractual arrangements between the PP Noteholders’ Representative and the Issuer (the noteholders’ representative agreement, initially dated 15 July 2014 and as amended, supplemented, replaced and/or restated from time to time, the “**PP Noteholders’ Representative Agreement**”). Furthermore, the Public Pandbrieven will have the benefit of an agency agreement initially dated 15 July 2014 (as amended, supplemented, replaced and/or restated from time to time, the

“**PP Agency Agreement**”) between the Issuer, Belfius Bank (among others) in its capacity as fiscal agent for Public Pandbrieven (the “**PP 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 “**PP Principal Paying Agent**”, the “**PP Paying Agents**” (which expression shall, unless the context requires otherwise, include the Principal Paying Agent), the “**PP Fiscal Agent**”, the “**PP Registrar**” and the “**PP Calculation Agent(s)**”. The PP Noteholders are deemed to have notice of and have accepted to be bound by all of the provisions of the PP Programme Agreement, the PP Noteholders’ Representative Agreement and the PP Agency Agreement applicable to them.

Any reference herein to any agreement, document, code, law, decree or regulation shall be construed as a reference to such agreement, document, code, law, decree or regulation as the same may be supplemented, varied, recast, amended and/or restated from time to time.

The PP Programme Agreement, the PP Noteholders’ Representative Agreement, the PP Agency Agreement, the PP Distribution Agreement and the Articles of Association of the Issuer 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 PP Paying Agents for the period of 12 months following the date of this Base Prospectus.

Where these PP Conditions refer to any computation of a term or period of time, Article 1.7 of the Belgian Civil Code (*Burgerlijk Wetboek/Code Civil*) of 13 April 2019 (the “**Belgian Civil Code**”) shall not apply to the extent inconsistent with these PP Conditions.

Any PP Condition may derogate either expressly or implicitly from applicable legal provisions. Even if there is no express derogation from a specific legal provision, the relevant PP Condition may still implicitly derogate from legal provisions (for instance by providing for a different contractual regime).

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

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

The Public Pandbrieven are issued as Belgian pandbrieven (*Belgische pandbrieven/lettres de gage belges*) in accordance with the Belgian Covered Bonds Regulations and are covered by the same special estate (*bijzonder vermogen/patrimoine spécial*) of the Issuer constituted pursuant to Article 3 of Annex III to the Banking Law in relation to the PP Programme and in which the PP Cover Assets (as defined below) are segregated (the “**PP Special Estate**”). The main asset class of the Special Estate will consist of Belfius Bank’s public sector exposures which meets the criteria set out in Article 3, §1, 3° of the Covered Bonds Royal Decree, comprising, among others, loans (*leningen/prêts*) of Belfius Bank SA/NV (or its legal predecessors) to (or loans guaranteed by) central, regional or local authorities and public sector entities of member states of the Organisation for Economic Co-operation and Development (OECD) (the “**Public Sector Exposure**”, and together with any other assets registered as cover assets (*dekkingsactiva/actifs de couverture*), the “**PP Cover Assets**”). The Public Sector Exposure are primary assets (*primaire active/actifs principaux*) as defined in Article 1, 9° of Annex III to the Banking Law (“**Primary Assets**”). The Issuer shall procure that the value of the Public Sector Exposure which is part of the PP Special Estate calculated in accordance with the Belgian Covered Bonds Regulations (and including any collections in respect thereof) represents at all times at least 105 per cent. of the aggregate outstanding principal amount of the Public Pandbrieven of all Series. The Supervisory Authority 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 10 June 2014. Upon so being notified by the Issuer, the Supervisory Authority shall regularly update such list with the Public Pandbrievien issued under the PP Programme and shall indicate that the Public Pandbrievien constitute Belgian pandbrievien under the Belgian Covered Bonds Regulations. The Public Pandbrievien can also be referred to as “European covered bonds (premium)” (*Europese gedekte obligaties (premium)/obligation garantie européenne (de qualité supérieure)*) in accordance with the Belgian Covered Bonds Regulations.

(b) *Form and Denomination*

The Public Pandbrievien can be issued in dematerialised form (“**Dematerialised Public Pandbrievien**”) or in registered form (“**Registered Public Pandbrievien**”).

Dematerialised Public Pandbrievien are issued in dematerialised form via a book-entry system maintained in the records of the Securities Settlement System in accordance with Article 7:35 et seq. of the Belgian Code of Companies and Associations and will be credited to the accounts held with the Securities Settlement System by Euroclear Bank SA/NV (“**Euroclear Bank**”), Euroclear France SA (“**Euroclear France**”), Clearstream Banking AG, Frankfurt (“**Clearstream Banking Frankfurt**”), SIX SIS Ltd, Switzerland (“**SIX SIS**”), Monte Titoli S.p.A., Italy (“**Euronext Securities Milan**”), Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (“**Euronext Securities Porto**”), LuxCSD S.A. (“**LuxCSD**”) or other Securities Settlement System participants or their participants. The Dematerialised Public Pandbrievien are accepted for clearance through the Securities Settlement 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 Terms and Conditions governing the participation in the NBB-SSS and its annexes, as issued or modified by the NBB from time to time (the laws, decrees and rules mentioned in this PP Condition being referred to herein as the “**Securities Settlement System Regulations**”). If at any time, the Dematerialised Public Pandbrievien are transferred to another clearing system, not operated or not exclusively operated by the NBB, these PP 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 Public Pandbrievien will be registered in a register maintained by the Issuer or by a registrar on behalf of the Issuer (the “**PP Registrar**”) in accordance with Article 7:23 et seq. of the Belgian Code of Companies and Associations. Holders of Registered Public Pandbrievien can obtain a certificate demonstrating the registration of the Registered Public Pandbrievien in the register.

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

(c) *Title and Transfer*

Title to and transfer of Dematerialised Public Pandbrievien will be evidenced only by records maintained by the Securities Settlement System, Euroclear Bank, Euroclear France, Clearstream

Banking Frankfurt, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, LuxCSD or other Securities Settlement System participants and in accordance with the applicable procedures of the Securities Settlement System, Euroclear Bank, Euroclear France, Clearstream Banking Frankfurt, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, LuxCSD and other Securities Settlement System participants.

Title to and transfer of Registered Public Pandbrievens shall pass by registration of the transfer by the Issuer or by the Registrar in a register in accordance with Article 7:23 et seq. of the Belgian Code of Companies and Associations. In case of a sale or transfer of the Registered Public Pandbrievens, the transferor and transferee thereof will be 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 PP Registrar.

Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Public 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.

(d) *Transfer Free of Charge*

Transfer of Public Pandbrievens 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 PP 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 PP Registrar may require).

(e) *Closed Periods*

No PP Noteholder may require the transfer of a Registered Public Pandbrief to be registered (i) during the period of 15 calendar days ending on (but excluding) the due date for redemption of that Public Pandbrief, (ii) during the period of 15 calendar days before (but excluding) any date on which Public Pandbrievens may be called for redemption by the Issuer at its option pursuant to PP Condition 3(f) (*Redemption, Purchase and Options – Redemption at the option of the Issuer and exercise of Issuer's option*), (iii) after any such Public Pandbrief has been called for redemption or (iv) during the period of 15 calendar days ending on (and including) any Record Date.

## 2. Interest and Other Calculations

(a) *Rate of Interest on Fixed Rate Public Pandbrievens*

Each Fixed Rate Public 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 PP Condition 2(g) (*Interest and Other Calculations - Margin, Maximum Rate of Interest, Minimum Rate of Interest, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts and Rounding*)) 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 PP Condition 2(h) (*Interest and Other Calculations – Calculations*).

(b) *Rate of Interest on Floating Rate Public Pandbrievens*

(A) Each Floating Rate Public Pandbrief bears interest on its outstanding principal amount from the Interest Commencement Date at the rate *per annum* (expressed as a percentage) equal (subject as provided in PP Condition 2(g) (*Interest and Other Calculations - Margin,*

*Maximum Rate of Interest, Minimum Rate of Interest, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts and Rounding*) 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 PP Condition 2(h) (*Interest and Other Calculations – Calculations*). The “**Interest Payment Date**” means the date shown in the applicable PP Final Terms as a Specified Interest Payment Date, or, if no Specified Interest Payment Date is shown in the applicable PP Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown therein 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 PP 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 PP 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 PP 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 PP Final Terms;
  - (b) the Designated Maturity is a period specified in the applicable PP Final Terms; and
  - (c) the relevant Reset Date is the first day of that Interest Accrual Period, unless otherwise specified in the applicable PP 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 PP 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. (Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the PP 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 PP 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 PP Condition 2(h) (*Interest and Other Calculations – Calculations*).

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



For the purposes of the foregoing:

- (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 PP Calculation Agent shall request, if the Reference Rate is EURIBOR, the principal Eurozone office of each of the Reference Banks, to provide the PP Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate 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 PP 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 PP Calculation Agent; and
- (b) if paragraph (a) above applies and the PP 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 PP Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, 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 EURIBOR, the Eurozone inter-bank market, or, if fewer than two of the Reference Banks provide the PP 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 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 PP Calculation Agent it is quoting to leading banks in, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, 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) *Linear Interpolation*

Where Linear Interpolation is specified in the PP Final Terms as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the PP Calculation Agent by straight line linear interpolation by reference to two rates based

on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the PP Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

“**Applicable Maturity**” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate and (b) in relation to ISDA Determination, the Designated Maturity.

(d) *Rate of Interest on Zero Coupon Public Pandbrieven*

Where a Public Pandbrief, the Rate of Interest of which 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 PP Final Terms, the Early Redemption Amount (as defined in PP Condition 3(b) (*Redemption, Purchase and Options – Early Redemption*)) of such Public Pandbrief. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Public Pandbrief shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in PP Condition 3(b) (*Redemption, Purchase and Options – Early Redemption*)).

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

Subject as provided in PP Condition 2(j) (*Interest and Other Calculations - Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Public Pandbrieven up to the Extended Maturity Date*), interest shall cease to accrue on each Public Pandbrief on the due date for redemption unless (i) 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 PP Condition to the Relevant Date or (ii) a Public Pandbrief is partially redeemed, in which event interest shall only cease to accrue in respect of the redeemed part of such Public Pandbrief.

(f) *Business Day Convention*

If any date referred to in these PP 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 Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, or (ii) 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 (iii) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

In the event of Public Pandbrieven cleared through the Securities Settlement System, the Following Business Day Convention will always be applicable.

(g) *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 PP 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 PP 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 PP 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.

(h) *Calculations*

The amount of interest payable per Calculation Amount (as determined in the applicable PP Final Terms) in respect of any Public Pandbrief for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified in the applicable PP 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 Public 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.

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

The PP Calculation Agent shall, as soon as practicable on each date as the PP 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 PP

Principal Paying Agent, the Issuer, each of the PP Paying Agents, the PP Noteholders, the PP Noteholders' Representative, any other PP Calculation Agent appointed in respect of the Public Pandbrievens that is to make a further calculation upon receipt of such information and, if the Public Pandbrievens are listed on a stock exchange and the rules of such exchange so require, such stock 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 stock 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 PP Condition 2(f) (*Interest and Other Calculations - Business Day Convention*), 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 PP Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

- (j) *Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Public Pandbrievens up to the Extended Maturity Date*
- (i) If the maturity of the Public Pandbrievens is extended beyond the Maturity Date in accordance with PP Condition 3(j) (*Redemption, Purchase and Options - Extension of Maturity up to Extended Maturity Date*), the Public Pandbrievens shall bear interest from (and including) the Maturity Date to (but excluding) the earlier of (i) the relevant Interest Payment Date after the Maturity Date on which the Public Pandbrievens are redeemed in full, (ii) the Extended Maturity Date, or (iii) the date on which the Public Pandbrievens are redeemed in full in accordance with PP Condition 3(j)(v) (*Redemption, Purchase and Options - Extension of Maturity up to Extended Maturity Date*), subject to PP Condition 2(e) (*Interest and Other Calculations - Accrual of interest and late payment interest*). In that event, interest shall be payable on those Public Pandbrievens at the rate determined in accordance with PP Condition 2(j)(ii) on the outstanding principal amount of the Public Pandbrievens in arrears on the relevant interest payment date (i.e., on the Extension Payment Date on which the Public Pandbrievens are redeemed in full, the Extended Maturity Date or the date on which the Public Pandbrievens are redeemed in full in accordance with PP Condition 3(j)(v) (*Redemption, Purchase and Options - Extension of Maturity up to Extended Maturity Date*), as applicable). The final Interest Payment Date shall fall no later than the Extended Maturity Date.
- (ii) If the maturity of the Public Pandbrievens is extended beyond the Maturity Date in accordance with PP Condition 3(j) (*Redemption, Purchase and Options - Extension of Maturity up to Extended Maturity Date*), the rate of interest payable from time to time in respect of the outstanding principal amount of the Public Pandbrievens 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 PP Final Terms and, where applicable, determined by the PP Principal Paying Agent or, where the applicable PP Final Terms specifies a PP Calculation Agent, the PP 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 PP Final Terms.

- (iii) In the case of Public Pandbrieven which are Zero Coupon Public Pandbrieven up to (and including) the Maturity Date, for the purposes of this PP Condition 2(j) (*Interest and Other Calculations - Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Public Pandbrieven up to the Extended Maturity Date*) the outstanding principal amount 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 PP Conditions.
- (iv) This PP Condition 2(j) (*Interest and Other Calculations - Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Public Pandbrieven up to the Extended Maturity Date*) shall only apply to Public Pandbrieven if the Issuer has insufficient funds available to redeem those Public Pandbrieven in full within five Business Days after the Maturity Date or if, on such Maturity Date, there is another Series of Public Pandbrieven outstanding which was previously extended and which the Issuer fails to fully redeem on or prior to the Maturity Date, and the maturity of those Public Pandbrieven is automatically extended up to the Extended Maturity Date in accordance with PP Condition 3(j) (*Redemption, Purchase and Options - Extension of Maturity up to Extended Maturity Date*).

(k) *PP Calculation Agent*

The Issuer shall procure that there shall at all times be one or more PP Calculation Agents if provision is made for them in the applicable PP Final Terms and for so long as any Public Pandbrief is outstanding (as defined in the PP Agency Agreement). Where more than one PP Calculation Agent is appointed in respect of the Public Pandbrieven, references in these PP Conditions to the PP Calculation Agent shall be construed as each PP Calculation Agent performing its respective duties under the PP Conditions. The PP Calculation Agent may not resign its duties without a successor having been appointed as aforesaid. Nevertheless, if the PP Calculation Agent is unable or unwilling to act as such or if the PP 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 may calculate this amount in such manner as it shall deem fair and reasonable in all circumstances but taking into account the provisions of the applicable PP Final Terms. In making such determination or calculation, the Issuer may rely on a leading bank or financial institution engaged in the inter-bank market to act as such in its place or may appoint a leading bank or financial institution to act as such in its place. The Issuer will give notice of such calculations in accordance with this PP Condition 2 (*Interest and Other Calculations*).

(l) *Benchmark replacement*

In addition, notwithstanding the other provisions in this PP Condition 2, if the Issuer determines that a Benchmark Event occurs in relation to the relevant Reference Rate specified in the applicable PP Final Terms when any Rate of Interest (or the relevant component part thereof) remains to be determined by reference to such Reference Rate, then the following provisions shall apply to the relevant Public Pandbrieven:

- (i) the Issuer shall use reasonable endeavours, as soon as reasonably practicable, to appoint and consult with a Reference Rate Determination Agent (which may or may not be the same entity as the PP Calculation Agent) with a view to the Issuer determining (without any requirement for the consent or approval of the PP

Noteholders) (A) a Successor Rate (as defined below) or, failing which, an Alternative Reference Rate (as defined below), for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Public Pandbrieven and (B) in either case, an Adjustment Spread (as defined below);

- (ii) if the Issuer is unable to appoint a Reference Rate Determination Agent prior to the Determination Cut-Off Date (as defined below), the Issuer (acting in good faith and in a commercially reasonable manner) may still determine (A) a Successor Rate or, failing which, an Alternative Reference Rate and (B) in either case, an Adjustment Spread in accordance with this PP Condition 2(l);
- (iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with paragraphs (i) or (ii) above, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this PP Condition 2(l));
- (iv) if the Issuer, following consultation with the Reference Rate Determination Agent (if any) and acting in good faith, determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Issuer may (without any requirement for the consent or approval of the PP Noteholders) also specify changes to these PP Conditions, including but not limited to (A) the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date, and/or the definition of Reference Rate applicable to the Public Pandbrieven and (B) the method for determining the fall-back rate in relation to the Public Pandbrieven, in any such case in order to ensure the proper operation of such Successor Rate or Alternative Reference Rate or any Adjustment Spread (as applicable). If the Issuer, following consultation with the Reference Rate Determination Agent (if any) and acting in good faith, determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Issuer is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the PP Fiscal Agent and any other agents party to the PP Agency Agreement shall, at the direction and expense of the Issuer, effect such consequential amendments to the PP Agency Agreement and these PP Conditions as may be required in order to give effect to the application of this PP Condition 2(l). No consent shall be required from the PP Noteholders in connection with determining or giving effect to the Successor Rate or Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps to be taken by the PP Fiscal Agent and any other agents party to the PP Agency Agreement (if required or useful); and
- (v) the Issuer shall promptly, following the determination of any Successor Rate, Alternative Reference Rate or Adjustment Spread (as applicable), give notice thereof to the PP Calculation Agent, the PP Fiscal Agent and, in accordance with PP Condition 9 (*Notices*), the PP Noteholders. Such notice shall specify the

effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any consequential changes made to the PP Agency Agreement and these PP Conditions (if any),

*provided that* the determination of any Successor Rate, Alternative Reference Rate or Adjustment Spread (as applicable) and any other related changes to the Public Pandbrieven, shall be made in accordance with the relevant Applicable Banking Regulations (if applicable).

A Reference Rate Determination Agent (which may or may not be the same entity as the PP Calculation Agent) appointed pursuant to this PP Condition 2(l) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the PP Calculation Agent, the PP Fiscal Agent or the PP Noteholders for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this PP Condition 2(l).

Without prejudice to the obligations of the Issuer under this PP Condition 2(l), the Reference Rate and the other provisions in this PP Condition 2 will continue to apply unless and until the PP Calculation Agent has been notified of the Successor Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any consequential changes made to the PP Agency Agreement and these PP Conditions (if any).

(m) *Definitions*

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

“**Adjustment Spread**” means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Issuer, following consultation with the Reference Rate Determination Agent (if any) and acting in good faith, determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the relevant circumstances, any economic prejudice or benefit (as applicable) to the PP Noteholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Issuer, following consultation with the Reference Rate Determination Agent (if any) and acting in good faith, determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or
- (iii) if no such customary market usage is recognised or acknowledged, the Issuer, following consultation with the Reference Rate Determination Agent (if any) and acting in good faith, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or

- (iv) if no such industry standard is recognised or acknowledged, the Issuer, in its discretion, following consultation with the Reference Rate Determination Agent (if any) and acting in good faith, determines to be appropriate.

“**Alternative Reference Rate**” means the rate that the Issuer determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Period, or, if the Issuer determines that there is no such rate, such other rate as the Issuer determines in its discretion is most comparable to the relevant Reference Rate.

“**Applicable Banking Regulation**” means at any time, the laws, regulations, rules, guidelines and policies of the Lead Regulator, or of the European Parliament and Council then in effect in Belgium, relating to capital adequacy and applicable to the Issuer at such time (for the avoidance of doubt, including as at the Issue Date the rules contained in, or implementing, CRD V).

“**Banking Law**” means the Belgian law of 25 April 2014 on the status and supervision of credit institutions (*Wet van 25 april 2014 op het statuut van en het toezicht op de kredietinstellingen / Loi du 25 avril 2014 relative au statut et au contrôle des établissements de crédit*), as amended from time to time.

“**Belgian Code of Companies and Associations**” means the Belgian *Wetboek van Vennootschappen en Verenigingen / Code des Sociétés et des Associations* of 23 March 2019, as further amended, supplemented and/or replaced from time to time.

“**Belgian Covered Bonds Regulations**” means Book II, Title II, Chapter IV, Section III of, and Annex III to, the Banking Law, the Mobilisation Law, the Covered Bonds Royal Decree, the Cover Pool Administrator Royal Decree, the NBB Covered Bonds Regulation, the NBB Cover Pool Monitor Regulation and any other law, royal decree, regulation or order that may be passed or taken in relation to Belgian covered bonds, as amended, supplemented and/or replaced from time to time.

“**Benchmark Event**” means:

- (i) the relevant Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the relevant Reference Rate stating that it will, by a specified date within the following six months, cease to publish the relevant Reference, permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate stating that the relevant Reference Rate has been or will be, by a specified date within the following six months, permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor or the administrator of the relevant Reference Rate that means that the relevant Reference Rate will be prohibited from being used within the following six months; or
- (v) it has become unlawful for the PP Calculation Agent, the PP Fiscal Agent or any other agents party to the PP Agency Agreement to calculate any payments due to be made to any PP Noteholders using the relevant Reference Rate.



“**Business Day**” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) (a) on which banks are open for general business in Belgium, (b) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and (b) (in the case of a currency for which payments can be made through the Securities Settlement System) on which the Securities Settlement System is operating; and
- (ii) in the case of euro, a day (other than a Saturday or Sunday) (a) on which the Securities Settlement System is operating, (b) on which banks and foreign exchange markets are open for general business in Belgium and (c) (if a payment in euro is to be made on that day), which is a business day for T2 (a “**TARGET Business Day**”); and
- (iii) in the case of a currency other than euro and/or one or more business centres (the “**Business Centre(s)**”), as specified in the applicable PP Final Terms, a day (other than a Saturday or a Sunday) (a) on which banks are open for general business in Belgium, (b) on which commercial banks and foreign exchange markets settle payments in such currency in each of the Business Centres and (c) (in the case of a currency for which payments can be made through the Securities Settlement System) on which the Securities Settlement System is operating.

“**Cover Pool Administrator Royal Decree**” means the Belgian Royal Decree of 11 October 2012 on the cover pool administrator in the context of the issue 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 kredietinstellingen 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*), as amended by the Belgian Royal Decree of 27 January 2022, as from time to time further amended and/or supplemented.

“**Covered Bonds Royal Decree**” means the Belgian Royal Decree of 11 October 2012 on the issue 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*) as amended by the Belgian Royal Decree of 27 January 2022, as from time to time further amended and/or supplemented.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Public 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 PP 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 PP Final Terms, the actual number of days in the Calculation Period divided by 365;

- (iii) if “**Actual/360**” is specified in the applicable PP 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 PP 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 PP 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 PP 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 PP Final Terms,
- (a) 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
  - (b) 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 an Interest Determination Date in any year to but excluding the next Interest Determination Date; and

**“Interest 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 according to the applicable PP Final Terms, the Interest Commencement Date.

**“Determination Cut-Off Date”** means no later than five Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period.

**“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 Public Pandbrieven, and unless otherwise specified in the applicable PP Final Terms, shall mean the Fixed Coupon Amount or Broken Amount specified in the applicable PP 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 PP 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 PP 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 unless otherwise specified herein.

**“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 PP Special Estate following the appointment of a PP Cover Pool Administrator and where the context so requires, be deemed to be a reference to the PP Cover Pool Administrator.

“**Lead Regulator**” means the NBB, ECB or any successor entity primarily responsible for the prudential supervision of the Issuer.

“**Mobilisation Law**” means the Belgian law of 3 August 2012 on various measures to facilitate the mobilisation of receivables 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*) as subsequently amended and/or supplemented.

“**NBB Cover Pool Monitor Regulation**” means the Regulation of the National Bank of Belgium (NBB\_2022\_16) addressed to the cover pool monitors of Belgian credit institutions that issue Belgian covered bonds dated 14 June 2022 (*Circulaire aan de portefeuillesurveillanten van kredietinstellingen naar Belgisch recht die Belgische covered bonds uitgeven/Circulaire aux surveillants de portefeuille auprès d'établissements de crédit de droit belge qui émettent des covered bonds belges*) as subsequently amended and/or supplemented.

“**NBB Covered Bonds Regulation**” means the Regulation of the National Bank of Belgium (NBB\_2022\_15) regarding practical rules for the application of the law of 25 April 2014 establishing a legal framework for Belgian covered bonds dated 14 June 2022 (*Praktische regels voor de toepassing van de wet van 25 april 2014 op het statuut van en het toezicht op kredietinstellingen en beursvennootschappen zoals gewijzigd door de wet van 26 november 2021 met het oog op de omzetting van Richtlijn 2019/2162 betreffende de uitgifte van en het overheidstoezicht op gedekte obligaties/Modalités pratiques d'application de la loi du 25 avril 2014 relative au statut et au contrôle des établissements de crédit telle que modifiée par la loi du 26 novembre 2021 afin de transposer la directive 2019/2162 relative à l'émission et à la surveillance publique des obligations sécurisées*) as subsequently amended and/or supplemented.

“**NBB**” means the National Bank of Belgium in its capacity as operator of the Securities Settlement System.

“**PP Cover Pool Administrator**” means a cover pool administrator (*portefeuillebeheerder/gestionnaire de portefeuille*) appointed to manage the PP Special Estate in any of the circumstances as described in Article 8 of Annex III to the Banking Law.

“**PP Cover Pool Monitor**” means a cover pool monitor (*portefeuillesurveillant/surveillant de portefeuille*) appointed in accordance with Article 16, §1 of Annex III to the Banking Law.

“**Rate of Interest**” means the rate of interest payable from time to time in respect of this Public 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 Public Pandbrieven under the PP Programme from time to time, which may include Moody's, Fitch, S&P and/or or such other rating agency as shall be specified in the PP Final Terms.

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

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

“**Reference Rate Determination Agent**” means either (i) an independent financial institution of international repute or other independent financial adviser experienced in the international debt

capital markets, in each case selected and appointed by the Issuer at its own expense, (ii) the PP Calculation Agent or (iii) any affiliate of the Issuer or the PP Calculation Agent.

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

“**Relevant Nominating Body**” means, in respect of a Reference Rate:

- (i) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the Reference Rate relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate, (C) a group of the aforementioned central banks or other supervisory authorities or (D) the Financial Stability Board or any part thereof.

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

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

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

“**Successor Rate**” means the rate that the Issuer determines is a successor to, or replacement of, the Reference Rate which is formally recommended by any Relevant Nominating Body.

“**Supervisory Authority**” means National Bank of Belgium (*Nationale Bank van België/Banque Nationale de Belgique*) and any other supervisory authority to which relevant powers may be transferred.

“**T2**” means the real time gross settlement system operated by the Eurosystem, or any successor system.

### 3. Redemption, Purchase and Options

#### (a) *Final Redemption*

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

(b) *Early Redemption*

(A) Zero Coupon Public Pandbrieven

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Public Pandbrief, upon redemption of such Public Pandbrief pursuant to PP Condition 3(c) (*Redemption, Purchase and Options – Redemption for Illegality*), PP Condition 3(d) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*), PP Condition 3(i) (*Redemption, Purchase and Options – Cancellation*) or PP Condition 22 (*Payment Default and Cross-Acceleration*) shall be the Amortised Face Amount (calculated as provided below) of such Public Pandbrief, unless otherwise specified in the applicable PP Final Terms.
- (ii) Subject to sub-paragraph (iii) below, the “**Amortised Face Amount**” of any such Public Pandbrief shall be the scheduled Final Redemption Amount of such Public 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 PP Final Terms, the “**Amortisation Yield**” shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Public Pandbrieven 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 Public Pandbrief upon its redemption pursuant to PP Condition 3(c) (*Redemption, Purchase and Options – Redemption for Illegality*), PP Condition 3(d) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*), PP Condition 3(i) (*Redemption, Purchase and Options – Cancellation*) or PP Condition 22 (*Payment Default and Cross-Acceleration*) is not paid when due, the Final Redemption Amount due and payable in respect of such Public Pandbrief shall be the Amortised Face Amount of such Public 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 Public 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 Public Pandbrief on the Maturity Date together with any interest that may accrue in accordance with PP Condition 2 (*Interest and Other Calculations*).

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 PP Final Terms.

(B) Other Public Pandbrieven

The Early Redemption Amount payable in respect of any Public Pandbrief (other than Public Pandbrieven described in (A)(i) above), upon redemption of such Public Pandbrief pursuant to PP Condition 3(c) (*Redemption, Purchase and Options – Redemption for Illegality*), PP Condition 3(d) (*Redemption, Purchase*

*and Options – Redemption for Taxation Reasons*), PP Condition 3(i) (*Redemption, Purchase and Options – Cancellation*) or PP Condition 22 (*Payment Default and Cross-Acceleration*) shall be the Final Redemption Amount together with interest accrued to the date fixed for redemption, unless otherwise specified in the applicable PP Final Terms.

(c) *Redemption for Illegality*

The Public 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 PP Noteholders in accordance with PP Condition 9 (*Notices*) (which notice shall be irrevocable), at their Early Redemption Amount, if the Issuer notifies the PP Noteholders' Representative immediately before the giving of such notice that it has, or will, before the next Interest Payment Date of any Public Pandbrief of any Series or Tranche, become unlawful for the Issuer to (i) make any payments or (ii) comply with its obligations under the Public Pandbrieven, or (iii) allow any Public Pandbrieven 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 PP Principal Paying Agent and the PP 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 Public 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 PP Noteholders in accordance with PP Condition 9 (*Notices*) (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 Public Pandbrieven, become obliged to pay on any Public Pandbrief of any Series or Tranche additional amounts pursuant to PP Condition 5 (*Tax Gross-up*) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Belgium or any political subdivision or any authority therein or thereof having the power to tax, or any change in the application or official interpretation of such laws or regulations (including a finding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date of the first Tranche of the relevant Series of Public Pandbrieven. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the PP Principal Paying Agent and the PP 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 PP Noteholders*

If a Noteholder Put is specified in the applicable PP Final Terms, the Issuer shall, at the option of the PP Noteholder and upon the PP Noteholder giving not less than 15 nor more than 30 calendar days' notice (or such other notice period as specified in the applicable PP 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 PP Final Terms, in whole (but not in part), such Public Pandbrievens 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 PP Final Terms, the PP Noteholder must deposit with a PP Paying Agent at its specified office a duly completed option exercise notice (the “**Exercise Notice**”) in the form obtained from any PP Paying Agent or the PP Registrar, as the case may be, with a copy to be sent to the Issuer at the Address specified in the PP Final Terms within the notice period. In the case of Dematerialised Public Pandbrievens, the PP Noteholder shall transfer, or cause to be transferred, the Dematerialised Public Pandbrievens to be redeemed to the account of the PP 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 PP 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 PP Final Terms) irrevocable notice to the PP Noteholders in accordance with PP Condition 9 (*Notices*), redeem or exercise any Issuer’s option in relation to all or, if so provided, some of the Public Pandbrievens on any Optional Redemption Date, as the case may be. Any such redemption of Public Pandbrievens 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 Public Pandbrievens of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the applicable PP Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the applicable PP Final Terms.

All Public Pandbrievens 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 PP Condition 3(f).

In the case of a partial redemption of or a partial exercise of an Issuer’s option in respect of Public Pandbrievens, the redemption may be effected by reducing the principal amount of all such Public Pandbrievens in a Series in proportion to the aggregate principal amount redeemed.

So long as the Public 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 Public Pandbrievens, cause to be published (i) as long as such Public Pandbrievens are admitted to trading on the regulated market of Euronext Brussels and the rules of such exchange so permit, on the website of Euronext Brussels ([www.euronext.com](http://www.euronext.com)), (ii) as long as such Public Pandbrievens are admitted to trading on a regulated market other than Euronext Brussels and the rules of such exchange so permit, on the website of such exchange, or (iii) in a leading newspaper with general circulation in the city where the regulated market on which such Public Pandbrievens are admitted to trading is located (but only if the rules of that exchange so require), 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 outstanding principal amount of Public Pandbrievens.

(g) *Purchases*

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

Unless otherwise indicated in the PP Final Terms, Public Pandbrieven so purchased by the Issuer may be held in accordance with Article 10 of Annex III to the Banking Law or cancelled in accordance with PP Condition 3(i) (*Redemption, Purchase and Options - Cancellation*) below.

(h) *Subscription to own Public Pandbrieven*

The Issuer may subscribe to its own Public Pandbrieven.

(i) *Cancellation*

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

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

(i) The obligation of the Issuer to pay the Final Redemption Amount of a Series of Public Pandbrieven on the Maturity Date of such Series can be deferred upon the occurrence of one of the following events:

- (A) the Issuer fails to redeem the Public Pandbrieven of the relevant Series at their Final Redemption Amount in full within five Business Days after their Maturity Date (“failure to pay”). In such case (subject as provided below in paragraph (iii)), the obligation of the Issuer to redeem such Series shall be automatically deferred to, and shall be due on, the Extended Maturity Date; and
- (B) the deferral, up to the Extended Maturity Date, may be decided upon by the Cover Pool Administrator in the event a liquidation procedure is initiated against the Issuer or the Issuer is resolved.

The “**Extended Maturity Date**” shall be the date falling one year after the relevant Maturity Date.

(ii) The Issuer shall give notice of the extension of the Maturity Date to the Extended Maturity Date to the PP Noteholders of the relevant Series, the PP Noteholders’ Representative, the relevant Rating Agencies, the PP Fiscal Agent and the PP Paying Agent and/or PP Registrar as soon as reasonably practicable, it being understood that a failure to notify shall not affect such extension of the Maturity Date. In accordance with Article 13/1, §2 of Annex III to the Banking Law, the Issuer will inform the Supervisory Authority of its action plan to ensure that the Final Redemption Amount due and remaining unpaid, will be paid by the new maturity date.

(iii) Notwithstanding paragraph (v) below, if and to the extent that on any subsequent Interest Payment Date (as defined in the applicable PP Final Terms) falling prior to the Extended Maturity Date (each an “**Extension Payment Date**”), the Issuer has available funds, then the Issuer shall (a) give notice thereof to the PP Noteholders of such Series, the PP Noteholders’ Representative, the PP Fiscal Agent and the PP Paying Agent and/or PP 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 the Public Pandbrieven of such Series on such Extension Payment Date at their Final Redemption Amount.

- (iv) Save as otherwise provided for in the applicable PP 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 the Extended Maturity Date, (b) be payable in arrears on each Extension Payment Date (in respect of the Interest Period then ended) or, if earlier, on the Extended Maturity Date and (c) accrue at the rate provided for in the applicable PP Final Terms.
- (v) To the extent that the maturity date of any other Series of Public Pandbrieven has been extended in accordance with the relevant terms and conditions thereof (the “**Extended Public Pandbrieven**”), and the Maturity Date of a Series of Public Pandbrieven falls prior to the extended maturity date of the Extended Public Pandbrieven and on such date the Extended Public Pandbrieven have not yet been redeemed in full, then the Maturity Date of such Series of Public Pandbrieven shall also be extended on its Maturity Date to the Extended Maturity Date. Such extension does not in itself need to be triggered by paragraph (i) above, but is made in accordance with Article 13, §2 *in fine* of Annex III to the Banking Law in order to avoid that an extension of a particular Series of Public Pandbrieven would alter the sequence of Maturity Dates among different Series of Public Pandbrieven.
- (vi) Subject to paragraph (v) above, an extension of one Series does not automatically imply the extension of other Series.
- (vii) In the case the Public Pandbrieven to which an Extended Maturity Date applies are Zero Coupon Public Pandbrieven, the outstanding principal amount will for the purposes of this PP Condition 3(j) (*Redemption, Purchase and Options - Extension of Maturity up to Extended Maturity Date*) be the total amount otherwise payable by the Issuer but unpaid on the relevant Public Pandbrieven on the Maturity Date.
- (viii) Any extension of the maturity of Public Pandbrieven under this PP Condition 3(j) (*Redemption, Purchase and Options - Extension of Maturity up to Extended Maturity Date*) shall be irrevocable. Where this PP Condition 3(j) (*Redemption, Purchase and Options - Extension of Maturity up to Extended Maturity Date*) applies, failure by the Issuer to redeem in full the relevant Public 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 Public Pandbrieven on the Extended Maturity Date shall be a failure to pay which may constitute a Payment Default.
- (ix) Any payments which may be subject to an extension in accordance with this PP Condition 3(j) (*Redemption, Purchase and Options - Extension of Maturity up to Extended Maturity Date*) shall not be deemed to constitute an unconditional payment for the purpose of Article 7, §1 of the Covered Bonds Royal Decree.
- (x) If the maturity of any Public Pandbrieven is extended up to the Extended Maturity Date in accordance with this PP Condition 3(j) (*Redemption, Purchase and Options - Extension of Maturity up to Extended Maturity Date*), for so long as any of those Public Pandbrieven remains outstanding, the Issuer shall not issue any further Public Pandbrieven, unless the proceeds of issuance of such further Public Pandbrieven are applied by the Issuer on issuance in redeeming in whole or in part the relevant Public Pandbrieven in accordance with the terms hereof.

#### 4. Payments

(a) *Dematerialised Public Pandbrieven*

Payment of principal and interest in respect of Dematerialised Public Pandbrieven will be made in accordance with the applicable rules and procedures of the Securities Settlement System, Euroclear Bank, Euroclear France, Clearstream Banking Frankfurt, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, LuxCSD and any other Securities Settlement System participant. Upon receipt of any payment in respect of Dematerialised Public Pandbrieven, the Securities Settlement System, Euroclear Bank, Euroclear France, Clearstream Banking Frankfurt, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, LuxCSD and any other Securities Settlement System participant, shall immediately credit the accounts of the relevant account holders with the payment.

(b) *Registered Public Pandbrieven*

Payments of principal and interest in respect of Registered Public Pandbrieven shall be paid to the person shown on the register maintained by the Issuer or by the PP 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*

Save as provided in PP Condition 5 (*Tax Gross-up*), payments will be subject in all cases to any other applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer or its agents under this PP Programme agree to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements.

(d) *Non-Business Day*

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

#### 5. Tax Gross-up

All payments of principal and interest by or on behalf of the Issuer in respect of the Public Pandbrieven, shall be made without withholding or deduction for any present or future taxes, duties, assessments or other charges of whatever nature (“**Taxes**”) 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 or any political subdivision or any authority therein or thereof having the power to tax, the Issuer shall pay such additional amounts as may be necessary in order that the net amounts received by the PP 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 Public Pandbrieven 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 Public Pandbrief:
- (1) *Lawful avoidance/Other connection:* 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 Public 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 Public Pandbrief; or
  - (2) *Non-Eligible Investors:* to, or to a third party on behalf of, a holder who on the date of acquisition of such Dematerialised Public Pandbrief, was not an Eligible Investor or who was an Eligible Investor on the date of acquisition of such Dematerialised Public Pandbrief but, for reasons within the PP Noteholder's control, ceased to be an Eligible Investor or at any relevant time on or after the issuance of the Dematerialised Public Pandbrief 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) *Conversion into registered Public Pandbriev:* to, or to a third party on behalf of, a holder who is liable to such Taxes because the Dematerialised Public Pandbriev were converted into Registered Public Pandbriev upon his/her request and could no longer be cleared through the Securities Settlement System; or
  - (4) *Payment through another Paying Agent:* held by or on behalf of a holder who would have been able to avoid such withholding or deduction by arranging to receive the relevant payment through another Paying Agent in a member state of the European Union.
- (ii) with respect to any payment in respect of any Registered Public Pandbrief:
- (1) *Lawful avoidance/Other connection:* 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 Public 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 Public Pandbrief; or
  - (2) *Not Exempt Investors:* to a holder who is not an Exempt Investor; or
  - (3) *Issuer not a financial institution anymore:* where such withholding or deduction is imposed for reason of the holder of the Registered Public Pandbriev, at the time of the relevant interest payment, not benefitting from a full exemption from Belgian interest withholding tax due to the Issuer no longer qualifying as a financial institution as referred to in the Articles 105, 1°, a) and 107, §2, 5°, b) of the Royal Decree implementing the Belgian Income Tax Code 1992; or
  - (4) *Payment through another Paying Agent:* held by a holder of the Registered Public Pandbrief who would have been able to avoid such withholding or deduction by arranging to receive the relevant payment through another Paying Agent of the Issuer in a member state of the European Union; or

- (5) *Zero Coupon / Capitalisation of interest*: which is issued as a Zero Coupon Public Pandbrief or any other Registered Public Pandbrief which provides for the capitalisation of interest.

