



**BELFIUS BANK SA/NV**  
*(incorporated with limited liability in Belgium)*

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

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Belgian Public Pandbrieven Programme

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*Arranger*  
**Belfius Bank**

*Dealers*

**Barclays**

**Belfius Bank**

**Commerzbank**

**Landesbank Baden-Württemberg**

**Natixis**

**Nomura**

**Société Générale Corporate & Investment Banking**

**The Royal Bank of Scotland**

**UniCredit Bank**

15 July 2014



## **BELFIUS BANK SA/NV** (incorporated with limited liability in Belgium)

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

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### **Belgian Public Pandbrieven Programme**

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Under its EUR 10,000,000,000 Belgian Public Pandbrieven Programme (the “**Programme**”), Belfius Bank SA/NV (the “**Issuer**” or “**Belfius Bank**”) may from time to time issue Belgian pandbrieven (*Belgische pandbrieven/lettres de gage belges*) (the “**Public Pandbrieven**”) in accordance with the Law of 25 April 2014 on the status and supervision of credit institutions (the “**Banking Law**”) and its executing Royal Decrees and regulations (the “**Covered Bond Regulations**”). The aggregate principal outstanding amount 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).

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

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

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

The date of this Base Prospectus is 15 July 2014. This Base Prospectus shall be valid for a period of twelve months from its date of approval.

Application may be made to Euronext Brussels SA/NV (“**Euronext Brussels**”) for Public Pandbrieven issued under the Programme 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/EC of the European Parliament and of the Council on markets in financial instruments. No certainty can be given that the application will be granted. The Issuer may also issue unlisted Public Pandbrieven or request the listing of Public Pandbrieven on any other stock exchange or market. The applicable final terms in respect of the issuance of any Public Pandbrieven will specify whether or not such Public Pandbrieven will be listed and, if so, whether on the Market or on any other stock exchange or market.

The “**Competent Authority**” (i.e. the National Bank of Belgium (“**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 the Programme to the list of authorised programmes for the issuance of covered bonds under the category Belgian pandbrieven (*Belgische pandbrieven/lettres de gage belges*). Both lists can be consulted on the website of the Competent Authority (at [www.nbb.be](http://www.nbb.be)). Public Pandbrieven issued under the Programme will constitute Belgian pandbrieven under the Covered Bond Regulations and will as such be included in the list of the Competent Authority.

Each Series of Public Pandbrieven may on issuance be assigned a rating by Fitch France S.A.S. (“**Fitch**”), a rating by Moody’s Investors Service Ltd. (“**Moody’s**”), a rating by Standard & Poor’s Credit Market Services France S.A.S. (“**Standard & Poor’s**” or “**S&P**”) and/or a rating by such other rating agency as shall be specified in the Final Terms, to the extent each such agency is a Rating Agency (as defined herein) at the time of the issuance of the Public Pandbrieven.

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

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

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

## **Responsibility Statement**

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

## **General**

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

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

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

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

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## SECTION 1 OVERVIEW OF THE PROGRAMME

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

*The Issuer may from time to time issue Public Pandbrievien under the Programme which are subject to terms and conditions and/or final terms not contemplated by this Base Prospectus, including (without limitation) in the case of Public Pandbrievien 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).*

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

### PROGRAMME OVERVIEW

#### Information relating to the Issuer

##### **Issuer**

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

##### **Issuer licence**

The “**Competent Authority**” (i.e. the National Bank of Belgium (“**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 Programme

##### **Description**

The Belgian Public Pandbrievien Programme (the “**Programme**”) is a programme for the continuous offer of Belgian pandbrievien (*Belgische pandbrievien/lettres de gage belges*) (the “**Public Pandbrievien**”) in accordance with the Law of 25 April 2014 on the status and supervision of credit institutions (the “**Banking Law**”) and its executing Royal Decrees and regulations (the “**Covered Bond Regulations**”) on any issue date (each, an “**Issue Date**”).

##### **Programme licence**

The Competent Authority has admitted the Programme to the list of authorised programmes for the issuance of covered bonds under the category Belgian pandbrievien (*Belgische pandbrievien/lettres de gage belges*) on 10 June 2014. Upon so being notified by the Issuer, the Competent Authority shall

regularly update such list with the Public Pandbrievien issued under the Programme and shall indicate that the Public Pandbrievien constitute Belgian pandbrievien under the Covered Bond Regulations.

**Programme Limit**

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

**Belgian Public Pandbrievien**

The Public Pandbrievien will be issued as Belgian pandbrievien (*Belgische pandbrievien/lettres de gage belges*) in accordance with the Covered Bond Regulations.

All Public Pandbrievien to be issued under the Programme will be covered by the same special estate (*bijzonder vermogen/patrimoine spécial*) (the “**Special Estate**”). The main asset class of the Special Estate will consist of Belfius Bank’s public sector exposure which meets the criteria set out in Article 3, §1, 3° of the Covered Bond Royal Decree, comprising, among others, loans (*leningen/prêts*) of Belfius Bank SA/NV (or its legal predecessors) to (or loans guaranteed or insured by) central, regional or local authorities or 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 (*dekkingswaarden/actifs de couverture*), the “**Cover Assets**”).

The Issuer shall procure that the value of the Public Sector Exposure calculated in accordance with the Covered Bond Regulations (and including any collections in respect thereof) will at all times represent at least 105 per cent. of the aggregate principal outstanding amount of the Public Pandbrievien of all Series. The Issuer will maintain a cover register in which both the issued Public Pandbrievien and the Cover Assets are registered (the “**Cover Register**”).

*See Section 6.2.1 (Summary description of the legal framework for Belgian pandbrievien - Composition of the special estate) and Condition 12 (Issuer Covenant) for further information on the composition of the Special Estate.*

**Status and ranking of Public Pandbrievien**

All Series of Public Pandbrievien 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. Pursuant to the Covered Bond Regulations, the Noteholders and any Other Creditors (as defined below) will benefit from a dual recourse consisting of (i) an exclusive right of recourse against the Special Estate and (ii) an unsecured, unsubordinated recourse against the general estate of the Issuer.

**Issuer Covenant**

The Issuer will covenant in favour of the Noteholders and the

Noteholders' Representative to:

(i) comply with all obligations imposed on it under the Covered Bond Regulations;

(ii) ensure that the Special Estate will mainly consist of Public Sector Exposure;

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

(iv) ensure that the value of the Public Sector Exposure registered as Cover Assets in the Cover Register (including any collections in respect thereof) (a) is calculated in accordance with the Covered Bond Regulations and (b) represents at all times at least 105 per cent. of the aggregate principal outstanding 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 Programme);

(v) ensure that loans constituting Public Sector Exposure will only be added to the Special Estate if they are fully drawn;

(vi) ensure that the Special Estate will at all times include liquid bonds meeting the criteria set out in Article 7 of the NBB Covered Bonds Regulation of 29 October 2012 and which (a) are eligible as collateral for Eurosystem monetary policy purposes and intra-day credit operations by the Eurosystem (b) have a credit quality step 1 as defined in the 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 Guidelines of the ECB of 20 September 2011 on monetary policy instruments and procedures of the Eurosystem (as may be amended, supplemented, replaced and/or restated from time to time), is higher than the amount of interest due and payable on the outstanding Public Pandbrievens within a period of six months, (d) have a remaining maturity of more than one year, and (e) are not debt issued by the Issuer;

(vii) ensure that the Special Estate will not contain any Public Sector Exposure which benefits from a netting arrangement (within the meaning of the financial collateral law of 15 December 2004) which is part of a financial collateral arrangement; and

(viii) provide investor reports with regard to, among others, the composition of the Special Estate which will be made available on the website of the Issuer at [www.belfius.be](http://www.belfius.be), on a regular basis and as from Q1 of 2015 on a monthly basis.

#### **Cross-Acceleration**

Upon service of an acceleration notice under any of the Series of Public Pandbrievens, all Public Pandbrievens will become immediately due and payable on the relevant acceleration date,



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

together with any accrued interest, and will rank *pari passu* among themselves.

All monies (other than amounts standing to the credit of a swap collateral account which will be applied in accordance with the provisions of the relevant swap agreement) received or recovered by the Special Estate (whether in the administration, liquidation of the Special Estate or otherwise) following (i) the service of an acceleration notice or (ii) a liquidation of the Special Estate in accordance with Article 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 Cover Pool Administrator (including any of its representatives and delegates);
- (b) *second*, in or towards satisfaction of all amounts due and payable, including any costs, charges, liabilities and expenses, to the Noteholders’ Representative;
- (c) *third*, on a *pari passu* and *pro rata* basis, in or towards satisfaction of any Expenses which are due and payable to the Operating Creditors;
- (d) *fourth*, on a *pari passu* and *pro rata* basis, in or towards satisfaction of (i) any *Pari Passu* Swap Amounts, (ii) any *Pari Passu* Liquidity Amounts, and (iii) any payments of amounts due and payable to Noteholders *pro rata* and *pari passu* on each Series in accordance with the Conditions;
- (e) *fifth*, on a *pari passu* and *pro rata* basis, in or towards satisfaction of (i) any Junior Swap Amounts and (ii) any Junior Liquidity Amounts; and
- (f) *sixth*, thereafter any remaining monies will be paid to the general estate of the Issuer.

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

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

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

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

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

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

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

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

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

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

**Negative Pledge** None.

**Information relating to the parties involved**

**Arranger** Belfius Bank SA/NV

**Dealers** Barclays Bank PLC  
Belfius Bank SA/NV  
Commerzbank Aktiengesellschaft  
Landesbank Baden-Württemberg  
Natixis  
Nomura International plc  
Société Générale  
The Royal Bank of Scotland plc  
UniCredit Bank AG

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

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

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

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

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

**Clearing Systems** The clearing system operated by the NBB-SSS or any successor thereto (the “**Securities Settlement System**”) (or any other entity entitled by law to replace any such clearing system), Euroclear Bank SA/NV (“**Euroclear**”), Clearstream Banking S.A. (“**Clearstream Luxembourg**”) and/or such other clearing system as may be agreed between the Issuer, the Fiscal Agent and (where applicable) the relevant Dealer(s).

**Noteholders’ Representative** Stichting Belfius Public Pandbrieven Noteholders’ Representative, a foundation (*stichting*) 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.

**Cover Pool Monitor**

EY Bedrijfsrevisoren CVBA/Réviseurs d'Entreprises SCRL and its representative (as approved by the Competent Authority in accordance with the Covered Bond Regulations). The Cover Pool Monitor will perform its duties in accordance with the Covered Bond Regulations and the contractual arrangements that will be agreed upon between the Cover Pool Monitor and the Issuer.

**Cover Pool Administrator**

The Covered Bond Regulations provide that, in certain circumstances of distress, the Competent Authority may replace the management of the Special Estate by entrusting it to a cover pool administrator. Such circumstances are any of the following:

- (a) upon the adoption of a measure as mentioned in Article 236 of the Banking Law against the issuing credit institution if such measure may, in the opinion of the Competent Authority, have a negative impact (*negatieve impact/impact négatif*) on the noteholders;
- (b) upon the initiation of bankruptcy proceedings against the issuing credit institution;
- (c) upon the removal of the issuing credit institution from the list of Belgian covered bonds issuers; or
- (d) in circumstances where the situation of the issuing credit institution is such that it may seriously affect (*ernstig in gevaar kan brengen/mettre gravement en péril*) the interest of the noteholders.