Notwithstanding anything to the contrary contained herein, the Issuer shall be entitled to withhold and deduct any amounts required to be deducted or withheld pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement (IGA) between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”) and the Issuer shall not be required to pay any additional amounts in respect of FATCA Withholding. For the avoidance of doubt, the Issuer shall not be required to pay any additional amounts in respect of FATCA Withholding by a clearing system or any participant in a clearing system.

As used in this Condition, “**Eligible Investor**” means those entities (i) 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 (ii) which rightfully hold the Public Pandbrievien in an exempt account (X-Account) in the Securities Settlement System.

As used in this Condition, “**Exempt Investor**” means a PP Noteholder that, as of the relevant Interest Payment Date, I. (i) is not a tax resident in Belgium, (ii) does not use the income producing assets, i.e. the Registered Public Pandbrievien, to exercise a business or professional activity in Belgium, (iii) has been the owner (*eigenaar/propriétaire*) or usufructuary (*vruchtgebruiker/usufruitier*) of the Registered Public Pandbrief in respect of which it is entitled to the payment of interest, uninterruptedly for the entire relevant Interest Period, (iv) was registered with the Issuer as the holder of Registered Public Pandbrievien 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<sup>o</sup> 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 or II. (i) is a financial institution or an institution assimilated therewith or a semi-governmental institution for social security or an institution assimilated therewith, (ii) has been the legal owner (*eigenaar/propriétaire*) or usufructuary (*vruchtgebruiker/usufruitier*) of the Registered Public Pandbrief during the entire relevant interest period, (iii) has been registered with the Issuer as the holder of the Registered Public Pandbrief during the entire relevant interest period, (iv) has provided the Issuer with an affidavit in which the PP Noteholder is identified and in which it is certified that the conditions mentioned in points (i) and (ii) are complied with, with respect to such interest payment on or before the date such affidavit is required to be delivered to the Issuer and (v) 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 Belgian Royal Decree of 27 August 1993 implementing the Belgian Income Tax Code 1992 (or any successor provision).

References in these Conditions to (i) “principal” shall be deemed to include any premium payable in respect of the Public Pandbrievien, 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 PP Condition 3 (*Redemption, Purchase and Options*) or any amendment or supplement to it, (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to PP Condition 2 (*Interest and Other Calculations*) 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 PP Condition 5 (*Tax Gross-up*).

## 6. Status and ranking of Public Pandbrieven

The Public Pandbrieven are issued in accordance with and are subject to the provisions of the Belgian Covered Bonds 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 Belgian Covered Bonds Regulations, the PP Noteholders, together with the holders of any other Public Pandbrieven issued under the PP Programme and any PP Other Creditors as defined in PP Condition 23 (*Post-Acceleration Priority of Payments*), will in case a liquidation procedure is started against the Issuer or in case the Issuer is resolved benefit from a dual recourse consisting of (i) an exclusive recourse against the PP Special Estate and (ii) an unsecured, unsubordinated recourse against the general estate of the Issuer.

## 7. Specific provisions required by the Belgian Covered Bonds Regulations

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

For the purpose of Article 3, §2, second indent of Annex III to the Banking Law, the following criteria shall be applied in circumstances where amounts must be transferred to the PP Special Estate but cannot be identified within the general estate of the Issuer. In such circumstances, the general estate shall transfer to the PP Special Estate (in consultation between the PP Cover Pool Administrator or the PP Cover Pool Monitor (as applicable) and the Issuer or the relevant resolution authority under the BRRD and the Banking Law 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 at 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 pursuant to the Capital Requirements Regulation);
- (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 pursuant to the Capital Requirements Regulation);
- (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) and (iv);
- (vi) *failing which*, public sector exposure other than (i), (ii), (iii), (iv) and (v); and
- (vii) *failing any of the above*, such assets as may be selected on behalf of the PP Special Estate by the PP Cover Pool Monitor or PP Cover Pool Administrator (as applicable) in its sole discretion.

In these PP Conditions:

“**CRD V**” means the Capital Requirements Directive and the Capital Requirements Regulation.

“**Capital Requirements Directive**” means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions on prudential requirements for credit institutions and investment firms, as amended or replaced by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019.

“**Capital Requirements Regulation**” means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended by Regulation (EU) 2019/876, and as may be further amended or replaced from time to time.

“**Haircut**” means:

- (i) for unencumbered assets as defined in Condition 7(a)(i) and Condition 7(a)(ii), the ECB haircut in accordance with the Guideline (EU) 2015/510 of the ECB of 19 December 2014 on the implementation of the Eurosystem monetary policy (as may be amended, supplemented, replaced and/or restated from time to time);
- (ii) for unencumbered assets as defined in Condition 7(a)(iii) and Condition 7(a)(iv), 20 per cent.; and
- (iii) for unencumbered assets as defined in Condition 7(a)(v) to Condition 7(a)(vii), 25 per cent.

(b) *Use of collateral provided under derivative contracts*

Collateral provided under derivative contracts that constitutes a PP Cover Asset may only be used for obligations in relation to the PP Special Estate and in accordance with the relevant derivative contract.

(c) *Allocation*

Upon the earlier of (i) the opening of a liquidation procedure in respect of the Issuer and (ii) the appointment of a PP Cover Pool Administrator, the following shall apply in circumstances where both the PP Special Estate and the general estate of the Issuer hold a claim against a single debtor relating to Public Sector Exposure:

- (i) payments made by such debtor shall, unless otherwise elected by the debtor pursuant to Article 5.208 of the Belgian Civil Code (to the extent applicable), be shared *pro rata* between the PP Special Estate and the general estate on a *pari passu* basis; and
- (ii) proceeds from enforcement of a guarantee, insurance or security interest (including, without limitation, mortgages) which secures the claims of both the PP Special Estate and the general estate of the Issuer shall, unless otherwise elected by the debtor pursuant to Article 5.208 of the Belgian Civil Code (to the extent applicable), be shared *pro rata* between the Special Estate and the general estate on a *pari passu* basis.

## 8. **PP Principal Paying Agent, PP Paying Agent, PP Fiscal Agent and PP Registrar provisions**

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

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



- (1) there will at all times be a PP Principal Paying Agent, a PP Fiscal Agent and, as long as any Registered Public Pandbrieven of any Series are outstanding, a PP Registrar for that Series;
- (2) so long as the Public Pandbrieven are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a PP 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).

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 PP Noteholders in accordance with PP Condition 9 (*Notices*).

## 9. Notices

All notices to holders of Dematerialised Public Pandbrieven (including notices to convene a meeting of PP Noteholders) will be deemed to have been validly given if given through the Securities Settlement System, the systems of Euroclear Bank, Euroclear France, Clearstream Banking Frankfurt, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, LuxCSD or any other Securities Settlement System participant and their participants in accordance with the procedures of the relevant clearing system.

All notices to holders of Registered Public Pandbrieven (including notices to convene a meeting of PP 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 PP 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 Public Pandbrieven are listed on Euronext Brussels (or another regulated market) and if the rules of that exchange so require, any notice to the PP Noteholders shall be published on the website of Euronext Brussels ([www.euronext.com](http://www.euronext.com)) (or the website of such other regulated market) 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 PP Noteholders' Representative shall be at liberty to approve any other method of giving notice to PP 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 Public Pandbrieven are then admitted to trading.

## 10. PP Cover Pool Monitor

The PP Cover Pool Monitor will fulfil the tasks as set out in the Belgian Covered Bonds Regulations and which is confirmed in an agreement between the PP Cover Pool Monitor and the Issuer. In addition, the PP Cover Pool Monitor and the Issuer have agreed that no Public Sector Exposure can be deregistered from the PP Special Estate without the prior approval from the PP Cover Pool Monitor in case such deregistration would lead to a decrease of the ratio between the value of the PP Cover Assets and the outstanding principal amount of the Public Pandbrieven. No approval is required for deregistration of Public Sector Exposure with a value of zero nor for a substitution whereby the value of the PP Cover Assets does not decrease with more than EUR 10,000,000 due to this substitution.

## 11. Issuer Covenants

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

- (i) it will continuously comply with the obligations applicable to it under the Belgian Covered Bonds Regulations, including the Statutory Tests;
- (ii) the PP Special Estate will mainly consist of Public Sector Exposure;
- (iii) the PP Special Estate will not contain any commercial or residential mortgage loans;
- (iv) the value of the Public Sector Exposure registered as PP Cover Assets in the PP Cover Register (including any collections in respect thereto) (a) is calculated in accordance with the Belgian Covered Bonds Regulations and (b) will at all times represent at least 105 per cent. of the aggregate outstanding principal amount of the Public Pandbrieven of all Series (it being understood that any surplus above 105 per cent. may be composed of other eligible assets under the PP Programme);
- (v) only fully drawn loans constituting Public Sector Exposure will be added to the PP Special Estate; and
- (vi) that the PP Special Estate will at all times include cover assets 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 Capital Requirements Regulation, (c) are subject to a daily mark-to-market and have a market value which, after applying the ECB haircut in accordance with the Guideline 2015/510 of the ECB of 19 December 2014 on the implementation of the Eurosystem monetary policy (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 Public Pandbrieven within a period of six months, (d) have a remaining maturity of more than one year and (e) are not (A) debt issued by the Issuer or (B) Public Sector Exposure which benefits from a netting arrangement (within the meaning of the Financial Collateral Law) which is part of a financial collateral arrangement.

## 12. PP Noteholders' Waiver

The PP Noteholders waive, to the fullest extent permitted by law, (i) all their rights whatsoever pursuant to Articles 5.90 to 5.93 (inclusive) of the Belgian Civil Code to rescind (*ontbinden/résoudre*), or to demand in legal proceedings the rescission (*ontbinding/résolution*) of, the Public Pandbrieven and (ii) all their rights whatsoever in respect of Public Pandbrieven pursuant to Article 7:64 of the Belgian Code of Companies and Associations (right to rescind (*ontbinden/résoudre*)).

### **13. Prescription**

Claims against the Issuer for payment in respect of the Public 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 PP Noteholders**

The Rules of Organisation of the PP Noteholders are attached to, and form an integral part of, these PP Conditions. References in these PP Conditions to the Rules of Organisation of the PP 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 7:162 to 7:176 of the Belgian Code of Companies and Associations relating to the noteholders' meeting shall not apply to any issuance of the Public Pandbrieven.

### **15. PP Noteholders' Representative**

As long as the Public Pandbrieven are outstanding, there shall at all times be a representative of the PP Noteholders (the "**PP Noteholders' Representative**") in accordance with Article 14, §2 of Annex III to the Banking Law, who has the power to exercise the rights conferred on it by these PP Conditions, the Rules of Organisation of the PP Noteholders and the law in order to protect the interests of the PP Noteholders. The PP Noteholders' Representative must give account of its performance in accordance with the PP Noteholders' Representative Agreement.

The Issuer has appointed Stichting Belfius Public Pandbrieven Noteholders' Representative as PP Noteholders' Representative and the PP 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 Public Pandbrieven have been cancelled or redeemed in accordance with these PP Conditions and on which all claims of the PP Other Creditors (to the extent represented by the PP Noteholders' Representative) against the PP Special Estate have been settled.

By reason of holding Public Pandbrieven, each PP Noteholder (including, for the avoidance of doubt, each holder of a Public Pandbrief subject to terms not contemplated by the Base Prospectus):

- (i) recognises the PP 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 PP Noteholders' Representative in such capacity as if such PP Noteholder were a signatory thereto; and
- (ii) acknowledges and accepts that the Issuer shall not be liable, except in case of fraud of the Issuer, in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the PP Noteholders as a result of the performance by the PP Noteholders' Representative (or its delegate) of its duties or the exercise of any of its rights under these PP Conditions (including the Rules of Organisation of the PP Noteholders).

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

### **16. Conflicts of Interest**

The PP Noteholders' Representative shall have regard to the overall interests of the PP Noteholders and of the PP Other Creditors that have agreed to be represented by the PP Noteholders' Representative. The

PP Noteholders' Representative shall not be obliged to have regard to any interests arising from circumstances particular to individual PP Noteholders or such PP Other Creditors whatever their number.

The PP 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 PP Noteholders and the PP Other Creditors of the Issuer which it represents but if, in the opinion of the PP Noteholders' Representative, there is a conflict between their interests the PP Noteholders' Representative will have regard solely to the interest of the PP Noteholders.

#### **17. Meetings of PP Noteholders**

##### *(a) Meetings of PP Noteholders*

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

All meetings of PP Noteholders will be held in accordance with the provisions of the Rules of Organisation of the PP Noteholders. Articles 7:162 to 7:176 of the Belgian Code of Companies and Associations with respect to PP Noteholders' meetings will not apply to any issuance of Public Pandbrieven.

##### *(b) Written Resolutions*

A written resolution signed by the holders of 75 per cent. in principal amount of the relevant Series of the Public Pandbrieven outstanding shall take effect as if it were an Extraordinary Resolution. A written resolution signed by the holders of 50 per cent. in principal amount of the relevant Series of the Public 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 per cent. in principal amount of the Public Pandbrieven outstanding as if they were a single Series shall take effect as if it were a PP 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 PP Noteholders.

#### **18. Amendments to the PP Conditions**

Amendments to the PP Conditions shall be made in accordance with the Rules of Organisation of the PP Noteholders, and in particular in accordance with Articles 6.1, 6.3 and 18 thereof.

#### **19. No Exchange of Registered Public Pandbrieven**

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

#### **20. Further Issues**

The Issuer may from time to time without the consent of the PP Noteholders create and issue further Public Pandbrieven having the same terms and conditions as the Public Pandbrieven (so that, for the avoidance of doubt, references in these Conditions to "**Issue Date**" shall be to the first issue date of the Public Pandbrieven) and so that the same shall be consolidated and form a single series with such Public Pandbrieven, and references in these PP Conditions to "Public Pandbrieven" 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 Public 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 PP 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 Public 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 Public 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 PP Condition 21, it shall be sufficient for the PP 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 PP 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 Public Pandbrief, or any other judgment or order.

## 22. Payment Default and Cross-Acceleration

Only failure by the Issuer to pay (i) any principal amount in respect of any Public Pandbrief on the Extended Maturity Date or pursuant to PP Condition 3(j)(v) (*Redemption, Purchase and Options - Extension of Maturity up to Extended Maturity Date*) or (ii) any interest in respect of any Public Pandbrief within five (5) 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 ten (10) Business Days after the PP 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 PP Noteholders’ Representative to deliver such Payment Notice, any PP Noteholder may deliver such Payment Notice to the Issuer (with a copy to the PP Noteholders’ Representative). The date on which a Payment Default occurs shall be the date on which the PP Noteholders’ Representative or any PP Noteholder has given notice of such Payment Default plus ten (10) Business Days (the “**Payment Default Date**”).

Without prejudice to the powers granted to the PP Cover Pool Administrator, only if a Payment Default occurs in relation to a particular Series, the PP Noteholders’ Representative may, and shall if so requested in writing by the PP Noteholders of at least 66<sup>2/3</sup> per cent. of the outstanding principal amount of the relevant Series of the Public Pandbrieven then outstanding (excluding any Public Pandbrieven 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 Public Pandbrieven 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, the PP Noteholders, the relevant Rating Agencies and the PP Cover Pool Monitor.

From and including the Acceleration Date:

- (i) the Public 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 Public 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 PP Noteholders' Representative on behalf of the PP Noteholders, shall have a claim against the Issuer for an amount equal to the Early Redemption Amount and any other amount due under the Public Pandbrieven; and
- (iv) the PP Noteholders' Representative on behalf of the PP Noteholders shall be entitled to take any steps and proceedings against the Issuer to enforce the provisions of the Public Pandbrieven. The PP 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.

Accordingly and for the avoidance of doubt, if an acceleration date occurs under any of the outstanding Series of Public Pandbrieven (as such term is defined under the Series under which such acceleration date occurs), the Public Pandbrieven shall cross accelerate on such acceleration date in accordance with item (ii) above (as set out in the conditions applicable to such Series) and shall become immediately due and payable. An acceleration notice under the Mortgage Pandbrieven Programme will however not trigger an acceleration of the outstanding Public Pandbrieven under the Public Pandbrieven Programme (hence no cross-acceleration between the Programmes).

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this PP Condition 22 by the PP Noteholders' Representative shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the PP Noteholders and (in such absence as aforesaid) no liability to the PP Noteholders or the Issuer shall attach to the PP 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 PP Special Estate (whether in the administration, the liquidation of the PP Special Estate or otherwise) following (i) the service of an Acceleration Notice or (ii) a liquidation of the PP Special Estate in accordance with Article 11, 6° or 7° of Annex III to the Banking 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 PP 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 PP 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 PP Operating Creditors;

- (d) *fourth*, on a *pari passu* and *pro rata* basis, in or towards satisfaction of (i) any Pari Passu Swap Amounts and (ii) any payments of amounts due and payable to PP Noteholders *pro rata* and *pari passu* on each Series in accordance with these PP Conditions;
- (e) *fifth*, on a *pari passu* and *pro rata* basis, in or towards satisfaction of any Junior Swap 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 PP Special Estate, as applicable, to any PP Operating Creditor plus any value added tax or any other tax or duty payable thereon.

“**Junior Swap Amount**” means any swap termination amount whereby the PP Derivative Contract Counterparty is the defaulting party or any such other amount, including any costs, charges, liabilities and expenses, due and payable to a PP Derivative Contract 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 PP Noteholders and any other party ranking senior in accordance with the Post-Acceleration Priority of Payments.

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

“**PP Derivative Contract Counterparty**” means a derivative contract counterparty under a swap agreement entered into by the Issuer in relation to the PP Special Estate.

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

“**PP Other Creditor**” means the PP Noteholders’ Representative, any PP Operating Creditor, any PP Derivative Contract Counterparty and the PP Cover Pool Administrator.

#### **24. Action by PP Noteholders’ Representative**

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

However, if the PP Noteholders’ Representative does not react or does not take any action within ten (10) calendar days of being so directed by the PP Noteholders in accordance with the PP Conditions and the Rules of Organisation of the PP Noteholders, then the PP Noteholders shall have individual rights to

enforce the performance of any provision of the Public Pandbrieven and/or the PP Programme Documents. Such rights remain however subject to the required quorums, where applicable.

**25. No Hardship**

The Issuer hereby acknowledges that the provisions of Article 5.74 of the Belgian Civil Code shall not apply with respect to its obligations under these PP Conditions and that it shall not be entitled to make any claim under Article 5.74 of the Belgian Civil Code.

**26. Governing Law and Jurisdiction**

(a) Governing Law

The Public Pandbrieven (and any non-contractual obligations arising out of or in connection with the Public 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 Public Pandbrieven (including any disputes relating to any non-contractual obligations arising out of or in connection with the Public Pandbrieven).



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

**9.1 MORTGAGE PANDBRIEVEN**

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

**1 General**

- 1.1** Each MP Noteholder is a member of the Organisation of the MP Noteholders.
- 1.2** The purpose of the Organisation of the MP Noteholders is to co-ordinate the exercise of the rights of the MP Noteholders and, more generally, to take any action necessary or desirable to protect the interest of the MP Noteholders.
- 1.3** The Organisation of the MP Noteholders in respect of each Series of Mortgage Pandbrieven issued under the MP Programme by Belfius Bank SA/NV 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 MP Noteholders. Articles 7:162 to 7:176 of the Belgian Code of Companies and Associations 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 MP 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 Securities Settlement System in accordance with Article 7.1;

“**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;

“**MP Clearing Services Agreement**” means the clearing services agreement in relation to the MP Programme, entered into on 23 March 2023 and as updated, revised, supplemented, amended and/or restated or replaced from time to time, between the Issuer, the NBB and the principal paying agent, acting as paying agent;

“**MP Conditions**” means the terms and conditions and the MP Final Terms of the Mortgage Pandbrieven of the relevant Series or Tranche issued by the Issuer;

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

“**MP Distribution Agreement**” means the distribution agreement in relation to the MP Programme for Mortgage Pandbrieven issued under the Base Prospectus, initially dated 8 November 2012 and as updated, revised, supplemented, amended and/or restated from time to time, between the Issuer, the arranger and the dealers;

“**MP Noteholders’ Representative**” means Stichting Belfius Mortgage Pandbrieven Noteholders’ Representative or the noteholders’ representative who may be appointed by the MP Noteholders in accordance with Article 14 (as applicable);

“**MP Programme Documents**” means the Base Prospectus, the MP Programme Agreement, the MP Noteholders’ Representative Agreement, the MP Agency Agreement, the MP Distribution Agreement, the MP Clearing Services Agreement and any other agreement or document entered into from time to time under or in connection with the MP Programme (as the same may be amended, supplemented, replaced and/or restated from time to time) and designated as a programme document;

“**MP 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;

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

“**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 7:35 of the Belgian Code of Companies and Associations with which an MP Noteholder holds such Mortgage Pandbrieven on a securities account;

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

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

“**Voting Certificate**” means a certificate issued by a Recognised Accountholder or the Securities Settlement 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 MP 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 MP Special Estate following the appointment of a MP Cover Pool Administrator and where the context so requires, be deemed to be a reference to the MP Cover Pool Administrator;
- (b) references to a **meeting** are to a meeting of MP Noteholders of a single Series of Mortgage Pandbrieven (except in case of a meeting to pass a MP 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 *MP 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;
- (d) any reference to an *Article* shall, except where expressly provided to the contrary, be a reference to an article of these Rules; and
- (e) where these Rules refer to any computation of a term or period of time, Article 1.7 of the Belgian Civil Code (*Burgerlijk Wetboek/Code Civil*) of 13 April 2019 shall not apply to the extent inconsistent with these Rules.

## TITLE II MEETINGS OF THE MP NOTEHOLDERS

### 3 Convening a Meeting

#### 3.1 Initiative

The Issuer or the MP Noteholders' Representative (as the case may be) may convene a meeting at any time. A meeting shall be convened by the MP Noteholders' Representative (i) upon the request in writing of MP Noteholders holding not less than one fifth of the aggregate outstanding principal amount of the relevant Series of the Mortgage Pandbrieven or (ii) in the case of a proposed liquidation of the MP Special Estate in accordance with Article 11, 6° or 7 of Annex III to the Banking Law.

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

#### 3.2 Time and place

Every meeting shall be held at a time and place approved by the MP Noteholders' Representative, it being understood that meetings can be held by way of conference call or by use of videoconference platform.

#### 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 (or, if relevant, the applicable dial-in details when the meeting will be held by way of conference call or by use of a videoconference platform) shall be given to the MP Noteholders in accordance with MP Condition 9 (*Notices*) with a copy to the Issuer, the MP Cover Pool Administrator or the MP 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 MP Noteholder) as the Issuer or the MP 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 meeting shall be chaired by the person elected by the majority of the voters present, failing which, the MP 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 MP 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 per cent. of the aggregate outstanding principal amount 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 MP Programme Resolution), or, at an adjourned meeting, one or more persons being or representing MP 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 outstanding principal amount 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 outstanding principal amount of the Mortgage Pandbrieven of such Series for the time being outstanding.

At any meeting the purpose of which is to pass a MP 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 MP 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 be held at such time and place as the chairman may decide.

Mortgage Pandbrieven 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	Two thirds	One third

referred to under Article 6.1(e) to (i)		
To pass any MP Programme Resolution concerning matters referred to under Article 6.3(a) to (c)	50%	No minimum proportion
To pass any MP 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 MP 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 MP 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 MP Noteholders’ Representative, the Issuer, the MP Noteholders or any of them, whether such rights arise under the MP Programme Documents or otherwise or (ii) these Rules, the MP Conditions or any MP 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 MP Noteholders’ Representative from any liability in relation to any act or omission for which the MP Noteholders’ Representative has or may become liable pursuant or in relation to these Rules, the MP Conditions or any MP Programme Document;
- (c) to give any authority or approval which under these Rules or the MP Conditions is required to be given by Extraordinary Resolution;
- (d) to authorise the MP 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 MP Noteholders or the majority required to pass any Extraordinary Resolution or a MP Programme Resolution.

## **6.2 Ordinary Resolution**

A meeting shall, subject to the MP 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 or under Article 6.3.

## **6.3 MP Programme Resolution**

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

- (a) to remove or replace (i) the MP Noteholders' Representative or (ii) the managing director of the MP Noteholders' Representative pursuant to Article 14;
- (b) with the consent of the Issuer, to amend the MP Common Terms;
- (c) to evaluate the MP Cover Pool Administrator's proposal or decision to liquidate the MP Special Estate and the early repayment of the Mortgage Pandbrieven in accordance with Article 11, 6° of Annex III to the Banking Law; and
- (d) to proceed with the liquidation of the MP Special Estate and the early repayment of the Mortgage Pandbrieven in accordance with Article 11, 7° of Annex III to the Banking 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 7:162 to 7:176 of the Belgian Code of Companies and Associations 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 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 Securities Settlement 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 Securities Settlement 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;
- (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 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 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 7:162 to 7:176 of the Belgian Code of Companies and Associations 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) MP Noteholders and their proxies;
- (b) the chairman;
- (c) the Issuer, the MP Noteholders’ Representative (through their respective representatives) and their respective financial and legal advisers; and
- (d) the MP 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 MP Noteholders’ Representative or one or more MP Noteholders present or validly represented at the meeting and representing or holding not less than one fiftieth of the aggregate outstanding principal amount 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 MP 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> per cent. of the aggregate outstanding principal amount 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 per cent. of the aggregate outstanding principal amount of the Series of Mortgage Pandbrieven for which votes have been cast plus one vote. A MP Programme Resolution shall be validly passed by a simple majority of at least 50 per cent. of the aggregate outstanding principal amount 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 MP 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 MP Noteholders' Representative may otherwise agree, notice of the result of every vote on a Resolution shall be given to the MP Noteholders in accordance with MP Condition 9 (*Notices*), with a copy to the Issuer, the MP Cover Pool Administrator (as the case may be) and the MP 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 MP Programme Resolution shall also be given to the relevant 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 per cent. 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 per cent. 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 per cent. in nominal amount of the Mortgage Pandbrieven outstanding as if they were a single Series shall take effect as if it were a MP 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 MP Noteholders.

## **13 Further Regulations**

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

### **TITLE III**

#### **MP NOTEHOLDERS' REPRESENTATIVE**

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

### **14.1 Appointment and removal of the MP Noteholder's Representative**

The Issuer has appointed the MP Noteholders' Representative as legal representative of the MP Noteholders under the MP Noteholders' Representative Agreement. In accordance with Article 14 of Annex III to the Banking Law, the MP Noteholders shall be entitled to remove the MP Noteholders' Representative by MP Programme Resolution provided that (i) they appoint a new MP Noteholders' Representative on substantially the same terms as set out in the MP Programme Documents (including any Schedules thereto) and (ii) neither the managing director of the MP Noteholders' Representative nor the MP Noteholders' Representative so removed shall be responsible for any costs or expenses arising from any such removal.

### **14.2 Eligibility Criteria**

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

### **14.3 Appointment, removal and resignation of the managing director**

A resolution to appoint or to remove the managing director of the MP Noteholders' Representative is made by MP Programme Resolution of the MP Noteholders, except for the appointment of the first managing director of the MP Noteholders' Representative which will be Amsterdamsch Trustee's Kantoor B.V.

A new managing director shall accede to the existing management agreement by way of an accession letter and by doing so, agrees to be bound by the terms of such agreement.

Pursuant to the MP 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 MP Noteholders' Representative, provided that a successor managing director is appointed; and
- (f) upon removal from office by a MP Programme Resolution of the MP Noteholders in accordance with Article 14.1, provided that (i) they appoint a new managing director which shall meet the eligibility criteria set out under Article 14.2, (ii) the MP Other Creditors (to the extent represented by the MP Noteholders' Representative) have been notified thereof and (iii) neither the managing director so removed nor the MP Noteholders' Representative shall be responsible for any costs or expenses arising from any such removal.

Except in case of Article 14.3(f), any successor managing director shall be appointed by the MP Noteholders' Representative's board (*bestuur*). In case no managing director is in office, a managing director shall be appointed by the courts of Amsterdam on request by any person having an interest or by the public prosecutor.

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 MP Other Creditors (to the extent represented by the MP Noteholders' Representative) against the MP Special Estate have been settled.

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

The MP Noteholders' Representative shall inform the MP Noteholders and the MP Other Creditors (to the extent represented by the MP Noteholders' Representative) of any removal or resignation of the managing director and any appointment of a successor managing directors as soon as reasonably practicable.

#### **14.4 Remuneration**

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

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

#### **15.1 Legal representative**

The MP Noteholders' Representative is the legal representative of the MP Noteholders and has the power to exercise the rights conferred on it by these Rules, the MP Conditions, the MP Noteholders' Representative Agreement and the Belgian Covered Bonds Regulations in order to protect the interests of the MP Noteholders in accordance with Article 14, §2 of Annex III to the Banking Law. The MP Noteholders' Representative can also be appointed to represent the MP Other Creditors provided that those MP Other Creditors agree with such representation. Any conflict of interest between the MP

Noteholders and such MP Other Creditors will be dealt with in accordance with Article 16.2(r) and MP Condition 16 (*Conflicts of Interest*).

## **15.2 Acceptance of terms and conditions**

The MP Noteholders' Representative can at the request of the Issuer approve the (form of) terms and conditions which are different from the MP Conditions (as defined in the MP Programme Agreement) currently attached to the MP Programme Agreement for the issuance of Mortgage Pandbrieven not contemplated by Schedule 2 of the MP Programme Agreement.

## **15.3 Meetings and Resolutions of MP Noteholders**

Unless the relevant Resolution provides to the contrary, the MP Noteholders' Representative is responsible for implementing all Resolutions of the MP Noteholders. The MP Noteholders' Representative has the right to convene and attend meetings of MP 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 MP Noteholders holding not less than one fifth of the aggregate outstanding principal amount of the relevant Series of the Mortgage Pandbrieven or (ii) in the case of a proposed liquidation of the MP Special Estate in accordance with Article 11, 6° or 7° of Annex III to the Banking Law.

## **15.4 Judicial proceedings**

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

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

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

In accordance with the Belgian Covered Bonds Regulations, the MP 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 MP Noteholders will not be materially prejudiced thereby.

## **15.6 Payment Default**

Only failure by the Issuer to pay (i) any principal amount or (ii) any interest in respect of any Mortgage Pandbrief in accordance with the MP Conditions will upon receipt of a payment notice constitute a payment default ("**Payment Default**"). The MP Noteholders' Representative shall give written notice thereof to the Issuer by registered mail or per courier and with return receipt ("**Payment Notice**"). In case of failure by the MP Noteholders' Representative to deliver such Payment Notice, any MP Noteholder can deliver such notice to the Issuer (with a copy to the MP Noteholders' Representative).

The MP Noteholders' Representative shall inform the MP Noteholders upon its receipt of a notice in writing from the Issuer of the occurrence of such a failure to pay. However, the MP Noteholders' Representative shall not be bound to take any steps to ascertain whether any Payment Default has happened and, until it shall have actual knowledge or express notice to the contrary, the MP Noteholders' Representative shall be entitled to assume that no Payment Default has happened and that the Issuer is observing and performing all the obligations on its part contained in the Mortgage Pandbrieven and under the other MP Programme Documents.

Without prejudice to the powers granted to the MP Cover Pool Administrator, only if a Payment Default occurs in relation to a particular Series, the MP Noteholders' Representative may, and shall if so requested in writing by the MP Noteholders of at least 66<sup>2/3</sup> per cent. of the outstanding principal amount of the relevant Series of the Mortgage Pandbrieven then outstanding (excluding any Mortgage Pandbrieven 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 Pandbrieven become immediately due and payable (the "**Acceleration Date**"), which will be at least two Business Days after the date of Payment Default. A copy of the Acceleration Notice shall be sent to the Supervisory Authority and to the MP Noteholders.

The MP Noteholders' Representative may in accordance with the MP Conditions, the Belgian Covered Bonds Regulations and the MP Programme Documents instruct the relevant MP (Principal) Paying Agent, the other agents under the MP Programme and MP Registrar or any of them to act thereafter, until otherwise instructed by the MP Noteholders' Representative, to effect payments on the terms provided in the MP Agency Agreement (with consequential amendments as necessary and save that the MP Noteholders' Representative's liability under any provisions thereof for the indemnification, remuneration and payment of out of pocket expenses of the agents under the MP Programme shall be limited to amounts for the time being received or recovered by the MP Noteholders' Representative under any of the MP Programme Documents and available to the MP Noteholders' Representative for such purpose) and thereafter to hold all sums, documents and records held by them in respect of Mortgage Pandbrieven on behalf of the MP Noteholders' Representative.

#### **15.7 MP Programme Limit**

The MP Noteholders' Representative will not enquire as to whether or not any Mortgage Pandbrieven are issued in breach of the programme limit equal to EUR 20,000,000,000 (or the equivalent in other currencies at the date of issuance) aggregate principal amount outstanding of Mortgage Pandbrieven at any time (the "**MP Programme Limit**").

#### **15.8 Application of proceeds**

The MP Noteholders' Representative shall not be responsible for the receipt or application by the Issuer of the proceeds of the issuance of Mortgage Pandbrieven.

#### **15.9 Delegation**

The MP Noteholders' Representative may in the exercise of the powers, discretions and authorities vested in it – in the interest of the MP 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 MP Noteholders' Representative may think fit in the interest of the MP Noteholders. The MP 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 MP 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.

## **15.10 Consents given by the MP Noteholders' Representative**

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

The MP 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 MP Noteholders will not be materially prejudiced thereby.

## **15.11 Discretions**

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

## **15.12 Obtaining instructions**

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

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

### **16.1 Limited obligations**

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

### **16.2 Specific limitations**

Without limiting the generality of Article 16.1, the MP 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 MP Noteholders' Representative hereunder or under any other relevant document, has occurred and, until the MP 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 MP Conditions and, until it shall have actual knowledge or express notice to the contrary, the MP 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 MP Conditions or by applicable law) to any MP Noteholders or any other party, any information (including, without limitation, information of a confidential, financial or price sensitive nature) made available to the MP Noteholders' Representative by the Issuer or any other

person in respect of the MP Special Estate or, more generally, of the MP Programme and no MP Noteholders shall be entitled to take any action to obtain from the MP 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 MP 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 license, consent or other authorisation in connection with the registration or administration of the assets contained in the MP Special Estate; and
  - (v) any accounts, books, records or files maintained by the Issuer, the MP Principal Paying Agent or any other person in respect of the MP 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 MP 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 MP 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 MP Special Estate or any part thereof, whether such defect or failure was known to the MP 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 MP Special Estate or any part thereof;

- (l) shall not be responsible for reviewing or investigating any report relating to the MP 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 MP 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 MP Special Estate;
- (o) shall not be under any obligation to insure the MP Special Estate or any part thereof;
- (p) shall, when in these Rules or the MP Conditions it is required in connection with the exercise of its powers, authorities or discretions to have regard to the interests of the MP Noteholders, have regard to the overall interests of the MP 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 MP Noteholders whatever their number and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual MP 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 MP Noteholders' Representative shall not be entitled to require, nor shall any MP Noteholders be entitled to claim, from the Issuer, the MP Noteholders' Representative or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual MP 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 MP Noteholders of any one or more Series would be materially prejudiced thereby, exercise such power, authority or discretion without the approval of such MP 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 MP Noteholders and the MP Other Creditors of the Issuer which it represents but if, in the opinion of the MP Noteholders' Representative, there is a conflict between their interests the MP Noteholders' Representative will have regard solely to the interest of the MP 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 MP 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 MP 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 MP Conditions except insofar as the same are incurred as a result of fraud, gross negligence or wilful default of the MP Noteholders' Representative.



### **16.3 Illegality**

No provision of these Rules shall require the MP 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 MP 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 MP 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 MP 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 MP 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 MP 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 MP 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 MP 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 MP Noteholders**

The MP 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 MP Noteholders in respect whereof minutes have been made and signed or a direction of the requisite percentage of MP Noteholders, even though it may subsequently be found that there was some defect in the constitution of the meeting of MP 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 MP Noteholders.

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

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

- (a) the book-entries in the records of the Securities Settlement System, its participants or any Recognised Accountholder in accordance with Article 7:35 et seq. of the Belgian Code of Companies and Associations, as far as the Dematerialised Mortgage Pandbrieven are concerned; and
- (b) the register held in accordance with Article 7:23 et seq. of the Belgian Code of Companies and Associations, as far as the Registered Mortgage Pandbrieven are concerned.

#### **17.5 Clearing Systems**

The MP 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 MP 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 in its records as entitled to a particular number of Mortgage Pandbrieven.

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

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

- (a) in respect of every matter and circumstance for which a certificate is expressly provided for under the MP Conditions or any MP 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 MP 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 MP 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.

#### **17.8 Investor reports**

The MP Noteholders' Representative shall be at liberty to rely on as sufficient evidence of the facts stated therein, the regular Investor Reports provided by the Issuer with regard to, among others, the composition of the MP Special Estate which will be made available on the website of the Issuer at [www.belfius.be](http://www.belfius.be) on a monthly basis.

## **18 Amendments and Modifications**

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

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

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

The MP 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 (MP Conditions) or a MP Programme Resolution (MP 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 MP Noteholders' Representative shall, without the consent or sanction of any of the MP Noteholders, concur with the Issuer in making any modifications to the MP Conditions or to the MP 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 MP 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 Series of the Mortgage Pandbrieven, provided that the MP Noteholders' Representative shall not be obliged to agree to any modification which, in the sole opinion of the MP Noteholders' Representative, as applicable, would have effect of (i) exposing the MP 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 MP Noteholders' Representative, as applicable in these Rules or the MP Conditions. For the avoidance of doubt, such modification may include, without limitation, modifications which would allow any derivative contract counterparty 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 MP 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 MP 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 Pandbrieven 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 MP Programme.

## **19.2 Binding Nature**

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

## **19.3 Restriction on powers**

The MP 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 Pandbrieven of the relevant Series have, by Extraordinary Resolution, so authorised its exercise.

## **19.4 Notice of waiver**

Unless the MP 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 MP Noteholders, as soon as practicable after it has been given or made in accordance with MP Condition 9 (*Notices*).

## **20 Indemnity**

### **20.1 Indemnification by the Issuer**

Except in the case of Article 20.2 below, the Issuer covenants with and undertakes to the MP Noteholders' Representative to indemnify the MP Noteholders' Representative on demand against any Liabilities which are properly incurred by the MP Noteholders' Representative or any other person appointed by the MP Noteholders' Representative under the MP Programme Documents to whom any power, authority or discretion may be delegated by the MP Noteholders' Representative in the execution, or the purported execution, of the powers, authorities and discretions vested in it by the MP Programme Documents, in, or in connection with, (except insofar as the same are incurred because of the gross negligence, wilful default or fraud of the MP Noteholders' Representative or such other third parties):

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

### **20.2 Indemnification by the MP Noteholders**

In the case the MP Noteholders' Representative or any other person appointed by the MP Noteholders' Representative under the MP Programme Documents has acted upon any resolution or direction referred to in Article 17.3, each MP Noteholder covenants with and undertakes to the MP Noteholders' Representative to indemnify the MP Noteholders' Representative on demand and *pro rata* according to its share in the aggregate principal amount outstanding of Mortgage Pandbrieven at the time of such

resolution or direction against any Liabilities which are properly incurred (except insofar as the same are incurred because of the gross negligence, wilful default or fraud of the MP Noteholders' Representative or such other third parties) by the MP Noteholders' Representative or any appointee as a result of its acting in relation to that resolution or direction.

## **21 Liability**

### **21.1 Liability of the MP Noteholders' Representative**

Notwithstanding any other provision of these Rules, the MP 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 MP Conditions except in relation to its own fraud, gross negligence or wilful default.

The MP Noteholders' Representative is entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation to the MP Conditions and these Rules, that such exercise will not be materially prejudicial to the interests of any of the MP 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 MP 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 MP Noteholders' Representative and the MP Noteholders that the above does not impose or extend any actual or contingent liability for the relevant Rating Agency to the MP Noteholders' Representative, the MP Noteholders or any other person or create any legal relations between the relevant Rating Agency and the MP Noteholders' Representative, the MP 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 MP Noteholders' Representative may or may not take based on any rating confirmation or other papers published by such Rating Agency.

### **21.2 Liability of the Issuer**

Except in the case of fraud of the Issuer, each MP Noteholder and each MP Other Creditor represented by the MP Noteholders' Representative acknowledges and accepts that the Issuer shall not be liable, in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the MP Noteholders or the MP Other Creditors represented by the MP Noteholders' Representative as a result of the performance by the MP Noteholders' Representative (or its delegate) of its duties or the exercise of any of its rights under the MP Conditions and these Rules.

## **9.2 PUBLIC PANDBRIEVEN**

### **TITLE I GENERAL PROVISIONS**

#### **1 General**

**1.1** Each PP Noteholder is a member of the Organisation of the PP Noteholders.

**1.2** The purpose of the Organisation of the PP Noteholders is to co-ordinate the exercise of the rights of the PP Noteholders and, more generally, to take any action necessary or desirable to protect the interest of the PP Noteholders.

- 1.3 The Organisation of the PP Noteholders in respect of each Series of Public Pandbrieven issued under the PP Programme by Belfius Bank SA/NV is created concurrently with the issuance and subscription of the Public Pandbrieven and each such Series is governed by these Rules of Organisation of the PP Noteholders. Articles 7:162 to 7:176 of the Belgian Code of Companies and Associations shall not apply.
- 1.4 These Rules shall remain in full force and effect until full repayment or cancellation of all the Public Pandbrieven of whatever Series.
- 1.5 The contents of these Rules are deemed to be an integral part of the PP Conditions of the Public 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 Securities Settlement System in accordance with Article 7.1;

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

“**PP Clearing Services Agreement**” means the clearing services agreement in relation to the PP Programme, entered into on 10 May 2016 and as updated, revised, supplemented, amended and/or restated or replaced from time to time, between the Issuer, the NBB and the principal paying agent, acting as paying agent;

“**PP Conditions**” means the terms and conditions and the PP Final Terms of the Public Pandbrieven of the relevant Series or Tranche issued by the Issuer;

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

“**PP Distribution Agreement**” means the distribution agreement in relation to the PP Programme for Public Pandbrieven issued under the Base Prospectus, initially dated 15 July 2014 and as updated, revised, supplemented, amended and/or restated from time to time, between the Issuer, the arranger and the dealers;

“**PP Noteholders’ Representative**” means Stichting Belfius Public Pandbrieven Noteholders’ Representative or the noteholders’ representative who may be appointed by the PP Noteholders in accordance with Article 14 (as applicable);

“**PP Programme Documents**” means the Base Prospectus, the PP Programme Agreement, the PP Noteholders’ Representative Agreement, the PP Agency Agreement, the PP Distribution Agreement, the PP Clearing Services Agreement and any other agreement or document entered into from time to time under or in connection with the PP Programme (as the same may be amended, supplemented, replaced and/or restated from time to time) and designated as a programme document;

“**PP 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 Public Pandbrieven, the recognised accountholder (*erkende rekeninghouder/teneur de compte agréé*) within the meaning of Article 7:35 of the Belgian Code of Companies and Associations with which a PP Noteholder holds such Public Pandbrieven on a securities account;

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

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

“**Voting Certificate**” means a certificate issued by a Recognised Accountholder or the Securities Settlement 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 PP 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 PP Special Estate following the appointment of a PP Cover Pool Administrator and where the context so requires, be deemed to be a reference to the PP Cover Pool Administrator;
- (b) references to a **meeting** are to a meeting of PP Noteholders of a single Series of Public Pandbrieven (except in case of a meeting to pass a PP Programme Resolution, in which case the Public Pandbrieven of all Series are taken together as a single Series) and include, unless the context otherwise requires, any adjournment;
- (c) references to **Public Pandbrieven** and **PP Noteholders** are only to the Public Pandbrieven of the Series in respect of which a meeting has been, or is to be, called and to the holders of those Public Pandbrieven, respectively;
- (d) any reference to an **Article** shall, except where expressly provided to the contrary, be a reference to an article of these Rules; and
- (e) where these Rules refer to any computation of a term or period of time, Article 1.7 of the Belgian Civil Code (*Burgerlijk Wetboek/Code Civil*) of 13 April 2019 shall not apply to the extent inconsistent with these Rules.

## TITLE II MEETINGS OF THE PP NOTEHOLDERS

### 3 Convening a Meeting

#### 3.1 Initiative

The Issuer or the PP Noteholders' Representative (as the case may be) may convene a meeting at any time. A meeting shall be convened by the PP Noteholders' Representative (i) upon the request in writing of PP Noteholders holding not less than one fifth of the aggregate outstanding principal amount of the relevant Series of the Public Pandbrieven or (ii) in the case of a proposed liquidation of the PP Special Estate in accordance with Article 11, 6° or 7 of Annex III to the Banking Law.

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

#### 3.2 Time and place

Every meeting shall be held at a time and place approved by the PP Noteholders' Representative, it being understood that meetings can be held by way of conference call or by use of videoconference platform.

#### 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 (or, if relevant, the applicable dial-in details when the meeting will be held by way of conference call or by use of a videoconference platform) shall be given to the PP Noteholders in accordance with PP Condition 9 (*Notices*) with a copy to the Issuer, the PP Cover Pool Administrator or the PP 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 Public 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 Public Pandbrieven.

### 4 Chairman

The chairman of a meeting shall be such person (who may, but need not be, a PP Noteholder) as the Issuer or the PP 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 meeting shall be chaired by the person elected by the majority of the voters present, failing which, the PP 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 PP 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 per cent. of the aggregate outstanding principal amount of the Public Pandbrieven of the relevant Series (with the Public Pandbrieven of all Series taken together as a single Series in case of a PP Programme Resolution), or, at an adjourned meeting, one or more persons being or representing



PP Noteholders of the relevant Series for the time being outstanding, whatever the outstanding principal amount of the Public 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 outstanding principal amount of the Public Pandbrieven of such Series or, at any adjourned meeting, one or more persons being or representing not less than one third of the aggregate outstanding principal amount of the Public Pandbrieven of such Series for the time being outstanding.

At any meeting the purpose of which is to pass a PP 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 Public 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 PP 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 be held at such time and place as the chairman may decide.

Public Pandbrieven 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 PP Programme Resolution concerning matters referred to under Article 6.3(a) to (c)	50%	No minimum proportion
To pass any PP 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 PP 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 PP 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 PP Noteholders’ Representative, the Issuer, the PP Noteholders or any of them, whether such rights arise under the PP Programme Documents or otherwise or (ii) these Rules, the PP Conditions or any PP Programme Document in respect of the material obligations of the Issuer under or in respect of the Public 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 PP Noteholders’ Representative from any liability in relation to any act or omission for which the PP Noteholders’ Representative has or may become liable pursuant or in relation to these Rules, the PP Conditions or any PP Programme Document;
- (c) to give any authority or approval which under these Rules or the PP Conditions is required to be given by Extraordinary Resolution;
- (d) to authorise the PP 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 Public 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 Public Pandbrieven, to reduce or cancel the amount of principal or interest payable on any date in respect of the Series of Public Pandbrieven or to alter the method of calculating the amount of any payment in respect of the Series of Public Pandbrieven on redemption or maturity or the date for any such payment;
- (g) to effect the exchange or substitution of the Series of Public Pandbrieven for, or the conversion of the Series of Public 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 Public Pandbrieven are payable; and
- (i) to change the quorum required at any meeting of the PP Noteholders or the majority required to pass any Extraordinary Resolution or a PP Programme Resolution.

## **6.2 Ordinary Resolution**

A meeting shall, subject to the PP 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 or under Article 6.3.

## **6.3 PP Programme Resolution**

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

- (a) to remove or replace (i) the PP Noteholders' Representative or (ii) the managing director of the PP Noteholders' Representative pursuant to Article 14;
- (b) with the consent of the Issuer, to amend the PP Common Terms;
- (c) to evaluate the PP Cover Pool Administrator's proposal or decision to liquidate the PP Special Estate and the early repayment of the Public Pandbrieven in accordance with Article 11, 6° of Annex III to the Banking Law; and
- (d) to proceed with the liquidation of the PP Special Estate and the early repayment of the Public Pandbrieven in accordance with Article 11, 7° of Annex III to the Banking Law.

## **7 Arrangements for Voting**

### **7.1 Dematerialised Public Pandbrieven**

No votes shall be validly cast at a meeting in respect of Dematerialised Public Pandbrieven, unless in accordance with a Voting Certificate or Block Voting Instruction. Articles 7:162 to 7:176 of the Belgian Code of Companies and Associations shall not apply.

Votes can only be validly cast in accordance with Voting Certificates and Block Voting Instructions in respect of Dematerialised Public Pandbrieven held to the order or under the control and blocked by a Recognised Accountholder 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 Public 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 Public 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 Securities Settlement System;
- (b) state that on the date thereof (i) Public Pandbrieven (not being Public 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 Public 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 Securities Settlement System who issued the same; and
- (c) further state that until the release of the Public 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 Public Pandbrieven represented by such certificate.

***Block Voting Instructions***

A Block Voting Instruction shall:

- (a) be issued by a Recognised Accountholder;
- (b) certify that (i) Public Pandbrieven (not being Public 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 Public 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 to the Issuer, stating that certain of such Public 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 Public Pandbrieven has instructed such Recognised Accountholder that the vote(s) attributable to the Public 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 Public 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 Public Pandbrieven so listed in accordance with the instructions referred to in (d) above as set out in such document.

## **7.2 Registered Public Pandbrieven**

Articles 7:162 to 7:176 of the Belgian Code of Companies and Associations shall not apply. The formalities and procedures to validly cast a vote at a meeting in respect of Registered Public 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) PP Noteholders and their proxies;
- (b) the chairman;
- (c) the Issuer, the PP Noteholders' Representative (through their respective representatives) and their respective financial and legal advisers; and
- (d) the PP 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 PP Noteholders' Representative or one or more PP Noteholders present or validly represented at the meeting and representing or holding not less than one fiftieth of the aggregate outstanding principal amount of the relevant Series of the outstanding Public 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 PP Noteholders' Representative may stipulate in its absolute discretion in nominal amount of the outstanding Public 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 Public Pandbrieven held by the Issuer**

In case Public Pandbrieven are held by the Issuer, the Issuer shall not have any voting rights with respect to such Public 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> per cent. of the aggregate outstanding principal amount of the Series of Public Pandbrieven for which votes have been cast. An Ordinary Resolution shall be validly passed by a simple majority of at least 50 per cent. of the aggregate outstanding principal amount of the Series of Public Pandbrieven for which votes have been cast plus one vote. A PP Programme Resolution shall be validly passed by a simple majority of at least 50 per cent. of the aggregate outstanding principal amount of the Public Pandbrieven for which votes have been cast plus one vote, with the Public Pandbrieven of all Series taken together as a single Series.

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

A Resolution shall be binding on all the PP 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 PP Noteholders' Representative may otherwise agree, notice of the result of every vote on a Resolution shall be given to the PP Noteholders in accordance with PP Condition 9 (*Notices*), with a copy to the Issuer, the PP Cover Pool Administrator (as the case may be) and the PP 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 PP Programme Resolution shall also be given to the relevant Rating Agencies to the extent any rated Public 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 per cent. in nominal amount of the relevant Series of the Public Pandbrieven outstanding shall take effect as if it were an Extraordinary Resolution. A written resolution signed by the holders of 50 per cent. in nominal amount of the relevant Series of the Public 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 per cent. in nominal amount of the Public Pandbrieven outstanding as if they were a single Series shall take effect as if it were a PP 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 PP Noteholders.

#### **13 Further Regulations**

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



## **TITLE III**

### **PP NOTEHOLDERS' REPRESENTATIVE**

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

##### **14.1 Appointment and removal of the PP Noteholder's Representative**

The Issuer has appointed the PP Noteholders' Representative as legal representative of the PP Noteholders under the PP Noteholders' Representative Agreement. In accordance with Article 14 of Annex III to the Banking Law, the PP Noteholders shall be entitled to remove the PP Noteholders' Representative by PP Programme Resolution provided that (i) they appoint a new PP Noteholders' Representative on substantially the same terms as set out in the PP Programme Documents (including any Schedules thereto) and (ii) neither the managing director of the PP Noteholders' Representative nor the PP Noteholders' Representative so removed shall be responsible for any costs or expenses arising from any such removal.

##### **14.2 Eligibility Criteria**

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

##### **14.3 Appointment, removal and resignation of the managing director**

A resolution to appoint or to remove the managing director of the PP Noteholders' Representative is made by PP Programme Resolution of the PP Noteholders, except for the appointment of the first managing director of the PP Noteholders' Representative which will be Amsterdamsch Trustee's Kantoor B.V.

A new managing director shall accede to the existing management agreement by way of an accession letter and by doing so, agrees to be bound by the terms of such agreement.

Pursuant to the PP 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 PP Noteholders' Representative, provided that a successor managing director is appointed; and
- (f) upon removal from office by a PP Programme Resolution of the PP Noteholders in accordance with Article 14.1, provided that (i) they appoint a new managing director which shall meet the eligibility criteria set out under Article 14.2, (ii) the PP Other Creditors (to the extent represented by the PP Noteholders' Representative) have been notified thereof and (iii) neither the managing director so removed nor the PP Noteholders' Representative shall be responsible for any costs or expenses arising from any such removal.



Except in case of Article 14.3(f), any successor managing director shall be appointed by the PP Noteholders' Representative's board (*bestuur*). In case no managing director is in office, a managing director shall be appointed by the courts of Amsterdam on request by any person having an interest or by the public prosecutor.

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 Public Pandbrieven have been cancelled or redeemed and on which all claims of the PP Other Creditors (to the extent represented by the PP Noteholders' Representative) against the PP Special Estate have been settled.

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

The PP Noteholders' Representative shall inform the PP Noteholders and the PP Other Creditors (to the extent represented by the PP Noteholders' Representative) of any removal or resignation of the managing director and any appointment of a successor managing directors as soon as reasonably practicable.

#### **14.4 Remuneration**

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

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

#### **15.1 Legal representative**

The PP Noteholders' Representative is the legal representative of the PP Noteholders and has the power to exercise the rights conferred on it by these Rules, the PP Conditions, the PP Noteholders' Representative Agreement and the Belgian Covered Bonds Regulations in order to protect the interests of the PP Noteholders in accordance with Article 14, §2 of Annex III to the Banking Law. The PP Noteholders' Representative can also be appointed to represent the PP Other Creditors provided that those PP Other Creditors agree with such representation. Any conflict of interest between the PP Noteholders and such PP Other Creditors will be dealt with in accordance with Article 16.2(r) and PP Condition 16 (*Conflicts of Interest*).

#### **15.2 Acceptance of terms and conditions**

The PP Noteholders' Representative can at the request of the Issuer approve the (form of) terms and conditions which are different from the PP Conditions (as defined in the PP Programme Agreement) currently attached to the PP Programme Agreement for the issuance of Public Pandbrieven not contemplated by Schedule 2 of the PP Programme Agreement.

#### **15.3 Meetings and Resolutions of PP Noteholders**

Unless the relevant Resolution provides to the contrary, the PP Noteholders' Representative is responsible for implementing all Resolutions of the PP Noteholders. The PP Noteholders' Representative has the right to convene and attend meetings of PP 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 PP Noteholders holding not less than one fifth of the aggregate outstanding principal amount of the relevant Series of the Public Pandbrieven or (ii) in the case of a proposed liquidation of the PP Special Estate in accordance with Article 11, 6° or 7° of Annex III to the Banking Law.

#### 15.4 Judicial proceedings

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

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

Any consent or approval given by the PP Noteholders' Representative in accordance with these Rules may be given on such terms as the PP Noteholders' Representative deems appropriate and, notwithstanding anything to the contrary contained in these Rules, such consent or approval may be given retrospectively. In accordance with the Belgian Covered Bonds Regulations, the PP 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 PP Noteholders will not be materially prejudiced thereby.

#### 15.6 Payment Default

Only failure by the Issuer to pay (i) any principal amount or (ii) any interest in respect of any Public Pandbrief in accordance with the PP Conditions will upon receipt of a payment notice constitute a payment default ("**Payment Default**"). The PP Noteholders' Representative shall give written notice thereof to the Issuer by registered mail or per courier and with return receipt ("**Payment Notice**"). In case of failure by the PP Noteholders' Representative to deliver such Payment Notice, any PP Noteholder can deliver such notice to the Issuer (with a copy to the PP Noteholders' Representative).

The PP Noteholders' Representative shall inform the PP Noteholders upon its receipt of a notice in writing from the Issuer of the occurrence of such a failure to pay. However, the PP Noteholders' Representative shall not be bound to take any steps to ascertain whether any Payment Default has happened and, until it shall have actual knowledge or express notice to the contrary, the PP Noteholders' Representative shall be entitled to assume that no Payment Default has happened and that the Issuer is observing and performing all the obligations on its part contained in the Public Pandbrieven and under the other PP Programme Documents.

Without prejudice to the powers granted to the PP Cover Pool Administrator, only if a Payment Default occurs in relation to a particular Series, the PP Noteholders' Representative may, and shall if so requested in writing by the PP Noteholders of at least 66<sup>2/3</sup> per cent. of the principal amount outstanding of the relevant Series of the Public Pandbrieven then outstanding (excluding any Public Pandbrieven 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 Public Pandbrieven become immediately due and payable (the "**Acceleration Date**"), which will be at least two Business Days after the date of Payment Default. A copy of the Acceleration Notice shall be sent to the Supervisory Authority and to the PP Noteholders.

The PP Noteholders' Representative may in accordance with the PP Conditions, the Belgian Covered Bonds Regulations and the PP Programme Documents instruct the relevant PP (Principal) Paying Agent, the other agents under the PP Programme and PP Registrar or any of them to act thereafter, until otherwise instructed by the PP Noteholders' Representative, to effect payments on the terms provided in the PP Agency Agreement (with consequential amendments as necessary and save that the PP Noteholders' Representative's liability under any provisions thereof for the indemnification, remuneration and payment of out of pocket expenses of the agents under the PP Programme shall be limited to amounts for the time being received or recovered by the PP Noteholders' Representative under

any of the PP Programme Documents and available to the PP Noteholders' Representative for such purpose) and thereafter to hold all sums, documents and records held by them in respect of Public Pandbrieven on behalf of the PP Noteholders' Representative.

#### **15.7 PP Programme Limit**

The PP Noteholders' Representative will not enquire as to whether or not any Public Pandbrieven are issued in breach of the programme limit equal to EUR 10,000,000,000 (or the equivalent in other currencies at the date of issuance) aggregate principal amount outstanding of Public Pandbrieven at any time (the "PP Programme Limit").

#### **15.8 Application of proceeds**

The PP Noteholders' Representative shall not be responsible for the receipt or application by the Issuer of the proceeds of the issuance of Public Pandbrieven.

#### **15.9 Delegation**

The PP Noteholders' Representative may in the exercise of the powers, discretions and authorities vested in it – in the interest of the PP 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 PP Noteholders' Representative may think fit in the interest of the PP Noteholders. The PP 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 PP 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.

#### **15.10 Consents given by the PP Noteholders' Representative**

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

The PP 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 PP Noteholders will not be materially prejudiced thereby.

#### **15.11 Discretions**

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

#### **15.12 Obtaining instructions**

In connection with matters in respect of which the PP 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 PP Noteholders' Representative has the right (but not the obligation) to convene a meeting of PP Noteholders in order to obtain the PP Noteholders' instructions as to how it should act. Prior to undertaking any action, the PP Noteholders' Representative shall be

entitled to request that the PP Noteholders indemnify it, prefund it and/or provide it with security as specified in Article 16.2 to its satisfaction.

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

### **16.1 Limited obligations**

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

### **16.2 Specific limitations**

Without limiting the generality of Article 16.1, the PP 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 PP Noteholders' Representative hereunder or under any other relevant document, has occurred and, until the PP 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 PP Conditions and, until it shall have actual knowledge or express notice to the contrary, the PP 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 PP Conditions or by applicable law) to any PP Noteholders or any other party, any information (including, without limitation, information of a confidential, financial or price sensitive nature) made available to the PP Noteholders' Representative by the Issuer or any other person in respect of the PP Special Estate or, more generally, of the PP Programme and no PP Noteholders shall be entitled to take any action to obtain from the PP 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 PP 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 license, consent or other authorisation in connection with the registration or administration of the assets contained in the PP Special Estate; and
- (v) any accounts, books, records or files maintained by the Issuer, the PP Principal Paying Agent or any other person in respect of the PP Special Estate or the Public Pandbrieven;
- (f) shall not be responsible for the receipt or application by the Issuer of the proceeds of the issuance of the Public 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 Public 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 PP 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 PP 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 PP Special Estate or any part thereof, whether such defect or failure was known to the PP 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 assets contained in the PP Special Estate or any part thereof;
- (l) shall not be responsible for reviewing or investigating any report relating to the PP 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 PP 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 Public Pandbrieven or the PP Special Estate;
- (o) shall not be under any obligation to insure the PP Special Estate or any part thereof;
- (p) shall, when in these Rules or the PP Conditions it is required in connection with the exercise of its powers, authorities or discretions to have regard to the interests of the PP Noteholders, have regard to the overall interests of the PP 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 PP Noteholders whatever their number and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual PP 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 PP Noteholders' Representative shall not be entitled to require, nor shall any PP Noteholders be entitled to claim, from the Issuer, the PP Noteholders' Representative or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual PP 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 PP Noteholders of any one or more Series would be materially prejudiced thereby, exercise such power, authority or discretion without the approval of such PP 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 PP Noteholders and the PP Other Creditors of the Issuer which it represents but if, in the opinion of the PP Noteholders' Representative, there is a conflict between their interests the PP Noteholders' Representative will have regard solely to the interest of the PP 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 PP 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 PP 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 PP Conditions except insofar as the same are incurred as a result of fraud, gross negligence or wilful default of the PP Noteholders' Representative.

### **16.3 Illegality**

No provision of these Rules shall require the PP 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 PP 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 PP 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 PP 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 PP 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 PP 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 PP 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 PP 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 PP Noteholders

The PP 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 PP Noteholders in respect whereof minutes have been made and signed or a direction of the requisite percentage of PP Noteholders, even though it may subsequently be found that there was some defect in the constitution of the meeting of PP 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 PP Noteholders.

## 17.4 Ownership of the Public Pandbrieven

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

- (a) the book-entries in the records of the Securities Settlement System, its participants or any Recognised Accountholder in accordance with Article 7:35 et seq. of the Belgian Code of Companies and Associations, as far as the Dematerialised Public Pandbrieven are concerned; and
- (b) the register held in accordance with Article 7:23 et seq. of the Belgian Code of Companies and Associations, as far as the Registered Public Pandbrieven are concerned.

## 17.5 Clearing Systems

The PP 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 PP 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 in its records as entitled to a particular number of Public Pandbrieven.

## 17.6 Certificates of Parties to PP Programme Documents

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

- (a) in respect of every matter and circumstance for which a certificate is expressly provided for under the PP Conditions or any PP 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 PP 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 PP 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.

### **17.8 Investor reports**

The PP Noteholders' Representative shall be at liberty to rely on as sufficient evidence of the facts stated therein, the regular Investor Reports provided by the Issuer with regard to, among others, the composition of the PP Special Estate which will be made available on the website of the Issuer at [www.belfius.be](http://www.belfius.be) on a monthly basis.

## **18 Amendments and Modifications**

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

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

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

The PP 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 (PP Conditions) or a PP Programme Resolution (PP 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 PP Noteholders' Representative shall, without the consent or sanction of any of the PP Noteholders, concur with the Issuer in making any modifications to the PP Conditions or to the PP 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 Public Pandbrieven and which the Issuer certifies to the PP 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 Series of the Public Pandbrieven, provided that the PP Noteholders' Representative shall not be obliged to agree to any modification which, in the sole opinion of the PP Noteholders' Representative, as applicable, would have effect of (i) exposing the



PP 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 PP Noteholders' Representative, as applicable in these Rules or the PP Conditions. For the avoidance of doubt, such modification may include, without limitation, modifications which would allow any derivative contract counterparty 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 PP 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 PP 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 Public Pandbrieven 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 PP Programme.

### **19.2 Binding Nature**

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

### **19.3 Restriction on powers**

The PP 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 Public Pandbrieven of the relevant Series have, by Extraordinary Resolution, so authorised its exercise.

### **19.4 Notice of waiver**

Unless the PP 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 PP Noteholders, as soon as practicable after it has been given or made in accordance with PP Condition 9 (*Notices*).

## **20 Indemnity**

### **20.1 Indemnification by the Issuer**

Except in the case of Article 20.2 below, the Issuer covenants with and undertakes to the PP Noteholders' Representative to indemnify the PP Noteholders' Representative on demand against any Liabilities which are properly incurred by the PP Noteholders' Representative or any other person appointed by the PP Noteholders' Representative under the PP Programme Documents to whom any power, authority or discretion may be delegated by the PP Noteholders' Representative in the execution, or the purported execution, of the powers, authorities and discretions vested in it by the PP Programme Documents, in,

or in connection with, (except insofar as the same are incurred because of the gross negligence, wilful default or fraud of the PP Noteholders' Representative or such other third parties):

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

## **20.2 Indemnification by the PP Noteholders**

In the case the PP Noteholders' Representative or any other person appointed by the PP Noteholders' Representative under the PP Programme Documents has acted upon any resolution or direction referred to in Article 17.3, each PP Noteholder covenants with and undertakes to the PP Noteholders' Representative to indemnify the PP Noteholders' Representative on demand and *pro rata* according to its share in the aggregate principal amount outstanding of Public Pandbrieven at the time of such resolution or direction against any Liabilities which are properly incurred (except insofar as the same are incurred because of the gross negligence, wilful default or fraud of the PP Noteholders' Representative or such other third parties) by the PP Noteholders' Representative or any appointee as a result of its acting in relation to that resolution or direction.

## **21 Liability**

### **21.1 Liability of the PP Noteholders' Representative**

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

The PP Noteholders' Representative is entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation to the PP Conditions and these Rules, that such exercise will not be materially prejudicial to the interests of any of the PP Noteholders if a Rating Agency has confirmed in writing that the then current ratings of the Public Pandbrieven would not be adversely affected by such exercise. However, the PP 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 Public Pandbrieven would not be adversely affected, it is hereby acknowledged by the PP Noteholders' Representative and the PP Noteholders that the above does not impose or extend any actual or contingent liability for the relevant Rating Agency to the PP Noteholders' Representative, the PP Noteholders or any other person or create any legal relations between the relevant Rating Agency and the PP Noteholders' Representative, the PP 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 PP Noteholders' Representative may or may not take based on any rating confirmation or other papers published by such Rating Agency.

### **21.2 Liability of the Issuer**

Except in the case of fraud of the Issuer, each PP Noteholder and each PP Other Creditor represented by the PP Noteholders' Representative acknowledges and accepts that the Issuer shall not be liable, in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the PP Noteholders

or the PP Other Creditors represented by the PP Noteholders' Representative as a result of the performance by the PP Noteholders' Representative (or its delegate) of its duties or the exercise of any of its rights under the PP Conditions and these Rules.

## SECTION 10 FORM OF FINAL TERMS

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

**Final Terms dated [●]**

**Belfius Bank SA/NV**

Issue of [Aggregate Principal Amount of Tranche]  
[Title of [Mortgage/Public] Pandbrieven]

under the EUR [20,000,000,000/10,000,000,000]

**Belgian [Mortgage/Public] Pandbrieven (hereinafter the “Pandbrieven”) Programme**

**[MiFID II PRODUCT GOVERNANCE – Solely for the purposes of the product approval process of [the/each] Manufacturer (i.e., each person deemed a manufacturer for purposes of the EU Delegated Directive 2017/593, hereinafter referred to as an “EU Manufacturer”), the target market assessment in respect of the Pandbrieven as of the date hereof has led to the conclusion that: (i) the target market for the Pandbrieven is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “MiFID II”) and (ii) all channels for distribution of the Pandbrieven to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Pandbrieven (an “EU Distributor”) should take into consideration [the/each] EU Manufacturer[‘s/s’] target market assessment. An EU Distributor subject to MiFID II is, however, responsible for undertaking its own target market assessment in respect of the Pandbrieven (by either adopting or refining [the/each] EU Manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]**

**[UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET – Solely for the purposes of the product approval process of [the/each] UK Manufacturer (i.e., each person deemed a manufacturer for purposes of the FCA Handbook Product Intervention and Product Governance Sourcebook, hereinafter referred to as a “UK Manufacturer”), the target market assessment in respect of the Pandbrieven as of the date hereof has led to the conclusion that: (i) the target market for the Pandbrieven is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“COBS”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”) (“UK MiFIR”) and (ii) all channels for distribution of the Pandbrieven to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Pandbrieven (a “UK Distributor”) should take into consideration [the/each] UK Manufacturer[‘s/s’] target market assessment. A UK Distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is, however, responsible for undertaking its own target market assessment in respect of the Pandbrieven (by either adopting or refining [the/each] UK Manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]**

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Pandbrieven are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [Directive 2014/65/EU (as amended, “MiFID II”)] [MiFID II]; (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a qualified investor as defined in the EU Prospectus Regulation (as defined below). Consequently, no key**

information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Pandbrieven or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Pandbrieven or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Pandbrieven are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); (ii) a customer within the meaning of the provisions of the UK FSMA 2000 and any rules or regulations made under the UK FSMA 2000 to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Pandbrieven or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Pandbrieven or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**PROHIBITION OF SALES TO CONSUMERS** – The Pandbrieven are not intended to be offered, sold or otherwise made available, and will not be offered, sold or otherwise made available, in Belgium to “consumers” (*consumenten/consommateurs*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*), as amended.

**[ELIGIBLE INVESTORS ONLY** – The Pandbrieven may only be held by, and may only be transferred to, eligible investors referred to in Article 4 of the Belgian Royal Decree of 26 May 1994 (“Eligible Investors”) holding their Pandbrieven in an exempt account that has been opened with a financial institution that is a direct or indirect participant in the Securities Settlement System operated by the NBB.]

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions in relation to the [Mortgage/Public] Pandbrieven Programme (hereinafter the “**Conditions**”) set forth in the Base Prospectus dated 2 October 2023 [and the Prospectus Supplement dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Regulation (EU) 2017/1129 (as amended, the “**Prospectus Regulation**”). This document constitutes the Final Terms of the Pandbrieven described herein for the purposes of Article 8.4 of the Prospectus Regulation and must be read in conjunction with such Base Prospectus and any supplement thereto. Full information on the Issuer and the offer of the Pandbrieven is only available on the basis of the combination of these Final Terms and the Base Prospectus and any supplement thereto. The Base Prospectus and any supplement thereto are available for inspection during normal business hours at the office of the Fiscal Agent [and the office of the Issuer] and are available for viewing on the website 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 in relation to the [Mortgage/Public] Pandbrieven Programme (hereinafter the “**Conditions**”) set forth in the Base Prospectus dated 4 October 2022 [and the Prospectus Supplement dated [●]]. This document constitutes the Final Terms of the Pandbrieven described herein for the purposes of Article 8.4 of the Regulation (EU) 2017/1129 (as amended, the “**Prospectus Regulation**”) and must be read in conjunction with the Base Prospectus dated 2 October 2023 [and the Prospectus Supplement dated [●]], which [together] constitutes a base prospectus for the purposes of the Prospectus Regulation, save in respect of the Conditions which are extracted from the Base Prospectus dated 4 October 2022 [and the Prospectus Supplement dated [●]] and are attached hereto. Full information on the Issuer and the offer of the Pandbrieven is only available on the basis of the combination of these Final Terms and the [Base Prospectus dated 2 October 2023 / Base Prospectuses dated 4 October 2022 and 2 October 2023] [and the Prospectus Supplement dated [●]]. The [Base Prospectus dated 2 October 2023 / Base Prospectuses dated 4 October 2022 and 2 October 2023] [and the Prospectus Supplement dated [●]] are available for inspection during normal business hours at the office of the Principal Paying Agent [and the office of the Issuer] and [is/are] available for viewing on the website of the Issuer.

*(The following alternative language applies if no prospectus is required in accordance with the Prospectus Regulation.)*

The Final Terms do not constitute final terms for the purposes of Article 8.4 of Regulation (EU) 2017/1129 (as amended, the “**Prospectus Regulation**”). The Issuer is not offering the Pandbrieven in any jurisdiction in circumstances which would require a prospectus pursuant to the Prospectus Regulation. Nor is any person authorised to make such an offer of the 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 [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 sub-paragraphs. 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 23 of the Prospectus Regulation.)*

- |   |                    |   |
|---|--------------------|---|
| 1 | Issuer:            | Belfius Bank (with Legal Entity Identifier number A5GWLFH3KM7YV2SFQL84) |
| 2 | (i) Series Number: | [●]   |

	(ii) Tranche Number:	[●]
	(iii) [Date on which the Pandbrieven become fungible:	[Not Applicable]/[The Pandbrieven shall be consolidated, form a single series and be interchangeable for trading purposes with the Pandbrieven of [Series] [Tranche] issued on [insert date/the Issue Date] with effect from [the date that is 40 calendar days following the Issue Date]/[the Issue Date]]]
3	Specified Currency or Currencies:	[●]
4	Aggregate Principal Amount:	
	(i) Series:	[●]
	(ii) [Tranche:	[●]]
5	Issue Price:	[●] per cent. of the Aggregate Principal Amount [plus accrued interest from [insert date] (in the case of fungible issuances only, if applicable)]
6	(i) Specified Denomination:	[●] [and integral multiples of [●] thereof] <i>(EUR 100,000 or the equivalent of at least EUR 100,000 in any other currency at the date of issue in the case of any Pandbrieven which are to be admitted to trading on a regulated market within the EEA or the UK or offered to the public in a Member State of the EEA or the UK in circumstances which require the publication of a prospectus under the Prospectus Regulation)</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. There must be a common factor in the case of two or more Specified Denominations)</i>
7	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[●] [Issue Date] [Not Applicable]
8	Maturity Date:	<i>(Specify date or (for Floating Rate 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:	[insert date] <i>(the date should be that falling one year after the Maturity Date)</i>
10	Interest Basis:	
	(i) Period to (but excluding) Maturity Date	[[●] per cent. Fixed Rate]  [[●] month [EURIBOR] +/- Margin Floating Rate] [Zero Coupon] (further particulars specified below)
	(ii) Period from Maturity Date (including) to Extended Maturity Date (excluding)	[[●] per cent. Fixed Rate]

- [[●] month *EURIBOR*] +/- Margin Floating Rate]  
(further particulars specified below)
- 11 Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Pandbrieven will be redeemed at [[●]/[100]] per cent. of their principal amount.
- 12 Noteholder Put/Issuer Call: [Noteholder Put]  
[Issuer Call]  
[[Further particulars specified below]]  
[Not Applicable]
- 13 (i) Status of the Pandbrieven: “*Belgische pandbrieven/Lettres de gage belges*”[[European covered bonds (premium)]]
- (ii) Date of additional [Board] approval for issuance of Pandbrieven obtained: [●] [and [●], respectively]]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Pandbrieven)*

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

##### 14 Fixed Rate 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 cent. per annum payable in arrears [annually/semi-annually/quarterly/monthly]
- (b) From Maturity Date up to Extended Maturity Date [Not Applicable]/[[●] per cent. per annum payable in arrears [annually/semi-annually/quarterly/monthly]]
- (ii) Interest Period Dates: *(Only to be included for other than fixed coupon amounts)*
- (a) To Maturity Date [●] [[month] [and [●] [month]] in each year] / [in each month] from and including [●] up to and including [●] [adjusted in accordance with the specified Business Day Convention]/[not subject to any adjustment]
- (b) From Maturity Date up to Extended Maturity Date [●] [[month] [and [●] [month]] in each year] / [in each month] from and including [●] up to and including the Extension Payment Date on which the Pandbrieven are redeemed in full in accordance with Condition 3(j)(iii) or the Extended Maturity Date, or on any other date on which the Pandbrieven are fully redeemed in accordance with Condition 3(j)(v), whichever occurs earlier[ subject in each case to adjustment in accordance with the specified Business Day Convention]/[not subject to any adjustment]



- (iii) Interest Payment Date(s): *(Only to be included for other than fixed coupon amounts)*
- (a) To Maturity Date [●] *[[month]* [and [●]  *[month]]* in each year / [in each month] up to and including [●] [adjusted in accordance with the specified Business Day Convention/[not subject to any adjustment]
- (b) From Maturity Date up to Extended Maturity Date [●] *[[month]* [and [●]  *[month]]* in each year / [in each month] from and including [●] up to and including the Extension Payment Date on which the Pandbrieven are redeemed in full in accordance with Condition 3(j)(iii) or the Extended Maturity Date, or on any other date on which the Pandbrieven are fully redeemed in accordance with Condition 3(j)(v), whichever occurs earlier[ subject in each case to adjustment in accordance with the specified Business Day Convention]/[not subject to any adjustment].
- (iv) Fixed Coupon Amount[(s)]:
- (a) To Maturity Date [Not Applicable]/[[●] per Calculation Amount]
- (b) From Maturity Date up to Extended Maturity Date [Not Applicable]/[[●] per Calculation Amount]
- (v) Broken Amount(s):
- (a) To Maturity Date [Not Applicable]/[[●] 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] [●]]
- (vi) Day Count Fraction:
- (a) To Maturity Date [Actual/Actual]/[Actual/Actual-ISDA/[Actual/365 (Fixed)]]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]]/[Actual/Actual-ICMA]
- (b) From Maturity Date up to Extended Maturity Date [Not Applicable]/ [Actual/Actual]/[Actual/Actual-ISDA/[Actual/365 (Fixed)]]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]]/[Actual/ Actual-ICMA]
- (vii) Interest Determination Dates:
- (a) To Maturity Date [●] *[[month]* [and [●]  *[month]]* in each year / [in each month] [adjusted in accordance with the specified Business Day Convention]/[not subject to any adjustment]] *(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))*
- (b) From Maturity Date up to Extended Maturity Date [●] *[[month]* [and [●]  *[month]]* in each year / [[in each month] from and including [●] up to and including the Extension Payment Date on which the Pandbrieven are redeemed in full or the Extended Maturity Date, or on any other date on which payment is made in accordance with Condition 3(j)(v), whichever occurs earlier, [subject in each case to adjustment in

		accordance with the specified Business Day Convention]] / [Not subject to any adjustment] ( <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> )
	(viii) Other terms relating to the method of calculating interest for Fixed Rate Mortgage Pandbrieven:	[Not Applicable]/[give details]
	(ix) Business Day Convention	
	(a) To Maturity Date	[Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
	(b) From Maturity Date up to Extended Maturity Date	[Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
15	<b>Floating Rate Pandbrief Provisions</b>	
	(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 subparagraphs of this paragraph)</i>
	(i) Specified Interest Payment Dates:	
	(a) To Maturity Date	[●] in each year from and including [●] up to and including [●] [adjusted in accordance with the specified Business Day Convention]/[not subject to any adjustment]
	(b) From Maturity Date up to Extended Maturity Date	[●] in each [year/month], from and including [●] up to and including the Extension Payment Date on which the Pandbrieven are redeemed in full or the Extended Maturity Date, or on any other date on which payment is made in accordance with Condition 3(j)(v), whichever occurs earlier, [subject in each case to adjustment in accordance with the specified Business Day Convention]/[not subject to any adjustment]
	(ii) Interest Periods:	
	(a) To Maturity Date	[Not Applicable]/[[●] [subject to adjustment in accordance with the specified Business Day Convention]/[, not subject to any adjustment, as the Business Day Convention in (v) below is specified to be Not Applicable]]
	(b) From Maturity Date up to Extended Maturity Date	[Not Applicable]/[[●] [subject to adjustment in accordance with the specified Business Day Convention]/[, not subject to any adjustment, as the specified Business Day Convention is specified to be Not Applicable]]]