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

**BASE PROSPECTUS OVERVIEW****Information relating to the Public Pandbrieven issued under this Base Prospectus****Form of Public Pandbrieven**

Public Pandbrieven can be issued (i) in dematerialised form (“**Dematerialised Public Pandbrieven**”) in accordance with Article 468 et seq. of the Belgian Companies Code via a book-entry system maintained in the records of the NBB-SSS in its capacity as operator of the Securities Settlement System, or (ii) in registered form (“**Registered Public Pandbrieven**”) in accordance with Article 462 et seq. of the Belgian Companies Code. No physical documents of title will be issued in respect of Dematerialised or Registered Public Pandbrieven.

**Method of Issue**

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 “**Tranche**” means,

in relation to a Series, Public Pandbrieven which are identical in all respects (including as to listing). A “**Series**” 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 and/or the first payment of interest. The Public Pandbrieven of each Series are intended to be interchangeable with all other Public Pandbrieven of that Series.

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

**Distribution**

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 Dealers, in each case in accordance with the Distribution Agreement.

**Selling Restrictions**

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

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

**Issue Price**

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

**Delivery of Public Pandbrieven**

Dematerialised Public Pandbrieven will be credited to the accounts held with the Securities Settlement System by Euroclear, Clearstream Luxembourg 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 Registrar in accordance with Article 462 et seq. of the Belgian Companies Code.

**Currencies**

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 Dealer(s) or investor (as applicable).

**Maturities**

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

**Redemption**

The applicable Final Terms will indicate the scheduled maturity date of the Public Pandbrieven (the “**Maturity Date**”). 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 Final Terms may specify that the Public Pandbrieven will be redeemable at the option of their Noteholders (“**Noteholder Put**”) or at the option of the

Issuer (“**Issuer Call**”), in each case upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed in respect thereto.

### **Extended Maturity Date**

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

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

for in the applicable Final Terms; and

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

In the circumstances described above, failure by the Issuer to redeem in full the relevant 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 or in accordance with paragraph (E) above shall be a failure to pay which may constitute a Payment Default.

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 Royal Decree of 11 October 2012 on the issuance of Belgian covered bonds by Belgian credit institutions.

In the case of a Series of Public Pandbrieven to which an Extended Maturity Date applies, those Public Pandbrieven may for the purposes of this Base Prospectus be:

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

as set out in the applicable Final Terms.

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

relevant Public Pandbrievien on the Maturity Date.

### **Payment Default**

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

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

The Acceleration Notice will specify the date on which the Public Pandbrievien become immediately due and payable (the “**Acceleration Date**”), which will be at least two Business Days after the Payment Default Date.

### **Specified Denomination**

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



Directive, the Specified Denomination shall be at least €100,000 (or its equivalent in any other currency as at the date of issuance of the 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 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 interest will be payable in arrears on the date or dates in each year specified in the applicable 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 defined in section 8 (*Terms and Conditions of the Public Pandbrieven*), as published by the International Swaps and Derivatives Association, Inc.;
- (ii) by reference to EURIBOR or LIBOR (or such other benchmark as may be specified in the applicable Final Terms) as adjusted for any applicable margin; or
- (iii) subject to a prospectus supplement (where applicable) on such other basis as may be agreed between the Issuer and the Dealer(s) or investor (as applicable).

Interest Periods will be specified in the applicable Final Terms.

##### **Zero Coupon Public Pandbrieven**

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

#### **General information**

##### **Ratings**

Each Series of Public Pandbrieven issued under the Programme may be rated by Fitch France S.A.S. (“**Fitch**”), by Moody’s Investors Service Ltd. (“**Moody’s**”), by Standard and Poor’s Credit Market Services France S.A.S. (“**S&P**”) and/or a rating by such other rating agency as shall be specified in the Final Terms (each a “**Rating Agency**”, together the “**Rating Agencies**”).

Each of the Rating Agencies is established in the European Union and is included in the updated list of credit rating agencies registered in accordance with the CRA Regulation

published on the European Securities and Markets Authority's website (<http://www.esma.europa.eu/>).

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

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

### **Tax Gross-up**

All payments of principal and interest 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 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 in order that the net amounts received by the Noteholders after such withholding or deduction shall be not less than the respective amounts of principal and interest which would have been receivable in respect of the Public Pandbrieven in the absence of such withholding or deduction, all as set out in Condition 5 (*Tax Gross-up*).

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

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

### **Use of Proceeds**

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

## **SECTION 2 RISK FACTORS**

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

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

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

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

Risk factors have been grouped as set out below:

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

The risks associated with a particular Series may change over time. Prospective investors should seek advice from a professional financial and/or legal adviser in order to understand the risks associated with a particular Series of Public Pandbrieven. More than one risk factor may have simultaneous effect with regard to the Public 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 Public Pandbrieven.

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

#### **2.1.1 General warning**

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

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

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

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

### 2.1.2 Interest rate risk

The interest rate risk is one of the central risks of interest-bearing Public Pandbrieven. The interest rate level on the money and capital markets may fluctuate on a daily basis and cause the value of the Public 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 Public Pandbrieven are exposed to an interest rate risk that could result in a decrease in value if the level of the market interest rate increases. In general, the effects of this risk increase as the market interest rates increase.

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

### 2.1.3 Credit risk

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

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

Since the main asset class of the Special Estate will consist of Public Sector Exposure, the Programme is also exposed to the credit risk of the Public Sector Exposure.

### 2.1.4 Liquidity risk

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

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

automatically be extended if and to the extent that the Issuer would not be in a position to repay the Public Pandbrieven within five Business Days of their 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. Any payment which is subject to such an extension shall, however, not be considered as an unconditional payment on the Public Pandbrieven for purposes of the liquidity test.

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

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

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

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

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

The Noteholders will have an exclusive claim on the Special Estate together with the Other Creditors. The Cover Tests (as defined in Section 6.2.3.2) applicable to the Special Estate are intended to ensure that the Issuer maintains an adequate amount of Cover Assets in the Special Estate to enable the Issuer to meet its obligations under the Public Pandbrieven. The value of the Special Estate may vary over time, as the value of the Cover Assets may increase or decrease. The Issuer makes no representation, warranty or guarantee that the value of any of the Cover Assets will remain at the same level as it was on the date of the registration of the relevant Cover Asset in the Special Estate or at any other time. Although the Cover Tests (and the Issuer's obligations to remedy breaches of the Cover Tests) are intended to ensure that the value of the Special Estate (as determined in accordance with the Covered Bond Regulations) is greater than the principal outstanding amount of Public Pandbrieven covered by the Special Estate, no assurance can be given that the income generated by or proceeds resulting from any sale or realisation of the 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 of Cover Assets.

In addition, even though the Issuer will be under the obligation to register additional assets to the Special Estate if the value of the Special Estate decreases, there can be no assurance that the Issuer will be in a position to originate or add Public Sector Exposure to the Special Estate in the future.

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

Noteholders should be aware that they will not have individual rights to trigger an acceleration of the Public Pandbrieven. If a Payment Default occurs in relation to a particular Series, the Noteholders' Representative may, and shall if so requested in writing by the Noteholders of at least 66<sup>2/3</sup> per cent. of the principal outstanding amount of the relevant Series of the Public Pandbrieven then outstanding (excluding any Public Pandbrieven which may be held by the Issuer), serve an Acceleration Notice. If a Payment Default occurs and an Acceleration Notice is served, all Series of Public Pandbrieven shall cross-accelerate and become due and payable. As a result, the Issuer may need to liquidate the Special Estate in whole or in part in order to repay the Noteholders (and Other Creditors).

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

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

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

The realisable value of the Cover Assets upon the liquidation of the Special Estate may have been reduced by a number of factors (which may affect the ability of the Issuer to make payments under the Public Pandbrieven), including as a result of: (a) default by borrowers of amounts due on their receivables; (b) changes to the lending criteria of the Issuer; (c) possible regulatory changes; and (d) adverse movement of interest rates.

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

Condition 12 (*Issuer Covenant*) and the Programme Documents contain a covenant from the Issuer pursuant to which it undertakes to comply with the Covered Bond Regulations (including the Cover Tests) and certain other obligations, for so long as any Public Pandbrief remains outstanding.

In the event that the Issuer were to breach its contractual undertaking by failing to comply with the Covered Bond Regulations or any other of its obligations set forth in the Issuer Covenants, Noteholders will not have a right to accelerate the Public Pandbrieven under the Conditions or the Programme Documents. This will, however, be without prejudice to any remedy available against the Issuer under Belgian contract law and to any sanctions foreseen in the Covered Bonds Regulations. If the Competent Authority were to consider that any such breach may seriously affect the interests of the Noteholders, it could decide to appoint a Cover Pool Administrator (see section 6.2.5). Also, the Issuer will not be entitled to issue further Public Pandbrieven if and for so long as it fails to comply with the Liquidity Test (see section 6.2.3.4).

### 2.1.9 Set-off risk

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

Pursuant to the Mobilisation Law (as defined in section 6.1.2), the underlying debtor 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 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 Special Estate which would be subject to any such specific netting arrangement.

The Special Estate may nevertheless still be subject to the rights of the underlying debtors of Public Sector Exposure to invoke set-off against the Special Estate to the extent that the relevant claims against the Issuer arise, or the conditions for set-off against the Issuer are met, prior to the earlier of (i) the notification of the registration of the 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 Special Estate, may additionally affect any sale proceeds of the Special Estate and may ultimately affect the ability of the Issuer or, as the case may be, the Cover Pool Administrator to make payments under the Public Pandbrieven.

### 2.1.10 Inflation risk

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

### 2.1.11 Extension risk

The Conditions of the Public Pandbrieven issued pursuant to this Base Prospectus will contain a soft bullet maturity date, as a result of which the maturity date will be automatically extended by one year if the Issuer fails to redeem the Public Pandbrieven in full within five Business Days of their 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. Accordingly, Noteholders are exposed to an extension risk. In that event, the Public Pandbrieven will bear interest on the principal outstanding amount of the Public Pandbrieven in accordance with the applicable Final Terms. Moreover, to the extent that the Issuer has sufficient funds available to fully redeem the relevant Series of Public Pandbrieven on any Interest Payment Date falling after such extension, the Issuer shall be required to fully redeem the principal outstanding amount under such Public Pandbrieven on any such Extension Payment Date (or any other date determined in accordance with Condition 3(j)(i)(E) (*Redemption, Purchase and Options - Extension of Maturity up to Extended Maturity Date*)).

The extension of the maturity of the particular Series of the Public Pandbrieven from the Maturity Date to the Extended Maturity Date will not result in any right of the Noteholders to accelerate payments or

take action against the Special Estate and no payment will be payable to the Noteholders in that event other than as set out in the Conditions and applicable Final Terms. The payment of the remaining unpaid principal 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 Public 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 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.

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

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

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

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

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

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



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

In accordance with the Covered Bond Regulations, the Conditions provide that certain other creditors of the Issuer may also benefit from an exclusive recourse to the Special Estate. These may include the Noteholders' Representative, any Hedge Counterparty, any Liquidity Provider, the Cover Pool Administrator as well as any Operating Creditor (as defined in Condition 24 (*Post-Acceleration Priority of Payments*)) (together, the “**Other Creditors**”).