- (iii) Interest Period Dates:
- (a) To Maturity Date [Not Applicable]/[●][ subject to adjustment in accordance with the specified Business Day Convention]/[Not subject to adjustment, as the specified Business Day Convention] is specified to be Not Applicable]  
*(not applicable unless different from Interest Payment Dates)*
- (b) From Maturity Date up to Extended Maturity Date [Not Applicable] [[●][ subject to adjustment in accordance with the specified Business Day Convention]/[, not subject to any adjustment, as the specified Business Day Convention] is specified to be Not Applicable]]]  
*(not applicable unless different from Interest Payment Dates)*
- (iv) First Interest Payment Date: [●]
- (v) Business Day Convention:
- (a) To Maturity Date [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not Applicable]
- (b) From Maturity Date up to Extended Maturity Date [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not Applicable]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined:
- (a) To Maturity Date [Not Applicable]/[Screen Rate Determination/ISDA Determination]
- (b) From Maturity Date up to Extended Maturity Date [Not Applicable]/[Screen Rate Determination/ISDA Determination]
- (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent):
- (a) To Maturity Date [●]
- (b) From Maturity Date up to Extended Maturity Date [Not Applicable]/[●]
- (viii) Screen Rate Determination:
- (a) To Maturity Date [Applicable]/[Not Applicable]
- Reference Rate: [●] month [EURIBOR]
- Interest Determination Date(s): [●]
- Relevant Screen Page: [●]

- (b) From Maturity Date up to Extended Maturity Date [Applicable]/[Not Applicable]
- Reference Rate: [●] month [EURIBOR]
  - Interest Determination Date(s): [●]
  - Relevant Screen Page: [●]
- (ix) ISDA Determination:
- (a) To Maturity Date [Applicable]/[Not Applicable]
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
  - [ISDA Definitions [2006]]
- (b) From Maturity Date up to Extended Maturity Date [Applicable]/[Not Applicable]
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
  - [ISDA Definitions [2006]]
- (x) [Linear Interpolation: [Not Applicable]/[Applicable] – the Rate of Interest for the [long/short] [first/last] Interest Accrual Period shall be calculated using Linear Interpolation]  
(specify for each short or long interest period)
- (xi) Margin(s):
- (a) To Maturity Date [[+/-][●] per cent. per annum]/[Not Applicable]
- (b) From Maturity Date up to Extended Maturity Date [[+/-][●] per cent. per annum]/[Not Applicable]
- (xii) Minimum Rate of Interest:
- (a) To Maturity Date [[●] per cent. per annum]/[Not Applicable]
- (b) From Maturity Date up to Extended Maturity Date [[+/-][●] per cent. per annum]/[Not Applicable]
- (xiii) Maximum Rate of Interest:
- (a) To Maturity Date [[●] per cent. per annum]/[Not Applicable]

	(b) From Maturity Date up to Extended Maturity Date	[[+/-][●] per cent. per annum]/[Not Applicable]
	(xiv) Day Count Fraction:	
	(a) To Maturity Date	[Actual/Actual]/[Actual/Actual-ISDA/[Actual/365 (Fixed)]]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]/[Actual/Actual-ICMA]
	(b) From Maturity Date up to Extended Maturity Date	[Actual/Actual]/[Actual/Actual-ISDA/[Actual/365 (Fixed)]]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]/[Actual/Actual-ICMA]
	(xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Pandbrieven, if different from those set out in the Conditions:	
	(a) To Maturity Date	[Not Applicable]/[●]
	(b) From Maturity Date up to Extended Maturity Date	[Not Applicable]/[●]
16	<b>Zero Coupon Pandbrief Provisions</b>	[Applicable]/[Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Amortisation Yield:	[●] per cent. per annum
	(ii) Any other formula/basis of determining amount payable:	[●]
	(iii) Day Count Fraction:	
	(a) To Maturity Date	[Actual/Actual]/[Actual/Actual-ISDA/[Actual/365 (Fixed)]]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]/[Actual/Actual-ICMA]
	(b) From Maturity Date up to Extended Maturity Date	[Actual/Actual]/[Actual/Actual-ISDA/[Actual/365 (Fixed)]]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]/[Actual/Actual-ICMA]
	(iv) Business Day Convention	
	(a) To Maturity Date	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not Applicable]
	(b) From Maturity Date up to Extended Maturity Date	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not Applicable]

## PROVISIONS RELATING TO REDEMPTION

17	<b>Issuer Call</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(I) Optional Redemption Date(s):	[●] subject to adjustment in accordance with the specified Business Day Convention]/[not subject to any adjustment]
	(II) Optional Redemption Amount(s) of each Pandbrief and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(III) If redeemable in part:	
	(a) Minimum Redemption Amount:	[●] per Calculation Amount
	(b) Maximum Redemption Amount:	[●] per Calculation Amount
	(IV) Notice period:	[Not Applicable]/[●] <i>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 Principal Paying Agent</i>
18	<b>V Noteholder Put</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(I) Optional Redemption Date(s):	[●] [subject to adjustment in accordance with the specified Business Day Convention]/[Not subject to adjustment]
	(II) Optional Redemption Amount(s) of each Pandbrief and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(III) Notice period:	[●] <i>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 Principal Paying Agent</i>
	(IV) Address for notices	BELFIUS BANK SA/NV Long Term Funding Place Charles Rogier 11 1210 Brussels Belgium Tel.: [+32 2 250 70 64]/[+32 2 250 70 28] E-mail: [ltfunding@belfius.be] / [●]

With a copy to:  
 BELFIUS BANK SA/NV  
 Transaction Services Securities (Transaction Release and  
 Custody Management)  
 RT 15/06  
 Place Charles Rogier 11  
 1210 Brussels  
 Belgium  
 Tel.: +32 2 222 14 08  
 E-mail: [cmtransrelease@belfius.be;  
 cmcustodymgt@belfius.be] / [●]

19 V **Final Redemption Amount of each Pandbrief** [●] per Calculation Amount

20 **Early Redemption Amount**

Early Redemption Amount(s) of [●] per Calculation Amount  
 each 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 PANDBRIEVEN

21 **Form of Pandbrieven:** [Dematerialised Pandbrieven/Registered Pandbrieven]

22 **Business Centre(s)** *(Only applicable for currencies other than euro)*  
 [●]

23 **Consolidation provisions:** [Not Applicable]/[The provisions in Condition 20 *(Further Issues)* apply]

24 **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 23 of the Prospectus Regulation.)*

#### Purpose of Final Terms

These Final Terms comprise the final terms required for issuance [and admission to trading on the regulated market of Euronext Brussels of the Pandbrieven described herein] pursuant to the EUR [20,000,000,000/10,000,000,000] Belgian [Mortgage/Public] 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.]<sup>28</sup>

Signed on behalf of the Issuer:

By: .....  
Duly authorised

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<sup>28</sup> Only to be included if any information in the Final Terms is extracted from a third party source.



## PART B – OTHER INFORMATION

### 1 LISTING AND ADMISSION TO TRADING

- (i) Admission to trading: [Application has been made for the Pandbrieven to be listed on [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 Pandbrieven are already admitted to trading.*)
- (ii) Estimate of total expenses related to admission to trading: [●]

### 2 RATINGS

- Ratings: The Pandbrieven to be issued are expected to be rated:
- [S&P: [●]]
- [Moody's: [●]]
- [Fitch: [●]]
- [[Other]: [●]]
- [and endorsed by *[insert details]*]<sup>29</sup>
- (The above disclosure should reflect the rating allocated to 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>30</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 (the “**CRA Regulation**”).]
- [[*Insert legal name of particular credit rating agency entity(ies) providing rating*] is established in the United Kingdom and registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK 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 (the “**CRA Regulation**”), although notification of the registration decision has not yet been provided.]

<sup>29</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>30</sup> A list of registered credit rating agencies is published on the ESMA website (<https://www.esma.europa.eu/>). This website and the information contained thereon does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA.

*[[Insert legal name of particular credit rating agency entity(ies) providing rating]* is established in the EU and has applied for registration under Regulation (EC) No. 1060/2009 as it forms part

of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK CRA Regulation**”).]

*[[Insert legal name of particular credit rating agency entity providing rating]* is established in the EU and is neither registered nor has it applied for registration under Regulation (EC) No 1060/2009, as amended (the “**CRA Regulation**”).

*[[Insert legal name of particular credit rating agency entity(ies) providing rating]* is established in the United Kingdom and is neither registered nor has it applied for registration under Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK 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 [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, supplemented or replaced (the “**CRA Regulation**”).

*[[Insert legal name of particular credit rating agency entity(ies) providing rating]* is not established United Kingdom but the rating it has given to the Pandbrieven is endorsed by *[[insert legal name of credit rating agency(ies)]*, [each of] which is established in the UK and registered under the Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK 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, supplemented or replaced (the “**CRA Regulation**”).]

*[[Insert legal name of particular credit rating agency entity(ies) providing rating]* is not established in the United Kingdom but is certified under under Regulation (EC) No 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK 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, supplemented or replaced (the “**CRA Regulation**”) and the rating it has given to the Pandbrieven is not endorsed by a credit rating agency established in the EU and registered under the CRA Regulation.]

*[[Insert legal name of particular credit rating agency entity(ies) providing rating] is not established in the United Kingdom and is not certified under Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “UK CRA Regulation”) and the rating it has given to the Pandbrieven is not endorsed by a credit rating agency established in the United Kingdom and registered under the UK CRA Regulation.]*

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

### 3 LEGAL ADVISERS

To Belfius Bank SA/NV

**[●]** *[only to be included where there was a specific legal advisor for a particular issuance]*

To the Dealers

**[●]** *[only to be included where there was a specific legal advisor for a particular issuance]*

### 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 Pandbrieven has an interest material to the offer.”

### 5 REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

Reasons for the offer:

[See Section 7 “Use of Proceeds” in the Base Prospectus dated 2 October 2023/[Give details]]

[The Pandbrieven constitute Green Bonds and an amount equivalent to the net proceeds will be used to finance and/or refinance Eligible Green Assets as described in the Green Bond Framework of the Issuer. Investors should have regard to the factors described under Section 2 “Risk Factors” in the Base Prospectus, in particular the risk factor entitled “Risks related to Pandbrieven which qualify as “Green Bonds” which have a particular use of proceeds identified in the applicable Final Terms”.]

*(See “Use of Proceeds” wording in Base Prospectus – if reasons for offer different from what is disclosed in the Base Prospectus, give details here.)*

[Estimated net proceeds:

**[●]**]

### 6 YIELD (Fixed Rate Pandbrieven only)

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.] [Not Applicable]

### 7 OPERATIONAL INFORMATION

Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes/No]

[Note that the designation “yes” does not necessarily mean that the 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:	[●]
[Temporary ISIN:	[●]]
Common Code:	[●]
[Temporary Common Code:	[●]]
[CFI:	[Not Applicable/[●]]
[FISN:	[Not Applicable/[●]]
Any clearing system(s) other than the clearing system operated by the National Bank of Belgium, Euroclear Bank, Euroclear France, Clearstream Banking Frankfurt, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, LuxCSD and the relevant identification number(s):	[Not Applicable/ <i>give name(s) and number(s)[and address(es)]</i> ]
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any):	[●]
Name and address of Calculation Agent (if any):	[●]
[Relevant Benchmark[s]:	[Not Applicable]/[Applicable]/[ <i>specify benchmark</i> ] is provided by [ <i>administrator legal name</i> ]. As at the date hereof, [ <i>administrator legal name</i> ][appears]/[does not appear] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmarks Regulation.]/[As far as the Issuer is aware, as at the date hereof, [ <i>specify benchmark</i> ] does not fall within the scope of the Benchmarks Regulation.]

## 8 DISTRIBUTION

Method of distribution:	[Syndicated/Non-syndicated]
(I) If syndicated, names of Managers:	[Not Applicable/ <i>give names of entities</i> ]
(II) Stabilising Manager(s) (if any):	[Not Applicable/ <i>give names</i> ]
If non-syndicated, name and address of Dealer:	[Not Applicable/ <i>give name and address</i> ]
Additional Selling Restrictions:	[Not Applicable/ <i>give details</i> ] [For the purpose of this issuance, the U.S. Selling Restrictions are deleted and replaced by the following selling restriction

wording: “The Pandbrieven have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. Each relevant Dealer/Manager under this issuance has agreed that it will not offer or sell any Pandbrieven within the United States, except as permitted by the Distribution Agreement. The Pandbrieven are being offered and sold outside the United States in reliance on Regulation S. In addition, until 40 calendar days after the commencement of the offering, an offer or sale of the relevant Pandbrieven within the United States by any dealer may violate the registration requirements of the Securities Act.” *[Text to be included where Reg. S. Compliance Category 1 is selected]*  
[Reg. S Compliance [Category 1/Category 2]]/[TEFRA not applicable]

US Selling Restrictions:

## SECTION 11 DESCRIPTION OF THE ISSUER

### 11.1 Belfius Bank profile

Belfius Bank SA/NV (the “**Issuer**” or “**Belfius Bank**”) is a limited liability company (*naamloze vennootschap/ société anonyme*) established on 23 October 1962 for an unlimited duration and incorporated under Belgian law which collects savings from the public. The Issuer is licensed as a credit institution in accordance with the Banking Law. It is registered with the Crossroads Bank for Enterprises under business identification number 0403.201.185 and has its registered office at 1210 Brussels, Place Charles Rogier 11, Belgium, telephone +32 22 22 11 11 and website <https://www.belfius.be>.<sup>31</sup> Belfius Bank’s LEI code is A5GWLFH3KM7YV2SFQL84. The commercial name of the Issuer is Belfius Bank in English, Belfius Bank in Dutch and Belfius Banque in French.

The share capital of Belfius Bank as at 30 June 2023 was EUR 3,458,066,227.41 and is represented by 359,412,616 registered shares. The shareholding of Belfius Bank is as follows: 359,407,616 registered shares are held by the public limited company of public interest Federal Holding and Investment Company (“**FHIC**”), in its own name but on behalf of the Belgian State, and 5,000 registered shares are held by the public limited company Certi-Fed. Certi-Fed is a fully-owned subsidiary of FHIC. Belfius Bank shares are not listed.

At the end of June 2023, total consolidated balance sheet of the Issuer amounted to EUR 178 billion.

There have been no material contracts that are entered into in the ordinary course of Belfius Bank’s business which could result in any member of the Belfius group being under an obligation or an entitlement that is material to Belfius Bank’s ability to meet its obligations to Noteholders.

The auditors of Belfius Bank for the historical financial information covered by this Base Prospectus are KPMG Bedrijfsrevisoren BV – KPMG Réviseurs d’Entreprises SRL, Gateway building, Luchthaven Nationaal 1 K, 1930 Zaventem, Belgium, being a member of the Belgian *Instituut der Bedrijfsrevisoren/Institut des Réviseurs d’Entreprises*. KPMG Bedrijfsrevisoren BV – KPMG Réviseurs d’Entreprises SRL were appointed as statutory auditors of Belfius Bank by its ordinary general meeting of shareholders held on 26 April 2023 for a term of three years.

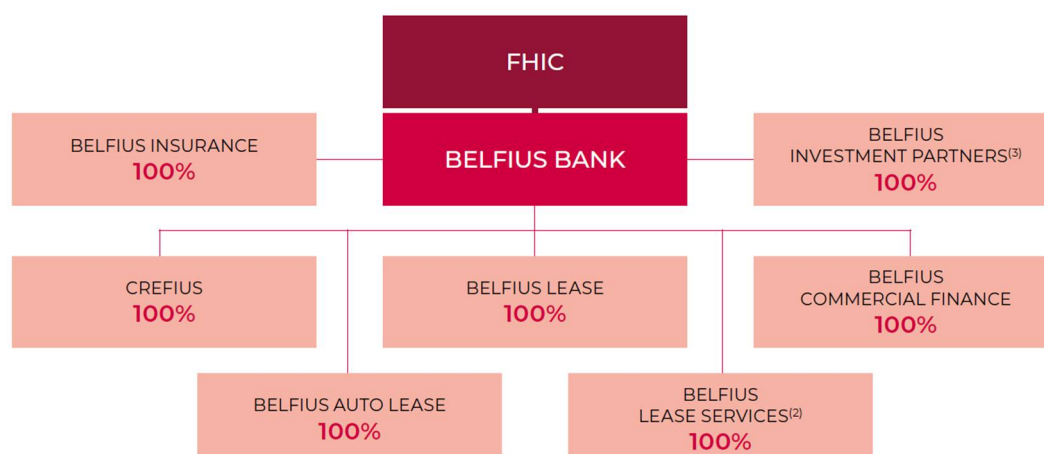
With an essentially Belgian balance sheet for its commercial activities and customers from all segments, Belfius Bank is in a position to act as a universal bank for eleven years now and to be “meaningful and inspiring for Belgian society”. Belfius Bank is committed to maximal customer satisfaction and added social value by offering products and providing services with added value through a modern distribution model. Thanks to a prudent investment policy and a carefully managed risk profile, Belfius Bank aspires to a sound financial profile that results in a solid liquidity and solvency position.

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<sup>31</sup> The information on this website does not form part of, and is not incorporated by reference into, this Base Prospectus, except where that information has been expressly incorporated by reference in this Base Prospectus.

## Simplified Group structure as at the date of this Base Prospectus

Simplified group structure<sup>(1)</sup>



<sup>(1)</sup> For more details, see the list of subsidiaries in the consolidated financial statements in the 2022 annual report.

<sup>(2)</sup> Belfius Lease Services operates under the same brand (logo) as Belfius Lease.

<sup>(3)</sup> Following the strategic partnership with Candriam, one share of Belfius Investment Partners is held by Candriam.

Belfius Bank and its consolidated subsidiaries are referred to herein as “**Belfius**”.

### 11.2 Main commercial subsidiaries

The entities mentioned below are subsidiaries of the Issuer.

#### ***Belfius Insurance***

Insurance company marketing life and non-life insurance products, savings products and investments for individuals, the self-employed, liberal professions, companies and the public and social sector. At the end of 2022, the total consolidated balance sheet of Belfius Insurance amounted to EUR 20 billion<sup>32</sup>.

#### ***Crefius***

Company servicing and managing mortgage loans. At the end of 2022, the total balance sheet of Crefius amounted to EUR 24 million<sup>33</sup>.

#### ***Belfius Auto Lease***

Company for operational vehicle leasing and car fleet management, maintenance and claims management services. At the end of 2022, the total balance sheet of Belfius Auto Lease amounted to EUR 513 million<sup>34</sup>.

#### ***Belfius Lease***

Company for financial leasing and renting of professional capital goods. At the end of 2022, the total balance sheet of Belfius Lease amounted to EUR 1,058 million<sup>35</sup>.

<sup>32</sup> For more details, see the 2022 annual report of Belfius Insurance.

<sup>33</sup> Total IFRS balance sheet before consolidation adjustments.

<sup>34</sup> Total IFRS balance sheet before consolidation adjustments.

<sup>35</sup> Total IFRS balance sheet before consolidation adjustments.

### ***Belfius Lease Services***

Financial leasing and renting of professional capital goods to the self-employed, companies and liberal professions. At the end of 2022, the total balance sheet of Belfius Lease Services amounted to EUR 2,556 million<sup>36</sup>.

### ***Belfius Commercial Finance***

Company for financing commercial loans to debtors, debtor in-solvency risk cover and debt recovery from debtors (factoring). At the end of 2022, the total balance sheet of Belfius Commercial Finance amounted to EUR 1,371 million<sup>37</sup>.

### ***Belfius Investment Partners***

Company for administration and management of investment funds. At the end of 2022, the total balance sheet of Belfius Investment Partners amounted to EUR 179 million<sup>38</sup> and assets under management amounted to EUR 28.4 billion.

## **11.3 Financial results**

### **11.3.1 Results 2022<sup>39</sup>**

Belfius' consolidated net income reached EUR 975 million in 2022, driven by strong commercial dynamics and increasing income and despite inflationary pressures on the cost side.

Total income amounted to EUR 2,982 million in 2022, up +10% or EUR +279 million compared to 2021 (EUR 2,703 million) thanks to:

- strong increase of the net interest income of Belfius Bank, in sharply rising interest rate environment, by +8% (EUR 1,752 million in 2022 compared to EUR 1,623 million in 2021) driven by (a) improving interest margin on non-maturing deposits, (b) positive impact from the TLTRO III and ECB deposit tiering till 23 November 2022 and (c) higher margin on the large liquidity buffer held in cash during the year;
- outstanding resilience of the net fee and commission income of Belfius Bank growing by +3% (EUR 757 million in 2022 compared to EUR 732 million in 2021) mainly thanks to higher payment service fees and resilient fees from asset management services (in line with Belfius 'Bank for Investors' strategy);
- growing insurance contribution to income, with strong life insurance income (EUR 338 million in 2022 compared to EUR 302 million in 2021), mainly thanks to continuously strong financial margin on life insurance reserves (including a partial release of excess reserves), complemented with rising non-life insurance income (EUR 226 million in 2022 compared to EUR 210 million in 2021), where growing non-life activity has been partially neutralised by higher claims cost due to inflationary pressures and to the storms of the first quarter of 2022;
- other income amounted to EUR -91 million in 2022, less negative than in 2021 (EUR -165 million). The year-on-year delta is mainly stemming from stronger results in financial markets activities, higher contribution from Belfius' subsidiaries, positive impacts from higher interest

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<sup>36</sup> Total IFRS balance sheet before consolidation adjustments.

<sup>37</sup> Total IFRS balance sheet before consolidation adjustments.

<sup>38</sup> Total IFRS balance sheet before consolidation adjustments.

<sup>39</sup> Results 2022 are disclosed according to IFRS4/9.



rates and credit spread hedges, despite continuously higher bank levies (EUR 264 million in 2022 compared to EUR 256 million in 2021).

Belfius continued to develop its strong footprint, in operational, commercial and financial terms, by investing in brand, human talent and digital capital. The year 2022 has been marked by very strong investments in Belfius' brand positioning, with amongst others successful campaigns towards Entrepreneurs and Corporates, and the Private and Wealth segments in Belgium. Nevertheless, the increase of operating costs by +10% (EUR 1,620 million in 2022 compared to EUR 1,477 million in 2021) remained well below the increase of income, leading to a further improving C/I ratio at 54% in 2022 (compared to 55% in 2021), despite inflationary pressures and these investments in brand, human and digital capital.

All in all, the combination of strong income dynamics, rising interest rate environment, disciplined cost strategy, notwithstanding inflationary pressures and unfavourable financial markets and continuing investments in commercial activities, ESG, IT and digitalisation, led to an increase in pre-provision income by +11%, to EUR 1,362 million in 2022 compared to EUR 1,226 million in 2021.

In 2022, Belfius again made a detailed review of its credit risk portfolio and continued to calibrate its IFRS 9 provisions. As a result of:

- the Russian invasion in Ukraine aggravating the geopolitical, economic and financial turmoil;
- additional Covid-19 related lockdowns in China; and
- historically very high inflation readings worldwide,

the anticipated economic recovery as of end 2021 was tempered and worldwide short and medium-term economic growth estimates continuously decreased.

In this multi-dimensional change of the economic and financial environment, Belfius decided to increase its risk provisions, resulting in an overall cost of risk 2022 of EUR -106 million (net allowance) compared to EUR +1 million or a net reversal in 2021.

As a result, the net income before taxes amounted to EUR 1,255 million compared to EUR 1,226 million in 2021.

The tax expenses amounted to EUR 279 million in 2022 compared to EUR 290 million in 2021, notwithstanding higher taxable profit. The consolidated effective tax rate stood at 22%, slightly below the statutory tax rate (25% in 2021), benefitting from higher non-taxable results (positive result on credit spread hedges in Ireland, capital gains on real estate project, etc.) and innovation deduction regime in line with Belfius' innovation investments.

As a consequence, consolidated net income 2022 reached EUR 975 million compared to EUR 935 million in 2021. This is Belfius' highest net income since its origins, back in 2011.

In terms of financial robustness, Belfius continues to combine dynamic growth with solid solvency, liquidity and risk metrics:

- the CET1 ratio stood at 16.55%, up +0.17 pp compared to December 2021. This increase is mainly explained by a decreased credit risk exposure following a release of the NBB macroprudential add-on on mortgage loans exposure and a decrease in financial market exposures following positive market parameter evolutions, partially offset by an increase in credit risk due to higher commercial volumes;

- this strong and solid CET1 level is net of a 40% dividend pay-out ratio, hence a 2022 dividend of EUR 384.4 million<sup>40</sup>, thanks to which Belfius continued to support its commercial franchise development;
- total capital ratio stood at 19.8%, stable compared to end 2021;
- the leverage ratio decreased to 6.3%, down -0.87 pp compared to December 2021, due to a higher leverage exposure by EUR +22.8 billion than in 2021, stemming mainly from the end of a COVID-19 release measure for partial exclusion of Central Bank exposures and from higher off balance volumes;
- insurance activities also posted continued solid solvency metrics, with a Solvency II ratio of 193% end of December 2022;
- Belfius also showed an excellent liquidity and funding profile with a LCR of 173%<sup>41</sup> and a NSFR of 135%;
- total shareholders' equity (Net Asset Value) further improved to EUR 11.1 billion at the end of 2022 (compared to EUR 11.0 billion at the end of 2021), as a result of strong financial results despite unfavourable financial markets.

### 11.3.2 Results for the first half of 2023<sup>42</sup>

Belfius' consolidated net income in the first half of 2023 stood at EUR 479 million, driven by strong commercial dynamics and increasing income, and despite inflationary pressures on the cost side.

Total income amounted to EUR 1,870 million in the first half of 2023, up +12% or EUR +202 million compared to the first half of 2022 (EUR 1,669 million) thanks to:

- increase of the net interest income bank by +30% (EUR 1,050 million in the first half of 2023 vs EUR 808 million in the first half of 2022) in sharply rising interest rate environment, driven by overall improving interest margin on growing commercial activities and on Belfius' solid liquidity buffer. This overall growth of interest margin is somewhat softened by:
  - volume shift from non maturing deposits towards term funding,
  - pressure on new loan margins from general market delay between loan pricings and sharp increases of market interest rates, and
  - continued strong competition in the Belgian loan market;
- rather stable and resilient net fee and commission income bank from EUR 377 million in the first half of 2022 to EUR 378 million in the first half of 2023, mainly thanks to higher payment fees as well as continuously growing fees from growing Life and Non-Life insurance activities through the banking network;
- lower insurance contribution to income with decreasing Life insurance income (EUR 211 million in the first half of 2023 vs EUR 234 million in the first half of 2022) and growing Non-Life insurance income (EUR 409 million in the first half of 2023 vs EUR 391 million in the first half of 2022), thanks to portfolio growth and premium indexation to cover inflation impact on insurance service expenses;

<sup>40</sup> As decided by the Board of Directors of 21 March 2023 and as approved by the General Assembly of 26 April 2023 over 2022 year-end results.

<sup>41</sup> Twelve-month average.

<sup>42</sup> Results as per the first half of 2023 are disclosed according to IFRS17/9.

- other income at EUR -177 million in the first half of 2023 compared to EUR -141 million in the first half of 2022, mainly stemming from higher bank levies in the first half of 2023, partially offset by higher positive contribution from activities serviced out the dealing room stemming from higher interest rates.

Insurance Service Expenses adjusted for directly attributable costs for insurance contracts and reinsurance amount to EUR -334 million in the first half of 2023 vs EUR -406 million in the first half of 2022 mainly due to Non-Life thanks to the recalibration of the confidence interval to 77.5% and absence of natural catastrophes' claims in the first half of 2023 while the first half of 2022 was impacted by February 2022 storms and increased inflation assumptions on best estimate calculation.

Belfius continued to develop its strong footprint in operational, commercial and financial terms, by investing in human talent and digital capital. The first six months of 2023 have been marked by further investments in technology as well as in human capital. Costs<sup>43</sup> went up by +9% at EUR 843 million in the first half of 2023 vs EUR 776 million in the first half of 2022 due to inflationary pressures and these growth investments. However, thanks to the solid income evolution y-o-y, Belfius' C/I ratio further improved at 45% in the first half of 2023 compared to 47% in the first half of 2022. The C/I ratio, adjusted for linearization of bank levies both at bank and insurance side, remained stable at 42% in the first half of 2023, compared to 43% in the first half of 2022.

All in all, the combination of strong income dynamics and improved insurance service expenses adjusted, despite growing operating expenses as well as continuing investments in commercial activities, ESG, IT and digitalization, led to an increase in pre-provision income by +43%, to EUR 694 million in the first half of 2023 (vs EUR 487 million in the first half of 2022).

In the first half of 2023, Belfius made again a detailed review of its credit risk portfolio and continued to calibrate its IFRS 9 provisions. Belfius continues to evolve its credit risk provisioning in synchronization with such transforming context, where inflationary pressures currently still “win” from recession risk, and where economic growth continues to show more resilience than formerly anticipated in general.

The former best estimate “ex-ante provisioning” of expected losses due to the effects of the Covid-crisis, including expert based overlays for some Covid-impacted sectors, has been:

- adjusted for improving economic outlooks;
- redirected from Covid-induced overlays for vulnerable sectors to Inflation and Energy related vulnerabilities.

This led in the first half of 2023 to a negative cost of risk of EUR -17 million (net allowance) - compared to EUR +13 million or a net reversal in the first half of 2022.

As a result, the net income before taxes amounted to EUR 676 million in the first half of 2023 compared to EUR 500 million in the first half of 2022.

The tax expenses amounted to EUR 196 million in the first half of 2023 compared to EUR 105 million in the first half of 2022, showing an effective tax rate (29%) above the statutory tax rate (25%). The higher IFRS taxes in 1H 2023 are mainly the result of a higher consolidated result before tax than in the

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<sup>43</sup> Including directly attributable costs for insurance contracts.

first half of 2022 and the limitation of the NTK<sup>44</sup> deductibility to 20% since the start of the year (compared to 100% the previous years).

As a consequence, consolidated net income the first half of 2023 reached EUR 479 million compared to EUR 394 million in the first half of 2022. This is Belfius' highest first half net income since its origins, back in 2011.

In terms of financial solidity metrics, Belfius continues to combine dynamic growth with sound solvency, liquidity and risk metrics. As at 30 June 2023:

- the CET1<sup>45</sup> ratio stood at 16.49%, up 5 bps compared to the CET1 ratio as of December 2022. The increase over 2023 is mainly the result of higher CET1 capital (EUR +160 million) compensated by higher regulatory risk exposures (EUR +778 million to EUR 64.9 billion);
- the total capital ratio stood at 20.05%<sup>46</sup>, compared to 19.8% end 2022;
- the leverage ratio<sup>47</sup> increased by 12 bps to 6.3% compared to the end of December 2022. The increase is the result of the higher regulatory Tier 1 capital, and a slightly lower leverage exposure measure mainly driven by a slight decrease in the balance sheet;
- insurance activities displayed continued solid solvency metrics, with a Solvency II ratio of 195% at the end of June 2023;
- Belfius continued to show an excellent liquidity and funding profile with a LCR of 156% and a NSFR of 133%.

#### 11.4 Minimum CET 1 requirements (SREP)

Belfius Bank reports on its solvency position on a consolidated level and on a statutory level in line with the revised Capital Requirements Regulation and Directive, commonly referred to as CRR 2 and CRD 5:

- (a) the minimum capital requirements (“Pillar 1 requirements”) as defined by Article 92 of Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 (CRR 2); the capital requirements that are imposed by the decision following the SREP pursuant to Article 16(2)(a) of Regulation (EU) No 1024/2013 and which go beyond the Pillar 1 requirements (“Pillar 2 requirements”);
- (c) the combined buffer requirement as defined in Article 128(6) of Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU (CRD 5).

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<sup>44</sup> Belgian tax on credit institutions.

<sup>45</sup> The pro forma takes into account the implementation of IFRS 17 as well as the IFRS 9 business model reassessment on 1 January 2023, where a reclassification of EUR 8.9 billion has taken place from the Belfius Insurance portfolio of loans and debt securities measured at amortised cost to loans and debt securities measured at fair value through other comprehensive income.

<sup>46</sup> The pro forma takes into account the implementation of IFRS 17 as well as the IFRS 9 business model reassessment on 1 January 2023, where a reclassification of EUR 8.9 billion has taken place from the Belfius Insurance portfolio of loans and debt securities measured at amortised cost to loans and debt securities measured at fair value through other comprehensive income.

<sup>47</sup> The pro forma takes into account the implementation of IFRS 17 as well as the IFRS 9 business model reassessment on 1 January 2023, where a reclassification of EUR 8.9 billion has taken place from the Belfius Insurance portfolio of loans and debt securities measured at amortised cost to loans and debt securities measured at fair value through other comprehensive income.

## Minimum CET 1 ratio Requirement

(in %)	2022	1H 2023
Pillar I minimum	4.50%	4.50%
Pillar II requirement	1.198%	1.204%
Capital conservation buffer	2.50%	2.50%
Buffer for (other) domestic systemically important institutions	1.50%	1.50%
Countercyclical buffer	0.06%	0.08%
Sectoral systemic risk buffer	0.30%	0.29%
<b>MINIMUM CET 1 CAPITAL RATIO REQUIREMENT</b>	<b>10.051%</b>	<b>10.074%</b>
Pillar II guidance	0.75%	0.75%
<b>MINIMUM CET 1 CAPITAL RATIO GUIDANCE</b>	<b>10.801%</b>	<b>10.824%</b>

Following the annual “Supervisory Review and Evaluation Process” finalised at the end of 2022, Belfius has to comply with a minimum CET1 ratio for the first half of 2023 of 10.074% (before Pillar 2 Guidance):

- a Pillar 1 minimum of 4.5%;
- a Pillar 2 Requirement (P2R) of 1.204% (after split of 2.14% P2R);
- a capital conservation buffer (CCB) of 2.5%;
- a buffer for (other) domestic systemically important institutions (O-SII buffer) of 1.5% (imposed by the National Bank of Belgium);
- a sectoral systemic risk buffer of 0.29%;
- a countercyclical capital buffer (CCyB) of 0.08%.

Note that in line with the resilience of Belfius in the EBA stress test, the Pillar 2 Guidance (P2G) is set at 0.75% on the CET1 ratio so far. As a result, Belfius has to comply with a minimum CET1 ratio of 10.824% for the first half of 2023 (to compare with 10.801% in 2022).

The consolidated CET1 ratio of Belfius at the end of June 2023 stood at 16.49%, well above the 2023 applicable CET1 capital requirement of 10.074%.

Further to these regulatory requirements, Belfius stated in its Risk Appetite Framework that, in normal market circumstances and under stable regulations, it would strive to respect a minimum operational CET1 ratio of 13.5%, on solo and consolidated levels.

### 11.5 Activities<sup>48</sup>

Analytically, Belfius splits its activities and accounts in three segments: Individuals (IND) and Entrepreneurs, Enterprises and Public entities (E&E&P) and Group Center.

- **Individuals (IND)**, managing the commercial relationships with individual customers both at bank and insurance level. Within the Individuals segment, we distinguish 4 subsegments: Savers, Investors, Private and Wealth;

<sup>48</sup> Belfius, as integrated bank-insurer, has released its first half 2023 results in accordance with the new accounting standard IFRS17 with regards to insurance activities. Consequently, the balance sheet and P&L figures, as well as specific ratios, have been changed or redefined. All these changes have been implemented with retroactive effect to the 2022 results. Next to this, please note that during 2023 a refinement of the segmentation occurred. This may implicate that there are some slight reclassifications compared to the published 2022 figures.

- **Entrepreneurs, Enterprises and Public entities (E&E&P)**, managing the commercial relationships with public and social sector, business and corporate clients both at bank and insurance level;
- **Group Center (GC)**, containing the residual results not allocated to the two commercial segments. This mainly consists of results from central ALM (interest rate and liquidity) and Bond and Derivative portfolio management.

#### 11.5.1 Individuals (IND)' activities and result in the first half of 2023

At 30 June 2023, total savings and investments amounted to EUR 120.6 billion, an increase of 3.7% compared with the end of 2022. The organic growth in 2023 amounted to EUR 2.5 billion, stemming mainly from the large increase in maturing deposits (term deposits and bonds), which benefit from transfer of non maturing deposits and from solid performances in mutual funds & My Portfolio while the organic growth of non maturing Deposits decreased by EUR 1 billion.

Non maturing deposits totalled EUR 61.5 billion at 30 June 2023, down -1.6% from the end of 2022. The current and savings accounts outstanding reached EUR 13.7 billion (-1.5%) and EUR 47.8 billion (-1.6%) respectively at the end of June 2023.

Maturing deposits and Branch 21 amounted to EUR 15.6 billion, strong increase of 18.3% compared to the end of 2022. Mainly thanks to term deposits which benefit from higher interest rates and amounted to EUR 2.9 billion at the end of June 2023 coming from EUR 1.3 billion at the end of 2022. Bonds volumes increased by 9.3% to EUR 8.6 billion.

Asset Management Services and Equity investments increased by +7.1% compared to the end of 2022, to EUR 40.0 billion. The increase in Asset Management Services (EUR 2.5 billion) stems mainly from positive market effect of EUR +1.8 billion and positive organic growth of EUR +0.6 billion, particularly in My Portfolio in the first half of 2023.

Total loans to customers rose (+2.2%) to EUR 49.6 billion at 30 June 2023. Mortgage loans, which account for 90% of all loans for Individuals, amounted to EUR 44.7 billion at 30 June 2023 (+1.8% compared to the end of 2022), while consumer loans and other loans to Individuals stood at EUR 1.8 billion and EUR 3.1 billion respectively.

New long-term loans granted to Individuals clients during 1H 2023 amounted to EUR 3.3 billion compared to EUR 5.3 billion in the first half of 2022. In 1H 2023, the new production of mortgage loans decreased to EUR 2.6 billion due to the contraction of the Belgian mortgage market. During the same period, EUR 0.4 billion in consumer loans and EUR 0.3 billion in new long-term business loans were granted.

The total insurance premiums (GWP) from customers in the Individuals segment amounted to EUR 659 million in the first half of 2023, compared with EUR 685 million in the first half of 2022, an increase of +4.0%. Non-Life & Health insurance premiums (GWP) in the first half of 2023 stood at EUR 336 million, up 6.5% compared to the first half of 2022, continuously boosted by the bank distribution channel (+9.5%), thanks to both portfolio growth and premium indexation to compensate for inflation pressure on claims and costs

The mortgage loan cross-sell ratio for credit balance insurance increased to 136% (measured as capital insured/mortgage amount) at the end of the first half of 2023. The mortgage loan cross-sell ratio for property insurance remained stable at 88% compared to end December 2022. Total Life insurance reserves, in the Individuals segment, amounted to EUR 9.8 billion, stable compared to end December 2022.

Individuals net income after tax Group Share increased by 31.4% from EUR 193 million in the first half of 2022 to EUR 254 million in the first half of 2023.

#### **11.5.2 Entrepreneurs, Enterprises & Public (E&E&P)'s activities and result in the first half of 2023**

As of 30 June 2023, total savings and investments amounted to EUR 61.6 billion, decreasing with -2.2% compared to the end of 2022. The non maturing deposits (savings and current accounts) decreased strongly from EUR 39.6 billion to reach EUR 33.8 billion in June 2023, showing an important shift towards the maturing deposits, which increased from EUR 6.3 billion end 2022 to EUR 10.2 billion as of end June 2023. Asset Management Services and Equity investments remained stable around EUR 9 billion, if compared to 2022. Other Savings and Investments increased by EUR 0.4 billion to EUR 8.5 billion, explained by the increase of Commercial Paper volumes.

Total outstanding loans increased to EUR 62.4 billion (+1.9% vs end 2022). Most of the increase stems from the Corporate customers' outstanding loans (+EUR 1.1 billion) which reached EUR 23.4 billion due to high production on roll-over loans. The remaining increase has come from the Business customers reaching EUR 15.2 billion in outstanding, while in Public & Social Banking, the outstanding loans remained stable around EUR 24 billion when compared to 2022.