Moreover, in accordance with the Post-Acceleration Priority of Payment (see Condition 24 (*Post-Acceleration Priority of Payments*)), the claims of the Noteholders will, in the case of an acceleration or liquidation of the Special Estate, be subordinated to the claims of the Noteholders' Representative, the Operating Creditors and the Cover Pool Administrator and will rank *pari passu* with the claims of any Hedge Counterparties and any Liquidity Provider (subject to certain exceptions). As a result, it is possible that none or only part of the proceeds of the Special Estate are applied to the satisfaction of amounts due and payable to the Noteholders.

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

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

#### **2.1.15 Rating**

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

In general, European regulated investors are restricted under the CRA Regulation (as defined on page 2) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances while the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified credit rating agencies published by the European Securities and Markets Authority (“**ESMA**”) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant credit rating agency included in such list, as there may be delays between certain supervisory measures taken against the relevant credit rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings will be disclosed in the applicable Final Terms.

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

#### **2.1.16 Secondary market risk**

Public 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 dematerialised Public Pandbrieven for listing and admission to trading on the regulated market of Euronext Brussels or another stock exchange, 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. Also, a particular Series of Public Pandbrieven may upon issue and placement not be widely distributed.

Accordingly, no assurances 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 Public 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 Public 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 Public Pandbrieven readily or at prices that will enable the investor to realise a desired yield.

This holds particularly true for any Series of Public 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 Public 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 Public Pandbrieven.

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

The Competent Authority may designate a Cover Pool Administrator in the circumstances set out in Article 8 of Annex III to the Banking Law and in accordance with the Cover Pool Administrator Royal Decree (as defined in section 6.1.2). If bankruptcy proceedings are initiated against the Issuer, the Cover Pool Administrator may, subject to approval of the Competent Authority and following consultation with the Noteholders' Representative, transfer the Special Estate (i.e. all its assets and liabilities) and its management to an institution which will be entrusted with the continued performance of the obligations to the Noteholders in accordance with the Conditions (and the applicable Final Terms) and the Covered Bond Regulations.

The rights of the Noteholders against the Special Estate will be maintained and will follow the Special Estate on any such transfer. In similar vein, Book II, Titel VIII of the Banking Law entitles the resolution authorities to take resolution action in relation to any failing credit institution. Such resolution action may, among other things, result in a transfer of assets and liabilities or branches of activity of a credit institution, which may include the Special Estate. A transfer could also be imposed in the context of recovery measures imposed by the Competent Authority in accordance with the Banking Law. Article 10 of Annex III to the Banking Law specifies that, in the case of any such transfer, the claims of the Noteholders and Other Creditors shall be maintained and transferred together with the Special Estate's Cover Assets.

#### **2.1.18 Early redemption**

The Conditions provide for an early redemption of any Series of Public Pandbrieven in the case of an illegality or tax gross-up. Moreover, if so provided in the Final Terms for a particular Series of Public Pandbrieven, the Issuer or, as the case may be, Noteholders may elect to redeem Public Pandbrieven early at the Optional Redemption Date (as specified in the Final Terms). Investors that choose to reinvest moneys they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Public Pandbrieven. Potential investors should consider reinvestment risk in light of other investments available at that time.

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

#### **2.1.19 Noteholders may not immediately accelerate the Public Pandbrieven upon the Issuer's bankruptcy**

Noteholders should be aware that the opening of bankruptcy proceedings with respect to the Issuer will not give them the right to declare the Public Pandbrieven immediately due and payable. Public Pandbrieven which have not yet reached their maturity will therefore not automatically be redeemed as a result of the opening of a bankruptcy procedure against the Issuer, except in the case of a liquidation of the Special Estate pursuant to Article 11, 6° and 7° of Annex III to the Banking Law (see section 2.1.18).

#### **2.1.20 Public sector exposure debtors may benefit from immunity of enforcement**

The Special Estate may be composed of exposure to federal, regional and local authorities as well as exposure to public sector entities. Pursuant to Article 1412bis 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.

#### **2.1.21 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 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 1253 of the Belgian Civil Code, choose to which Public Sector Exposure his 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 1253 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 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 Special Estate and the general estate of the Issuer and (iii) would choose to satisfy its debt towards the general estate in priority pursuant to an election based on Article 1253 of the Belgian Civil Code. Absent any such election, the payment would, in such a scenario, be split pro rata between the Special Estate and the general estate of the Issuer pursuant to Condition 8 (*Allocation*).

#### **2.1.22 Commingling risk**

In the event of bankruptcy of the Issuer, the ability of the Special Estate to make timely payments on the Public Pandbrieven will in part depend on whether it is in compliance with the statutory

requirements (see section headed “Summary description of the legal framework for Belgian pandbrieven”). Although the Issuer has a system in place that tracks the cash from the Public Sector Exposure (which is updated on a daily basis in accordance with the Covered Bond Regulations), to the extent that the bank accounts of the Special Estate are held with the Issuer, the existence of a commingling risk cannot, as a practical matter, be excluded. This risk is, however, mitigated by the fact that cash received by the credit institution in respect of Cover Assets registered with the Special Estate, are deemed part of the Special Estate by operation of law. Moreover, Article 3, §2, second indent of Annex III to the Banking Law provides for a revindication mechanism pursuant to which the property rights over any amounts that are part of the Special Estate but that cannot be identified as such in the general estate, are transferred by operation of law to other unencumbered assets in the general estate in accordance with the criteria specified in Condition 7(a) (*Specific provisions required by the Covered Bond Regulations – Criteria for transfer of assets from the general estate*).

#### **2.1.23 Taxation**

Potential investors in the Public 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 Public Pandbrieven are purchased or sold to other jurisdictions. Potential investors are advised not to rely upon the tax summary contained in this Base Prospectus but to ask for their own tax advisers' advice on their individual taxation with respect to the acquisition, sale and redemption of the Public Pandbrieven. Only these advisers are in a position to duly consider the specific situation of the potential investor. This risk factor has to be read in connection with the taxation sections of this Base Prospectus.

#### **2.1.24 Payments made in respect of the Public Pandbrieven may be subject to Belgian withholding tax**

Belgian withholding tax, as at the date of this Base Prospectus, at a rate of 25 per cent., will in principle be applicable with respect to (i) the interest on the Dematerialised Public Pandbrieven held in a non-exempt securities account (an N-account) in the Securities Settlement System and (ii) the interest on the Registered Public Pandbrieven, except for interest on Registered Public Pandbrieven held by certain categories of Noteholders (including non-residents of Belgium) who meet certain conditions (for a summary of such conditions, please refer to Section 13 “*Belgian Taxation on the Public Pandbrieven*” – “*Belgian Withholding Tax*” - “(c) *Belgian interest withholding tax exemption for certain holders of Registered Public Pandbrieven*”).

If the Issuer, the NBB-SSS, an Agent or any other person is required by law to make any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatever nature in respect of any payment in respect of the Public Pandbrieven, the Issuer, the NBB-SSS, that Agent or that other person shall make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted.

Potential investors should be aware that none of the Issuer, the NBB-SSS, an Agent or any other person will be liable for or otherwise obliged to pay, and the relevant Noteholders will be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer and/or any payment in respect of the Public Pandbrieven, except as provided for in Condition 5 (*Tax Gross-up*).

Potential investors should be aware that any relevant tax law or practice applicable as at the date of this Base Prospectus and/or the date of purchase or subscription of the Public Pandbrieven may change at any time. Any such change may have an adverse effect on a Noteholder, including that the liquidity of the Public Pandbrieven may decrease and/or the amounts payable to or receivable by an affected Noteholder may be less than otherwise expected by such Noteholder. Potential investors who are in any doubt as to their tax position should consult their own independent tax advisers.

### 2.1.25 EU Savings Directive

Under European Council Directive 2003/48/EC on taxation of savings income (the “**Savings Directive**”), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Investors should note that the current Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect as from 1 January 2015. A number of non-EU countries and territories, including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland).

On 24 March 2014, the EU Council of Ministers adopted a Council Directive (the “**Amending Directive**”) pursuant to which Member States are required to extend the scope of the requirements of the Savings Directive described above to (among other things) (i) payments made under certain financial instruments and life insurance contracts that are considered equivalent to debt claims (ii) certain payments that are made to entities or legal arrangements (such as trusts) established outside the EU, where an individual resident in a Member State other than that of the paying agent is regarded as the beneficial owner of that payment and (iii) payments made to certain entities or legal arrangements established in the EU which are treated as paying agents on receipt of interest payments. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer, the NBB-SSS, any Agent, nor any other person would be obliged to pay additional amounts with respect to any Public Pandbrieven as a result of the imposition of such withholding tax.

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

### 2.1.26 FATCA

In certain circumstances payments made on or with respect to the Public Pandbrieven after 31 December 2016 may be subject to U.S. withholding tax under Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as “**FATCA**”) or under laws enacted pursuant to an intergovernmental agreement (“**IGA**”) relating to the implementation of FATCA. This withholding does not apply to payments on Public Pandbrieven that are issued prior to the date that is six months after the date on which the final regulations that define “foreign passthru payments” are published, unless the Public Pandbrieven are “materially modified” after that date or are characterised as equity for U.S. federal income tax purposes.

Belgium has entered into an IGA relating to the implementation of FATCA with the United States. Under this IGA, the Issuer would currently not be required to deduct or withhold amounts under FATCA. However, the terms of the IGA in respect of withholding are subject to change, and the Issuer can offer no assurances on future withholding requirements under the US-Belgian IGA, on payments made after 31 December 2016.

Whilst the Public Pandbrieven are in dematerialised form and maintained by Securities Settlement System, Euroclear or Clearstream Luxembourg (together, the “**ICSDs**”), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the

ICSDs (see Section 12 – “*EU Directive on the Taxation of Savings Income*” - “*Foreign Account Tax Compliance Withholding*”). However, FATCA may affect payments made to custodians or intermediaries (including any clearing system other than an ICSD) in the payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives a payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA, including any IGA legislation, if applicable), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Public Pandbrieven as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the Conditions of the Public Pandbrieven be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them.

#### **2.1.27 The proposed financial transaction tax (“FTT”)**

The European Commission published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”).

The proposed FTT has very broad, potentially extraterritorial scope and could, if introduced in the form proposed by the European Commission, apply to certain dealings in the Public Pandbrieven (including secondary market transactions) in certain circumstances. The issuance and subscription of Public Pandbrieven should, however, be exempt.

Under current proposals, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Public 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.

The Issuer is incorporated in Belgium and therefore financial institutions worldwide would be subject to the FTT when dealing in the Public Pandbrieven.

Notwithstanding the European Commission proposals, a statement made by the participating Member States (other than Slovenia) indicates that a progressive implementation of the FTT is being considered, and that the FTT may initially apply only to transactions involving shares and certain derivatives, with implementation occurring by 1 January 2016. However, full details are not available.

The proposed FTT remains subject to negotiation between the participating Member States and the timing remains unclear. Additional EU Member States may decide to participate. Given the lack of certainty surrounding the proposals and their implementation, it is not possible to predict what effect the proposed FTT might have on the business of Belfius Bank; it could materially adversely affect the

business of Belfius Bank. Prospective holders of the Public Pandbrieven are strongly advised to seek their own professional advice in relation to the FTT.

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

The Conditions (and applicable Final Terms) of the Public Pandbrieven issued pursuant to the Base Prospectus are based on and subject to Belgian law in effect as at the date of issuance of the relevant Public Pandbrieven. No assurance can be given as to the impact of any possible judicial decision or change to Belgian law or administrative practice after the date of issuance of the relevant Public Pandbrieven. The legal regime for covered bonds was introduced in Belgium in the summer of 2012 and has been incorporated in the Banking Law.

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

#### **2.1.29 Reliance on the procedures of the Securities Settlement System, Euroclear and Clearstream Luxembourg**

Public Pandbrieven will be issued in dematerialised or in registered form under the Belgian Companies Code and cannot be physically delivered. The dematerialised Public Pandbrieven will be represented exclusively by book entries in the records of the Securities Settlement System. Access to the Securities Settlement System is available through the Securities Settlement System participants whose membership extends to securities such as the Public Pandbrieven. The Securities Settlement System participants include certain banks, stockbrokers and Euroclear and Clearstream, Luxembourg.

Transfers of interests in the Public Pandbrieven will be effected between the Securities Settlement System participants in accordance with the rules and operating procedures of the Securities Settlement System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the Securities Settlement System participants through which they hold their Public Pandbrieven.

Neither the Issuer, nor the Arranger, any Dealer, any Agent or the Noteholders' Representative will have any responsibility for the proper performance by the Securities Settlement System or the Securities Settlement System participants of their obligations under their respective rules and operating procedures.

A Noteholder must rely on the procedures of the Securities Settlement System, Euroclear and Clearstream, Luxembourg to receive payments under the Public Pandbrieven. The Issuer will have no responsibility or liability for the records relating to, or payments made in respect of, the Public Pandbrieven within the Securities Settlement System.

#### **2.1.30 A Noteholder's actual yield on the Public Pandbrieven may be reduced from the stated yield by transaction costs**

When Public Pandbrieven are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Public Pandbrieven. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional - domestic or foreign - parties are involved in the execution of an order, including, but not limited to, domestic dealers or brokers in foreign markets, Noteholders must take

into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Public Pandbrieven before investing in the Public Pandbrieven.

#### **2.1.31 Potential conflicts of interest**

Potential conflicts of interest may exist between the Issuer, the Agents, the Dealers, the Calculation Agent and the Noteholders. The Calculation Agent in respect of any Series of Public Pandbrieven may be the Issuer, and this gives rise to potential conflicts including (but not limited to) with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Conditions (including the Final Terms) that may influence any interest amount due on, and the amount receivable upon redemption of, the Public Pandbrieven. The Issuer acts as the principal paying agent under the Agency Agreement (as defined below), and in its capacities as Paying Agent and Fiscal Agent, will be arranging for payments to be made through the Securities Settlement System in respect of the dematerialised Public Pandbrieven. The Issuer and its affiliates (including, if applicable, any Dealer or Agent) may engage in trading activities (including hedging activities) related to any Public Pandbrieven, for its proprietary accounts or for other accounts under their management.

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

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

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

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

#### **2.2.2 Floating Rate Public Pandbrieven**

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

#### **2.2.3 Zero Coupon Public Pandbrieven**

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



#### **2.2.4 Foreign currency Public Pandbrieven**

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

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

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

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

#### **2.3.2 Business conditions and the general economy**

Accordingly, the Issuer's profitability could be adversely affected by a worsening of general economic conditions domestically, globally or in certain individual markets such as Belgium. Factors such as interest rates, inflation, investor sentiment, the availability and cost of credit, the liquidity of the global financial markets and the level and volatility of equity prices could significantly affect the activity level of customers. For example:

- An economic downturn or significantly higher interest rates could adversely affect the credit quality of the Issuer's on-balance sheet and off-balance sheet assets by increasing the risk that a greater number of the Issuer's customers would be unable to meet their obligations;
- A continued market downturn or further worsening of the economy could cause the Issuer to incur mark-to-market losses in some of its portfolios; and
- A continued market downturn would be likely to lead to a decline in the volume of transactions that the Issuer executes for its customers and, therefore, lead to a decline in the income it receives from fees and commissions and interest.

All of the above could in turn negatively affect the Public Pandbrieven.

#### **2.3.3 Current market conditions and recent developments**

Sustained actions by the monetary authorities in both the United States and the Eurozone have created the conditions necessary to achieve stability in the financial system and to permit the start of an economic recovery. By injecting money into the economy and by creating proper financing systems, substitutes for the interbank market have been created and confidence within the banking system is being restored. The creation of a banking union in the European Union and the subsequent

requirements imposed upon financial institutions by that banking union is expected to further strengthen the confidence in the stability of the financial systems. However, financial institutions can still be forced to seek additional capital, merge with larger and stronger institutions and, in some cases, be resolved in an organised manner.

The capital and credit markets have experienced a reduction in the volatility and disruption it has experienced over past years. In some cases, this has resulted in upward pressure on stock prices and bonds, and has also resulted in increased business and consumer confidence. Subsequently, the economy has left a period of distress and entered a phase of economic growth. However, should the economy fall back into recession, a lack of confidence, increased volatility in the financial markets and reduced business activity may materially and adversely affect the Issuer's business, financial condition and operational results, which could in turn have a negative impact on the Public Pandbrievien.

#### **2.3.4 Credit risk**

General credit risks are inherent in a wide range of the Issuer's businesses. These include risks arising from changes in the credit quality of its borrowers and counterparties and the inability to recover loans and any amounts due. The Issuer is subject to the credit risk that third parties such as trading counterparties, counterparties under swaps and credit and other derivative contracts, borrowers of loans made available by the Issuer, the issuers of securities which the Issuer holds, customers, clearing agents and clearing houses, exchanges, guarantors, (re-)insurers and other financial intermediaries owing the Issuer money, securities or other assets do not pay or perform under their obligations. Bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons may cause them to default on their obligations towards the Issuer.

Being a universal commercial credit institution, the Issuer finances clients from the public and social sector and corporates through its Public and Wholesale Banking business unit as well as households, self-employed persons and small businesses through its Retail and Commercial Banking business unit.

Risk management at the Issuer is responsible for, *inter alia*, setting and managing the risk surveillance function and decision processes and implementing risk assessment methods for each of the Issuer's activities and operational entities.

The cornerstone of this risk governance relies on a coherent set of risk committees at the level of the Issuer, the role and remit of which are defined in line with its commercial and financial objectives and with respect for the external environmental factors in relation to regulation and control.

The risk management framework was completed in part by the Risk Charter, which defines the core values and principles of risk management at the Issuer and in part by the limits book, which, in an integrated document, provides an overview of the limits of strategic and operational risks. Accompanied by the already approved risk appetite framework and various risk committees, this constituted the framework within which the risk management function was performed in 2013.

Credit risk measurements rely principally on internal rating systems put in place by the Issuer under Basel II. The risk approach of the Issuer is based on its decision to apply the IRBA II Advanced method. This choice has been acknowledged by the regulators. Each counterparty is rated by analysts in charge of credit risk or by dedicated scoring systems. This rating corresponds to a valuation of the counterparty's level of default risk, expressed on an internal rating scale, and is a key element in the loan granting process by the credit committee or by automated granting systems. Ratings are reviewed at least annually according to regulatory constraints, and this allows a proactive identification of counterparties requiring regular monitoring by the "watchlist" committee.

In order to control the general credit risk profile and to limit risk concentrations, credit risk limits are defined for each counterparty, fixing the maximum exposure to credit risk deemed acceptable for a

given counterparty. Limits may also be imposed per economic sector and per product. The risk management department proactively monitors these limits, in relation to the evolution of the perception of risks run by the Issuer. In order to take more recent events into consideration, specific limits may be frozen at any time by the risk management department.

Retail and Commercial Banking – The rather unfavourable macroeconomic climate of 2012 continued into 2013. Nevertheless, the Issuer continued to support its activity of providing credits to Retail and Commercial Banking customers, in line with a credit policy that remained stable overall.

Demand for consumer credits increased slightly in 2013, after reaching a historically low level in the previous year. Acceptance percentages remained stable compared to 2012 and are still based on a “Responsible Lending” charter concluded within the framework of the financial sector federation, Febelfin.

Demand for mortgage loans fell in 2013, particularly by virtue of the uncertainty concerning the housing bonus (interest tax deduction). The Issuer continues to monitor its mortgage loan portfolio very closely, taking account of any possible changes to the real estate market and a possible weakening of borrower solvency. The potential risk segments of the mortgage loan portfolio have been identified and are monitored closely. Their significance in the Issuer’s portfolio is limited in the context of the portfolio as a whole. Some points relating to the granting policy and the assessment of guarantees have been adjusted in a conservative way for the customer segments concerned. Despite these remarks at a market level, the cost of risk on mortgage loans remains very low. From the perspective of increased vigilance, in 2013, the Issuer established an additional impairment on this portfolio. Upon the request of the regulator, the Issuer, like all Belgian banks, also increased its regulatory capital for mortgage loans.

The Issuer 's strategy for business loans continued in 2013 by delegating decision-making powers to credit teams, involving commercial teams in the granting process and increasing the control of the risk management committees over the exercise of those delegations and decisions.

Public and Wholesale Banking – Through its public and wholesale banking business, the Issuer continued to play a role in financing the Belgian economy and the country's various enterprises throughout 2013.

As a locally-anchored relationship bank, the Issuer tries as much as it can to meet the funding needs of its public and social banking customers. Since July 2013, this has been set against a backdrop of new regulations on public markets.

Various institutions within the public and social banking sector have been facing stagnation, or even a fall of income, as a result of the global economic climate. Despite these negative environmental factors, the Issuer 's credit portfolio in this sector retains a very low risk profile.

Against a background of modest economic growth and an increasing number of bankruptcies, the risk profile of the corporate banking credit portfolio also remained stable and, therefore, the cost of risk is kept at a very low level and broadly within set limits.

The Issuer continued to monitor the sustainable energy sector very closely. The weakening of the financial position of installation companies, contractors and integrated companies in the renewable energy sector observed in 2012, continued in 2013.

With regard to the shipping sector, the strategy defined in 2012 was continued. The Issuer continues only to deal with companies that are directly or indirectly active in the shipping sector, maintaining a global commercial relationship with the bank and a clear link to the Belgian economy. For companies

in the shipping sector which have no global commercial relationship with the Issuer, the run-off strategy has been continued.

Insurance - Belfius Insurance SA (“**Belfius Insurance**”) controls the credit risk arising from investments of its reserves in collaboration with the credit risk management teams at the Issuer. An operational system of risk management and limits have been defined within the Belfius Insurance investment framework.

A significant part of the Belfius Insurance investment portfolio is invested in Belgium. The risk reduction policy followed by Belfius Insurance was purposefully continued and had the effect of reducing exposure to certain counterparties, such as those countries in Central and Eastern Europe, Italy, Spain, Portugal and Ireland. Against that background, Belfius Insurance also maintained its level of mortgage loan activity on the Belgian market in 2013.

Investment portfolio - The Issuer has a significant investment portfolio of bonds. This portfolio is made up of three components:

- the historical investment portfolio, what is known as the “**Legacy**” portfolio, a bond portfolio in run-off inherited from the former Dexia period;
- the Issuer’s asset and liability management (“**ALM**”) portfolio in the context of the Issuer’s liquidity management;
- Belfius Insurance’s ALM portfolio, mainly as a part of managing Belfius Insurance’s technical reserves.

At the end of December 2013, the total investment portfolio was EUR 31.7 billion (notional amounts), of which EUR 12.4 billion for the Legacy portfolio, EUR 7.2 billion for the Issuer's ALM portfolio and EUR 12.1 billion for Belfius Insurance's ALM portfolio. Compared to the end of December 2012, the portfolio total fell by EUR 4.5 billion, or 12.5%. Since the end of 2011, the total investment portfolio fell by almost a quarter (23.2%) as a result of tactical de-risking and the natural amortisation of the portfolio.