In the first half of 2023, Belfius granted EUR 8.4 billion (+14% vs the first half of 2022) in new long-term loans in the Belgian economy to Business, Corporate and Public and Social sector clients.

By the end of June 2023, EUR 2.1 billion in new long-term loans to business clients were granted. Belfius assisted 44,104 starters of 3 years or less of which 13,261 are starters of less than 1 year.

The production of long-term loans for Corporate customers amounted to EUR 5 billion (+29% increase compared to June 2022), confirming Belfius' position as one of the top four banks in the segment. Its market share in terms of loans reached an estimated 19% at the end of June 2023.

During the first half of 2023, Belfius granted EUR 1.4 billion of new long-term financing to the public sector. Belfius remains the undisputed leader in this market and responds to every financing tender from public bodies, to which it offers sustainable financing conditions. Belfius manages the cash flow of virtually all local authorities and was awarded 58% (in volume on production) of the public sector financing files put out to tender in 1H 2023.

Belfius also confirmed its leading position in the Debt Capital Markets (DCM) for (semi-)public and private companies. During the first half of 2023, Belfius placed EUR 1.14 billion in new long term bond issues and Medium Term Notes for third party issuers. At the end of June 2023, total outstanding in short-term commercial paper amounted to EUR 4.54 billion. This brings the total amount of innovative short-term and long-term DCM funding solutions for Belgian third party issuers in the first half of 2023 at EUR 5.68 billion.

The E&E&P segment's commercial results in insurance increased in terms of underwriting volumes, in particular for:

- Non-Life & Health GWP E&E&P: increase of +7.0% compared to the first half of 2022 to EUR 115 million, mostly driven by premium indexation to compensate inflation pressure, but also improving thanks to portfolio growth for Business Insurance (mainly DVV);
- Life GWP E&E&P: increase of +4.6% compared to the first half of 2022 to EUR 195 million.

Net income after tax Group share increased from EUR 217 million in the first half of 2022 to EUR 278 million in the first half of 2023 mainly due to an important increase of interest income in 2023.

### 11.5.3 Group Center (GC)'s activities and result in the first half of 2023

Group Center operates through two sub-segments:

- Run-off portfolios, inherited from the Dexia era, which mainly comprise:
  - a portfolio of bonds issued by international issuers, particularly active in the public and regulated utilities sector (which includes UK inflation-linked bonds) and ABS/RMBS, the so-called ALM Yield bond portfolio;
  - a portfolio of credit guarantees, comprising credit default swaps and financial guarantees written on underlying bonds issued by international issuers, and partially hedged by Belfius with monoline insurers (mostly Assured Guaranty); and
  - a portfolio of derivatives with Dexia entities as counterparty and with other foreign counterparties.
- ALM liquidity and rate management and other Group Center activities, composed of liquidity and rate management of Belfius (including its ALM Liquidity bond portfolio, derivatives used for ALM management and the management of central assets) and other activities not allocated to commercial activities, such as financial market support services (e.g. Treasury), the management of two former specific loan files inherited from the Dexia era (loans to Gemeentelijke Holding/Holding Communal and Arco entities), and the Group Center of Belfius Insurance.

These portfolios and activities are further described below.

#### 11.5.3.1 Bond Portfolio

##### *ALM Liquidity bond portfolio*

The ALM Liquidity bond portfolio is part of Belfius Bank's total LCR liquidity buffer and is well diversified with high credit and liquidity quality. At the end of the first half of 2023, the ALM Liquidity bond portfolio stood at EUR 7.8 billion<sup>49</sup>, up EUR 0.7 billion, or 9.6%, compared with December 2022. At the end of the first half of 2023, the portfolio was composed of sovereign and public sector bonds (60%), covered bonds (33%), corporate bonds (7%) and asset-backed securities (<1%). Belgian and Italian government bonds in the ALM Liquidity bond portfolio amounted to EUR 1.5 billion<sup>50</sup> and EUR 0.9 billion<sup>51</sup> respectively.

At the end of 1H 2023, the ALM Liquidity bond portfolio had an average life of 7.2 years, and an average rating of A (100% of the portfolio being investment grade) compared with A- at year-end 2022.

##### *ALM Yield bond portfolio*

The ALM Yield bond portfolio of Belfius Bank was used to manage excess liquidity (after optimal commercial use in the business lines) and consisted mainly of high-quality bonds from international issuers.

At the end of the first half of 2023, the ALM Yield bond portfolio stood at EUR 3.1 billion<sup>52</sup>, down 1.8%, compared with December 2022, and was composed of corporates (79%), sovereign and public sector (11%), asset-backed securities (7%), and financial institutions (4%). Most corporate bonds, composed mainly of long-term inflation-linked bonds, are issued by highly regulated UK hospitals, infrastructure

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<sup>49</sup> Nominal amount.

<sup>50</sup> Nominal amount.

<sup>51</sup> Nominal amount.

<sup>52</sup> Nominal amount.



companies and utilities such as water and gas distribution companies. These bonds are of investment grade credit quality and the majority of these bonds are covered by credit protection from a credit insurer (monoline insurer) that is independent from the bond issuer.

At the end of the first half of 2023, the ALM Yield bond portfolio had an average life of 19.2 years. The average rating of the ALM Yield bond portfolio stood at A-. 95% of the portfolio was investment grade.

### 11.5.3.2 Derivatives portfolio

#### *Derivatives with Dexia entities and foreign counterparties*

During the period it was part of the Dexia Group, the former Dexia Bank Belgium (now Belfius Bank) was Dexia Group's competence centre for derivatives (mainly interest rate swaps): this meant that all Dexia entities were able to cover their market risks with derivatives with Dexia Bank Belgium, mainly under standard contractual terms related to cash collateral. The former Dexia Bank Belgium systematically re-hedged these derivative positions externally, as a result of which these derivatives broadly appear twice in Belfius' accounts: once in relation to Dexia entities and once for hedging.

The total outstanding notional amount of derivatives with Dexia entities and interest rate derivatives with international counterparties amounted to EUR 7.6 billion<sup>53</sup> at the end of the first half of 2023, down EUR 0.5 billion, or -7%, compared with EUR 8.1 billion at the end of December 2022.

Derivatives with Dexia entities decreased by 7% (or EUR -0.4 billion) to EUR 5.7 billion at the end of the first half of 2023. This decrease is due mainly to amortisations. Derivatives with international counterparties decreased by EUR 0.1 billion (or -5%) to EUR 1.9 billion at the end of the first half of 2023.

The fair value of Dexia and international counterparty derivatives amounted to EUR 0.5 billion and EUR 0.2 billion respectively at the end of the first half of 2023. The Dexia derivatives are collateralised while the international counterparty derivatives are generally not collateralised. The Exposure At Default (EAD) amounted to EUR 0.7 billion.

At the end of the first half of 2023, the average rating of the total portfolio stood at A- and the average life of the portfolio stood at 10.7 years<sup>54</sup>.

#### *Credit guarantees*

At the end of the first half of 2023, the credit guarantees portfolio amounted to EUR 2.0 billion<sup>55</sup>, flat compared with December 2022. It relates essentially to Financial Guarantees (booked in Amortised Cost), and Credit Default Swaps (booked in Fair Value Through P&L) issued on corporate/ public issuer bonds (97%) and ABS (3%). The good credit quality of the underlying reference bond portfolio, additional protection against credit risk incorporated in the bond itself and the protections purchased by Belfius, mainly from various monoline insurers resulted in a portfolio that is 97% investment grade in terms of credit risk profile.

At the end of the first half of 2023, the average rating of the portfolio stood at A- (compared with A- at year end 2022). The average life of the portfolio stood at 11.4 years.

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<sup>53</sup> Nominal amount.

<sup>54</sup> Calculated on EAD.

<sup>55</sup> Nominal amount.

### 11.5.3.3 Other Group Center activities

Other activities allocated to Group Center include:

- (a) the interest rate and liquidity transformation activity performed within ALM, after internal transfer pricing with commercial business lines, including the use of derivatives for global ALM management;
- (b) the management of two legacy loan files inherited from the Dexia era, i.e. the investment loans to two groups in liquidation, namely Gemeentelijke Holding/Holding Communal and some Arco entities;
- (c) the flow management, including hedge management, of internal and external interest rate derivative flows given that Group Center is the Belfius Competence Centre for interest rate derivatives;
- (d) treasury activities (money market activities); and
- (e) the results including revenue and costs on assets and liabilities not allocated to a specific business line.

The Group Center of Belfius Insurance is also fully allocated to these other Group Center activities. The Belfius Insurance Group Center contains income from assets not allocated to a specific business line, the cost of Belfius Insurance's subordinated debt, the results of certain of its subsidiaries and costs that are not allocated to a specific business line.

GC net income after tax Group Share stood at EUR -53 million in the first half of 2023, compared to EUR -17 million in the first half of 2022.

## 11.6 Non-adjusting post-balance sheet events

Merger Corona and Belfius Insurance

Corona and Belfius Insurance merged on 1 July 2023. The merger has been approved by the National Bank of Belgium and will be applied retroactively (for tax and accounting purposes) as from 1 January 2023. There is no impact on the consolidated financial statements as per 30 June 2023.

## 11.7 Risk Management

### 11.7.1 Fundamentals of credit risk in the first half of 2023

The Belgian economy performed resiliently well in the first half of 2023, with economic growth showing a positive pace, although at a slower rhythm. Inflation and price pressures moderated and were combined with the sharp fall of natural gas prices. The lifting of the zero-Covid policy in China contributed to the further normalisation of global supply chains providing some breathing room for the economy as it is an important driver of inflation.

The Belgian business environment remains mostly fuelled by the services industry, with the manufacturing industry somewhat lagging. In a context of labour market tightness and despite higher wage costs, most companies maintained or expanded their workforce in the second quarter. Investment plans do not seem to have been strongly reduced.

With consumer confidence clearly restoring over the past couple of months, household consumption growth is expected to remain solid throughout the year. This is, of course, also induced by the increase of household purchasing power this year, boosted by the impact of automatic wage indexation.

At international level, the global economic environment faced some headwinds. Economic slowdown in Germany and other countries was evidenced. In order to drive back longer-term inflation expectations central banks continued tightening monetary policies. Higher interest rates affected lending growth and slowed demand, in particular on real estate markets. The financial turmoil caused by the liquidity problems of some US financial institutions, had no lasting impact on financial markets and did not trouble the economic upturn.

The Belfius first half of 2023 Cost of Risk (CoR) amounted to EUR -17 million, compared to a positive CoR of EUR +13 million in the first half of 2022.

Belfius has updated the macroeconomic parameters and perspectives for IFRS 9 expected credit loss calculations with scenario weights shifting to a neutral scenario, simultaneously reducing pessimistic and stress scenarios. These more favourable macroeconomic perspectives impacted the CoR positively for EUR +49 million in the first half of 2023.

The overlay for vulnerable exposures was reduced by EUR +7 million. Vulnerable exposures linked to Covid-19 have been phased out and from the first half of 2023 onwards the overlay for vulnerable exposures merely serves to cover for an anticipation of potential recession effects, in sectors vulnerable to inflation and higher energy prices.

The provision for macroeconomic uncertainties and the overlay for vulnerable exposures combined form Belfius 'Overlay for economic uncertainties and vulnerable exposures', of which the stock as of end the first half of 2023 amounts to EUR 179 million (from EUR 235 million end 2022).

The specific provisions for loans in default (stage 3) contributed to EUR -79 million for the first six months of 2023. Origins of these stage 3 provisions can often be found in Covid-19 and/or energy and inflation impacts, combined with additional financial pressure, that is caused by demand effects or interest cost increases. With Belfius' anticipative provisioning methodology, the credit losses on these companies have typically been anticipated to a certain extent by stage 2 expected credit losses, constituted during the past years.

The Belfius loan portfolios continue to demonstrate a strong resilience with risk indicators that remain robust. The credit quality of the portfolio and production stay solid, payments arrears and NPL's remain under control. Bankruptcy levels, particularly for small businesses, show a slightly increasing trend but levels remain below the historically observed levels for the Belgian market. Also some other early warning indicators for small businesses (payments arrears, utilisation of credit lines) show a moderate increase during the first half of 2023.

In an international perspective, commercial real estate is becoming a source of increasing concern from an industry, banking and regulatory point of view, as the sector is confronted with modified market dynamics, due to increased interest rates and building costs, combined with a low investment appetite. These factors are resulting in an increased funding risk for this sector caused by a delay in sales uptake and reduced financial markets' appetite to provide financing and capital to the sector. Although a recent assessment has not revealed negative risk trends or indicators in the Belfius loan portfolio, an increased monitoring and a strengthened follow-up have been put in place for the commercial real estate segment.

#### **11.7.1.1 The economy shows resilience amid crises, but some uncertainty lingers**

The European and Belgian economy weathered the energy crisis well due to a swift diversification of supply and a sizeable fall in energy consumption. Where last year a recession seemed almost unavoidable as monetary policy tightened in rapid fashion to curb the inflationary spiral, this year the economic situation is slightly less gloomy. Economic growth outperformed the expectations in the first part of this year. Inflationary pressure seems to be weakening and the interest rate hikes might be reaching a pause

or plateau. These tentative optimistic signals lead to some regained confidence at both investors and households in the (Belgian) economy.

However, given that the situation on the ground in Ukraine remains unpredictable and seems to be heading towards a prolonged phase of combat, one has to view these positive signals within a context of continued uncertainty. It is probably too early to already conclude that we are in a scenario of a soft landing. The less rapid than expected recovery of the Chinese economy and the variability in future monetary policy are also among the main drivers behind such persistent uncertainty.

### ***Individuals***

The first half year of 2023 has been marked by gradual increases in interest rates, aimed at taming inflationary forces. This has led to higher financing costs for the consumer and lower demand for residential mortgage loans, resulting in a decrease in production at Belfius by around one third. The decrease is primarily observable in the non-First Time Buyers (FTB) loans. Young FTB's (< 35 years old) increase their share in the mortgage loan production, partially mitigating the higher debt service payments by opting for longer maturities. Borrowers also continue to prefer fixed interest rate loans (99% of the newly originated loan amount), hedging themselves against (even) higher rates in the future. Also due to some seasonal effects, the PD of Mortgage loans portfolio has decreased and is currently at 0.46%, compared to 0.50% at the end of 2022. Despite tighter credit conditions, Belfius remained compliant with the NBB measures<sup>56</sup> (financial collateral included).

Belfius continued to monitor its mortgage loans portfolio in light of inflation and higher energy costs. The deferral of principal payment scheme<sup>57</sup> initiated at the end of 2022 has ended in March of this year with a relatively small number of requests. Currently, as energy prices are lower again and as government interventions are being phased out, we can say that the impact of energy prices on our mortgage loans portfolio has been limited.

Belfius is committed to reducing emissions, greening its mortgage loans portfolio and lowering the risk associated with climate change. To this end it has increased its effort in collecting data on and monitoring the energy efficiency of the loan portfolio. Moreover, clients can apply for energy renovation loans, with additional measures for those with limited financial means.

All in all, so far Belfius has weathered relatively well the risks associated with inflation and higher energy costs. We remain cautious regarding further developments in the energy markets and are actively looking for solutions which can help our clients and further de-risk our portfolio from an energy transition point of view.

### ***Entrepreneurs & Enterprises (E&E)***

The effects of the energy crisis are fading and - with the notable exception of the food processing industry - post-pandemic supply chains problems have largely been resolved. The pass-through of costs to sales prices has increased but remains partial. Most firms feel that it is becoming increasingly difficult to raise further prices, which could lead to a further easing of inflation in the near term. Business managers confidence, that was picking up since end 2022, stabilised in the course of the second quarter of 2023,

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<sup>56</sup> Reference is made to Annex 1 to the circular NBB\_2019\_27 covering the expectations of the Belgian macroprudential authority on internal management of Belgian mortgage credit standards on the Belgian residential property market limiting the production of loans for more risky segments (e.g. High Loan-To-Value, Buy-To-Let, Debt Servicing Income, ...).

<sup>57</sup> With energy prices peaking as never before in the autumn (reinforcing inflationary pressure), the Belgian financial sector decided to take mitigating measures for households with a new (conditional) payment deferral scheme for vulnerable mortgage clients. The government decided on a basic Energy package providing financial support in the fourth quarter of 2022 to bear the increased energy prices (which was extended for the first quarter of 2023).

mainly driven by some softening expectations on the order book and the employment rate. This is particularly the case in the manufacturing industry: the demand for manufacturing goods is slowing down and perspectives and order books are under pressure. Prospects for the longer term remain more uncertain with companies pointing to worsening cost competitiveness. The services industry however continues to perform strongly. Whereas the labour market was booming towards the end of the Covid-pandemic, the job-growth has slowed down since the start of 2023; the unemployment showed an increase in the beginning of the year, with an interim market, traditionally a leading indicator, that was starting to slacken. Recent figures tend to be more positive again, despite higher wage costs, as most companies maintained or expanded their permanent workforce in the second quarter and prospects for the coming months are mostly stable. Due to structural labour market tightness, firms are reluctant to lay off employees. Industries show various trends of economic performance, with e.g. the transportation and the construction sector showing signs of financial weaknesses (lower level of activity, higher level of bankruptcies).

Against this background, the credit monitoring mechanisms and procedures, that were put in place during the pandemic and continued in the period of galloping inflation, were gradually re-focused on the risk-sensitive and vulnerable companies, while maintaining a disciplined overall portfolio monitoring.

This monitoring also considered high-level sector evolutions from a macroeconomic point of view as well as bottom-up input by bankers and credit analysts. For the time being, the manufacturing, construction and transport sectors remain the most sensitive ones. This sensitivity is reflected in the recent evolution of bankruptcies levels for construction and transport sectors, and in the deteriorated business confidence indicator for manufacturing.

At this moment, we do not observe a significant deterioration of early warning indicators, nor an important inflow of defaults, while at the same time the credit quality of firms in manufacturing and services sectors remains stable. The average PD of the E&E portfolio remained stable (1.59% at the end of the first half of 2023 compared to 1.58% at the end of 2022).

Concerning the Commercial Real Estate portfolio, Belfius is highly vigilant to the specific risks the increasing interest rates have created. The Covid-19 pandemic and the war in Ukraine caused a significant price increase of construction materials. This was followed by an increase in interest rates. As a result, the real estate values came under pressure, financing conditions became more difficult and expensive, and real estate companies are confronted with refinancing needs at higher costs. At the same time, cash flow generation from projects and asset disposals became more complicated. Sales to individuals are running less smoothly because rising interest rates are affecting their overall budget. Institutional investors such as insurers and pension funds shun real estate as they have new alternatives such as bonds. Property developers are thus forced to look for other ways to reduce their cash outflows and costs in anticipation of a new interest rate equilibrium. An awareness campaign for this type of risks to business and corporate bankers and credit analysts has been launched to keep track on clients who are not able to have a sufficient liquidity buffer to counter the adverse market effects.

### ***Public & Social*** Banking

The first half of 2023 showed a weakening of the upward inflationary pressure and an end to the energy crunch of last winter. These tentative optimistic signals might indicate that the (labour) cost increase for public entities is coming to a halt. However, the interest hikes will affect the cost of borrowing which will in turn put some strain on the borrowing capacity of some of these entities.

Belfius assesses these evolutions and its impacts on the clients within the Public Social Banking segment through a macroeconomic analysis. Among these clients are: hospitals, nursing homes, municipalities and intermunicipal companies.

In 2022, the municipalities have seen a significant increase of their operational expenditure. Their wage costs have increased due to the inflationary pressure, while energy costs have almost doubled due to the energy crunch related to the Russian – Ukrainian war. Fortunately, this has been met with an equal increase in operational revenue. The main driver behind this surge in operational revenue is the indexation of receipts (taxes and subsidies being the main revenues of municipalities are also indexed). The beneficial effect of this indexation will continue into 2023 (despite the softening inflation) as some time lag is present.

The financial situation of most of the regions and municipalities is however expected to experience further pressure in 2023. The public debt burden also grows heavier on a federal level. While this does not pose a significant threat yet, interest rate hikes will worsen the debt burden and cost of capital for the public sector.

#### Insurance

The management of the credit risk of Belfius Insurance is the responsibility of Belfius Insurance risk management team, albeit in collaboration with the credit risk teams of Belfius Bank and aligned with the risk management guidelines that are applicable for the whole Belfius group. As such, this implies that credit limits are defined on a consolidated basis and that transfers of limits between Belfius Bank and Belfius Insurance are permitted, on the condition that both parties agree. The CROs of Belfius Bank and Belfius Insurance coordinate the requests among each other.

#### 11.7.2 Exposure to credit risk

Breakdown of credit risk by counterparty:

	<b>31 December 2022</b>	<b>30 June 2023</b>
(FEAD, in EUR billion)		
Central governments.....	37.2	34.2
Public sector entities.....	41.1	40.5
Corporate.....	50.9	53.2
Project finance.....	2.3	2.4
Retail .....	61.7	62.6
Financial institutions .....	11.9	11.1
Other <sup>(1)</sup> .....	3.9	3.5
<b>Total</b> .....	<b>209.1</b>	<b>207.5</b>

<sup>(1)</sup> Other include, among others, deferred tax assets, tangible and intangible assets and gains and losses on the hedged item in portfolio hedge of interest rate risk.

The definition of Full Exposure at Default (“FEAD”) is determined as follows:

- for balance sheet assets (except for derivatives): the gross carrying amounts (before credit risk adjustments);

- for derivatives: the exposure at default calculated under the standardised approach for counterparty credit risk (SA-CCR);
- for Securities Financing Transactions: the carrying amount as well as the excess collateral provided for repurchase agreements;
- for off-balance sheet commitments: either the undrawn part of credit facilities or the maximum commitment of Belfius for guarantees granted to third parties.

FEAD for instance provides a consistent metric to present a combined view of the Bank and Insurance respective exposures to credit risk.

The figures in the table above are after elimination of intra-group exposures but with inclusion of credit exposure of trading activities and counterparty credit risk.

Exposures are allocated to the final counterparty. This means that if substitution is applied to a certain exposure to a borrower guaranteed by another party, the exposure is shifted to the region, type of exposure and rating of the guaranteeing party.

As of 30 June 2023, the total credit risk exposure within Belfius slightly decreased to EUR 207.5 billion, a decline of EUR 1.6 billion or 0.8% compared to the end of 2022, primarily stemming from FEAD decline to EU Central Bank partly offset by the increase in FEAD to Corporates and Retail.

At bank level, the credit risk exposure declined with 0.4% to EUR 193.4 billion. At the level of Belfius Insurance, the credit risk exposure declined by 6% to EUR 14 billion on 30 June 2023.

The decline by EUR 3 billion observed on the segment central governments is mostly due to the reduction of liquidity reserve deposited at the NBB/ECB. Nearly half (46%) of the government bonds portfolio is invested in Belgian government bonds at the Group level. While at bank level the Belgian government bonds represent 42% of the total government bond portfolio, the relative proportion at Belfius Insurance stands at 49%.

The credit risk exposure on individuals, self-employed and SMEs (30% of the total) increased by EUR 0.9 billion reflecting Belfius' strategy to support the Belgian economy.

The credit risk exposure on corporates (25.6% of the total) increased by EUR 2.3 billion.

The credit risk exposure on public sector entities and institutions that receive guarantees of these public sector entities remained stable over the period.

The credit risk exposure on financial institutions slightly declined by EUR 0.8 billion during the first half of 2023.

Belfius' positions are mainly concentrated in the European Union: 95% or EUR 183.8 billion at bank level and 95% or EUR 13.4 billion for Belfius Insurance. The total relative credit risk exposure on counterparties situated in Belgium is 86.7% as of 30 June 2023 with the increase from 74% at the end of 2022 explained by the change in classification of the deposits held at the NBB/ECB (of EUR 24.4 billion as of June 2023) from EU Other countries to Belgium. Furthermore, total relative credit risk exposure on counterparties situated in France is 3.4%, 2.5% in the United Kingdom, 1.3% in the United States and Canada, 1.1% in Luxemburg, 0.8% in Spain, 0.6% in Germany and Italy.

The credit risk exposure to counterparties in the United Kingdom amounted to EUR 5.1 billion. About 60% of this credit risk exposure relates to bonds belonging to the ALM-yield portfolio.

On 30 June 2023, 77% of the total credit risk exposure had an internal credit rating of investment grade (IG).

### **11.7.3 Cost of risk in the first half of 2023**

#### **11.7.3.1 IFRS 9 impairment methodology at Belfius**

Reference is made to the Appendix IX.1.4. of Belfius' Risk Report 2019 for a full description of the Belfius process to compute IFRS 9 expected credit losses (ECL). The basic principles of the process to compute IFRS 9 expected credit losses are as follows:

- Belfius Bank and its subsidiaries recognise loss allowances for ECL on financial instruments at amortised cost or at fair value through OCI;
- ECL are measured through a loss allowance that depends on the financial instrument's status:
  - for performing exposures (i.e. instruments that have not incurred a significant increase in credit risk since origination), referred to as stage 1, a 12-month ECL is calculated;
  - for underperforming exposures (i.e. instruments that have incurred a significant increase in credit risk since origination), referred to as stage 2, Lifetime ECL are calculated;
  - non-performing exposures (i.e. exposures that become credit-impaired) are classified in stage 3 and the ECL reflect the remaining exposure after a best-estimate of future recoveries;
- ECL are probability-weighted estimates of credit losses. This is expressed as the present value of cash shortfalls i.e. the difference between the cash flows that are due to the entity in accordance with the contract and the cash flows that the entity expects to receive. ECL calculations use probability of default (PD) and loss given default (LGD) parameters. Point-in-time PDs are used that inter alia incorporate forward-looking macroeconomic information through the use of four different macroeconomic scenarios. These scenarios are built upon internal information delivered by the Belfius Research department, who uses external and internal information to generate a forecast "neutral" scenario of relevant economic variables along with a representative range of other possible forecast scenarios. The external information includes economic data and forecasts published by governmental bodies and monetary authorities;
- Belfius assigns probabilities to the four forecast scenarios (neutral, optimistic, pessimistic and stress) and makes the link between macroeconomic variables and credit risk and credit losses through identified and documented relationships between key drivers of credit risk and credit losses for each portfolio of financial instruments on the one hand and statistical analysis of historical data on the other hand.

#### **11.7.3.2 Adjustments to the impairment methodology related to the Covid-19 pandemic, the Russia/Ukraine conflict and the risks related to the energy and inflation crisis**

In the context of the Covid-19 pandemic, Belfius' basic principles for ECL computations have remained fundamentally unchanged, however some adjustments to the aforementioned approach were required in order to maintain an adequate coverage for potential risks.

With the Russia/Ukraine conflict and the resulting energy crisis, adjustments were extended in 2022 to the emerging risks related to the increased inflation and the rising energy prices:

- expected credit loss calculations were based on a long-term average (initially 2009-2022, extended to 2009-2024) for the relevant macroeconomic factors, with a backward and a forward-looking approach;



- to calculate ECL, Belfius still defines four probability weighted forward-looking scenarios each with their own macroeconomic parameters to build optimistic, neutral, pessimistic and stress cases;
- the results of the portfolio analysis and monitoring processes with respect to the increased inflation, rising energy prices and the war in Ukraine gained importance in the provisioning process.

In the first half of 2023, entering into a post-Covid era, Belfius:

- has decided to abandon the long-term average of historic data in the calculation of the macroeconomic factors, and only use 2022-2024 macroeconomic data;
- maintains the system of four probability weighted forward-looking scenarios each with their own macroeconomic parameters to build optimistic, neutral, pessimistic and stress cases. Yet, the scenarios have been adapted to the updated macroeconomic environment;
- continues its portfolio analysis and monitoring process, in order to determine and keep up to date the sectors and/or clients vulnerable to inflation and energy price risks.

Given that ECL estimates are complex and to a certain extent judgmental, the afore-mentioned mechanical approach is completed by management judgment through “management call” layers as authorised by the IFRS 9 accounting references. These layers can be positive or negative and aim to include any elements entering in the ECL computation which have not been taken into account by the mechanical computation on an individual level or a (sub)portfolio level.

### **11.7.3.3 Drivers of the cost of risk in the first half of 2023**

The first half of 2023 Cost of Risk amounted to EUR -17 million and was composed of EUR +49 million allowances due to the update of the macroeconomic factors and perspectives, EUR +7 million reversals following the reassessment of the overlay for vulnerable exposures, EUR -79 million specific provisions for loans in default and EUR +6 million reversals for portfolio evolutions.

It is to be recalled that stage 1 and 2 provisions constitute anticipative provisioning against expected credit losses on files that could enter into default. To what extent these stage 1 and 2 provisions will be transformed into stage 3 provisions, covering incurred credit losses on defaulted loans, or be released, remains subject to uncertainty. If the macroeconomic environment improves to the extent that the anticipated transitions to default do not occur, part of these impairments will be reversed over time.

#### ***Macroeconomic factors used in the first half of 2023 ECL calculations***

- The macroeconomic factors and perspectives were updated in line with Belfius Research expectations.

The economic picture for the first half of 2023 is quite ambivalent, with the economic environment showing strong resilience. The effects of the energy crisis are fading out and - with the notable exception of the food processing industry - post-pandemic supply chains problems have largely been resolved. The pass-through of costs to sales prices has increased but remains partial. Most firms feel that it is becoming increasingly difficult to raise further prices, which could lead to a further easing of inflation in the near term.

- Statistics about the economic performance of the Eurozone are divergent. The EC first revised its GDP forecast upwards to 1.2% in 2023 and 1.4% in 2024, but based on the GDP figures with negative growth for the fourth quarter of 2022 and the first quarter of 2023, the Eurozone entered

(technically) into a light recession. In Belgium, the economic growth keeps its positive pace, although at a slower rhythm, and is hence outperforming most of the European countries. Notwithstanding this strong resilience, several evolutions (such as the economic slowdown in Germany and other EU countries and the rising interest rates) could become factors of risk.

- At the same time, there are also signs of a potential decay. Whereas the labour market was booming towards the end of the Covid-pandemic, the job-growth has slowed down since the start of 2023; the unemployment showed an increase in the beginning of the year, with an interim market, traditionally a leading indicator, that was starting to slacken. Recent figures tend to be more positive again: despite higher wage costs, most companies maintained or expanded their permanent workforce in the second quarter and prospects for the coming months are mostly stable. Due to structural labour market tightness, firms are reluctant to lay off employees.
- The GDP forecasts improved for 2023-2024, whereas consumer price and house price inflation are expected to decrease in 2023. Belfius' neutral scenario includes a Belgian GDP growth of +0.9% for 2023 (compared to +0.1% as expected by end 2022), followed by a +1.2% growth rate in 2024.
- For 2023, inflation is expected to decrease somewhat more than formerly estimated at the end of 2022.
- The Belgian unemployment rate for 2023 in the neutral scenario has been revised downwards from 8.8% towards 8.2%, and is expected to slightly decrease and then remain stable in the upcoming years. As from 2020 onwards, the unemployment figure includes the exceptional temporary unemployment that is expected to be, to a certain extent, converted into a structural unemployment.

#### GDP BE (% YoY)

Scenarios	As of end 2022			As of 2Q 2023		
	2022	2023	2024	2022-R	2023	2024
Optimistic	3.4	0.7	2.2	3.1	1.5	1.8
Neutral	2.8	0.1	1.6	3.1	0.9	1.2
Pessimistic	1.7	-1.6	0.5	3.1	-0.2	0.1
Stress	1.2	-1.6	-0.1	3.1	-0.8	-0.5

- The neutral case is complemented with an optimistic, a pessimistic and a stress scenario. The table above illustrates the Belgian GDP growth assumptions, as of the second quarter of 2023, under the four scenarios.
- Consequently, the favourable macroeconomic perspectives impacted the CoR positively for EUR +49 million in the first half year.

#### *Sensitivity of the impairment stock stage 1 & 2 to changes in scenario weights*

The following table provides an overview of the stage 1 & 2 impairments sensitivity to the weight of macroeconomic scenarios. The most relevant macroeconomic factors are GDP and Unemployment assuming the current IFRS 9 method is unchanged. Note that the sensitivity is not linear and cannot be simply extrapolated.

(in millions of EUR)	What if 85% optimistic? <sup>1</sup>	Weighted average scenario 2Q23	What if 85% pessimistic? <sup>1</sup>	What if 85% stress? <sup>1</sup>
Impairment stock stage 1&2	752	874	988	1,130
% change vs weighted average scenario	-14%	0%	13%	29%
		Optimistic 5%		
		Neutral 60%		
		Pessimistic 30%		
		Stress 5%		

<sup>1</sup> 5% on each of the 3 other scenarios.

### ***Overlays for vulnerable exposures***

The mechanical calculations are completed with expert overlays. These overlays are designed to result, overall, in best estimate total coverage of ECL in some specifically identified risk pockets of vulnerable exposures (defined in terms of sectors, groups of companies or individual exposures) when the credit risk is estimated (potentially) insufficiently covered by the mechanical provisions.

Concretely, one or more IFRS 9 parameters have then been stressed when computing the ECL. For mortgages a stressed LGD value has been applied, while for companies vulnerable to inflation and energy price risk, an add-on has been applied on the mechanically computed expected credit loss, reflecting the characteristic of the risk pocket; the add-ons correspond to an increased expected credit loss, equivalent to a 1 to 2 notch rating downgrade. This approach feeds the formal quarterly impairment process and results into shifts of individual files or risk pockets from stage 1 to 2 and into the application of the Expected Credit Loss levels that are deemed adequate to cover the increased credit risk.

In 2020 and 2021, the scope of the overlay was defined by Covid-events. Credit exposures to individuals and companies with payment moratoria and companies in sectors that were hit by the pandemic and the sanitary measures were included.

In 2022, the driver of risk gradually shifted also to sectors with a sensitivity to the effects of inflation and energy price increases.

In 2023, the Covid-related exposures completely disappeared from the overlay. The scope of the overlay was only linked to exposures with an energy & inflation vulnerability. The definition of the scope did not change in 1H 2023; the evolution of the provisions was only driven by exposure evolutions and rating migrations.

The overlay for vulnerable exposures was reduced by EUR +7 million in the first half of 2023. Vulnerable exposures with an initial Covid-effect phased out and so the overlay merely serves to cover for potential risks caused by inflation and higher energy prices.

Belfius' exposure towards these vulnerable sectors or counterparts is limited to 3.5% of the total portfolio.

The provision for macroeconomic uncertainties and the overlay for vulnerable exposures combined form Belfius "Overlay for economic uncertainties and vulnerable exposures", of which the stock as of the end of the first half of 2023 amounts to EUR 179 million (from EUR 235 million end 2022).

#### 11.7.4 Asset quality – Asset quality ratio

At the end of June 2023, the amount of impaired loans added up to EUR 2,171 million, a +7.2% increase compared to year end 2022. During the same period, the gross outstanding loans to customers increased by +2.0% and amounted to EUR 113,402 million. As a consequence, the asset quality ratio evolved to 1.91% at the end of June 2023. The stage 3 impairments slightly increased by +2.0%. The coverage ratio on impaired loans is 56.7%, compared to 59.6% end of 2022.

At the end of June 2023, the total impairment stock (stage 1-2-3) amounted to EUR 2,142 million compared to EUR 2,166 million at the end of 2022 (pro forma IFRS 17). This decrease of EUR 24 million is mainly explained by reversals performed on stage 1 and 2 driven by the updated macroeconomic factors and perspectives.

#### 11.7.5 Market risk

##### 11.7.5.1 Overview

Overall, market risk can be understood as the potential adverse change in the value of a portfolio of financial instruments due to movements in market price levels, to changes of the instrument's liquidity, to changes in volatility levels for market prices or changes in the correlations between the levels of market prices.

The management of market risk within Belfius is focused on all Financial Markets activities of the Bank and encompasses interest rate risk, spread risk and associated credit risk/liquidity risk, foreign-exchange risk, equity risk (or price risk), inflation risk and commodity price risk.

Market risk of Belfius Insurance is separately managed by its ALCo. Belfius Insurance's strategic ALCo makes strategic decisions affecting the balance sheets of the insurance companies and their financial profitability, taking into consideration the risk appetite as pre-defined with the Belfius Bank and Insurance group (i.e. directional ALM position in interest rate risks, equity and real estate risks, volatility and correlation risks).

Although markets were very volatile in the first half of 2023, mainly due to banking turmoil in the US and bail-out of Credit Suisse, rising interest rates, the P&L of financial market activities was very resilient. Most trading desks are at or above the budget and increased client activity has led to significant increases in Sales and Structuring activities.

Existing hedges on CVA/FVA<sup>58</sup>, in place since the first half of 2020, perform well, keeping the P&L volatility to a minimum. Further analysis highlighted possible improvement to credit spread macro hedges which will be adapted in the second half of 2023. Consequently, only a limited number of non-hedgeable risks remain. The most relevant one being the Belfius' own funding spread, where the positive evolution of interest rates has made the XVA's less sensitive to this parameter.

Market risk RWA decreased markedly since end 2022 (EUR -1.1 billion) because of delayed impact of a model change with part of the 60 days average at EOY still on the old model.

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<sup>58</sup> CVA (Credit Value Adjustment) is the price that an investor would pay to hedge the counterparty credit risk of a derivative instrument.

FVA (Funding Valuation Adjustment) reflects the funding cost of uncollateralised derivatives above the risk-free rate of return. It represents the costs and benefits of writing a hedge for a client who is not posting collateral, and then hedging that trade with a collateralised one in the interbank market.

### 11.7.5.2 Structural & ALM risk

#### *Interest rate risk of the banking activities*

In respect to the interest rate risk, Belfius Bank pursues a risk management of its interest rate positions in the Banking book within a well-defined internal and regulatory limit framework, with a clear focus on generating stable earnings and preserving the economic value of the balance sheet and this in a macro-hedging approach, thoughtfully considering natural hedges available in the Bank balance sheet.

The management of non-maturing or 'on demand' deposits (such as payment and savings accounts) and non-interest bearing products use portfolio replication techniques. The underlying hypotheses concerning expected duration, rate-fixing period and tariff evolution are subject to constant monitoring and, if necessary, they are adjusted by the ALCo. Implicit interest rate options like prepayment risk are integrated through behavioural models. All ALM models are following the three lines of defence.

Interest rate risk has two aspects: economic value of equity volatility and earnings volatility. The measurement of both is complementary in fully understanding the interest rate risk in the Banking book.

Banks' ALM objective gives priority to protect the net interest income from downward/upward pressures in the current volatile interest rate environment, while respecting the risk appetite limits on the variation of economic value.

Economic value indicators capture the long-term effect of the interest rate changes on the economic value of the Bank. Interest rate sensitivity of economic value measures the net change in the ALM balance sheet's economic value (at run off balance sheet assumption) if interest rates move by 10 bps across the entire curve. The long-term sensitivity of the ALM perimeter was EUR -72 million per 10 bps on 30 June 2023 (compared to EUR -59 million per 10 bps on 31 December 2022), excluding interest rate positions of Belfius Insurance and of the pension funds of Belfius Bank.

The Earnings at Risk indicators capture the more shorter term effect of the interest rate changes on the earnings of the Bank (under a stable balance sheet assumption). Therefore, indirectly through profitability, interest rate changes can also have a shorter-term solvency impact. A 95 bps increase of interest rates has an estimated impact on net interest income (before tax) of EUR +40 million of the next book year and an estimated cumulative impact of EUR +72 million over a three year period, whereas a 95 bps decrease would lead to an estimated impact of EUR -22 million over the next book year and an estimated cumulative impact of EUR -95 million over a three year period (compared to EUR +32 million, resp. EUR +87 million for a similar rate shock of +50 bps and EUR +8 million, resp. EUR +2 million for a rate shock of -50 bps end of last year).

Next to directional interest rate risk, also curvature risk, due to steepening or flattening of the interest rate curve, is monitored within a normative framework by the ALCo. The same applies to basis spread risk between Euribor and €STR and cross-currency spread risk.