As at 31 December 2013, the bond portfolio has an average term of 11.3 years and is of credit quality regarded by the Issuer as good credit quality: 96% of the portfolio is investment grade.

At the end of December 2013, the positions of the total investment portfolio were mostly concentrated in the European Union.

The intensive tactical de-risking of the last two years gave rise to a reduction of the Legacy portfolio as at 31 December 2013 by almost one third (-32%), the strongest falls being recorded by the government local public sector bond segments (-42%), asset-backed securities (-50%) and financial institutions (-58%). Exposure to covered bonds and project and public utilities finance remained stable.

Outstanding government bonds – At the end of 2013, the total outstanding government bonds, expressed in MCRE (Maximum Credit Risk Exposure), amounted to EUR 14.0 billion, against EUR 15 billion at the end of 2012. Despite a slight fall compared to last year (EUR -0.7 billion), 58% remains invested in Belgian government bonds. The relative proportion of Italian government bonds also remained stable at 33% (EUR 4.7 billion). The relative combined proportion of Greek, Irish, Spanish and Portuguese government bonds, which was 13% in 2011, was not more than 1% (EUR 0.1 billion) at the end of 2013.

Credit risk with regard to the Dexia Group – In October 2011, after the Issuer was taken over by the Belgian federal government through the Federal Holding and Investment Company (“**FHIC**”), a transition committee was set up with representatives from the Issuer, Dexia SA (“**Dexia**”) and FHIC,

aimed at achieving a smooth unwinding of all links between the Issuer and Dexia and its consolidated subsidiaries (the “**Dexia Group**”). Reducing the funding that the Issuer had been granting to the Dexia Group was one of the key areas of focus for the committee, given that at that time this funding amounted to EUR 56 billion, of which EUR 22.5 billion was unsecured.

On 31 December 2012, unsecured funding had been practically reduced to zero and the total (secured) funding to Dexia was EUR 21.9 billion, made up of EUR 13.9 billion of bonds issued by Dexia Crédit Local with the guarantee from the Belgian, French and Luxembourg governments, EUR 1.0 billion of covered bonds issued by Dexia Municipal Agency, EUR 0.3 billion of covered bonds issued by Dexia LDG Banque and EUR 6.7 billion of multi-party repos.

At the end of January 2013, Dexia finalised the sale of Dexia Municipal Agency. That sale enabled Dexia to generate revenue, which was used to further repay remaining debts to the Issuer. The secured funding had continued to fall by the end of March 2013 to EUR 15.4 billion, of which EUR 13.8 billion in government-guaranteed bonds, EUR 0.3 billion in covered bonds issued by Dexia Municipal Agency and EUR 1.3 billion of multi-party repos.

Over the year, the multi-party repos were further reduced by the non-renewal of existing contracts, the Issuer no longer acting as intermediary between external repo counterparty and various Dexia entities. In addition, EUR 0.3 billion of covered bonds from Dexia LDG Banque were sold in December 2013.

As a result, Dexia funding amounted to EUR 13.5 billion as at 31 December 2013, including EUR 13.4 billion of state-guaranteed bonds reaching maturity at the end of 2014 and the beginning of 2015, as well as some more modest residual positions, such as bonds from Dexia Crédit Local reaching maturity during 2014.

### 2.3.5 Liquidity risk

Liquidity management framework – the Liquidity and Capital Management (“**LCM**”) is part of the finance department at the Issuer. The LCM is the front-line manager for the liquidity and capital requirements of the Issuer. This means that it identifies, analyses and reports on current and future liquidity positions and risk, and then defines and coordinates the action needed to keep them in the right direction. Hence the ultimate responsibility for managing liquidity comes under the responsibility of the Chief Financial Officer (“**CFO**”). The CFO also bears final responsibility for managing the interest rate risk contained in the balance sheet via the ALM department and the Asset and Liability Committee (the “**ALCO**”), meaning that total balance sheet management comes under its responsibility.

LCM holds committee meetings each week attended by the CFO, Risk Management and the Treasury department and the retail and commercial banking and public and wholesale banking business lines. This committee implements the decisions taken by LCM in relation to obtaining short-term and long-term funding on the institutional market and in the commercial franchise.

LCM also monitors the funding plan to guarantee for the years ahead that the Issuer will still comply with its internal and regulatory liquidity ratios.

LCM reports on a daily and weekly basis to the Management Board about the Issuer’s liquidity situation.

Second-line controls for monitoring the liquidity risk are performed by the risk management department, which ensures that the reports published are accurate and oversees compliance with limits, as laid down in the liquidity guidelines.

Exposure to liquidity risk – the liquidity risk of the Issuer is affected mainly by:

- the amounts of commercial funding collected from retail and private clients, small, medium-sized and large public companies and similar clients and the way these funds are allocated to clients through commercial loans;
- the volatility of the collateral that is frozen with counterparties as part of the framework of derivative and repo transactions (so called cash & securities collateral);
- the value of the liquid reserves by virtue of which the Issuer can collect funding on the repo market or from the ECB; and
- the capacity to obtain interbank and institutional funding.

Consolidation of the liquidity profile – 2013 was a year for consolidation of the liquidity profile of the Issuer. The NBB's regulatory ratio at one month is broadly respected and the Issuer continued to improve and diversify its liquidity profile by:

- stabilising its funding surplus within the commercial balance sheet;
- reducing the funding granted to the Dexia Group;
- obtaining long-term funding with the issue of covered bonds backed by residential mortgage loans, known as the Belgian Mortgage Pandbrieven of Belfius;
- downsizing the Legacy bond portfolios; and
- collecting medium-term deposits from institutional customers.

In addition, the Issuer reduced its dependency on the European Central Bank, with outstanding longer-term refinancing operation funding falling from EUR 25 billion at the end of 2012 to EUR 13.5 billion at the end of 2013.

The rules for calculating the Liquidity Coverage Ratio (“LCR”) introduced within the framework of the Basel III reforms will be finalised in the “Delegated Act” of the European Commission expected in June 2014. The NBB has already made it known that it will require an LCR ratio of 100% from 1 January 2015.

In managing its liquidity, the Issuer makes an estimate of this ratio on the basis of available publications (including the CRR and CRD IV, each as defined below). It takes account of this in its funding plan, which integrates the strategy for growth and diversification of wholesale funding sources.

### **2.3.6 Market risk**

The businesses and earnings of the Issuer and of its individual business segments are affected by market conditions. Market risks are all the risks linked to the fluctuations of market prices, including, principally, exposure to loss arising from adverse movements in interest rates, and, to a lesser extent, foreign exchange rates and equity prices, stemming from the Issuer’s activities. Due to the nature of its activity, the Issuer is prevented from assuming significant exposure to market risk. Market risks generated by the capital markets activities stems mainly from short-term cash management and a portfolio of derivative products with customers that is managed on a market value basis. Market risks generated by the commercial businesses are generally hedged and residual risks are handled by the asset and liability management function.

### 2.3.7 Operational risk

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

The framework on the management of operational risk at the Issuer is in place and is based on the principles mentioned in the “principles for the sound management of operational risk” (Bank for International Settlements, June 2011).

The governance structure is based on a first line responsibility by the business management and a second line responsibility by the operational risk management department, who defines the methodological principles. There is a clear separation of duties between both lines.

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

Although the Issuer has implemented risk controls and loss mitigation actions and has also devoted resources to developing efficient procedures and staff awareness, a 100 per cent. coverage of operational risks can never be attained due to the very nature of these risks. These could be affected by a wide range of circumstances or events which may not necessarily be under the control of the Issuer, such as inadequate or failed internal processes or systems, people-related or external events, inadequate assumptions or failures in the design of relevant systems and controls, failure in the delivery or maintenance of effective IT systems or a prolonged loss of service availability.

### 2.3.8 Commitments towards the European Commission following the purchase of the Issuer by the Belgian federal state

The acquisition of Belfius Bank by the Belgian Federal State is considered State aid by the European Commission. The bank had to demonstrate its long-term viability. Therefore the bank submitted its strategic plan 2013-2016 to the European Commission. On 28 December 2012, the European Commission approved the Issuer’s 2013-2016 strategic plan. The Commission confirms a sustainable and autonomous future for the Issuer, insofar as the plan is implemented accordingly. It asked for certain restrictions, however, applicable in 2013 and 2014, particularly regarding proprietary trading, advertising, acquisitions, coupon payments, call exercises and dividend distributions, remuneration policy and operating costs. The production of new loans to the public and social sectors and the sale of life insurance products are restricted to a certain upper limit. However, such ceilings do not limit the Issuer in its role as financier to the public and social sectors as it does not constitute a brake on the commercial objectives of the Issuer and Belfius Insurance. These new conditions fully and with immediate effect replace the old limitations imposed in 2010 when the Issuer, at the time still Dexia Bank, was part of the Dexia Group. This decision enables the Issuer to continue to dedicate itself fully to the implementation of its strategic plan, the principal lines of which are as follows:

- the continued refocusing of the Issuer on the Belgian economy, whilst promoting a modern bank and maintaining the market shares of the Issuer and Belfius Insurance in their different client and activity segments;

- a gradual growth and control of profits, allocated as a priority to strengthening the Issuer's capital base from the perspective of implementing the regulatory reforms associated with Basel III and Solvency II; and
- an ongoing effort to reduce recurrent costs by the end of 2016.

### 2.3.9 Competition

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

Competition is also affected by other factors such as consumer demand, technological changes and regulatory actions.

### 2.3.10 Effective capital management and capital adequacy and liquidity requirements

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

The Basel III framework, which was agreed in December 2010, is intended to raise the resilience of the banking sector by increasing both the quality and quantity of the regulatory capital base and enhancing the risk coverage of the capital framework. Among other things, Basel III introduced new eligibility criteria for Common Equity Tier 1, Additional Tier 1 and Tier 2 capital instruments that are intended to raise the quality of regulatory capital, and increases the amount of regulatory capital that institutions are required to hold. Basel III also requires institutions to maintain a capital conservation buffer above the minimum capital ratios which, if not maintained, will result in certain capital distribution constraints being imposed on the Issuer. The capital conservation buffer, to be comprised of Common Equity Tier 1 capital, will result in an effective Common Equity Tier 1 capital requirement of 7 per cent. of risk-weighted assets. In addition, Basel III directs national regulators to require certain institutions to maintain a counter-cyclical capital buffer during periods of excessive credit growth. Basel III introduces a leverage ratio for institutions as a backstop measure, to be applied from 2018 alongside current risk-based regulatory capital requirements. The changes in Basel III are intended to be phased in gradually between January 2013 and January 2022. The implementation of Basel III in the European Union is being performed through the CRD IV (as defined below).

CRD IV consists of the Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms ("CRD") and 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 ("CRR" and together with CRD, "CRD IV"). These are applicable from 1 January 2014 and have been transposed into Belgian law via the Banking Law (as defined below). Even though CRR will be directly applicable in each Member State, CRR leaves a number of important interpretational issues to be resolved through binding technical standards that will be adopted in the future, and leaves certain other matters to the discretion of national regulators. In addition, the Council Regulation (EU) No. 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions contemplates that the European Central Bank will assume certain supervisory responsibilities currently handled by the NBB beginning in November 2014. The European Central Bank may interpret CRD IV, or exercise



discretion accorded to the regulator under CRD IV (including options with respect to the treatment of assets of other affiliates) in a different manner than the NBB. To the extent that the Issuer has estimated the indicative impact that CRD IV may have on its weighted risks and capital ratios, such estimates are preliminary and subject to uncertainties, and may change.