The continued increase in interest rates over the first half of 2023 has an overall positive impact on the Bank's standard transformation model. On the one hand, the interest to receive on new production of commercial loans starts to increase and the interest paid to depositors still remained close to zero for payment accounts and is only gradually increasing for savings accounts and term funding for the time being. On the other hand, refinancings and prepaying mortgages have become less interesting for the customers. Furthermore, this increase in rates has further improved the net collateral cost for derivative contracts used to hedge the Bank's exposure to interest rate risk. The ALCo will remain attentive to a volatile interest rate environment with primary objective to respect the Risk Appetite Framework (RAF). ALM conventional models are regularly reviewed at the light of the macro-economic environment and prevailing interest rates. During the first half of 2023, the continued increase in interest rates has

modified the expected interest rate sensitivities of the ‘on demand’ (or non maturing) deposits, which triggered additional hedging to remain within Belfius’ risk appetite.

#### ***Interest rate risk of the insurance activities***

For Belfius Insurance, the ALM objective is to limit the volatility of the P&L and the economic value of the company induced by potential changes in the interest rates.

The long-term sensitivity of the Net Asset Value of Belfius Insurance to interest rates was EUR 1.4 million per 10 bps as of 30 June 2023 relatively stable compared to EUR 0.4 million as of the fourth quarter of 2022. The earnings have a low sensitivity to interest rates for the next years, thanks to good matching in terms of duration.

Sensitivity tests on our Solvency II ratio are also quarterly performed on top of specific stress tests to monitor our exposure to the interest rate risk. Results show that our risk is limited and respect the risk appetite of the company.

#### **11.7.5.3 Trading market risk**

Financial Markets activities encompass client-oriented activities and hedge activities at Belfius Bank.

The Financial Market activities of Belfius Bank manage both the financial markets services for the two business segments E&E&P and IND, as well as for Group Centre portfolios and activities like the ALM of the Bank and the non-core portfolios. Belfius P&L remains somewhat sensitive especially for idiosyncratic credit spread movements within its derivatives portfolio (both for E&E&P customers and in the non-core portfolios), GBP real rate movements within its non-core ALM yield bond portfolio and for its funding conditions.

No Financial Markets activities are undertaken at Belfius Insurance. For their needs in Financial Markets products, they turn to Belfius Bank or other banks.

#### **11.7.6 Liquidity risk**

##### **11.7.6.1 Liquidity risk at Belfius Bank**

#### ***Liquidity management framework***

Belfius Bank manages its liquidity with a view to comply with internal and regulatory liquidity ratios. In addition, limits are defined for the balance sheet amount that can be funded over the short term and on the interbank market. These limits are integrated in the Risk Appetite Framework (RAF) approved by the Board of Directors and reported on a quarterly basis while the monitoring takes place on a daily basis. Available liquidity reserves also play a key role: at any time, Belfius Bank ensures it has sufficient quality assets to cover a temporary liquidity shortfall, both in normal markets and under stress scenarios. Belfius Bank defined specific guidelines for the management of LCR eligible bonds and non LCR eligible bonds, both approved by the Management Board. All this is laid down in liquidity guidelines, approved by the ALCo.

Asset and Liability Management (ALM), a division situated within the scope of the Chief Financial Officer (CFO), is the front-line manager for the liquidity requirements of Belfius Bank. ALM analyses and reports on current and future liquidity positions and risks. It defines and coordinates funding plans and actions under the operational responsibility of the ALCo and under the general responsibility of the Management Board. The funding plan is approved together with the financial plan by the Board of Directors, which delegates its execution to the ALCo. The ALCo also bears final operational

responsibility for managing the interest rate risk contained in the banking balance sheet via the ALM department.

ALM organises a regular Assets and Liabilities Forum (ALF), in presence of the Risk department, the Treasury department and representatives of the commercial business lines. This forum coordinates the implementation of the funding plan validated by ALCo.

ALM monitors the funding plan to guarantee Belfius Bank will continue to comply with its internal and regulatory liquidity ratios.

ALM reports on a daily basis to the CFO and CRO and on a quarterly basis to the Board of Directors about the Bank's liquidity situation.

Second-line controls for monitoring the liquidity risk are performed by the Risk department, which ensures that the reports published are accurate, challenges the retained assumptions and models, realises simulation over stress situations and oversees compliance with limits, as laid down in the Liquidity Guidelines.

### ***Exposure to liquidity risk***

The liquidity risk at Belfius Bank is mainly stemming from:

- the variability of the amounts of commercial funding collected from individuals and business customers, small, medium-sized and large companies, public entities and similar customers and allocation of these funds to customers through loans;
- the volatility of the collateral that is to be deposited at counterparties as part of the CSA framework for derivatives and repo transactions (so called cash & securities collateral);
- the value of the liquid reserves which allow Belfius Bank to collect funding on the repo market and/or from the ECB;
- the capacity to obtain interbank and institutional funding.

### ***Consolidation of the liquidity profile***

During the first half of 2023, Belfius preserved its diversified liquidity profile by:

- maintaining a substantial funding surplus within the commercial balance sheet;
- continuing to obtain diversified long-term funding from institutional investors;
- collecting short and medium-term (CP/CD/EMTN) deposits from institutional investors.

The participation of Belfius Bank in the ECB TLTRO III funding programme for an amount of EUR 15.65 billion, was reduced to EUR 6 billion end of 2022, and in June 2023 another EUR 3.3 billion was repaid. This leads to a residual funding through TLTRO of EUR 2.7 billion, that will continue to expire.

Belfius Bank reached end of June 2023 a 12-month average Liquidity Coverage Ratio (LCR) of 156%. This decrease since end of December 2022 (173%), is mainly explained by the repayment of the TLTRO and a continued strong growth in commercial loans. Without the additional TLTRO at more advantageous conditions to compensate for the pressure on the Bank's standard transformation model, the LCR remained within our driving range during the first half year of 2023. The High Quality Liquid Assets (HQLA) end of June 2023 are composed of 73% Level 1 cash, 24% Level 1 bonds, 2% Level 2A bonds and 1% Level 2B bonds.

The Net Stable Funding Ratio (NSFR), based on the binding CRR2 rules and calculated according to EBA templates, stood at 133% end of June 2023, a decrease also explained by the repayment of the TLTRO and growth in commercial loans.

#### ***Funding diversification at Belfius Bank<sup>59</sup>***

The total funding of Belfius Bank amounted to EUR 142.8 billion as at 30 June 2023 compared to EUR 143.6 billion as at end December 2022.

Belfius Bank has a stable funding profile that consists of mainly commercial funding (84%), senior wholesale funding (4%), secured funding (7%), and net unsecured ST interbank funding (4%).

As a universal bank, the main part of funding comes from its commercial activity (EUR 119.4 billion), of which 74% are sticky deposits from individuals and business customers and 47% concern insured deposits (DGS). Although the commercial funding remained quite stable since end of 2022, Belfius Bank observed a shift from 'on demand' deposits (payment and savings accounts) to term funding.

The loan-to-deposit ratio, which indicates the proportion between assets and liabilities of the commercial balance sheet, increased from 87% at the end of December 2022 towards 90% at the end of June 2023.

Belfius Bank also receives medium-to-long-term wholesale funding, including EUR 6.5 billion from covered bonds, EUR 3.6 billion from preferred senior unsecured, and EUR 2.7 billion in TLTRO funding from ECB as at 30 June 2023.

The Non-Preferred Senior Bonds of EUR 2.0 billion enable Belfius to respect the regulatory requirement of MREL Subordinated.

Note that during 2023, Belfius Bank issued EUR 0.5 billion covered bonds, EUR 0.5 billion Tier 2 and EUR 0.75 billion preferred senior under green format.

The remainder of the Bank's funding sources comes from institutional short-term deposits (Treasury) mainly by issuing Certificates of Deposit and Commercial Paper.

As a result of derivative contracts to cover interest rate risk of its activities, Belfius Bank has an outstanding position in derivatives for which collateral must be posted and is being received (cash & securities collateral). Against the background of historical still low interest rates, in net terms, Belfius Bank posts more collateral than it receives. With the strong increase in interest rates, however, this net cash collateral position has continued to improve from EUR 6.1 billion end of December 2022 to EUR 5.9 billion end of June 2023.

#### ***Liquidity reserves<sup>60</sup>***

At the end of June 2023, Belfius Bank had readily realisable liquidity reserves of EUR 45.0 billion. These reserves consisted of EUR 24.2 billion in cash, EUR 8.5 billion in ECB eligible bonds and EUR 12.3 billion in other assets eligible at the ECB (of which EUR 10.4 billion in bank loans).

These liquidity reserves represent 6.7 times the Bank's institutional funding outstanding at the end of June 2023 and having a remaining maturity of less than one year.

Please note the ALM portfolio for liquidity management, with highly liquid assets, is included in the historical bond portfolio of Belfius Bank.

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<sup>59</sup> Unaudited.

<sup>60</sup> Unaudited.



### ***Encumbered assets***

According to the EBA guideline based on the median values of the encumbrance reportings of the last four quarters, the encumbered assets at Belfius Bank level amount to EUR 26.0 billion in June 2023 and represent 15.4% of total bank balance sheet and collateral received under securities format. This represents a decrease of the encumbrance ratio of -6.9% compared to end 2022, this decrease being mainly explained by the repayment of TLTRO and the decrease in derivatives.

Belfius is active on the covered bond market since the set-up of the first covered bond program in 2012. In June 2023 (point in time), the total amount issued was EUR 6.5 billion. End of June 2023, the assets encumbered for this funding source are composed of commercial loans (public sector and mortgage loans) and amount to EUR 7.9 billion (stable since end 2022).

The Bank is also collecting funding through repo markets and other collateralised deposits. End of June 2023, the total amount of assets used as collateral for this activity amounts to EUR 5.6 billion, of which EUR 4.2 billion linked to the ECB funding. The exceptional drawing on the TLTRO III, allowing Belfius to generate additional P&L and capital to sustain the Belgian Economy, has led to a higher than normal Asset Encumbrance Ratio.

The balance of encumbered assets is also linked to collateral pledged (gross of collateral received) for the derivatives exposures for EUR 4.5 billion point in time (decrease of EUR -0.2 billion compared to end 2022), under the form of cash or securities. A significant part of collateral pledged is financed through collateral received from other counterparties with whom the Bank concluded derivatives in the opposite direction.

The repayment of the TLTRO III, and the decrease in net collateral to post thanks to the increase in interest rates, has strongly reduced the Asset Encumbrance Ratio.

#### **11.7.6.2 Liquidity risk at Belfius Insurance**

As an insurance company in terms of liquidity management, Belfius Insurance engages mainly in Life insurance liabilities at relatively long term that are largely stable and predictable. Consequently, funding requirement is quite limited. The premiums paid by policyholders are placed in long-term investments in order to guarantee the insured capital and committed interests at the contract's maturity date. Our liquidity indicators demonstrate that Belfius Insurance constantly holds enough liquid assets to cover its commitments on the liability side of the balance sheet.

In order to ensure that all short-term liquidity requirements can be met, Belfius Insurance has embedded liquidity management in its day-to-day activities through:

- investment guidelines that limit investments in illiquid assets;
- Asset Liability Management, ensuring that investment decisions take into account the specific features of the liabilities;
- policies and procedures put in place to assess the liquidity of new investments;
- follow up of the short-term treasury needs.

In addition, Belfius Insurance also holds a significant amount of unencumbered assets (mainly in governments bonds) eligible for repos in the context of its liquidity management.

The Investment department of Belfius Insurance is responsible for Belfius Insurance's liquidity and cash-flow management, for which it uses long-term projections of the cash-flows of assets and liabilities. These cash flows are simulated under both normal and stressed situations

### **11.7.7 Minimum requirement for own funds and eligible liabilities ("MREL")**

On 20 December 2022, the NBB notified Belfius that going forward it has to execute the SRB MREL instruction regarding the minimum requirement own funds and eligible liabilities at the consolidated level of Belfius Bank under BRRD2. For Belfius Bank, the MREL requirement on a consolidated basis is set at 23.23% of Total Risk Exposure Amount (TREA) and 6.87% of Leverage Ratio Exposure (LRE).

Belfius Bank must meet the target no later than 1 January 2024 and must provide for a linear build-up of equity and eligible liabilities towards the requirement. The SRB also determined an intermediate target of 22.37% of TREA and 6.84% of LRE which had to be met by 1 January 2022.

The SRB MREL instruction also defines a subordination requirement: Belfius Bank must meet at least 15.83% of TREA and 6.87% of LRE by means of subordinated MREL. Own funds used to meet the combined buffer requirement (CBR) set out in Directive 2013/36/EU (at 4.37% of TREA for Belfius currently) are not eligible to meet the requirements expressed in TREA. Belfius Bank must comply with this subordination requirement by 1 January 2024, subject to an intermediate target of 15.25% of TREA and 6.84% of LRE by 1 January 2022.

Belfius already met its expected BRRD2 MREL requirements at the end of the first half of 2023. Indeed, expressed in TREA, Belfius MREL realised of EUR 19.4 billion amounted to 29.96% to be compared with 27.6% of the 2024 final binding target (including CBR). In the same way, Belfius MREL subordination of EUR 15.3 billion amounted to 23.53% of TREA to be compared with 20.2% of the binding target (including CBR). Expressed in LRE, Belfius MREL subordination of 8.57% stood in excess of 6.87% MREL requirement.

### **11.7.8 Operational risk – Non-Financial Risk (NFR)**

#### **11.7.8.1 Non-Financial Risk Management Framework**

Non-Financial Risk (NFR) must be understood as a broad umbrella covering all risks except “financial risks” (the latter encompassing market, ALM, liquidity, credit and insurance risks). NFR covers among others operational risks (including fraud, HR, IT, IT-security, business continuity, outsourcing, data-related, privacy...) as well as reputational, compliance, legal, tax, ESG... risks.

The NFR management framework determines the principles that ensure an effective management of the non-financial risks. The principles are further elaborated in specific policies and guidelines adapted to the business activities. These general principles are following the applicable legal and regulatory requirements.

The framework is based on the following pillars:

- a risk mapping and taxonomy in order to ensure consistency within the organisation, including a regular review of this mapping and taxonomy to identify emerging risks;
- clear roles and responsibilities, as well as a well-defined way of working together for all the risks based on the three LoD (3 LoD) model (decentralised responsibility);
- a strong governance/committee structure involving the appropriate level of management;
- a Risk Appetite Framework (RAF) definition and monitoring;
- transversal risk processes and dedicated risk management frameworks, which are structured into the following main domains: Change Risk Management, Integrated Risk Management, Risk Culture & Governance, Operational Resilience, Fraud Risk Management & 2 LoD Audit, Information Security and Data Privacy (see further).

This framework provides comprehensive risk management and sound risk governance, to ensure an effective and efficient identification, assessment, mitigation and monitoring of non-financial risks.

The NFR department acts as an independent internal control function with a 2nd LoD role, and reports directly to the Chief Risk Officer. The NFR departments also includes the specific functions of Anti-Fraud Officer, Data Protection Officer (DPO) and Chief Information Security Officer (CISO).

#### **11.7.8.2 Transversal risk processes**

##### **11.7.8.2.1 NFR domain – Change Risk Management**

###### ***Change Risk Management***

Being and staying “Meaningful and Inspiring for Belgian society” implies continuous innovation. In that context, change risk management is a corner stone of the global risk management framework, with the New Product Approval Process (NPAP) and Project Risk Management as the main contributions.

###### ***New Product Approval Process***

The process of developing or changing a function (product, service, activity, process or system) involves a sound (*ex-ante*) risk assessment, the so-called New Product Approval Process (NPAP). Its purpose is to ensure that all risks related to any new or changed function are assessed by relevant experts and addressed accordingly and that they are overseen by a dedicated steering committee.

It is a risk-based process with special attention to the due implementation of binding conditions.

###### ***Project Risk Management***

The capacity to deliver projects with high quality standards within the foreseen timeframe is a key success factor. In that context, a Project Risk Management (PRM) framework has been developed in order to correctly and timely identify the risks and put in place the necessary controls and mitigating plans following a risk-based approach.

Basically, this framework consists of:

- different qualitative and quantitative assessment techniques to derive both the criticality and risk performance of the projects; and
- a tiering system to focus efforts and attention to the most risky ones.

##### **11.7.8.2.2 NFR domain – Integrated Risk Management**

###### ***Incident Management***

The systematic collection and control of data on operational incidents is one of the main requirements of the Basel Committee regarding operational risk management.

The reporting mechanisms ensure that the responsible parties are notified quickly when incidents. Major incidents are investigated thoroughly and are reported to the CRO/ Management Board. Such incidents are also subject to specific action plans and appropriate follow-up, under the responsibility of the concerned line management, for avoidance, mitigation or limitation of the related risk.

The main areas of operational losses remain essentially due to incidents associated with external fraud and incidents in relation to execution, delivery and process management. Other categories remain limited in amount but not necessarily in number of events. The most important part of the financial impact resulting from operational incidents comes from the Bank’s retail business.

### ***Self-Assessment of Risks and Internal Controls***

Another important task of risk management is the analysis of the overall main potential risks and related key controls, performed within Belfius Group's main entities. This is achieved through a bottom-up Self-Assessment of Risks and Internal Controls (SARIC) in all departments and subsidiaries, using the COSO methodology to determine the internal control level. These exercises may result in the development of additional action plans to further reduce potential risks. They also provide an excellent overview of the main risk areas in the various businesses. They are conducted annually, and the results are submitted to the respective Boards of Directors through the reports regarding the assessment of internal control. Belfius Bank also submits the senior management report on the assessment of the internal control to its regulators.

### ***Managing insurance policies***

The possible financial impact of Belfius' operational risks is also mitigated by taking insurance policies, principally covering professional liability, fraud, theft, and interruption of business and cyber risk. This is standard practice in the financial services' industry.

### ***Outsourcing risk***

Belfius is aware that outsourcing & third-party risk must be addressed adequately and fully assumes its responsibilities, including but not limited to overseeing and managing the concerned arrangements and the risks involved. The Outsourcing Risk & Material Arrangements Policy is compliant with the "Final Report on EBA Draft Guidelines on Outsourcing Arrangements". In particular, the policy provides for the appointment of the outsourcing function and the setup of the Outsourcing Management (steering) Committee (OMC). Its mission consist in ensuring a well governed and coordinated outsourcing strategy in line with Belfius strategy, risk appetite and regulatory requirements.

### ***Permanent control***

It is difficult to envisage risk management without taking special attentions to internal control systems. To this regard, permanent control functions have been further deployed in order to provide ongoing assurance on the adequacy & effectiveness of the Belfius' control environment.

## ***11.7.8.2.3 NFR domain – Risk culture and Governance***

### ***Risk Appetite***

The formal definition of a Risk Appetite Framework (RAF) is the key reference for the group Risk Management practice covering both financial and non-financial risks.

The RAF for NFR contains quantitative elements (target values or ratios) and qualitative elements (statements) and is articulated around three concepts on which limits are defined:

- "Risks": What are the risks? How to appreciate the risk level (past and forward looking)?
- "Risk management capacity": What is the capacity to manage the risks?
- "Loss tolerance": What are the potential P&L and future RWA impacts Belfius tolerates? The RAF covers a.o. loss tolerance, management capacity, fraud risk, data privacy risk, outsourcing & third-party risk, resources risk, project/transformation risk, information security.

The RAF is continuously updated and improved regarding RAF indicators, with constant challenging at the governance level and improving level of maturity.

In order to further strengthen the conglomerate dimension, the RAF is also rolled out in the Belfius' subsidiaries. Their respective RAF is based on the RAF at group level, reflecting and monitoring their own (financial and non-financial) vulnerabilities and risks.

#### **11.7.8.2.4 NFR domain – Operational Resilience**

##### ***Business continuity and crisis management***

**Belfius** is committed to its clients, counterparties, and regulators to put in place, maintain and test viable alternative arrangements that, following an incident, allow the continuation or the resumption of critical business activities at the agreed operational level and entirely compliant with the Belgian regulation.

The supporting process, the business continuity and crisis management, is aligned with the ISO22301 standard and the BCI Good Practice Guidelines. It is applied in a uniform way at all Belfius entities and relies on a.o. threat analysis, business impact analysis, reallocation strategies (dual office, remote and homeworking, etc.), effective management reporting, business continuity plans as well as exercise and maintenance programs. In that way, Belfius has also demonstrated its resilience to the Covid-19 situation.

As the Covid-19 situation allowed a more normal way of working, room is now available to exercise in order to test our ability to react.

##### ***Employment Practices (HR) & Workplace Safety, Damage to Assets & Public Safety risk***

Belfius has a very low appetite for physical security and workplace safety risk and strives to provide a safe environment for its staff, clients, guests, and assets by ensuring that its physical security measures and procedures meet high standards. To meet this goal, a Physical Security Steering Committee with all stakeholders systematically monitors the overall situation by means of a dashboard. It also acts as a forum to reflect and to dialogue on actual incidents, and to envisage action plans to reduce the risk to acceptable levels.

#### **11.7.8.2.5 Fraud Risk Management & 2 LoD audit**

##### ***Fraud risk***

Belfius applies a zero-tolerance policy for all forms of fraud (internal, external, and mixed fraud schemes), monitors the threats continuously and manages these risks based on a global anti-fraud policy as defined and steered by senior management. The roles and responsibilities have been clearly defined with business and support lines as the first risk managers. The CRO and NFR team, including the Anti-Fraud Officer as expert, have a clear 2nd LoD role.

In a context of evolving digital channels and faster payments processing, internal controls are continuously screened to prevent fraud and this to protect the interests of Belfius and its employees, customers, suppliers, and other stakeholders. Continuous investments are realised to protect clients against potential impacts from phishing or other techniques.

Moreover, specialised panels are regularly organised to enhance awareness, information exchange on fraud trends, fraud detection tools and best practices in order to enhance fraud detection and mitigation within Belfius Group and to ensure that the Anti-Fraud Steering Committee (A-FSC) receives the information necessary for defining & monitoring the anti-fraud risk management.

##### ***Branch audit***

Branch Audit, as part of the Risk function and from a 2nd LOD perspective, focusses specifically on traditional “physical” distribution channels for which it provides through on site reviews an assurance

on the degree of control of the risks generated during human intervention in the distribution process and which require a physical presence on site in order to be assessed. Branch Audit also formulates advices in order to improve the functioning of the internal control system.

#### ***11.7.8.2.6 Information Security Management***

For Belfius, the purpose of information security is to protect Belfius' information having a value for the organisation: i.e. the information generated by the business, the information belonging to our clients, and also the information, derived from freely accessible or publicly available data, which has acquired a value as a result of the treatment carried out by or on behalf of Belfius. The threats against data and information are their loss of integrity; of confidentiality; and their unplanned unavailability. The mission of information security is to safeguard against these threats.

Belfius also considers that the objective regarding information security extends to managing the risks linked to the consequences of these threats if they have materialized in terms of customers' trust, finance, reputation, peer confidence (regulators, financial markets) and confidence of our business partners. An information security strategy derived from these principles is applicable to all actions pertaining to information security.

In order to guarantee the information security within Belfius, the Information Security Steering (ISS) Committee, managed by the Chief Information Security Officer (CISO) and chaired by the Chief Risk Officer, ensures a well governed and coordinated information security strategy whereby an adequate system of "prevention", "detection", "protection" and "reaction" is put in place, in line with regulatory requirements for information security. The steering of Belfius information security is relying on a combination of qualitative statements, tangible figures and quantitative statements: deviations from the risk appetite are challenged to mitigate the risks to an acceptable level. Large security projects are grouped together in a security roadmap which typically spans the course of two years.

The first half-year 2023 was characterized by the release of a first set of KRI related to the Information Security Management System (ISMS), based on ISO27001 that we are currently deploying into the company. The deployment of ISMS controls has continued with a focus on controls linked to information security risks rated as high. The update of the ISMS policies that should be done every three years has begun in 2023 too.

The publication of the regulatory technical standards for the DORA regulation has marked a milestone in information security as they now have to get integrated into our ISMS deployment effort.

Another milestone is the announcement of a stress test imposed by the ECB that takes as a start point a cyber incident that makes the core system (including the core database) of banks unavailable because all preventive tools in place have failed. This ECB stress test thus takes as a central scenario a cyber incident affecting Belfius information. The ECB made clear this stress test has an exploratory nature without the usual actions to be undertaken in case of unsatisfactory results.

The call for consultation about the ECB stress test scenario and methodology has run to 15 August. We took part to the consultation. The ECB stress test will be launched in 2024.

#### ***11.7.8.2.7 Data Privacy Management***

##### **Respect for privacy and customer satisfaction**

The respect for privacy and the protection of personal data is a key commitment at Belfius, which is translated into a sound internal governance and principles to be followed in the respect of GDPR.

In order to continuously guarantee data privacy within Belfius, the Privacy Committee related to GDPR regularly meets. Belfius' Management and several committees are informed about GDPR on a recurrent basis at Belfius.

Staff needs to regularly update their GDPR knowledge and are also regularly informed on GDPR "news".

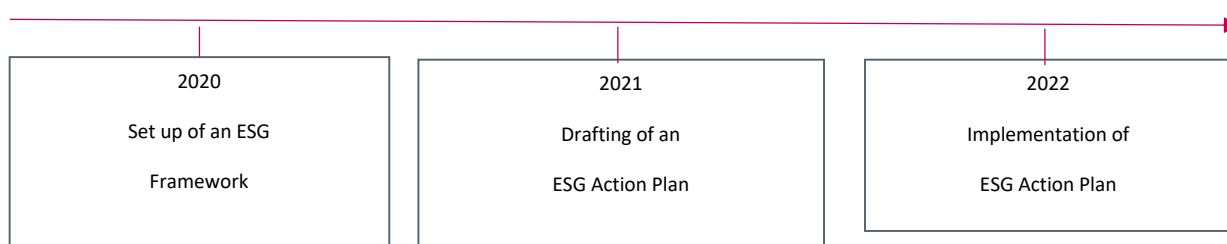
The Data Privacy Officer (DPO) is part of the 2nd line of defence. A network of privacy correspondents, active in each department, work closely with the DPO to continuously raise awareness, control, and monitor processes and activities being in line with GDPR.

GDPR conformity, including a risk assessment for the rights and freedom of the owners whose personal data is treated, is integrated into every process to offer (existing, adapted, and new) products, innovative digital tools, services, and information sharing to its clients.

All activities treating personal data are documented by the business lines in a privacy register and Belfius is very committed to avoid personal data breaches and to manage any incident as quickly as possible.

Data subject rights can be executed by data subjects via multiple possibilities, including the Belfius' online and mobile applications.

### 11.7.9 ESG risk<sup>61</sup>



After laying out the foundations, designing a roadmap and creating an ESG Risk Competence Center, Belfius is now actively working on the implementation of its ESG action plan. Belfius is further embedding environmental, social and governance risks (particularly climate-related risks in a first instance) into its existing risk management framework with the goal to adequately manage those risks to ensure its long term resilience and profitability. The main progress achieved during the first semester of 2023 relates primarily to the carrying out of comprehensive climate and environmental risks materiality assessments, the implementation of its ESG scoring model for corporates and the expansion of the internal ESG KRI dashboard.

#### 11.7.9.1 Risk identification and assessment

Belfius is combining two approaches:

- A top-down approach where climate-related risks (and opportunities) are assessed at portfolio level and potential risk pockets are identified.
- A bottom-up approach where climate-related risks are assessed at counterparty and/or asset level, vulnerable assets are identified and quantified and scores are assigned to counterparties.

<sup>61</sup> Unaudited.

Belfius is currently in the process of assessing the magnitude of the potential (financial) impact of relevant climate and environmental risk drivers on its solvency, liquidity and profitability, considering its specific (sectoral) exposures and risk profile:

- This exercise is based on regional and sectoral heatmaps, drafted with the help of an external climate specialist, evaluating the likelihood of occurrence of climate and environmental risk drivers and the expected severity of the socio-economic impact of those events.
- The level of exposure of Belfius' counterparties/assets/activities to those risk drivers is then assessed under several scenarios and time horizons and across various risk dimensions (covering credit, market, liquidity, operational and strategic risks).

This comprehensive exercise is complemented by the finetuning of the climate risk assessment and simulation tool for mortgage loans, aimed at projecting possible evolutions of the mortgage loan portfolio in the long term (up to 2050).

Belfius has also started implementing its in-house ESG assessment methodology for corporates, which aims at:

- capturing data about the global ESG profile of corporate counterparties through an engagement process with clients;
- evaluating their current performance and practices, historical trends and future plans;
- supporting their transition to a low carbon economy in order to get a win-win situation in which the customer improves its profile and Belfius reduces its risks.

Leveraging on the results of the materiality assessments, the simulation tool for mortgage loans and the assessment methodology for corporates, Belfius will investigate the need to perform deep dives, design additional stress test scenarios, define new key risk indicators and limits, set further mitigation measures in place, etc.

#### **11.7.9.2 Quantification, Metrics and Monitoring**

Belfius' sensitivity to climate and environmental risks should remain fairly limited as it relies on the overall sound composition and risk profile of its balance sheet to mitigate credit and market impacts, as evidenced by the follow up of the main key risk indicators in this field which show that:

- Belfius holds only minor exposures to fossil fuel activities;
- the share of climate sensitive exposures (defined at sectoral level) remains reasonable with low exposures toward the most sensitive sectors (such as agriculture and mining);
- the share of mortgage loan production collateralised by buildings with a very low EPC score remains within the risk appetite;
- the share of mortgage loan production collateralised by buildings located in a high-medium flood risk zone is still very limited.

#### **11.8 Ratings**

Between 1 January 2023 and 31 August 2023, the rating agencies took the following decisions:

- On 28 June 2023, S&P confirmed Belfius Bank's long-term rating at A with Stable outlook;



- On 7 July 2023, Moody's affirmed Belfius Bank's long-term rating at A1 and changed the outlook to positive from stable;
- On 13 July 2023, Fitch affirmed Belfius Bank's long-term rating at A- with Stable outlook.

As at the date of this Prospectus, Belfius Bank had the following ratings:

	<b>Stand-alone rating (*)</b>	<b>Long-term rating</b>	<b>Outlook</b>	<b>Short-term rating</b>
Fitch.....	a-	A-	Stable	F1
Moody's.....	baa1	A1	Positive	Prime-1
Standard and Poor's.....	a-	A	Stable	A-1

(\*) Intrinsic creditworthiness

The rating agencies, Standard & Poor's, Moody's and Fitch Ratings or other rating agency if applicable, 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.

In addition, Belfius Bank is wholly owned by the Belgian federal state through the Federal Holding and Investment Company, and it is possible that, if the ratings assigned to the Belgian federal state were to be downgraded, that could result in the ratings assigned to Belfius Bank being negatively affected. Moreover, as the ownership of a bank is one of the factors taken into in determining a bank's rating, a change of ownership of Belfius Bank could have a potential impact on the ratings assigned to Belfius Bank.

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 a bank's important subsidiaries.

A downgrading or the mere possibility of a downgrading of the rating of Belfius Bank 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, Belfius Bank'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 Belfius Bank 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, Belfius Bank would have to provide additional collateral for derivative transactions in connection with rating-based collateral arrangements. If the rating of Belfius Bank were to fall within reach of the non-investment grade category, it would suffer considerably. In turn, this would have an adverse effect on Belfius Bank's ability to be active in certain business areas.

## **11.9 Other information**

### **11.9.1 Dependency of the Issuer**

The Issuer is not dependent on any of its subsidiaries, save for Belfius Insurance SA/NV. Belfius Insurance SA/NV holds the licenses required for insurance undertakings, and Belfius Bank consequently relies on it for the insurance activities carried out by it.

### **11.9.2 Arrangements resulting in a change of control**

As at the date of this Base Prospectus, there are no arrangements known to Belfius Bank, the operation of which may at a subsequent date result in a change of control of Belfius Bank.

### **11.9.3 Recent events**

Other than as stated in this section and in the section entitled "*Non-adjusting post-balance sheet events*" above, as at the date of this Base Prospectus there are no recent events particular to Belfius Bank which are, to a material extent, relevant to the evaluation of its solvency.

### **11.10 Litigation**

Belfius (Belfius Bank and its consolidated subsidiaries) is involved as a party in a number of litigations in Belgium, arising in the ordinary course of its business activities, including those where it is acting as an insurer, capital and credit provider, employer, investor and taxpayer.

Belfius recognises provisions for such litigations when, in the opinion of its management taking into account all available elements, including an analysis by its company lawyers and external legal advisors as the case may be:

- a present obligation has arisen as a result of past events;
- it is probable that Belfius will have to make a payment; and
- the amount of such payment can be estimated reliably.

With respect to certain other litigations against Belfius, of which management is aware, no provision has been made according to the principles outlined here above, as the management is of the opinion, after due consideration of appropriate advice, that, while it is often not feasible to predict or determine the ultimate outcome of all pending litigations, such litigations are without legal merit, can be successfully defended, or that the outcome of these actions is not expected to result in a significant loss.

In the opinion of Belfius, the most important cases are listed below, regardless of whether a provision has been made or not. Their description does not deal with elements or evolutions that do not have an impact on the position of Belfius. If the cases listed below were to be successful for the opposite parties, they could eventually result in monetary consequences for Belfius. For litigations for which no provision has been made, such impact remains unquantifiable at this stage. Note that, apart from the cases listed below, continued vigilance can be observed in the prevention of money laundering (AML) in the Belgian financial sector. In this context, as is customary, Belfius is collaborating with the Belgian authorities and monitors this closely.

#### **11.10.1 Arco - Cooperative shareholders**

Various parties, including Belfius Bank, have been summoned by Arco - Cooperative shareholders in three separate procedures, i.e.:

- A procedure before the Dutch speaking Commercial Court of Brussels (Procedure C.C. Deminor)
- A procedure before the Court of First Instance of Brussels (Procedure C.F.I. ArcoClaim 2018)
- A procedure before the Court of First Instance of Brussels (Procedure C.F.I. Deminor 2022)

##### **11.10.1.1 Procedure C.C. Deminor**

On 30 September 2014, 737 shareholders from 3 companies of the Arco Group (Arcopar, Arcoplus and Arcofin) initiated (with support of Deminor) proceedings against the Arco entities and Belfius Bank before the Dutch speaking Commercial Court of Brussels (the "Deminor Proceedings"). On 19

December 2014, 1,027 additional shareholders of the Arco entities joined in the Deminor Proceedings. On 15 January 2016, 405 additional shareholders of the Arco entities joined the Deminor Proceedings, resulting in a total of 2,169 plaintiffs. On 16 November 2020, a further “Deminor” procedure was initiated, in which all plaintiffs except one joined, to anticipate a possible nullity of the original summons. The content of the two proceedings is identical. As a result, they are treated together.

The plaintiffs have requested that the Brussels Court rules, among other things:

- in first order, that the agreements by virtue of which they became shareholders of the relevant Arco entities are null and void as a consequence of an alleged defect in consent;
- that the defendants should therefore, in solidum, reimburse the plaintiffs for their financial contribution in these entities plus interest;
- in the alternative, a compensation is asked to Belfius Bank for an alleged violation of the information duty; and
- that the defendants are liable for certain additional damages to the plaintiffs.

The historical financial contribution of the 2,169 plaintiffs to the Arco Group entities, for which reimbursement is claimed, amounted to approximately EUR 6.5 million (principal amount). The plaintiffs’ claims in the Deminor Proceedings are based on allegations of fraud and/or error on the part of the Arco entities and Belfius Bank. In the alternative, the plaintiffs have argued that Belfius Bank breached its general duty of care as a normal and prudent banker. In relation to Belfius Bank, the plaintiffs have referred to certain letters and brochures allegedly containing misleading information issued by the predecessors of Belfius Bank. The Belgian State, DRS Belgium (Deminor) and the Chairman of the Management Board of the Arco entities are also defendants in the proceedings before the Commercial Court of Brussels. In the meantime, the VZW Arcoclaim also intervened in this litigation procedure (on grounds of an alleged transfer of claim by one of the plaintiffs/Arco shareholders). The case has been pleaded during several pleading sessions in June 2021. In its decision announced on 3 November 2021, the Dutch-speaking Commercial Court of Brussels rejected all the claims of the Arco shareholders.

The Arco shareholders have launched appeal against this judgement. The case is now pending before the Court of Appeal in Brussels. A pleading calendar has been determined. A pleading hearing can be expected at the earliest in the second half of 2028.

#### **11.10.1.2 Procedure C.F.I. ArcoClaim 2018**

On 7 February 2018, 2 Arco shareholders summoned the Belgian State before the Court of First Instance of Brussels because they state that the Belgian State has made a fault by promising and introducing a guarantee scheme for shareholders of financial cooperative companies (like the Arco shareholders) which has been considered illicit state aid by the European Commission. These 2 plaintiffs also summoned Belfius Bank on 8 February 2018 to intervene in this procedure and claim compensation from Belfius Bank because they consider that Belfius Bank erred in the sale of the Arco shares. Groups of Arco shareholders organised themselves via social media to mobilize other Arco shareholders to become claimant in this procedure. The VZW Arcoclaim also intervenes in this litigation procedure.

In this procedure VZW Arcoclaim had requested the initiation of a mediation procedure before the court, but this request has been dropped in May 2023. In the meantime, to date, ArcoClaim has declared that 7.258 new Arco shareholders have joined ArcoClaim, in addition to 5.334 Arco shareholders already being part of ArcoClaim.

No pleading calendar has been fixed yet, but ArcoClaim had requested that this procedure be joined with the procedure C.F.I. Deminor 2022 (see also Procedure C.F.I. Deminor 2022).

#### **11.10.1.3 Procedure C.F.I. Deminor 2022**

On 14 December 2022, 10 Arco shareholders have launched a new judicial procedure with the assistance of Deminor against the Arco-companies, the Belgian State and Belfius before the Court of First Instance in Brussels, in which they ask the defending parties to be condemned to indemnification based on extra-contractual liability, equal to claimant's financial contribution including interests, dividends, and possible bonus reserves, as well as a supplementary indemnification for moral damages. In the meanwhile, to date, a total of 13.678 Arco shareholders have joined this procedure.

At the introductory hearing of 2 June 2023, several procedural issues have risen, a.o.:

- ArcoClaim has intervened in the Deminor 2022 procedure, requesting that the ArcoClaim procedure (Procedure C.F.I. ArcoClaim 2018) be joined together with the Deminor 2022 procedure (Procedure C.F.I. Deminor 2022). Deminor has strongly opposed the joining of procedures, fearing that its procedure will be excessively delayed; and
- Deminor has requested a preliminary judgement to condemn Arco to provide all the Arco shareholder documentation (date of purchase, amount, etc.) to the claimants. Arco has opposed this request.

Considering these procedural issues, the case has been suspended (rolverzending/ renvoi au rôle). A procedural calendar is expected so that parties can submit their written arguments (limited to this specific procedural issue).

No provision has been made for these claims because Belfius Bank is of the opinion that it has sufficient valid arguments to result in these claims being declared inadmissible and/or without merit.

#### **11.10.2 Investigations into Panama Papers**

These paragraphs are mentioned for completeness only, although the matters below do not comprise a litigation. On 5 December 2017, a police search under the lead of an examining magistrate of Brussels (onderzoeksrechter/juge d'instruction) took place at Belfius Bank's head office in the framework of the Belgian "Panama Papers" Parliamentary Commission. The Bank was investigated as a witness and has not been accused of any wrongdoing. The scope of the investigation is to establish whether there are any violations of anti-money laundering obligations and to investigate the link between Belfius Bank (or its predecessors), and, amongst others, Experta and Dexia Banque Internationale à Luxembourg (i.e. former entities of the Dexia group).

To date, Belfius Bank did not receive any further information since the above mentioned police search.

#### **11.10.3 Investigation by public prosecutor into the activities of an independent bank agency**

On 12 November 2020, public prosecution has been initiated, a.o. against Belfius Bank, for its alleged role in potential fraudulent activities that would have been conducted with the assistance of a director of an independent bank agency of Belfius Bank in violation of several (banking) regulations. After consultation of the criminal file, Belfius continues to believe that it has sufficient valid arguments to result in these claims being declared inadmissible and/or without merit. No provision has been booked for this case.