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

As at 1 January 2014, the Issuer's consolidated Common Equity Core Tier 1 capital ratio under Basel III "phased-in" (pro forma, unaudited) was estimated at 13,5 per cent. Any change that limits the Issuer's ability to manage effectively its balance sheet and capital resources going forward (including, for example, reductions in profits and retained earnings as a result of impairments and increases in weighted risks) or to access funding sources could have a material adverse impact on its financial condition and regulatory capital position and could negatively impact or result in a loss of value in the Public Pandbrievien.

#### **2.3.11 General Regulatory risk- increased and changing regulation**

As is the case for all credit institutions, the Issuer's business activities are subject to substantial regulation and regulatory oversight in the jurisdictions in which it operates, mainly in Belgium.

Recent developments in the global markets have led to an increase in the involvement of various governmental and regulatory authorities in the financial sector and in the operations of financial institutions. In particular, governmental and regulatory authorities in France, the United Kingdom, the United States, Belgium, Luxembourg and elsewhere have already provided additional capital and funding requirements and have already introduced or may, in the future, be introducing a significantly more restrictive regulatory environment, including new accounting and capital adequacy rules, restrictions on termination payments for key personnel and new regulation of derivative instruments. Current regulation, together with future regulatory developments, could have an adverse effect on how the Issuer conducts its business and on the results of its operations.

The Issuer is subject to on-going regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies and interpretations mainly in Belgium but also in the other regions in which the Issuer does business. Changes in supervision and regulation, in particular in Belgium, could materially affect the Issuer's business, the products and services offered by it or the value of its assets.

The recent global economic downturn has resulted in significant changes to regulatory regimes. There have been significant regulatory developments in response to the global crisis, including the stress test exercise co-ordinated by the Committee of European Banking Supervisors, in co-operation with the ECB, liquidity risk assessments and the adoption of new capital regulatory requirements under Basel III. The Issuer works closely with its regulators, and continually monitors regulatory developments and plans the contemplated changes, but as the final details of the implementation are not fully determined yet, it is still highly uncertain what actions will be required from the Issuer in order to fully comply with the new rules.

The Issuer's business and earnings are also affected by fiscal and other policies that are adopted by the various regulatory authorities of the European Union, foreign governments and international agencies. The nature and impact of future changes to such policies are not predictable and are beyond the Issuer's control.

#### **2.3.12 Regulatory risk – European recovery and resolution regime**

Directive 2014/59/EU of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the “**Bank Recovery and Resolution Directive**” or “**BRRD**”) provides for the establishment of a new European-wide framework for the recovery and resolution of credit institutions and investment firms. The BRRD enters into force on 3 July 2014 and must be implemented by 31 December 2014. The stated aim of the BRRD is to provide supervisory authorities, including the NBB, with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

The powers proposed to be granted to supervisory authorities under the BRRD include (but are not limited to) the introduction of a statutory “write-down and conversion power” and a “bail-in” power, which would give the Competent Authority the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities of a failing financial institution and/or to convert certain debt claims into another security, including ordinary shares of the surviving entity, if any. The BRRD confers powers on the Competent Authority to require Additional Tier 1 and Tier 2 capital instruments to be written down in part or in full and/or converted into common equity Tier 1 instruments at the point of non-viability and before any other resolution action is taken. The point of non-viability for such purposes is the point at which the Competent Authority determines that the institution meets the conditions for resolution or the point at which the Competent Authority decides that the institution ceases to be viable, if those capital instruments are not written down.

The BRRD contemplates that the majority of measures (including the write-down and conversion powers relating to Tier 1 capital instruments and Tier 2 capital instruments) set out in the BRRD will be implemented with effect from 1 January 2015, with the bail-in power for other eligible liabilities to be introduced by 1 January 2016.

As well as a “write-down and conversion power” and a “bail-in” power, the resolution powers currently proposed to be granted to the Competent Authority under the BRRD include the power to (i) direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with procedural requirements that would otherwise apply, (ii) transfer all or part of the business of the relevant financial institution to a “bridge institution” (an entity created for the purpose that is wholly or partially in public control) and (iii) separate assets by transferring impaired or problem assets to a bridge institution or one or more asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down.

As some of the requirements are subject to further implementation (and the bail-in provisions still need to be transposed into Belgian law by means of a royal decree to be taken pursuant to the Banking Law), it is not yet possible to assess the full impact of the BRRD or the Banking Law on the Issuer and on holders of its securities. Nevertheless, Article 38(2) of BRRD explicitly provides that covered bonds (such as the Public Pandbrieven) and other secured liabilities of a credit institution will not be subject to the bail-in powers, i.e., the write down or conversion powers of resolution authorities.

#### **2.3.13 Regulatory risk - new Banking Law**

The new Belgian banking law of 25 April 2014 (“*Wet op het statuut van en het toezicht op kredietinstellingen*”/“*Loi relative au statut et contrôle des établissements de crédit*”) (the “**Banking Law**”) is based on the existing regulatory framework and transposes into Belgian law the CRD, and

the BRRD, among other things. The Banking Law replaces the existing banking law of 22 March 1993. The Banking Law also introduces a number of specific provisions broadly in line with developments at the European level, such as certain limitations on trading activities, restrictions on proprietary trading, certain specific requirements (such as the obligation to maintain a minimum ratio of unencumbered assets) or general liens for the benefit of depositors on the movable assets of the Issuer (subject to certain limitations). The Banking Law further contains powers to allow the government to conform the Banking Law to developments at a European level in certain areas, including through the adoption of royal decrees.

Accordingly, the Banking Law will have an impact that goes beyond the mere transposition of the aforementioned CRD and BRRD. This is, in particular, but not solely, due to (i) the increased regulatory attention to, and regulation of, corporate governance (including executive compensation), (ii) the need for strategic decisions to be pre-approved by the regulator, and (iii) the prohibition (subject to limited exceptions) of proprietary trading. The Issuer does, however, not expect that such prohibition on proprietary trading will have a material impact on its business as it is currently being conducted.

The adoption of the Banking Law (including the transposition of various European directives as mentioned above) represents an important milestone which is likely to have an impact on business and earnings of credit institutions, including the Issuer.

#### **2.3.14 A substantial part of the Issuer's assets may be collateralised**

Like every credit institution, a non-negligible part of the Issuer's assets are collateralised (by means of an outright pledge, repo transaction or otherwise). The amount of assets pledged is linked to the funding granted by external parties who demand collateral to mitigate the potential risk on the Issuer. While the amount of assets that are pledged by the Issuer significantly decreased during 2013, such amount could again increase in a situation of stress (as was the case in 2011 and 2012).

Finally, it should be noted that the new Banking Law introduces (i) a general lien on movable assets ("*algemeen voorrecht op roerende goederen*")/"*privilège général sur biens meubles*") for the benefit of the deposit guarantee fund ("*garantiefonds voor financiële diensten*")/"*fonds de garantie pour les services financiers*") as well as (ii) a general lien on moveable assets for the benefit of natural persons and SMEs for deposits exceeding EUR 100,000. These general liens will enter into force as from a date to be determined by royal decree. The general liens could have an impact on the recourse that the Special Estate (or any noteholder) would have on the general estate of the Issuer in the case of an insolvency as the claims which benefit from a general lien will rank ahead of the claim the Special Estate (or any noteholder) against the general estate in accordance with Article 6, indent 8 of Annex III to the Banking Law. However, this impact should in principle be mitigated by the fact that the Banking Law requires all Belgian credit institutions (including the Issuer) to have sufficient unencumbered assets to meet any claims of depositors as set out in Article 110, §2, indent 2 of the Banking Law. In addition, no Public Pandbrieven can be issued if the value of the Cover Assets exceeds 8 per cent. of the issuing credit institution's total assets. The value of the Covered Assets is taken into account by the Competent Authority when monitoring compliance with both thresholds. Finally, pursuant to Article 3 of the NBB Covered Bonds Regulation, the Competent Authority may impose more stringent requirements on a case by case basis, taking into account the level of collateralisation of the Issuer's assets.

For the avoidance of doubt, the general liens for the benefit of the deposit guarantee fund and the depositors only relates to the General Estate of the Issuer. The deposit guarantee fund and the depositors do not benefit from a similar general lien on the Special Estate.

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

The rating agencies 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, the Issuer is wholly owned by the Kingdom of Belgium and it is possible that, if the ratings assigned to the Kingdom of Belgium were to be downgraded, that could result in the ratings assigned to the Issuer being negatively affected. A bank's rating is an important comparative element in its competition with other banks. It also has a significant influence on the individual ratings of the most important subsidiaries. A downgrading or the mere possibility of a downgrading of the rating of the Issuer or one of its subsidiaries might have adverse effects on the relationship with customers and on the sales of the products and services of the company in question. In this way, new business could suffer, the Issuer's competitiveness in the market might be reduced, and its funding costs would increase substantially. A downgrading of the rating would also have adverse effects on the costs to the Issuer of raising equity and borrowed funds and might lead to new liabilities arising or to existing liabilities being called that are dependent upon a given rating being maintained. It could also happen that, after a downgrading, the Issuer would have to provide additional collateral for derivative transactions in connection with rating-based collateral arrangements. If the rating of the Issuer were to fall within reach of the non-investment grade category, the Issuer would suffer considerably. In turn, this would have an adverse effect on the Issuer's ability to be active in certain business areas.

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

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

### 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 2012 and 31 December 2013, including the reports of the statutory auditors in respect thereof, which are incorporated by reference in this Base Prospectus. Such documents shall be incorporated in and form part of this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

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

The tables below set out the relevant page references for the accounting policies, notes and auditors' reports of the Issuer for the financial years ended 31 December 2012 and 31 December 2013, respectively, as well as the non-consolidated statement of income, the consolidated statement of income, the consolidated cash flow statement and the non-consolidated balance sheet of Belfius Bank as set out in the Annual Reports of the Issuer. Information contained in the documents incorporated by reference other than information listed in the table below is for information purposes only, and does not form part of this Base Prospectus.

The consolidated balance sheet and consolidated statement of income of Belfius Bank can be found in the section headed "Description of the Issuer" on page 148 and 150 of this Base Prospectus.

<b>Belfius Bank SA/NV</b> (previously Dexia Bank Belgium SA/NV)			
		<b>Annual Report 2012</b>	<b>Annual Report 2013</b>
consolidated statement of income		68	94
consolidated cash flow statement		74	100
audit report on the consolidated accounts		182	204
notes to the consolidated accounts		75	101
non-consolidated balance sheet		186	208
non-consolidated statement of income		189	211
audit report on the non-consolidated accounts		192	214
notes to the non-consolidated accounts		N/A <sup>1</sup>	N/A <sup>2</sup>

<sup>1</sup> Please note that the notes to the non-consolidated accounts are not available in English, but are available in the French version of the 2012 Annual Report on page 201.

<sup>2</sup> Please note that the notes to the non-consolidated accounts are not available in English, but are available in the French version of the 2013 Annual Report on page 217.