## 11.11 Management and Supervision of Belfius Bank

### 11.11.1 Composition of the Management Board and the Board of Directors

#### (A) Management Board

As at the date of this Base Prospectus, the Management Board has six members who have all acquired experience in the banking and financial sector. The members of the Management Board form a college.

The Management Board consists of the following six members:

<b>Name</b>	<b>Position</b>	<b>Significant other functions performed outside Belfius Bank</b>
Marc Raisière.....	Chairman	none
Marianne Collin.....	Member	none
Dirk Gyselinck.....	Member	none
Olivier Onclin.....	Member	none
Bram Somers.....	Member	none
Johan Vankelecom.....	Member	none

The above members of the Management Board have their business address at 1210 Brussels, Place Charles Rogier 11, Belgium.

The Management Board is responsible for the effective management of Belfius Bank, directing and coordinating the activities of the various business lines and support departments within the framework of the objectives and general policy set by the Board of Directors. These powers do not include determining Belfius Bank's overall policy, nor actions reserved for the Board of Directors by the provisions in the Belgian Code of Companies and Associations or by the Banking Law.

The Management Board ensures that Belfius Bank's business activities are in line with the strategy, risk management and general policy set by the Board of Directors. It passes on relevant information to the Board of Directors to enable it to take informed decisions. It formulates proposals and advice to the Board of Directors with a view to defining or improving Belfius Bank's general policy and strategy.

The members of the Management Board form a collegial body. They are required to carry out their duties in complete objectivity and independence.

Under the supervision of the Board of Directors, the Management Board takes the necessary measures to ensure that Belfius Bank has a robust and sustainable organisational structure suited to Belfius Bank's organisation in order to guarantee the effective and prudent management of Belfius Bank in accordance with the Banking Law.

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.

## **(B) Board of Directors**

The Board of Directors defines, on proposal or recommendation of the Management Board, and, inter alia, supervises:

- the institution's strategy and objectives, including ESG;
- the risk policy, including the risk tolerance level;
- the organisation of the institution for the provision of investment services, the exercise of investment activities, the provision of ancillary services, the marketing of structured deposits and the provision of advice to clients on such products, including the organisational arrangements, as well as the skills, knowledge and expertise required of the staff, the resources, procedures and mechanisms with or by which the institution provides those services and exercises those activities; and
- the integrity policy.

In the context of this responsibility, the Board of Directors is actively involved with the general policy, in particular regarding the supervision of the risk policy, organisation and financial stability of Belfius Bank and its governance, including the definition of the credit institution's objectives and values.

Also, as Belfius Bank is head of the Belfius financial conglomerate, Belfius Bank's Board of Directors is responsible for the general policy, risk appetite and strategy of Belfius and the compliance of the subsidiaries herewith.

The Board of Directors also approves Belfius Bank's Governance Memorandum.

Pursuant to the articles of association of Belfius Bank, the Board of Directors of Belfius Bank is composed of a minimum of ten members appointed for maximum terms of four years. The table below sets forth the names of the Directors, their position within Belfius Bank and the other significant functions they perform outside Belfius Bank.

The business address for the members of the Board of Directors is 1210 Brussels, Place Charles Rogier 11, Belgium.

As at the date of this Base Prospectus, the Board of Directors consists of eighteen members, six of whom sit on the Management Board.

The Board of Directors, which is made up of professionals from a variety of industries, including the financial sector, has the expertise and experience required associated with Belfius Bank's various operating businesses.

<b>Name</b>	<b>Position</b>	<b>Significant other functions performed outside Belfius Bank</b>
Chris Sunt .....	Chairman of the Board of Directors of Belfius Bank (Independent Director)	none
Marc Raisière.....	Chairman of the Management Board	none
Marianne Collin.....	Member of the Management Board	none

Name	Position	Significant other functions performed outside Belfius Bank
	Chief Risk Officer Responsible for Risk Management and Compliance	
Dirk Gyselinck.....	Member of the Management Board Responsible for Wealth, Enterprises, Public, Financial Markets and Customer Loan Services	none
Olivier Onclin .....	Member of the Management Board Responsible for Private, Business & Retail Banking and Customer Transaction Services	none
Bram Somers .....	Member of the Management Board Chief Technology Officer	none
Johan Vankelecom .....	Member of the Management Board Chief Financial Officer, Responsible for Financial Reporting, ALM, Legal, Tax, Research, Strategic Planning and Performance Management (SPPM), Belfius Investment Partners	none
Paul Bodart	Member of the Board of Directors of Belfius Bank (Independent Director)	Director of companies and non-profit organisations
Estelle Cantillon	Member of the Board of Directors of Belfius Bank as from 27 September 2023 (Independent Director)	FNRS Research Director at the Université Libre de Bruxelles (ULB)
Colette Dierick	Member of the Board of Directors of Belfius Bank (Independent Director)	Director of companies
Daniel Falque	Member of the Board of Directors of Belfius Bank (Independent Director)	Director of companies and non-profit organisations Senior Industry Advisor
Olivier Gillerot	Member of the Board of Directors of Belfius Bank as from 27 September 2023 (Independent Director)	Director of companies and non-profit organisations
Hélène Goessart	Member of the Board of Directors of Belfius Bank (Independent Director)	None
Peter Hinssen	Member of the Board of Directors of Belfius Bank (Independent Director)	Entrepreneur, keynote speaker and author
Georges Hübner	Member of the Board of Directors of Belfius Bank (Independent Director)	Full Professor at HEC Liège - University of Liège

<b>Name</b>	<b>Position</b>	<b>Significant other functions performed outside Belfius Bank</b>
Isabel Neumann	Member of the Board of Directors of Belfius Bank (Independent Director)	Chief Investment Officer at Shurgard Self Storage
Lutgart Van Den Berghe	Member of the Board of Directors of Belfius Bank (Director)	Emeritus extraordinary Professor at the University of Ghent (UG) and emeritus part-time Professor at the Vlerick Business School
Rudi Vander Vennet	Member of the Board of Directors of Belfius Bank (Director)	Full Professor in Financial Economics and Banking at the University of Ghent (UG)

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.

#### **11.11.2 Advisory committees set up by the Board of Directors**

The Board of Directors of Belfius Bank established various advisory committees to assist in its task, i.e., a Nomination Committee, a Remuneration Committee, an Audit Committee and a Risk Committee. These committees are exclusively composed of Non-Executive Directors. These directors are members of a maximum of three of these advisory committees. An Intra-Group Committee, a Technology Committee and a Belfius Art Committee have also been installed within the governance of the Belfius group.

There are no potential conflicts of interest between any duties to Belfius Bank of the members of any of the following advisory committees and their private interests and other duties.

#### **(A) Nomination Committee**

As of the date of this Base Prospectus, the Nomination Committee of Belfius Bank has the following membership:

<b>Name</b>	<b>Position</b>
Lutgart Van Den Berghe	Chairman – Director of Belfius Bank and Belfius Insurance
Chris Sunt	Member – Chairman of the Board of Directors of Belfius Bank
Daniel Falque	Member – Director of Belfius Bank and Belfius Insurance



The members of the Nomination Committee have the required skills, based on their education and diverse professional experience, to give a competent and independent judgment on the composition and operation of Belfius Bank's management bodies, in particular on the individual and collective skills of their members and their integrity, reputation, independence of spirit and availability.

The Nomination Committee:

- identifies and recommends, for the approval of the General Meeting of Shareholders or of the Board of Directors, as the case may be, candidates suited to fill vacancies on the Board of Directors, evaluates the balance of knowledge, skills, diversity and experience within the Board of Directors, prepares a description of the roles and capabilities for a particular appointment and assesses the expected time commitment. The Nomination Committee also decides on a target for the representation of the underrepresented gender within the Board of Directors and prepares a policy on how to increase the number of underrepresented gender in order to meet that target;
- periodically, and at least annually, assesses the structure, size, composition and performance of the Board of Directors and makes recommendations to it with regard to any changes;
- periodically assesses the knowledge, skills, experience, degree of involvement and in particular the attendance of members of the Board of Directors and advisory committees, both individually and collectively, and reports to the Board of Directors accordingly;
- periodically reviews the policies of the Board of Directors for selection and appointment of members of the Management Board, and makes recommendations to the Board of Directors;
- prepares proposals for the appointment or mandate renewal, as the case may be, of directors, members of the Management Board, the Chairman of the Board of Directors and the Chairman of the Management Board;
- assesses the aptitude of a director or a candidate director to meet the criteria set forth for being considered as an independent director;
- examines questions relating to problems with the succession of directors and members of the Management Board;
- establishes a general and specific profile for directors and members of the Management Board;
- ensures the application of provisions with regard to corporate governance;
- prepares proposals for amendments to the internal rules of the Board of Directors and the Management Board;
- assesses the governance memorandum and, if necessary, proposes amendments;
- at least annually discusses and analyses the quantitative statement and qualitative analysis of communications regarding stress, burn-out and inappropriate behaviour at work and actions taken to remedy situations.

In performing its duties, the Nomination Committee ensures that decision-taking within the Board of Directors is not dominated by one person or a small group of persons, in a way which might be prejudicial to the interests of Belfius Bank as a whole.

The Nomination Committee may use any type of resources that it considers to be appropriate for the performance of its tasks, including external advice, and receives appropriate funding to that end.

The Nomination Committee acts for Belfius Bank, Belfius Insurance, Corona and Belfius Investment Partners.

## **(B) Remuneration Committee**

As of the date of this Base Prospectus, the Remuneration Committee of Belfius Bank has the following membership:

<b>Name</b>	<b>Position</b>
Lutgart Van Den Berghe.....	Chairman – Director of Belfius Bank and Belfius Insurance
Chris Sunt .....	Member – Chairman of the Board of Directors of Belfius Bank
Daniel Falque.....	Member – Director of Belfius Bank and Belfius Insurance

The members of the Remuneration Committee have the required skills, on the basis of their educational and professional experience, to give a competent and independent judgment on remuneration policies and practices and on the incentives created for managing risks, capital and liquidity of Belfius Bank.

In order to perform its tasks correctly, the Remuneration Committee interacted regularly with the Risk Committee and the Audit Committee in 2021.

The Risk Committee ensures that Belfius' risk management, capital requirements and liquidity position, as well as the probability and the spread in time of profit is correctly taken into consideration in decisions relating to remuneration policy.

Within Belfius Bank, this is reflected by the formulation of an opinion on a global "Risk Gateway" and by the establishment and assessment of Key Risk Indicators on an annual basis. Their preparation is undertaken by the risks divisions, in collaboration with the human resources division.

The Audit Committee contributes to the establishment of objectives for the Auditor General and the Audit and Risk Committee for the objectives for the Compliance Officer.

The audit department at Belfius Bank will provide an independent and regular analysis of the remuneration policy and its practical implementation. The most recent follow-up study was realised in 2019. This audit did not raise any particular comments.

The Remuneration Committee prepares the decisions of the Board of Directors by *inter alia*:

- developing the remuneration policy, as well as making practical remuneration proposals for the Chairman, the non-executive members of the Board of Directors and the members of the advisory committees of the Board of Directors. The Board of Directors submits these remuneration proposals to the General Meeting of Shareholders for approval;
- developing the remuneration policy, as well as making practical proposals for the remuneration of the Chairman of the Management Board and, on his proposal, for the remuneration of the members of the Management Board; The Board of Directors then determines the remuneration of the Chairman and the members of the Management Board;
- providing advice on the proposals made by the Chairman of the Management Board of Belfius Bank in relation to the severance remuneration for members of Belfius Bank's Management Board. On the

proposal of the Remuneration Committee, the Board of Directors of Belfius Bank determines the severance remuneration of the Chairman and members of Belfius Bank’s Management Board;

- advising the Board of Directors in relation to the remuneration policy for staff members whose activity has a material impact on the risk profile of Belfius Bank (known as “Identified Staff”) and in relation to the compliance of the allocation of remuneration to Identified Staff with regard to the remuneration policy put in place for them;
- preparing the remuneration report approved by the Board of Directors and published in the annual report;
- periodically checking to ensure that the remuneration programmes are achieving their objective and are in line with applicable conditions;
- annually assessing the performance and objectives of the members of the Management Board;
- providing an opinion of the elaboration of a global “Risk Gateway”, in consultation with the Risk Committee, containing various levers applied at various points in the performance management cycle, with an impact on determination of the variable remuneration.

The Remuneration Committee exercises direct supervision over the determination of objectives and remuneration of the individuals responsible for the independent control functions (Chief Risk Officer, General Auditor & the Compliance Officer).

The Remuneration Committee acts for both Belfius Bank, Belfius Insurance, Corona and Belfius Investment Partners.

### **(C) Audit Committee**

As at the date of this Base Prospectus, the Audit Committee of Belfius Bank has the following membership:

<b>Name</b>	<b>Position</b>
Georges Hübner .....	Chairman Director of Belfius Bank
Paul Bodart .....	Member Director of Belfius Bank
Colette Dierick .....	Member Director of Belfius Bank
Hélène Goessaert .....	Member Director of Belfius Bank

The majority of the members of the audit committee are independent directors. Members of the audit committee have collective expertise in the field of banking, accountancy and auditing. At least one independent director of the audit committee is an expert in the field of accounting and/or audit.

The Audit Committee assists the Board of Directors in its task of carrying out prudential controls and exercising general supervision. The Audit Committee of Belfius Bank operates independently of the Audit Committee implemented at Belfius Insurance. However, the respective Audit Committees of Belfius Bank and Belfius Insurance held joint meetings.

### **(D) Risk Committee**

As at the date of this Base Prospectus, the Risk Committee has the following membership:

<b>Name</b>	<b>Position</b>
Rudi Vander Vennet.....	Chairman Director of Belfius Bank
Estelle Cantillon (as from 27 September 2023)	Member Director of Belfius Bank
Hélène Goessaert .....	Member Director of Belfius Bank
Georges Hübner .....	Member Director of Belfius Bank

The members of the Risk Committee have the individual expertise and professional experience required to define strategy regarding risk and the level of risk appetite of an institution. They have acquired the specialisation necessary in particular as directors with other institutions and/or in their university training. Consequently, the Risk Committee has the required individual knowledge and expertise.

The Risk Committee has advisory powers and responsibilities with regard to the Board of Directors in the following areas:

- appetite and strategy regarding Belfius Bank’s current and future risks (including ESG risks), more particularly the effectiveness of the risk management function and the governance structure to support them;
- monitoring implementation of risk appetite and strategy by the Management Board;
- allocating the risk appetite to various categories of risks and defining the extent and limits of risk in order to manage and restrict major risks;
- considering the risks run by Belfius Bank with its customer tariffs;
- assessing activities which expose Belfius Bank to real risks;
- supervising requirements in terms of capital and liquidity, the capital base and Belfius Bank’s liquidity situation;
- guaranteeing that risks are proportional to Belfius Bank’s capital;
- formulating an opinion with regard to major transactions and new proposals for strategy activities that have a significant impact on Belfius Bank’s risk appetite;
- obtaining information and analysing management reports as to the extent and nature of the risks facing Belfius Bank and the conglomerate (e.g. quarterly GFCR reporting);
- monitoring the Internal Capital Adequacy Assessment Process (ICAAP), the Internal Liquidity Adequacy Assessment Process (ILAAP) and the Recovery Plan;
- overseeing the alignment between all material financial products and services offered to clients and the business model and risk strategy of the institution;
- reviewing a number of possible scenarios, including stressed scenarios, to assess how the institution’s risk profile would react to external and internal events;

- assessing the recommendations of internal and external auditors and follows up on the appropriate implementation of measures taken.

The Risk Committee operates independently of the Risk & Underwriting Committee of Belfius Insurance. On the request of the Chairman of Belfius Bank’s committee, a joint Risk Committee of Belfius Bank and Belfius Insurance may be held. To promote sound remuneration policy and practices, without prejudice to the tasks of the Nomination Committee and the Remuneration Committee, the Risk Committee examines whether incentives in the remuneration system take proper account of the institution’s risk management, equity requirements and liquidity position, as well as the probability and distribution of profit over time.

The Risk Committee and the Audit Committee periodically exchange information in particular concerning the quarterly risk report, the senior management report on the assessment of internal control and the risk analyses performed by the Legal, Compliance and Audit Departments. The aim of this exchange of information is to enable the two committees to perform their tasks properly and can take the form of a joint meeting.

### **(E) Intra-Group Committee**

An Intra-Group Committee has been established within the Belfius group.

As at the date of this Base Prospectus, the Intra-Group Committee has the following membership:

<b>Name</b>	<b>Position</b>
Chris Sunt .....	Chairman Chairman of the Board of Directors of Belfius Bank
Colette Dierick .....	Member Director of Belfius Bank
Olivier Gillerot (as from 27 September 2023) .	Member Director of Belfius Bank
Jean-Michel Kupper.....	Member Director of Belfius Insurance

The Intra-group Committee’s competences comprise the following:

- monitoring and reporting on significant intra-group transactions;
- monitoring and reporting on intra-group transactions with an important reputational impact; and
- advising on material conflicts of interest between companies belonging to Belfius Group in the context of which they fail to reach an agreement in a relatively short period of time.

### **(F) Technology Committee**

A Technology Committee has been established within the Belfius group in May 2021.

As at the date of this Base Prospectus, the Technology Committee has the following membership:

<b>Name</b>	<b>Position</b>
Paul Bodart .....	Chairman Director of Belfius Bank
Daniel Falque .....	Member Director of Belfius Bank and Belfius Insurance

Olivier Gillerot (as from 27 September 2023) .	Member Director of Belfius Bank
Peter Hinssen .....	Member Director of Belfius Bank
Jean-Michel Kupper.....	Member Director of Belfius Insurance

The Technology Committee, which is responsible for Belfius Bank and its subsidiaries, advises the Board of Directors on its technology strategy, important technology investment decisions. Technology includes inter alia IT, digital and artificial intelligence.

The Technology Committee is responsible for:

- advising the Board of Directors on, and preparing the decisions of the Board of Directors with respect to, technology strategy and material technology investment choices;
- monitoring, evaluating and advising the Board of Directors on existing and future technology trends, regulation and competition / FinTech developments that may affect Belfius' strategic plans including the monitoring of overall industry trends and future trends concerning enterprise data management and the financial industry's use of data to maximize the customer experience value;
- assessing measures and advising the Board of Directors on Belfius' technological strategic milestones and transformational developments, such as customer experience, sales through digital channels and potential synergies with physical and other networks, potential partnerships;
- monitoring and reporting to the Board of Directors on progress made with respect to the implementation of the technology decisions taken by the Board of Directors, including but not limited to, technology performance and security. This includes inter alia. monitoring and challenging the status of the move for the cloud infrastructure (timing, pace, risk mitigation, hybrid models, talents), foundations and platforms;
- reviewing and discussing reports from management on technology related activities, strategies and metrics, including enterprise data project performance, and reporting to the Board of Directors on the same.

Responsibility for the oversight of risks associated with technology, including risk assessment and risk management, remains with the Risk Committee and Audit Committee.

### **(G) Belfius Art Committee**

A Belfius Art Committee has been established since 2015.

As at the date of this Base Prospectus, the Belfius Art Committee has the following membership:

<b>Name</b>	<b>Position</b>
Chris Sunt .....	Chairman Chairman of the Board of Directors of Belfius Bank
Marc Raisière .....	Member Chairman of the Management Board of Belfius Bank

Mieke Debeerst.....	Member Chief Customer Experience & Marketing Communications Officer
Truike Vercruyse.....	Member Head of Sustainability
Bénédicte Bouton.....	Member Head of Culture at Belfius and Curator of the Belfius Art Collection

The Belfius Art Committee has been mandated by the Board of Directors of Belfius Bank to manage the Belfius Art Collection as defined in article 10 of the Articles of Association of Belfius Bank. Within the context of this mandate, the Belfius Art Committee takes decisions with respect to the management, the conservation, the preservation, the use, the development and the evolution of the Belfius Art Collection.

## 11.12 Audited Consolidated Financial Statements of Belfius Bank

### 11.12.1 Consolidated Balance Sheet

	Notes	31 December 2021 IFRS 9	31 December 2022 IFRS 9
<b>Assets</b>		<i>(in thousands of EUR)</i>	
<b>Cash and balances with central banks</b>	5.2	<b>31,640,347</b>	<b>27,295,434</b>
<b>Loans and advances due from credit institutions</b>	5.3	<b>10,411,237</b>	<b>4,143,601</b>
Measured at amortised cost		10,411,237	4,143,601
Measured at fair value through other comprehensive income		0	0
Measured at fair value through profit or loss		0	0
<b>Loans and advances</b>	5.4	<b>102,678,814</b>	<b>110,310,792</b>
Measured at amortised cost		101,540,978	109,343,655
Measured at fair value through other comprehensive income		99,119	171,152
Measured at fair value through profit or loss		1,038,717	795,986
<b>Debt securities &amp; equity instruments</b>	5.5	<b>27,195,351</b>	<b>23,026,722</b>
Measured at amortised cost		20,839,937	17,494,927
Measured at fair value through other comprehensive income		4,959,373	4,040,914
Measured at fair value through profit or loss		1,396,041	1,490,882
<b>Unit linked products insurance activities</b>		<b>4,245,672</b>	<b>3,969,934</b>
<b>Derivatives</b>	5.6	<b>8,909,039</b>	<b>5,893,105</b>
<b>Gain/loss on the hedged item in portfolio hedge of interest rate risk</b>	5.6	<b>3,651,783</b>	<b>1,134,326</b>

		31 December 2021	31 December 2022
	Notes	IFRS 9	IFRS 9
<b>Assets</b>		<i>(in thousands of EUR)</i>	
<b>Investments in equity method companies</b>	5.7	96,107	94,019
<b>Tangible fixed assets</b>	5.8	1,614,068	1,672,048
<b>Intangible assets</b>	5.9	214,928	236,639
<b>Goodwill</b>	5.10	103,966	103,966
<b>Tax assets</b>	5.11	355,777	490,680
Current tax assets		27,073	27,115
Deferred tax assets		328,704	463,565
<b>Technical insurance provisions - part of the reinsurer</b>	6.5	130,890	138,964
<b>Other assets</b>	5.12	876,060	915,764
<b>Non current assets (disposal group) held for sale and discontinued operations</b>	5.13	26,505	39,684
<b>Total assets</b>		<b>192,150,543</b>	<b>179,465,679</b>
		31 December 2021	31 December 2022
	Notes	IFRS 9	IFRS 9
<b>Liabilities</b>		<i>(in thousands of EUR)</i>	
<b>Cash and balances from central banks</b>	6.1	15,418,072	5,904,113
<b>Credit institutions borrowings and deposits</b>	6.2	3,591,036	1,869,641
Measured at amortised cost		3,591,036	1,869,641
Measured at fair value through profit or loss		0	0
<b>Borrowings and deposits</b>	6.3	104,404,013	108,447,486
Measured at amortised cost		104,355,267	108,427,536
Measured at fair value through profit or loss		48,746	19,951
<b>Debt securities issued and other financial liabilities</b>	6.4	23,145,353	25,928,567
Measured at amortised cost		15,116,744	18,517,096
Measured at fair value through profit or loss		8,028,609	7,411,471
<b>Unit linked products insurance activities</b>		4,245,672	3,969,934
<b>Derivatives</b>	5.6	14,018,729	8,248,509
<b>Gain/loss on the hedged item in portfolio hedge of interest rate risk</b>	5.6	45,766	(1,606,023)
<b>Provisions for insurance activities</b>	6.5	12,191,017	11,495,400
<b>Provisions and contingent liabilities</b>	6.6	529,173	497,660



	Notes	31 December 2021 IFRS 9	31 December 2022 IFRS 9
<b>Subordinated debts</b>	6.7	<b>1,642,749</b>	<b>1,547,204</b>
Measured at amortised cost		1,642,749	1,547,204
Measured at fair value through profit or loss		0	0
<b>Tax liabilities</b>	5.11	<b>49,183</b>	<b>69,179</b>
Current tax liabilities		41,682	63,014
Deferred tax liabilities		7,502	6,165
<b>Other liabilities</b>	6.8	<b>1,377,031</b>	<b>1,473,356</b>
<b>Liabilities included in disposal group and discontinued operations</b>		<b>0</b>	<b>0</b>
<b>Total liabilities</b>		<b>180,657,795</b>	<b>167,845,027</b>

	Notes	31 December 2021 IFRS 9	31 December 2022 IFRS 9
<b>Equity</b>		<i>(in thousands of EUR)</i>	
Subscribed capital		3,458,066	3,458,066
Additional paid-in capital		209,232	209,232
Treasury shares		0	0
Reserves and retained earnings		5,957,910	6,524,910
Net income for the period		934,964	974,711
<b>Core shareholders' equity</b>		<b>10,560,172</b>	<b>11,166,919</b>
Fair value changes of debt instruments measured at fair value through other comprehensive income		108,559	(222,352)
Fair value changes of equity instruments measured at fair value through other comprehensive income		179,153	136,944
Fair value changes due to own credit risk on financial liabilities designated as at fair value through profit or loss to be presented in other comprehensive income		0	0
Fair value changes of derivatives following cash flow hedging		(98,352)	(112,644)
Remeasurement pension plans		132,290	119,933
Discretionary participation features of insurance contracts	6.5	81,096	0
Other reserves		208	208
<b>Gains and losses not recognised in the statement of income</b>		<b>402,953</b>	<b>(77,910)</b>

	<b>Notes</b>	<b>31 December 2021 IFRS 9</b>	<b>31 December 2022 IFRS 9</b>
<b>Equity</b>		<i>(in thousands of EUR)</i>	
<b>Total shareholders' equity</b>		<b>10,963,126</b>	<b>11,089,008</b>
Additional Tier-1 instruments included in equity		497,083	497,083
Non-controlling interests		32,539	34,561
<b>Total equity</b>		<b>11,492,748</b>	<b>11,620,652</b>
<b>Total liabilities and equity</b>		<b>192,150,543</b>	<b>179,465,679</b>

#### 11.12.2 Consolidated Statement of Income

	<b>Notes</b>	<b>31 December 2021 IFRS 9</b>	<b>31 December 2022 IFRS 9</b>
		<i>(in thousands of EUR)</i>	
Interest income	7.1	3,357,376	3,720,738
Interest expense	7.1	(1,356,009)	(1,640,450)
Dividend income	7.2	72,853	71,611
Net income from equity method companies	7.3	2,449	3,993
Net income from financial instruments at fair value through profit or loss	7.4	24,973	24,822
Net income on investments and liabilities	7.5	14,842	56,401
Fee and commission income	7.6	942,249	982,858
Fee and commission expenses	7.6	(184,745)	(192,643)
Technical result from insurance activities	7.7	72,916	150,111
Gross earned premiums		1,506,818	1,896,220
Other technical income and charges		(1,433,902)	(1,746,109)
Other income	7.8	240,869	373,847
Other expense	7.9	(484,499)	(568,935)
<b>Income</b>		<b>2,703,276</b>	<b>2,982,353</b>
Staff expenses	7.10	(641,064)	(699,860)
General and administrative expenses	7.11	(482,642)	(572,446)
Network costs		(220,587)	(216,599)
Depreciation and amortisation of fixed assets	7.12	(132,833)	(131,100)
<b>Expenses</b>		<b>(1,477,125)</b>	<b>(1,620,005)</b>
<b>Net income before tax and impairments</b>		<b>1,226,151</b>	<b>1,362,349</b>

	<b>Notes</b>	<b>31 December 2021 IFRS 9</b>	<b>31 December 2022 IFRS 9</b>
		<i>(in thousands of EUR)</i>	
Impairments on financial instruments and provisions for credit commitments	7.13	1,361	(105,689)
Impairments on tangible and intangible assets	7.14	(1,797)	(2,049)
Impairments on goodwill	7.15	0	0
<b>Net income before tax</b>		<b>1,225,714</b>	<b>1,254,611</b>
Current tax (expense) income	7.16	(234,998)	(266,896)
Deferred tax (expense) income	7.16	(55,100)	(11,823)
<b>Total tax (expense) income</b>		<b>(290,098)</b>	<b>(278,719)</b>
<b>Net income after tax</b>		<b>935,617</b>	<b>975,892</b>
Discontinued operations (net of tax)		0	0
<b>Net income</b>		<b>935,617</b>	<b>975,892</b>
Attributable to non-controlling interests		653	1,181
Attributable to equity holders of the parent		934,964	974,711

## **SECTION 12**

### **TAXATION**

Investors should consult their professional advisers on the possible tax consequences of subscribing for, purchasing, holding, selling or converting the Pandbrieven under each Programme issued by the Issuer under the laws of their countries of citizenship, residence, ordinary residence or domicile.

The following is a general description of the Belgian withholding tax treatment in respect of the Pandbrieven issued by the Issuer under each Programme and of certain particular tax consequences for investors in respect of receiving interest, as well as purchasing or disposing of such Pandbrieven. It is of a general nature based on the Issuer's understanding of current law and practice and it is not intended to constitute a full description of all tax consequences for investors in respect of subscribing for, purchasing, holding, selling or converting the Pandbrieven. 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 or which may have a retroactive effect. Investors should appreciate that, as a result of changing law or practice, the tax consequences may be otherwise than as stated below. Investors should be aware that tax laws of the investor's own tax jurisdiction and of the Issuer's state of incorporation might have an impact on the income received from the Pandbrieven.

By nature, information on taxes on the income from the securities in a prospectus can only be generic, adding little informational value for the individual investor. Since such information is to cover not only the country of registered office of the issuer but also the countries where the offer is being made or admission to trading on a regulated market is being sought, where a prospectus is passported, it is costly to produce and might hamper cross-border offers. Therefore, the tax laws of the investor's jurisdiction and of the Issuer's jurisdiction of incorporation might have an impact on the income received from the securities.

Investors should also note that the appointment by an investor in Pandbrieven, or any person through which an investor holds Pandbrieven, of a custodian, collection agent or similar person in relation to such Pandbrieven in any jurisdiction may have tax implications. Each prospective holder or beneficial owner of Pandbrieven should consult its tax adviser as to the Belgian tax consequences of any investment in, or ownership and disposition of, the Pandbrieven or that of any other relevant jurisdiction.

For the purpose of the summary below, a Belgian resident is, (a) an individual subject to Belgian personal income tax (i.e. an individual who has his domicile in Belgium or has his seat of wealth in Belgium, or a person assimilated to a Belgian resident for Belgian tax purposes), (b) a legal entity subject to Belgian corporate income tax (i.e. a company that has its main establishment, its administrative seat or its effective seat of management in Belgium and that is not excluded from the scope of the Belgian corporate income tax), (c) an Organisation for Financing Pensions subject to Belgian corporate income tax (i.e., a Belgian pension fund incorporated under the form of an Organisation for Financing Pensions) or (d) a legal entity subject to Belgian legal entities tax (i.e. an entity, other than a legal entity subject to corporate income tax having its main establishment, its administrative seat or its effective seat of management in Belgium). A non-resident is a person who is not a Belgian resident.

### **Belgian Withholding Tax**

#### **(a) General**

All payments by or on behalf of the Issuer of interest on the Pandbrieven are in principle subject to Belgian withholding tax at the current rate of 30 per cent. on the gross amount of the interest, subject to such relief as may be available under Belgian domestic law or applicable double tax treaties.

Under Belgian tax law, the following amounts are qualified and taxable as "interest" (i) the periodic interest income, (ii) any amounts paid by the Issuer in excess of the issue price (upon full or partial

redemption whether or not at maturity, or upon purchase by the Issuer), and (iii) if the Pandbrieven qualify as “fixed income securities” (in the meaning of Article 2, §1, 8° Belgian Income Tax Code), in case of a sale or realisation of the Pandbrieven between two interest payment dates to any third party, excluding the Issuer, the *pro rata* of accrued interest corresponding to the detention period. “Fixed income securities” are defined as bonds, specific debt certificates issued by banks (*kasbon/bon de caisse*) and other similar securities, including securities where income is capitalised or securities which do not generate a periodic payment of income but are issued with a discount corresponding to the capitalised interest up to the maturity date of the security.

**(b) Belgian interest withholding tax exemption for certain holders of Dematerialised Pandbrieven (X/N withholding tax exemption)**

Payments of interest and principal under the Dematerialised Pandbrieven by or on behalf of the Issuer may be made without deduction of withholding tax in respect of the Dematerialised 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 clearing system operated by the National Bank of Belgium (the “**NBB**” and the “**Securities Settlement System**”). Euroclear Bank, Euroclear France, Clearstream Banking Frankfurt, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, LuxCSD are directly or indirectly Participants for this purpose.

Holding the Dematerialised Pandbrieven through the Securities Settlement System enables Eligible Investors to receive the gross interest income on their Dematerialised Pandbrieven and to transfer the Dematerialised Pandbrieven on a gross basis.

Participants to the Securities Settlement System must enter the Dematerialised Pandbrieven which they hold on behalf of Eligible Investors in an X-Account.

Eligible Investors are those individuals or entities referred to in Article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of and compensation for 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 resident companies subject to Belgian corporate income tax as referred to in Article 2, §1, 5°, b) of the Belgian Income Tax Code of 1992 (*wetboek van inkomstenbelastingen 1992/code des impôts sur les revenus 1992*) (“**BITC**”);
- (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 (i) and (iii) subject to the application of Article 262, 1° and 5° of the BITC;
- (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 BITC 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 savers whose holding of the Dematerialised 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 BITC which have used the Dematerialised Pandbrieven 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 BITC;
- (viii) investment funds governed by foreign law which are an undivided estate managed by a management company for the account of the participants, provided the fund units are not publicly issued in Belgium nor 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.

If the holder of the Dematerialised Pandbrieven does not belong to, or ceases to belong to, one of the categories listed in Article 4 of the Royal Decree of 26 May 1994, as amended from time to time, its account with the clearing system organised by the clearer will be designated as a non-exempted securities account (“**N-Account**”), and, therefore, the holder of the Dematerialised Pandbrieven will be submitted to the withholding tax, of which the rate is currently 30 per cent.

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

Participants to the Securities Settlement System must keep the Dematerialised Pandbrieven which they hold on behalf of the non-Eligible Investors in an N-Account. In such instance, all payments of interest are subject to the 30 per cent. withholding tax. This withholding tax is withheld by the NBB and paid to the Belgian Treasury.

Transfers of Dematerialised 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; and
- Transfers of Dematerialised 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 Pandbrieven, the Eligible Investor is required to provide the Participant with a statement of its eligible status on a standard form approved by the Belgian Minister of Finance. This statement needs not be periodically reissued (although Eligible Investors must update their certification should their eligible status change). Participants to the Securities Settlement System are however required to annually report to the NBB as to the eligible status of each investor for whom they hold Dematerialised Pandbrieven in an X-account during the preceding calendar year.

An X-Account may be opened with a Participant by an intermediary (an “**Intermediary**”) in respect of Dematerialised 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 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 central securities depositories, as defined by Article 2, §1, (1) of Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directive 98/26/EC and 2014/65/EU and Regulation (EU) No. 236/2012, acting as Participants to the Securities Settlement System, provided that (i) they only hold X-Accounts, (ii) they are able to identify the holders for whom they hold Dematerialised Pandbrieven on such account and (iii) the contractual rules agreed upon by these central securities depositories acting as Participants include the contractual undertaking that their clients and account owners are all Eligible Investors.

Hence, these identification requirements do not apply to Dematerialised Pandbrieven held in Euroclear Bank, Euroclear France, Clearstream Banking Frankfurt, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, LuxCSD as Participants to the Securities Settlement System, provided that (i) they only hold X-Accounts, (ii) they are able to identify the holders for whom they hold Dematerialised Pandbrieven in such account and (iii) the contractual rules agreed upon by these central securities depositories include the contractual undertaking that their clients and account owners are all Eligible Investors.

In accordance with the Securities Settlement System, a Noteholder who is withdrawing Dematerialised Pandbrieven from an X-Account will, following the payment of interest on those Dematerialised 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 Pandbrieven from the last preceding Interest Payment Date until the date of withdrawal of the Dematerialised Pandbrieven from the Securities Settlement System. As a condition of acceptance of the Dematerialised Pandbrieven into the Securities Settlement System, the Noteholders waive the right to claim such indemnity.

**(c) Belgian interest withholding tax exemption for certain holders of Registered Pandbrieven**

Payments of interest and principal by the Issuer under the Registered Pandbrieven (except Zero Coupon Pandbrieven and other Registered 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°, 2° and 3° of the Royal Decree of 27 August 1993 implementing the BITC):

- (i) the Registered 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 Registered Pandbrieven in respect of which it is entitled to payment of interest, uninterruptedly for 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 BITC; 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 BITC; 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.

Each holder of Registered Pandbrieven that wishes to receive interest on the Registered Pandbrieven without deduction of Belgian withholding tax pursuant to Article 107, §2, 5°, b) or Article 107, §2, 8° of the Royal Decree of 27 August 1993 implementing the BITC must deliver to the Issuer the validly executed affidavit mentioned under (iv) above. Each such holder further undertakes to inform the Issuer about any change that could affect the correctness of the affidavit. The Issuer shall be entitled to conclusively rely on the affidavit, it being understood that by signing and returning such affidavit, such holder of the Registered Pandbrieven shall have attested to the accuracy of the information set forth therein.

If Belgian withholding tax was levied by the Issuer further to non-compliance of condition (ii) above, then the transferor and/or the transferee belonging to category (A) or (C) (see condition (iii) above) has the right, subject to certain conditions and time limitations and provided for category (A) Noteholders condition (i) is 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**

For 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 Pandbrieven as a private investment, the withholding tax is a final tax and, consequently, the interest does not need to be declared in their annual income tax return, provided that withholding tax was effectively levied on these interest payments.

Belgian resident individuals can nevertheless opt to declare the interest in their annual income tax return, in which case the interest will be separately taxed at a rate of currently 30 per cent. (or, if it is more favorable, at the applicable progressive rates, taking into account the other income declared). In the event the interest is declared, the withholding tax may be credited against the final income tax liability in accordance with the usual conditions and any excess will in principle be refundable.

Capital gains realised on the sale of the Pandbrieven are in principle tax exempt, unless the capital gains are realised outside the scope of the management of one's private estate or are speculative in nature or unless and to the extent the capital gains qualify as interest (as defined in the section entitled "Belgian Withholding Tax – (a) General"). Capital losses realised upon the disposal of the Pandbrieven held as a non-professional investment are in principle not tax deductible.

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

### **(b) Belgian resident companies**

Interest attributed or paid to corporate Noteholders who are Belgian residents for tax purposes, i.e. who are subject to the Belgian corporate income tax (*vennootschapsbelasting/impôt des sociétés*), as well as capital gains realised upon the sale of the Pandbrieven are taxable at the ordinary corporate income tax rate of in principle 25 per cent. Subject to certain conditions, a reduced corporate income tax rate of 20 per cent. applies for small sized enterprises (as defined by Article 1:24, §1 to §6 of the Belgian



Companies and Associations Code) on the first EUR 100,000 of taxable profits. Capital losses realised upon the sale of the Pandbrieven are in principle tax deductible.

Any Belgian interest withholding tax retained will generally, subject to certain conditions, be creditable against any corporate income tax due and the excess amount will be refundable.

Other tax rules apply to investment companies within the meaning of Article 185bis of the Belgian Income Tax Code.

**(c) Belgian resident legal entities**

For Belgian legal entities subject to the Belgian legal entities tax (*rechtspersonenbelasting/impôt des personnes morales*) which have been subject to withholding tax of currently 30 per cent on interest payments, such Belgian withholding tax generally constitutes the final taxation.

Belgian legal entities which have received interest income on (Dematerialised or Registered) Pandbrieven rightfully without deduction for or on account of Belgian withholding tax, are required to declare and pay the 30 per cent. withholding tax themselves to the Belgian tax authorities.