## **SECTION 4**

### **PROSPECTUS SUPPLEMENT AND IMPORTANT INFORMATION**

Under Article 34 of the Belgian Law of 16 June 2006 on the public offer of investment instruments and the admission of investment instruments to trading on a regulated market, as amended (the “**Prospectus Law**”), the Issuer is required to prepare a supplement to the Base Prospectus if a significant new factor, material mistake or inaccuracy relating to the information included in the Base Prospectus which is capable of affecting the assessment of the Public Pandbrieven and which arises or is noted between the time when the Base Prospectus is approved and the final closing of the offer to the public or, as the case may be, the time when trading on a regulated market begins, whichever occurs later.

If at any time the Issuer shall be required to prepare a supplement pursuant to Article 34 of the Prospectus Law, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus which, in respect of any subsequent issuance of Public Pandbrieven to be listed and admitted to trading on Euronext Brussels’ regulated market, shall constitute a prospectus supplement in accordance with Article 34 of the Prospectus Law.

#### **IMPORTANT INFORMATION**

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

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

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

In connection with the issuance of any Tranche (as defined in the section “Overview of the Programme – Method of Issue”) of Public Pandbrieven, the Dealer or Dealers (if any) named as the stabilising

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

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

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to euro, EUR and € are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

## **SECTION 5**

### **PROGRAMME DESCRIPTION**

The Issuer may from time to time issue Public Pandbrieven under the Programme. The aggregate principal outstanding 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 Competent Authority (at [www.nbb.be](http://www.nbb.be)).

Holders of Public Pandbrieven issued under the Programme (and the Other Creditors) will benefit from an exclusive recourse against the same Special Estate. The main asset class of the Special Estate will consist of Public Sector Exposure. The eligible public sector exposure pool is determined in line with the Covered Bond Regulations. The selection of the Public Sector Exposure out of that eligible public sector exposure pool, that is registered as Cover Asset, is based on criteria such as (but not limited to) maturity, type of interest rate, etc. in order to optimise the management of the Programme. The value of the Public Sector Exposure calculated in accordance with the Covered Bond Regulations (and including any collections in respect thereof) will at all times represent at least 105 per cent. of the aggregate principal outstanding amount of the Public Pandbrieven of all Series. Both the issued Public Pandbrieven and the Public Sector Exposure and any other Cover Assets will be registered in the Cover Register. Investor reports with details on, among others, the composition of the Special Estate will be made available on the website of the Issuer ([www.belfius.be](http://www.belfius.be)), on a regular basis and as from Q1 of 2015 on a monthly basis.

Under the Programme, the Issuer may issue Public Pandbrieven subject to the terms and conditions (and relevant final terms) set out in this Base Prospectus, but the Issuer may also from time to time issue 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 will be set out in a schedule to the Programme Agreement.

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

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

The Programme Agreement is an over-arching agreement containing certain common terms (the “**Common Terms**”) which will apply to all Public Pandbrieven issued under the Programme (including, without limitation, N Bonds). These Common Terms include the Post-Acceleration Priority of Payments, the Payment Default provision and cross-acceleration, the Rules of Organisation of the Noteholders, the Noteholders’ Waiver, certain provisions required by the Covered Bond Regulation, certain Issuer Covenants, and specify, for the avoidance of doubt, that all the holders of Public Pandbrieven will be represented by the Noteholders’ Representative and will benefit from an exclusive recourse against the Special Estate. The Programme Agreement further provides that a Programme Resolution will be required for any amendment to the Common Terms, unless (i) the Noteholders’ Representative is of the opinion that such amendment will not be materially prejudicial to the interests of the Noteholders, (ii) that the amendment is of a formal, minor or technical nature or, in the opinion of the Noteholders’ Representative is to correct a manifest error or to comply with mandatory provisions of law, or (iii) such amendment is made to comply with any criteria from a Rating Agency. The Programme Agreement also provides that no Public Sector Exposure can be deregistered from the Special Estate without prior approval of the Cover Pool Monitor in case such deregistration would lead to a decrease of the ratio between the value of the Cover Assets and the principal outstanding 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 whereby the value of the Cover Assets does not decrease with more than EUR 10,000,000 due to this substitution.



## **5.2 Noteholders' Representative Agreement**

Pursuant to the Noteholders' Representative Agreement, the holders of the Public Pandbrieven (and the Other Creditors which have agreed thereto) will be represented by the Noteholders' Representative which shall have the powers and rights conferred on it by the applicable terms and conditions, the Rules of Organisation of the Noteholders and the Noteholders' Representative Agreement.

## **5.3 Agency Agreement**

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

## **5.4 Distribution Agreement**

Pursuant to and subject to the terms of the Distribution Agreement, the Issuer may agree with the Dealers that are party thereto to issue Public Pandbrieven. The Issuer may also decide to issue Public Pandbrieven which are not subject to the Distribution Agreement.

## **5.5 Clearing Services Agreement**

The Issuer has entered into a Clearing Services Agreement with the NBB-SSS, in its capacity as operator of the Securities Settlement System, and the 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 Programme Agreement, the Noteholders' Representative Agreement, the Agency Agreement, the Distribution Agreement, the Clearing Services Agreement and any other agreement or document entered into from time to time under or in connection with the Programme (as the same may be amended, supplemented, replaced and/or restated from time to time) and designated as a programme document constitute together the programme documents (the "**Programme Documents**"). Unless otherwise specified, the Programme Documents will be governed by Belgian law.

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

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

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

## SECTION 6

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

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

#### 6.1 Introduction

##### 6.1.1 Background

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

##### 6.1.2 Legislative framework

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

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

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

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

### 6.1.3 Belgian covered bonds and Belgian pandbrieven

Pursuant to Article 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 and included in the list referred to in Article 82, §3, 1° of the Banking Law;
- (b) are included itself or, if issued under a programme, the programme and each debt instrument issued thereunder is included in the list of Belgian covered bonds referred to in Article 82, §3, 2° of the Banking Law; and
- (c) are covered by a special estate on the balance sheet of the issuing credit institution.

Article 6 of the Banking Law and Article 2 of Annex III to the Banking Law provide that covered bonds which comply with the Belgian capital adequacy legislation implementing the European capital adequacy rules, *i.e.* Directive 2013/36/EU of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the “**CRD Directive**”) and Regulation 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms (the “**Capital Requirements Regulation**” or “**CRR**” and, together with the CRD Directive, “**CRD IV**”) may be referred to as Belgian pandbrieven (*Belgische pandbrieven/lettres de gage belges*). Covered bonds comply with the CRD IV if they are bonds as defined in Article 52(4) of Directive 2009/65/EC of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transfereable securities (UCITS) (the “**UCITS Directive**”) and if the Cover Assets comply with the eligibility requirements and valuation rules as set out in Article 129 of the Capital Requirements Regulation.

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

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

### 6.1.4 Dual authorisation by the Competent Authority

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

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

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

On its website, the Competent Authority will publish:

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

#### **6.1.4.1 General Authorisation**

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

The Competent Authority will only grant the General Authorisation if, 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 Covered Bond Regulations, in particular as regards its capacity to segregate the Cover Assets from its general estate; and
- (b) that the financial position of the issuing credit institution, specifically with respect to its solvency, is sufficient to safeguard the interests of its creditors, other than the noteholders and other creditors that are or can be identified in the issue conditions.

#### **6.1.4.2 Specific Authorisation**

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

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

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

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

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

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

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

The special estate includes by operation of law:

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

Pursuant to a revindication mechanism provided by Article 3, §2, second indent of Annex III to the Banking Law, the ownership rights of the special estate in respect of cash that cannot be identified in the general estate will be transferred to unencumbered assets of the general estate that will be selected by taking into account criteria specified in the terms and conditions of the relevant issuance (hereinafter referred to as the “issue conditions”).

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

Each special estate is exclusively allocated to satisfy the obligations 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 hedge counterparties.

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

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

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

### 6.2.3 Rules applicable to the Cover Assets

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

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

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

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

#### 6.2.3.1 Types of eligible assets

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

##### (a) Mortgage loans

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

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

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

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

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

- (b) Public sector exposure (category 3): receivables on or guaranteed or insured by (i) central, regional or local authorities of member states of the Organisation for Economic Co-operation and Development (OECD), (ii) central banks of these member states, (iii) public sector entities of these member states or (iv) multilateral development banks or international organisations that qualify for a 0 per cent. risk weighting as set out in Article 117 CRR.
- (c) RMBS, CMBS and ABS issued by securitisation vehicles that securitise exposure on assets primarily composed of the assets sub (a) and/or (b) above and that meet the following conditions:
  - (i) the securitisation vehicle is governed by the laws of a member state of the EEA;
  - (ii) the securitisation positions qualify for credit quality step 1 as set out in Article 251 CRR and are part of the most senior tranche of securitisation positions;
  - (iii) at least 90 per cent. of the underlying assets are composed of only one of the categories of residential mortgage loans, commercial mortgage loans or public sector exposure;
  - (iv) the underlying assets have been originated by a group-related entity of the issuing credit institution; and
  - (v) the most subordinated tranche is fully retained by the issuing credit institution or a group-related entity.

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

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

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

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

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

- (i) credit quality step 1 or 2 according to Article 120 CRR for Belgian covered bonds that qualify for credit quality step 1; or
- (ii) credit quality steps 1, 2 or 3 according to Article 120 CRR for Belgian covered bonds that qualify for credit quality steps 2 or lower.

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

If the hedge counterparty is a group-related entity of the issuing credit institution, it must have the status of credit institution in an EEA Member State and must benefit from credit quality step 1 (as defined in Article 120 CRR).

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

#### 6.2.3.2 Cover Tests

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

- (a) the value of the assets falling within one of the categories 1, 2 and 3 (including, respectively, RMBS, CMBS and ABS) must represent at least 85 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 exposure.
- (b) the value of the Cover Assets must provide an excess cover such that their value exceeds the principal outstanding amount of the Belgian covered bonds. Per special estate, the value of the Cover Assets must represent at least 105 per cent. of the principal outstanding amount of the issued Belgian covered bonds (the “**Over-Collateralisation Test**”). As a result, the special estate must at all times be over-collateralised by at least 5 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 management of the special estate. For each special estate, the sum of interest, principal and all other revenues generated by the Cover Assets must be sufficient to cover the sum of all interest, principal and charges of the Belgian covered bonds (the “**Amortisation Test**”),

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



### 6.2.3.3 Cover assets valuation methodology

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

- (a) **Residential mortgage loans:** the lesser of (i) the outstanding loan amount, (ii) 80 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 crédateurs*)).

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

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

Residential real estate may only be taken into consideration for purposes of the valuation calculations of the Cover Assets if the requirements set out in Article 208 of the CRR and the valuation rules set out in Article 229 CRR have been complied with. This does not prejudice the possibility to take into account the value of mortgage mandates, as set out above. If deemed necessary, the Competent Authority can impose further requirements with respect to the valuation of immovable real estate.

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

- (b) **Commercial mortgage loans:** the lesser of (i) the outstanding loan amount, (ii) 60 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 crédateurs*)). Mortgage mandates are not taken into consideration.

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

- (c) **Public sector exposure:** To the extent that the counterparty is a member of the European Union, the value is equal to the book value in the books of the issuing credit institution (or limited to the amount guaranteed or insured by the relevant entities). If the counterparty is not a member of the European Union, the value will be zero. There is, however, an exception for non-EU counterparty exposure:
- (i) in case the non-EU counterparty qualifies for credit quality step 1 (as set out in Article 129 CRR); or
  - (ii) in case the non-EU counterparty qualifies for credit quality step 2 (as set out in Article 129 CRR) and this exposure does not exceed 20 per cent. of the principal amount of Belgian covered bonds outstanding.