Capital gains realised on the sale of the Pandbrieven are in principle tax exempt, unless and to the extent 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 from the Pandbrieven 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 not subject to 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) Non-residents of Belgium**

*Dematerialised Pandbrieven*

Noteholders who are not residents of Belgium for Belgian tax purposes and are not holding the Dematerialised Pandbrieven through a Belgian establishment, do not invest in Dematerialised Pandbrieven in the course of their Belgian professional activity and do not carry out any other activities in Belgium that exceed the normal management of one’s private estate will not become liable for any Belgian tax on income or capital gains by reason only of the acquisition or disposal of the Dematerialised Pandbrieven, provided that they qualify as Eligible Investors and that they hold their Dematerialised Pandbrieven in an X-account. If the Dematerialised 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 30 per cent., possibly reduced pursuant to a tax treaty, of the gross amount of the interest.

*Registered Pandbrieven*

Noteholders who are not residents of Belgium for Belgian tax purposes and are not holding the Registered Pandbrieven through a Belgian establishment, do not invest in the Registered Pandbrieven in the course of their Belgian professional activity and do not carry out any other activities in Belgium that exceed the normal management of one’s private estate will not become liable for any Belgian tax on income or capital gains by reason only of the acquisition or disposal of the Registered 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 (and any other transaction for consideration) in Belgium of the Pandbrieven on the secondary market through a professional intermediary.

The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is 0.12 per cent. with a maximum amount of EUR 1,300 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.

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

Following the Law of 25 December 2016, the scope of application of the tax on stock exchange transactions has been extended as from 1 January 2017 in the sense that as from that date, transactions that are entered into or carried out by an intermediary that is not established in Belgium are considered to be entered into or carried out in Belgium if the order to execute the transaction is directly or indirectly given by either a natural person that has its habitual residence in Belgium or by a legal entity on behalf of its seat or establishment in Belgium (“**Belgian Investor**”). In such a scenario, the tax on stock exchange transactions is due by the Belgian Investor (who will be responsible for the filing of a stock exchange tax return and for the timely payment of the amount of stock exchange tax due), unless the Belgian Investor can demonstrate that the tax on stock exchange transactions due has already been paid by the professional intermediary established outside Belgium. In such a case, the foreign professional intermediary also has to provide each client (which gives such intermediary an order) with a qualifying order statement (*borderel/bordereau*), at the latest on the business day after the day the transaction concerned was realised. The qualifying order statement must be numbered in series and a duplicate must be retained by the financial intermediary. The duplicate can be replaced by a qualifying day-to-day listing, numbered in series. Alternatively, professional intermediaries established outside Belgium could appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities (“**Stock Exchange Tax Representative**”). Such Stock Exchange Tax Representative will then be liable towards the Belgian Treasury for the tax on stock exchange transactions due and for complying with the reporting obligations and the obligations relating to the order statement (*borderel/bordereau*) in that respect. If such a Stock Exchange Tax Representative would have paid the tax on stock exchange transactions due, the Belgian Investor will, as per the above, no longer be the debtor of the tax on stock exchange transactions. 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 Divers*).

On 14 February 2013, the EU Commission published a proposal for a Directive for a common financial transaction tax (“**FTT**”) (please see further below). The proposal currently stipulates that once the FTT enters into force, the Participating Member States (as defined below) shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force. Since 2019, Participating Member States are discussing a new FTT proposal. According to the latest draft of this new FTT proposal (submitted by the German government), the FTT would not apply to straight notes. The FTT proposal is still subject to negotiation between the Participating Member States and therefore may be changed at any time.

## **The proposed financial transactions tax (“FTT”)**

On 14 February 2013, the EU Commission published a proposal for a directive (the “**Draft Directive**”) on a common financial transaction tax (the “**Financial Transaction Tax**” or “**FTT**”). The intention is for the Financial Transaction Tax to be implemented via an enhanced cooperation procedure in 11 participating EU member states (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia). In December 2015, Estonia withdrew from the group of states willing to introduce the FTT (the “**Participating Member States**”).

The proposed Financial Transaction Tax has a very broad scope and could, if introduced in its current form, apply to certain dealings in the Pandbrieven (including secondary market transactions) in certain circumstances. The issuance and subscription of Pandbrieven (primary market transactions) should, however, be exempt. The Financial Transaction Tax shall not apply to (inter alia) primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

Under the Draft Directive, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it could apply to certain dealings in the Pandbrieven where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, “established” in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

In 2019, Finance Ministers of the Participating Member States in the enhanced cooperation indicated that they were discussing a new FTT proposal based on the French model of the tax and the possible mutualisation of the tax as a contribution to the EU budget. According to the latest draft of this new FTT proposal (submitted by the German government), the FTT would be levied at a rate of at least 0.2 per cent. of the consideration for the acquisition of ownership of shares (including ordinary and any preference shares) admitted to trading on a trading venue or a similar third country venue, or of other securities equivalent to such shares (“**Financial Instruments**”) or similar transactions (e.g. an acquisition of Financial Instruments by means of an exchange of Financial Instruments or by means of a physical settlement of a derivative). Only transactions with Financial Instruments that have been issued by a company, partnership or other entity whose registered office is established within one of the Participating Member States and with a market capitalisation of at least EUR 1 billion on 1 December of the year preceding the respective transaction would be covered. The FTT would be payable to the Participating Member State in whose territory the issuer of a Financial Instrument has established its registered office. According to the latest draft of the new FTT proposal, the FTT would not apply to straight notes. Like the Draft Directive, the latest draft of the new FTT proposal also stipulates that once the FTT enters into force, the Participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax).

However, the FTT proposal remains subject to negotiation between the Participating Member States, and the scope of any such tax is uncertain. Additional EU member states may decide to participate.

In any event, the European Commission declared that, if there is no agreement between the Participating Member States by the end 2022, it will endeavour to propose a new own resource, based on a new FTT, by June 2024 in view of its introduction by 1 January 2026. No agreement was found between the Participating Member States at the end of 2022. The European Commission has, however, not published any proposals so far.

Prospective holders of the Pandbrieven should consult their own tax advisers in relation to the consequences of the FTT associated with the subscription, purchase, holding or disposal of the Pandbrieven.

## Tax on securities accounts

The law of 17 February 2021 (Belgian State Gazette of 25 February 2021) introduced an annual tax on securities accounts in articles 201/3 to 201/9/5 and 202 of the Code of various duties and taxes (*Wetboek Diverse Rechten en Taksen/Code des Droits et Taxes Divers*). The tax is levied annually at the rate of 0.15 per. cent on the average value of qualifying financial instruments held on the securities account(s). The reference period is a period of in principle 12 consecutive months beginning on 1 October and ending on 30 September of the next year.

The taxable base is determined based on four reference dates: 31 December, 31 March, 30 June and 30 September. No tax on securities accounts will be due provided the average value of the qualifying financial instruments on those accounts amounts to less than EUR 1,000,000. If, however, the average value of the qualifying financial instruments on those accounts amounts to EUR 1,000,000 or more, the Tax on Securities Accounts will be due on the entire average value of the qualifying financial instruments on those accounts (and, hence, not only on the part which exceeds the EUR 1,000,000 threshold). However, the amount of the Tax on Securities Accounts will be limited to 10% of the difference between the average value of the qualifying financial instruments on those accounts and EUR 1,000,000.

The taxable objects of the tax are the “securities accounts”, i.e. accounts on which financial instruments (as broadly defined by reference to regulatory provisions) may be credited or from which financial instruments can be debited, and:

- (i) in the case of residents of Belgium and Belgian establishments of non-residents, as defined for income tax purposes, accounts with a Belgian or foreign intermediary; and
- (ii) in the case of non-residents of Belgium, as defined for income tax purposes, accounts with a Belgian intermediary (provided the double tax treaty concluded with their country of residence allows such wealth taxation).

Each securities account is considered as a separate taxable object.

A financial intermediary is defined as (i) the National Bank of Belgium, the European Central Bank and foreign central banks performing similar functions, (ii) a central securities depository included in Article 198/1, §6, 12° of the Income Tax Code of 1992, (iii) a credit institution or a stockbroking firm as previously defined by Article 1, §3 of the law of 25 April 2014 on the status and supervision of credit institutions (currently defined by, respectively, Article 1, §3 of the law of 25 April 2014 on the status and supervision of credit institutions and Article 2 of the law of 20 July 2022 on the status and supervision of stockbroking firms and containing various provisions) and (iv) the investment companies as defined by Article 3, §1 of the law of 25 October 2016 on access to the activity of investment services and on the legal status and supervision of portfolio management and investment advice companies, which are, pursuant to national law, admitted to hold financial instruments for the account of customers.

The tax applies to securities accounts as such and therefore in principle concerns all securities accounts, whoever the accountholder is (whether it is a natural person, company, legal entity, “legal arrangement”<sup>62</sup> or *de facto* association), whatever its tax residency status (whether it is resident or non-resident) and regardless of its legal rights in relation to the account (whether full ownership, bare ownership or usufruct).

The tax on securities accounts needs to be withheld, declared and paid by the Belgian intermediary. Intermediaries not established or set up in Belgium have the possibility, when managing a securities account subject to the tax, to appoint a representative in Belgium approved by or on behalf of the Minister of Finance (the “**Tax on Securities Accounts Representative**”). The Tax on Securities Accounts Representative is jointly and severally liable vis-à-vis the Belgian State to declare and pay the tax and to fulfil all other obligations for intermediaries related to the Tax on

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<sup>62</sup> Legal arrangement in the meaning of article 2, §1er, 13° of the BITC.

Securities Accounts, such as compliance with certain reporting obligations. In cases where no intermediary has withheld, declared and paid the Tax on Securities Accounts, the holder of the securities account needs to declare and pay the tax himself, unless he can prove that the tax has already been withheld, declared and paid by either a Belgian intermediary or Tax on Securities Accounts Representative of a foreign intermediary.

The Belgian law of 17 February 2021 also provides for the inclusion of anti-abuse provisions, retroactively applying a from 30 October 2020: a rebuttable general anti-abuse provision and two irrebuttable specific anti-abuse provisions. However, on 27 October 2022, the Belgian Constitutional Court annulled the two irrebuttable specific anti-abuse provisions and the retroactive effect of the general anti-abuse provision.

Belgian law provides for exemptions for instance for specific types of regulated entities for their own account and in order to prevent repeated double taxation, notably in respect of chains of depositories.

Prospective investors are strongly advised to seek their own professional advice in relation to the tax on securities accounts.

### **Exchange of Information – Common Reporting Standard**

The exchange of information is governed by the Common Reporting Standard (“CRS”) in addition to the U.S. Foreign Account Tax Compliance Act (“FATCA”) with respect to U.S. persons.

CRS requires financial institutions to identify and report the tax residency and account details of non-resident customers to the relevant authorities in CRS-compliant jurisdictions. As of 16 May 2023, 120 jurisdictions -including Belgium- had signed the multilateral competent authority agreement (“MCAA”), which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications.

Under CRS, financial institutions resident in a CRS country are required to report, according to a due diligence standard, financial information with respect to reportable accounts, which includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (incl. trusts and foundations) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

On 9 December 2014, EU member states adopted Directive 2014/107/EU on administrative cooperation in direct taxation (“DAC2”), which provides for mandatory automatic exchange of financial information as foreseen in CRS. DAC2 amends the previous Directive on administrative cooperation in direct taxation, Directive 2011/16/EU. The Belgian government has implemented said Directive 2014/107/EU, respectively the Common Reporting Standard, per law of 16 December 2015 (“*Wet tot regeling van de mededeling van inlichtingen betreffende financiële rekeningen, door de Belgische financiële instellingen en de FOD Financiën in het kader van een automatische uitwisseling van inlichtingen op internationaal niveau en voor belastingdoeleinden/Loi réglant la communication des renseignements relatifs aux comptes financiers, par les institutions financières belges et le SPF Finances, dans le cadre d’un échange automatique de renseignements au niveau international et à des fins fiscales*”) (“**Law of 16 December 2015**”).

As a result of the Law of 16 December 2015, the mandatory exchange of information applies in Belgium (i) as of income year 2016 (first information exchange in 2017) towards the EU member states, (ii) as of income year 2014 (first information exchange in 2016) towards the US and (iii) with respect to any other non-EU States that have signed the MCAA, as of the respective date determined by Belgian Royal Decree.

In a Belgian Royal Decree of 14 June 2017, as amended, it was determined that the automatic provision of information has to be provided as from 2017 (for the 2016 financial year) for a first list of eighteen foreign jurisdictions, as from 2018 (for the 2017 financial year) for a second list of 44 jurisdictions, as from 2019 (for the 2018 financial year) for another jurisdiction, as from 2020 (for the 2019 financial year) for 6 other jurisdictions and as from 2023 (for the 2022 financial year) for 2 other jurisdictions.

The Pandbrieven are subject to CRS. Under DAC2 and the Law of 16 December 2015 Belgian financial institutions holding the Pandbrieven for tax residents in another CRS contracting state, shall report financial information regarding the Pandbrieven (income, gross proceeds, ...) to the Belgian competent authority, who shall communicate the information to the competent authority of the state of the tax residence of the beneficial owner.

Investors who are in any doubt as to their position should consult their professional advisers.

## **DAC6**

The measures included in EU Directive 2011/16 after amendment by EU Directive 2018/822 (commonly referred to as “**DAC6**”) impose mandatory disclosure requirements for taxpayers and intermediaries involving the reporting of cross-border arrangements affecting at least one EU member state that fall within one of a number of ‘hallmarks’. These hallmarks are broad categories setting out particular characteristics identified as potentially indicative of aggressive tax avoidance. Certain hallmarks may only be taken into account if they meet the “main benefit test”, i.e. where a tax benefit is the main or one of the main objectives of the arrangement. The Law of 20 December 2019 (*Wet tot omzetting van Richtlijn (EU) 2018/822 van de Raad van 25 mei 2018 tot wijziging van Richtlijn 2011/16/EU wat betreft verplichte automatische uitwisseling van inlichtingen op belastinggebied met betrekking tot meldingsplichtige grensoverschrijdende constructies/Loi transposant la Directive (UE) 2018/822 du Conseil du 25 mai 2018 modifiant la Directive 2011/16/UE en ce qui concerne l’échange automatique et obligatoire d’informations dans le domaine fiscal en rapport avec les dispositifs transfrontières devant faire l’objet d’une déclaration*) which mirrors the Directive, was published in the Belgian State Gazette in Belgium on 30 December 2019. The reporting obligations apply to ‘intermediaries’ (financial institutions like the Issuer may fall under this term) or, in some circumstances, the taxpayer itself. There is a mandatory automatic exchange of information on such reportable cross-border schemes via the Common Communication Network (CCN) between the member states. Under DAC6, taxpayers and intermediaries are required to report cross-border reportable arrangements to the domestic tax authorities from 1 July 2020 (within a thirty-day turnaround period).

## **US foreign account tax compliance act withholding**

In certain very exceptional circumstances the Issuer, the Fiscal Agent and certain other entities through which payments on the Pandbrieven are made might be required to withhold U.S. tax at a rate of 30 per cent. on a portion of interest payments made in respect of Pandbrieven that would be treated as debt for U.S. federal tax purposes, pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code and the regulations and other guidance promulgated thereunder (“**FATCA**”).

Under FATCA, non -U.S. financial institutions generally will be required to enter into agreements with the U.S. Internal Revenue Service (the “**IRS**”) to identify financial accounts held by certain U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. For these purposes, the term financial institution includes, among others, banks, insurance companies and funds that are engaged primarily in the business of investing, reinvesting or trading in securities, commodities or partnership interests. If a participating financial institution makes a relevant payment to an accountholder that has not provided information requested to establish the accountholder is exempt from reporting under the rules, or if the recipient of the payment is a non-participating financial institution (that is not otherwise exempt), the payor might be required to withhold 30% on a portion of the payment which is or

is deemed to be from U.S. source. However, the IRS is further considering the treatment of these so called foreign pass-through payments and it is uncertain whether and how this rule will ultimately apply to the Issuer or the Pandbrieven.

If the Issuer or one of its agents were required to withhold any amount from any payment on the Pandbrieven in respect of FATCA, there will be no “gross up” (or any other additional amount) payable by way of compensation to the investor for the withheld amount. An investor that is able to claim the benefits of an income tax treaty between its own jurisdiction and the United States may be entitled to a refund of amounts withheld pursuant to the FATCA rules, though the investor would have to file a U.S. tax return to claim this refund and may not be entitled to interest from the IRS for the period prior to the refund.

On 23 April 2014, the Belgian and U.S. governments signed an Intergovernmental Agreement (“**IGA**”) intended to implement FATCA in Belgium. The Belgian IGA is a so-called Model 1 agreement, meaning that foreign financial institutions established in Belgium will be required to report information on U.S. accountholders directly to the Belgian tax authorities, who in turn will report to the IRS. The Belgian IGA is intended to simplify FATCA requirements for Belgian financial institutions but in many cases still requires significant efforts to maintain compliance.

Belgium has implemented FATCA in its domestic legislation by a law of 16 december 2015 (“*Wet tot regeling van de mededeling van inlichtingen betreffende financiële rekeningen, door de Belgische financiële instellingen en de FOD Financiën in het kader van een automatische uitwisseling van inlichtingen op internationaal niveau en voor belastingdoeleinden/Loi réglant la communication des renseignements relatifs aux comptes financiers, par les institutions financières belges et le SPF Finances, dans le cadre d’un échange automatique de renseignements au niveau international et à des fins fiscales*”) Under this law, Belgian financial institutions holding Pandbrieven for “US accountholders “ and for “U.S. owned passive Non Financial Foreign entities” are held to report financial information regarding the Pandbrieven (income, gross proceeds,...) to the Belgian competent authority, who shall communicate the information to the U.S. tax authorities.

However, the Belgian Data Protection Authority (the “**Belgian DPA**”) has recently declared unlawful the transfer of personal data of so-called Belgian “Accidental Americans” by the Belgian tax authorities to the US tax authorities under the Belgian FATCA IGA. According to the Belgian DPA, the data processing carried out under the Belgian FATCA IGA does not comply with all the principles of the EU General Data Protection Regulation (GDPR), including the rules on data transfers outside the EU. The decision is subject to appeal.

FATCA is particularly complex and its application to the Issuer or the Pandbrieven issued is uncertain at this time. Each holder of Pandbrieven should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such holder in its specific circumstance, in particular if it may be, or hold its interest through an entity that is, classified as a financial institution under FATCA.

## SECTION 13 SUBSCRIPTION AND SALE

Pursuant to respectively (i) the distribution agreement initially dated 8 November 2012 between the Issuer, the MP Dealers and the MP Arranger (as amended, supplemented, replaced and/or restated from time to time, the “**MP Distribution Agreement**”) and subject to the conditions contained therein (in case of the Mortgage Pandbrieven) and (ii) the distribution agreement initially dated 15 July 2014 between the Issuer, the PP Dealers and the PP Arranger (as amended, supplemented, replaced and/or restated from time to time, the “**PP Distribution Agreement**”, and together with the MP Distribution Agreement, each a “**Distribution Agreement**”) and subject to the conditions contained therein (in case of the Public Pandbrieven), the MP Dealers and PP Dealers, as applicable (hereafter referred to as the “**Dealers**”) have agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Pandbrieven under respectively the Mortgage Pandbrieven Programme and the Public Pandbrieven Programme. The Pandbrieven issued under each Programme may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. Each Distribution Agreement also provides that Pandbrieven to be issued in syndicated Tranches may be jointly and severally underwritten by two or more Dealers.

The Issuer may pay each relevant Dealer a commission in respect of Pandbrieven subscribed by them. The Issuer has agreed to reimburse the Dealers for certain of their activities in connection with the relevant Programme. The commissions (if any) in respect of an issuance of Pandbrieven on a syndicated basis will be stated in the applicable subscription agreement.

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 Pandbrieven under the relevant Programme. Each Distribution Agreement entitles the relevant Dealers to terminate any agreement that they make to subscribe Pandbrieven in certain circumstances prior to payment for such Pandbrieven being made to the Issuer.

### **United States**

The Pandbrieven under each Programme have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Pandbrieven under each Programme or the accuracy or the adequacy of this Base Prospectus.

The Pandbrieven under each Programme have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States. Accordingly, the Pandbrieven under each Programme may not be offered, sold, pledged or otherwise transferred 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, and each further Dealer appointed under each Programme will be required to represent and agree, that, except as permitted by the relevant Distribution Agreement, it has not offered or sold and will not offer or sell the Pandbrieven of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 calendar days after completion of the distribution of such Tranche 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 Pandbrieven during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the 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.



The Pandbrieven are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act.

In addition, until 40 calendar days after the commencement of the offering, an offer or sale of Pandbrieven within the United States by any dealer may violate the registration requirements of the Securities Act.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Pandbrieven under each Programme outside the United States. The Issuer and the Dealers under each Programme reserve the right to reject any offer to purchase the Pandbrieven, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States. Distribution of this Base Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States is unauthorised and any disclosure of its contents, without the prior written consent of the Issuer to any such U.S. person or other person within the United States is prohibited.

### **Prohibition of sales to EEA Retail Investors**

Each Dealer has represented and agreed, and each further Dealer appointed under each Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Pandbrieven under the relevant Programme which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (ii) a customer within the meaning of Directive 2016/97/EU (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the EU Prospectus Regulation; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Pandbrieven to be offered so as to enable an investor to decide to purchase or subscribe the Pandbrieven.

### **Prohibition of sales to UK Retail Investors**

Each Dealer has represented and agreed, and each further Dealer appointed under each Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Pandbrieven under the relevant Programme which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of EUWA; or
  - (ii) a customer within the meaning of the provisions of the UK FSMA 2000 and any rules or regulations made under the UK FSMA 2000 to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Pandbrieven to be offered so as to enable an investor to decide to purchase or subscribe for the Pandbrieven.

### **Public Offer Selling Restriction under the EU Prospectus Regulation and in respect of UK Retail Investors**

In relation to each member state of the EEA (each, a “**Relevant State**”), each Dealer has represented and agreed, and each further Dealer appointed under each Programme will be required to represent and agree, that it has not made and will not make an offer of Pandbrieven which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to the public in that Relevant State, except that it may make an offer of such Pandbrieven to the public in that Relevant State:

- (a) at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation), 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 1(4) of the EU Prospectus Regulation,

provided that no such offer of Pandbrieven shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an “offer of Pandbrieven to the public” in relation to any Pandbrieven in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Pandbrieven to be offered so as to enable an investor to decide to purchase or subscribe for the Pandbrieven.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Pandbrieven which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to the public in the United Kingdom, except that it may make an offer of such Pandbrieven to the public in the United Kingdom:

- (a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom 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 section 86 of the UK FSMA 2000,

provided that no such offer of Pandbrieven shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the UK FSMA 2000 or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an “offer of Pandbrieven to the public” in relation to any Pandbrieven means the communication in any form and by any means of sufficient information on the terms of the offer and the Pandbrieven to be offered so as to enable an investor to decide to purchase or subscribe for the Pandbrieven.

## United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under each Programme will be required to represent and agree, that:

- (a) in relation to any Pandbrieven which have a maturity of less than one year from the date of issuance, (i) 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 (ii) it has not offered or sold and will not offer or sell any Pandbrieven other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as 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 Pandbrieven would otherwise constitute a contravention of Section 19 of the UK FSMA 2000 by the Issuer;
- (b) 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 UK FSMA 2000) received by it in connection with the issuance or sale of any Pandbrieven in circumstances in which Section 21(1) of the UK FSMA 2000 does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the UK FSMA 2000 with respect to anything done by it in relation to any Pandbrieven in, from or otherwise involving the United Kingdom.

## Belgium

Each Dealer has represented and agreed, and each further Dealer appointed under each Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Pandbrieven in Belgium to “consumers” (*consumenten/consommateurs*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*), as amended.

Registered 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 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 Pandbrieven (or any interest therein) may be distributed or circulated in the Netherlands, other than to qualified investors as defined in the EU Prospectus Regulation, provided that these parties acquire the Pandbrieven for their own account or that of another qualified investor.

## Switzerland

This Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Pandbrieven in Switzerland. The Pandbrieven may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“**FinSA**”) and no application has or will be made to admit the Pandbrieven to trading on any venue (exchange or multilateral trading facility) in Switzerland. Neither this Base Prospectus nor any

other offering or marketing material relating to the Pandbrieven constitutes a prospectus pursuant to the FinSA, and neither this Base Prospectus nor any other offering or marketing material relating to the Pandbrieven may be publicly distributed or otherwise made publicly available in Switzerland.

## Japan

The 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 “**FIEA**”). Accordingly, each of the Dealers has represented and agreed, and each further Dealer appointed under each Programme will be required to represent and agree, that it has not, directly or indirectly, offered, or sold and will not, directly or indirectly, offer or sell any 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 FIEA and other relevant laws and regulations of Japan.

## Singapore

Each Dealer has acknowledged, and each further Dealer appointed under each Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under each Programme will be required to represent, warrant and agree, that it has not offered or sold any Pandbrieven or caused the Pandbrieven to be made the subject of an invitation for subscription or purchase and will not offer or sell any Pandbrieven or cause the Pandbrieven to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Pandbrieven, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “**SFA**”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Pandbrieven are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Pandbrieven pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (2) where no consideration is or will be given for the transfer;

- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

## **Canada**

The Pandbrieven may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Pandbrieven must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

If applicable, pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (“**NI 33-105**”), the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

## **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealers under the relevant Programme. Any such modification will be set out in the applicable Final Terms issued in respect of the issuance of 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 Pandbrieven, or possession or distribution of this Base Prospectus or any other offering material or any applicable Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer under each Programme 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 Pandbrieven under the relevant Programme 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 14

### GREEN BOND FRAMEWORK

#### 14.1 Introduction

The Issuer has developed a green bond framework (such framework as amended from time to time, the “**Green Bond Framework**”) under which the Issuer intends to attract funding to finance and/or refinance, in whole or in part, loans and investments realised by the Issuer to finance projects and/or assets which enable the transition to a low carbon and climate resilient economy (the “**Eligible Green Assets**”). The Green Bond Framework is publicly available on the Issuer’s website (<https://www.belfius.be/about-us/en/investors/debt-issuance/green-bonds>). The Green Bond Framework does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA. Pandbrieven issued under this Base Prospectus for which the applicable Final Terms indicate that the Issuer will apply an amount equivalent to the net proceeds of the issue to finance and/or refinance, in whole or in part, Eligible Green Assets are referred to as “**Green Bonds**”.

The Green Bond Framework has been prepared taking into account the voluntary guidelines of the Green Bond Principles (2018 edition) published by the International Capital Markets Association (the “**Green Bond Principles**”).

This section contains a short summary of the Green Bond Framework as at the date of this Base Prospectus which does not purport to be complete and is taken from, and is qualified in its entirety by, the information in the Green Bond Framework. The Green Bond Framework may be further updated or amended, among other things to reflect updates to the EU Taxonomy Regulation and the European Green Bond Standard and evolutions in the activities of the Issuer.

In case of an issuance of Green Bonds, (i) the use of proceeds, (ii) the process for green assets evaluation and selection, (iii) the management of proceeds, (iv) the reporting on allocation and impact and (v) the external review will be carried out in accordance with the Green Bond Framework.

#### 14.2 Use of proceeds

In case of an issuance of Green Bonds, the Issuer will apply an amount equivalent to the net proceeds of Green Bonds exclusively to finance and/or refinance, in whole or in part, Eligible Green Assets in the following categories (“**Eligible Categories**”):

- renewable energy;
- energy efficiency;
- clean transportation;
- green real estate; and
- waste & water management.

In alignment with the Issuer’s sustainability strategy, the eligibility criteria (“**Eligibility Criteria**”) contemplated under the Green Bond Framework are intended to directly contribute to the achievement of specific UN Sustainable Development Goals and related sub-targets<sup>63</sup>.

Eligible Green Assets are required to meet the following Eligibility Criteria:

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<sup>63</sup> Based on mapping between ICMA Eligible Categories and UN Sustainable Development Goals.

Eligible Category	Eligibility Criteria
Renewable energy	<p>Loans or investments to finance/refinance the equipment, development, construction, operation, distribution, infrastructure and maintenance of renewable energy projects such as:</p> <ul style="list-style-type: none"> <li>- Offshore and onshore wind</li> <li>- Solar photovoltaic power</li> <li>- Hydropower (with lifecycle GHG emissions &lt; 100gCO<sub>2</sub>/kWh or power density &gt; 5W/m<sup>2</sup>)<sup>64</sup></li> <li>- Geothermal projects (with lifecycle GHG emissions &lt; 100gCO<sub>2</sub>/kWh)</li> <li>- Energy from biomass (such as forest residues, or municipal waste but excluding biomass from sources competing with food production, depleting carbon pools or grown on land with high biodiversity), (with lifecycle GHG emissions &lt; 100gCO<sub>2</sub>/kWh)</li> </ul>
Energy efficiency	<p>Loans or investments to finance/refinance energy efficiency projects, such as:</p> <ul style="list-style-type: none"> <li>- Energy storage efficiency projects<sup>65</sup></li> <li>- Smart grid solutions</li> <li>- Energy efficient lighting such as LED</li> </ul>
Clean transportation	<p>Loans or investments to finance/refinance public land transport (e.g. subways, trains, trams, buses, cycleways) and clean transportation such as:</p> <ul style="list-style-type: none"> <li>- Rail infrastructure, including station upgrade</li> <li>- Rolling stock for passenger and freight transportation (zero direct emissions), excluding fossil fuel transportation</li> <li>- Electric and hybrid (with CO<sub>2</sub> emission &lt;50g CO<sub>2</sub>/km) vehicles, including charging infrastructure</li> <li>- Construction or improvement of bicycle lanes, bicycle parking and bicycle sharing systems</li> </ul>
Green real estate	<p>Commercial:</p> <ul style="list-style-type: none"> <li>- Loans or investments to finance/refinance new and existing commercial real estate belonging to the top 15% most efficient buildings or complying with a recognised external certification with a minimum level of BREEAM<sup>66</sup>: very good or equivalent.</li> <li>- Loans or investments to renovate existing commercial buildings achieving an energy reduction of at least 30%.</li> </ul> <p>Residential:</p>

<sup>64</sup> The development of any new hydropower facility, regardless of emission thresholds, needs to be accompanied by an environmental and social risk assessment carried out by a credible external body.

<sup>65</sup> In case of investing in power-to-hydrogen storage, the production must be through water electrolysis.

<sup>66</sup> Building Research Establishment Environmental Assessment Method.

	<ul style="list-style-type: none"> <li>- Mortgage loans for residential dwellings in a certain region (Flanders, Wallonia and Brussels) belonging to the top 15% most efficient buildings in that region based on the local building code, building year or EPC certificate.</li> <li>- Loans or investments to renovate existing residential buildings achieving an energy reduction of at least 30%.</li> </ul>
Waste & water management	<p>Loans or investments to finance/refinance the equipment, development, construction, operation and maintenance of:</p> <ul style="list-style-type: none"> <li>- Water distribution systems to improve water use efficiency and/or water quality</li> <li>- Water recycling and wastewater treatment plants<sup>67</sup></li> <li>- Waste recycling and treatment plants</li> </ul>

### 14.3 Process for green assets evaluation and selection

Underlying Eligible Green Assets are expected to comply with local laws and regulations, including any applicable regulatory environmental and social requirements. Potential Eligible Green Assets are assessed against the Issuer’s regular credit policies. The qualification for green criteria does not override credit risks.

The process for evaluation and selection of Eligible Green Assets, based on the Eligibility Criteria, receives a final approval by the Green Bond Committee.

The Green Bond Committee currently consists of the following representatives:

- the head of the CSR department;
- representatives of the commercial business lines (private, business & retail (PBR) and/or wealth, enterprises & public (WEP));
- the head of long term funding; and
- the head of structured finance

### 14.4 Management of proceeds

The Issuer will strive, over time, to maintain an aggregate amount of Eligible Green Assets in a portfolio (the “**Green Portfolio**”) that matches or exceeds the balance of net proceeds of all outstanding Green Bonds issued under the Green Bond Framework.

The Eligible Green Assets will be selected in line with the Eligibility Criteria and the evaluation and selection process described above.

The Issuer will individually label all allocated Eligible Green Assets in its internal information systems and will monitor the Green Portfolio. If an asset is matured, redeemed or no longer meets the Eligibility Criteria, the Issuer will do its best effort to replace it with an Eligible Green Asset. On a quarterly basis, the Green Bond Committee will verify the availability of sufficient Eligible Green Assets in the Green Portfolio to match the outstanding Green Bonds.

<sup>67</sup> The treatment of wastewater from fossil fuel operations is excluded



Pending the allocation of an amount equal to the net proceeds of Green Bonds and while the Green Portfolio has a positive balance, such amounts will be invested within the treasury portfolios, in money market products, cash and/or cash equivalent, in accordance with the Issuer's general internal policies.

#### **14.5 Reporting**

The Issuer expects to publish annually a report that will detail the allocation of amounts equal to the net proceeds of Green Bonds and the environmental impact of the Eligible Green Assets included in its Green Portfolio. Any report will not form part of, and will not be incorporated by reference into, the Base Prospectus.

##### *Allocation of proceeds reporting*

As long as any Green Bond is outstanding, the Issuer expects to report annually on the use of the amounts equal to the net proceeds of the Green Bonds. This report is expected to detail:

- the total amount of Green Bonds issued;
- the Green Portfolio, including a breakdown by Eligible Category; and
- the balance of unallocated amounts, if any.

##### *Impact reporting*

The Issuer intends to report annually on the environmental impact of the Green Portfolio at an aggregated level.

#### **14.6 External review**

##### *Second Party Opinion*

The Issuer has appointed Sustainalytics to provide a second party opinion (the “**Second Party Opinion**”) on the Green Bond Framework who has verified and confirmed the sustainability of the Green Bond Framework and alignment of it with the Green Bond Principles. The Second Party Opinion does not form part of, and is not incorporated by reference into, the Base Prospectus.

##### *Verification*

The Issuer will request on an annual basis, starting one year after the issuance of the first Green Bonds and until maturity, a limited assurance report of the allocation of the amounts equal to the net proceeds of the Green Bonds to its Green Portfolio, provided by an independent external auditor. Any limited assurance report will not form part of, and will not be incorporated by reference into, the Base Prospectus.

#### **14.7 General**

Prior to any investment in Green Bonds, investors should have regard to the factors described under Section 2 “Risk Factors”, in particular the risk factor entitled “*Risks related to Pandbrieven which qualify as “Green Bonds” which have a particular use of proceeds identified in the applicable Final Terms*”.

## SECTION 15 GENERAL INFORMATION

1. Application has been made to Euronext Brussels for (i) Mortgage Pandbrieven issued under the Mortgage Pandbrieven Programme under this Base Prospectus and (ii) Public Pandbrieven issued under the Public Pandbrieven Programme under this Base Prospectus to be listed and to be admitted to trading on the regulated market of Euronext Brussels. The Issuer may also issue Pandbrieven which are not listed or request the listing of Pandbrieven on any other stock exchange or market.
2. The Issuer has obtained all necessary consents, approvals and authorisations in Belgium in connection with the issuance of the Mortgage Pandbrieven and the Public Pandbrieven. The Mortgage Pandbrieven Programme was initially authorised by a resolution of the Management Board of the Issuer passed on 7 November 2012. The Public Pandbrieven Programme was initially authorised by a resolution of the Management Board of the Issuer passed on 1 July 2014. This year's updates of the Mortgage Pandbrieven Programme and of the Public Pandbrieven Programme were authorised by a resolution of the Board of Directors of the Issuer passed on 15 December 2022 and by a resolution of the Management Board of the Issuer passed on 19 April 2023.
3. The Issuer is licensed as a Belgian credit institution.
4. Save as disclosed in Section 11 "Description of the Issuer", there has been (i) no material adverse change in the prospects of the Issuer on a consolidated basis since 31 December 2022 and (ii) 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 Section 11.6 "Non-adjusting post-balance sheet events" of Section 11 "Description of the Issuer", there has been no significant change in the financial position or the financial performance of the Issuer since 30 June 2023.
6. Save as disclosed in Section 11.10 "Litigation" of Section 11 "Description of the Issuer", 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 Pandbrieven have been accepted for clearance through the Securities Settlement System operated by the National Bank of Belgium. The Common Code, the International Securities Identification Number (ISIN), the Classification of Financial Instruments (CFI) and the Financial Instrument Short Name (FISN) (and any other relevant identification number for any Alternative Clearing System) for a Series of Pandbrieven will be set out in the applicable Final Terms.
8. As at the date of this Base Prospectus, the address of the National Bank of Belgium (the operator of the Securities Settlement 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. Save as disclosed in Section 11 "Description of the Issuer", as at the date of this Base Prospectus, 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 Pandbrieven being issued.
10. In accordance with Article 15/1 of Annex III of the Banking Law and Article 12 of the Covered Bonds Royal Decree, the Issuer will publish monthly Investor Reports, which will contain information regarding the Pandbrieven and the relevant Cover Assets in relation to the preceding month, including *inter alia*:

- (a) the value of the relevant Special Estate and the relevant Pandbrieven;
- (b) for each issuance, the ISIN of the relevant Pandbrieven, currency, outstanding amount, issue date, Maturity Date (or Extended Maturity Date, as the case may be), coupon characteristics and percentage;
- (c) the type of Cover Assets, geographical spread of security interests or, in case there are no security interest, of residence or seat of debtors;
- (d) further details on the management of market risks, credit risks and liquidity risks;
- (e) the maturity matching between relevant Cover Assets and relevant Pandbrieven;
- (f) the result of the Statutory Tests, including amounts of elements taken into account for the tests;
- (g) the composition of the Liquidity Buffer and description of the assets that make up the Liquidity Buffer;
- (h) the composition and details of the Cover Assets;
- (i) the percentage of receivables in arrears for more than 30 days (but not in default in accordance with Article 178 of the CRR).

Such reports will be available to the prospective investors in the relevant Pandbrieven and to the holders of such Pandbrieven on the website of the Issuer at [www.belfius.be](http://www.belfius.be). This website and the information contained thereon does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA. The Investor Reports do not form part of, and are not incorporated by reference into, this Base Prospectus and they have not been and will not be scrutinised nor approved by the FSMA.

11. Copies of (i) the annual report and audited annual accounts of the Issuer for the years ended 31 December 2021 and 31 December 2022, including the reports of the statutory auditors in respect thereof, (ii) the Half-Yearly Report 2023 and unaudited accounts of the Issuer for the period ended 30 June 2023 and (iii) this Base Prospectus and any supplements and each Final Terms of Tranches listed on a regulated market may be obtained at the specified offices of the Issuer and each of the Paying Agents under each Programme during normal business hours for the period of 12 months following the date of this Base Prospectus. The MP Programme Agreement, the MP Agency Agreement and the MP Noteholders' Representative Agreement (in respect of the MP Programme), the PP Programme Agreement, the PP Agency Agreement and the PP Noteholders' Representative Agreement (in respect of the PP Programme) and the Articles of Association of the Issuer will be available, during normal business hours on any Business Day, for inspection by the Noteholders at the specified offices of the Issuer and each of the Paying Agents under each Programme for the period of 12 months following the date of this Base Prospectus. 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)).
12. This Base Prospectus and the relevant Final Terms of Tranches listed on a regulated market and all documents that have been incorporated by reference into this Base Prospectus will be available on the Issuer's website ([www.belfius.be](http://www.belfius.be)).
13. The audit of Belfius Bank's financial statements was conducted by KPMG Bedrijfsrevisoren BV – KPMG Réviseurs d'Entreprises SRL, represented by Olivier Macq and Kenneth Vermeire (members of *IBR – IRE Instituut der Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*) in relation to the audit of the consolidated financial statements of Belfius for the financial year ended 31 December 2021 and by KPMG Bedrijfsrevisoren BV – KPMG Réviseurs d'Entreprises SRL, represented by Olivier Macq (member of *IBR – IRE Instituut der Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*) in relation to the audit of the consolidated financial statements of Belfius for the financial year ended 31 December 2022. They have

rendered an unqualified audit report on the financial statements of Belfius Bank for the financial years ended 31 December 2021 and 31 December 2022.

14. 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 its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Pandbrieven issued under the Programmes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. 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 the 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 Pandbrieven issued under the Programmes. Any such positions could adversely affect future trading prices of Pandbrieven issued under the Programmes. 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.

## GLOSSARY

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