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

- (d) **RMBS, CMBS and ABS issued by securitisation vehicles:** the value of the receivables corresponds to the lesser of (i) the book value in the books of the issuing credit institution and (ii) the amount of the assets that are underlying to the securitisation, applying the valuation rules set forth above per analogy.
- (e) **Hedging instruments:** no value is given to that category for the purpose of the 85 per cent. Asset Coverage Test and the Over-Collateralisation Test.
- (f) **Exposure to credit institutions:** no valuation is given to this category for the purpose of the 85 per cent. Asset Coverage Test. No valuation is given to this category for purposes of the Over-Collateralisation Test unless:
- (i) the counterparty benefits from a credit quality step 1 as defined in Article 120 CRR. Receivables which are deposits can only be taken into account for the Over-Collateralisation Test, provided that their maturity date does not exceed 12 months from the date on which they are recorded in the Cover Register; or
  - (ii) the counterparty benefits from a credit quality step 2 and the maturity does not exceed 100 days from their registration in the Cover Register; and

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

No assets that are 90 days past due or of which it the issuer considers it unlikely that it will recover the full value, may be registered in the Special Estate.

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

#### Further rules for valuation

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

*d'application de la loi du 3 août 2012 instaurant un régime légal pour les covered bonds).*

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

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

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

#### **6.2.3.4 Liquidity Test**

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

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

To comply with the Liquidity Test, the issuing credit institution will be entitled to enter into a liquidity facility, provided that the counterparty is a credit institution that is not part of the group and that benefits from the credit quality step 1 (as defined in Article 120 of the CRR).

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

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

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

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

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

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

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

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

The Cover Register must at least contain the following information:

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

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

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

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

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

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

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

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

The Competent Authority can also publish warnings to indicate that a credit institution has failed to comply with the Competent Authority's requests to meet the requirements of the Covered Bond Regulations within a specified grace period. In addition, as part of its general supervisory function under the Banking Law, the Competent 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 Competent Authority has the power to impose administrative penalties on issuing credit institutions. Such administrative penalties may range from EUR 2,500 to EUR 2,500,000.

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

For each issue programme or (as the case may be) stand-alone issuance, the issuing credit institution must appoint a cover pool monitor (*portefeuillesurveillant/surveillant de portefeuille*) approved by the Competent 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 Competent Authority 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 Competent 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 Competent 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 Competent Authority if the issuing credit institution no longer satisfies such requirements.

## **6.2.5 Cover pool administrator**

### **6.2.5.1 Appointment**

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

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

- (a) upon the adoption of a measure as mentioned in Article 236 of the Banking Law against the issuing credit institution if such measure may, in the opinion of the Competent Authority, have a negative impact (*negatieve impact/impact négatif*) on the noteholders;
- (b) upon the initiation of bankruptcy proceedings against the issuing credit institution;
- (c) upon the removal of the issuing credit institution from the list of Belgian covered bonds issuers; and
- (d) in circumstances where the situation of the issuing credit institution is such that it may seriously affect (*ernstig in gevaar kan brengen/mettre gravement en péril*) the interest of the noteholders.

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

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

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

The Cover Pool Administrator Royal Decree specifies the tasks of the cover pool administrator. These include, 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 hedging and liquidity transactions and carrying out of certain administrative tasks.

The cover pool administrator will also have to test compliance with the Cover Tests and inform the Competent 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 Competent

Authority and the noteholders' representative will be required for any transaction (including a sale of any assets) if as a result the Cover Tests or contractual provisions would no longer be met or if there is a risk that these would no longer be met.

The Royal Decree further specifies that the cover pool administrator will be required to consult with the noteholders' representative in circumstances where, following an insolvency of the credit institution and with the consent of the Competent 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 upon simple majority of votes, in replacement thereof.

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

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

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

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

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

A credit institution cannot issue any further Belgian covered bonds if the amount of cover assets exceeds 8 per cent. of the issuing credit institution's total assets. The Competent 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 Competent Authority can request the issuing credit institution to further limit the amount of Belgian covered bonds to be issued if it deems this necessary in order to protect the rights of the general creditors of the issuing credit institution, other than the noteholders.

On the other hand, in case of exceptional circumstances on the financial markets which effect the issuing credit institution and which warrant an increased use of this source of financing, the Competent Authority can temporarily allow such credit institution to issue Belgian covered bonds beyond the 8 per cent. limit. In the report relating to the Covered Bond Royal Decree, it is specified that such a

temporary exemption would be warranted in circumstances where the credit institution would no longer have access to unsecured funding.

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

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

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

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

Subsequently, an Issuer may be restricted from issuing further Belgian covered bonds in certain circumstances. In particular, this could be the case if the Competent Authority removes the Issuer from the list of Belgian covered bond issuers and revokes its licence (see section 6.2.3.6) or if the Competent 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 Liquidity Test and is not able to remedy thereto within 14 days, it will be prevented from further issuing Belgian covered bonds as long the Liquidity Test is not met (see section 6.2.3.4).

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

### **6.4.1 Dual recourse**

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

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

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

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

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

In addition, upon a bankruptcy or liquidation of a credit institution, all sums and payments relating to the assets constituting the special estate that are collected by or for the behalf of the special estate are, by operation of law, automatically excluded from the bankruptcy estate and



exclusively allocated to the special estate. Moreover, creditors of the credit institution's general estate cannot exercise any recourse against, nor attach any assets that fall within, the special estate.

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

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

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

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

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

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

In case the special estate is liquidated, the positive balance (if any) will automatically fall within the general estate. This means that Cover Assets that are part of the special estate only return to the general estate once all Belgian covered bonds have been repaid in full. However, on the initiation of bankruptcy proceedings against the issuing credit institution, the bankruptcy administrator is entitled, after consultation with the Competent 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 the special estate**

The Special Estate could be transferred to a third party, either as a result of (i) the application of the resolution tools (*afwikkelingsinstrumenten/instruments de résolution*) taken in accordance with Book II, Title VIII of the Banking Law, (ii) any recovery measures (*herstelmaatregelen/des mesures de redressement*) imposed by the Competent Authority in accordance with Book, II, Title VI of the Banking Law, or (iii) following the commencement of bankruptcy proceedings or recovery measures, if the 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 noteholders against the special estate will be maintained and will follow the special estate.

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

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

## SECTION 8

### TERMS AND CONDITIONS OF THE PUBLIC PANDBRIEVEN

*Unless otherwise specified, the following are the terms and conditions (the “**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 “**Final Terms**”). The text of the terms and conditions will not be endorsed on physical documents of title but will be constituted by the following text as completed, amended or varied by the relevant Part A of the Final Terms.*

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

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Final Terms. Save where an intention to the contrary appears, references in the Conditions to “**Public Pandbrieven**” are to the Public Pandbrieven of one Series only, not to all Public Pandbrieven that may be issued under the 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 and/or the issue price). 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 Dealer(s) at the time of the issuance and will be set out in the Final Terms of such Tranche. In these Conditions, “**Noteholder**” or “**holder of any 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 clearing system operated by the National Bank of Belgium (the “**NBB-SSS**”) or any successor thereto (the “**Securities Settlement System**”), its participants or any recognised accountholder within the meaning of Article 468 of the Belgian Companies Code. Any reference to “amount(s)” should be construed as a reference to such amount in euro (if the amount is denominated in euro) or its euro equivalent (if the amount is not denominated in euro).

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

The principal paying agent, the paying agents, the fiscal agent, the registrar and the calculation agent(s) for the time being (if any) are referred to below, respectively, as the “**Principal Paying Agent**”, the “**Paying**

**Agents**” (which expression shall, unless the context requires otherwise, include the Principal Paying Agent), the **“Fiscal Agent”**, the **“Registrar”** and the **“Calculation Agent(s)”**. The Noteholders are deemed to have notice and have accepted to be bound by all of the provisions of the Programme Agreement, the Noteholders’ Representative Agreement and the Agency Agreement applicable to them.

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

The Programme Agreement, the Agency Agreement, the Noteholders’ Representative Agreement, the Distribution Agreement and the Articles of Association of the Issuer will be available, during normal business hours on any Business Day, for inspection by Noteholders at the specified offices of the Issuer and each of the Paying Agents for the period of 12 months following the date of the Base Prospectus.

## 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 Covered Bond Regulations and are covered by the same special estate (*bijzonder vermogen/patrimoine spécial*) (the **“Special Estate”**). The main asset class of the Special Estate will consist of Belfius Bank’s public sector exposure which meets the criteria set out in Article 3, §1, 3° of the Covered Bond Royal Decree, comprising, among others, loans (*leningen/prêts*) of Belfius Bank SA/NV (or its legal predecessors) to (or loans guaranteed or insured 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 (*dekkingswaarden/actifs de couverture*), the **“Cover Assets”**). The Issuer shall procure that the value of the Public Sector Exposure which is part of the Special Estate calculated in accordance with the Covered Bond Regulations (and including any collections in respect thereof) represent at all times at least 105 per cent. of the aggregate principal outstanding amount of the Public Pandbrieven of all Series. The Competent 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 Competent Authority shall regularly update such list with the Public Pandbrieven issued under the Programme and shall indicate that the Public Pandbrieven constitute Belgian pandbrieven under the Covered Bond Regulations.

### (b) *Form and Denomination*

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

Dematerialised Public Pandbrieven are issued in dematerialised form via a book-entry system maintained in the records of the Securities Settlement System in accordance with Article 468 et seq. of the Belgian Companies Code and will be credited to the accounts held with the Securities Settlement System by Euroclear Bank SA/NV (**“Euroclear”**), Clearstream Banking S.A. (**“Clearstream Luxembourg”**) or other Securities Settlement System participants or their participants. The Dematerialised Public 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 rules of the Securities Settlement System and its annexes, as

issued or modified by the NBB-SSS from time to time (the laws, decrees and rules mentioned in this 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-SSS, these Conditions shall apply *mutatis mutandis* to such successor clearing system operator or any additional clearing system and additional clearing system operator (any such clearing system, an “**Alternative Clearing System**”).

Registered Public Pandbrievien will be registered in a register maintained by the Issuer or by a registrar on behalf of the Issuer (the “**Registrar**”) in accordance with Article 462 et seq. of the Belgian Companies Code. Holders of Registered 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 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 offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Directive, the Specified Denomination shall be at least €100,000 (or its equivalent in any other currency as at the date of issuance of the relevant 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, Clearstream Luxembourg or other Securities Settlement System participants and in accordance with the applicable procedures of the Securities Settlement System, Euroclear, Clearstream Luxembourg and other Securities Settlement System participants.

Title to and transfer of Registered Public Pandbrievien shall pass by registration of the transfer by the Issuer or by the Registrar in a register in accordance with Article 462 et seq. of the Belgian Companies Code. In case of a sale or transfer of the Registered Public Pandbrievien, 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 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 Pandbrievien on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer and/or the Registrar, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar may require).

(e) *Closed Periods*

No 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 Pandbrievien may be called for redemption by the Issuer at its option pursuant to 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 Pandbrievs

Each Fixed Rate Public Pandbrief bears interest on its principal outstanding amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal (subject as provided in 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 Condition 2(h) (*Interest and Other Calculations – Calculations*).

### (b) Rate of Interest on Floating Rate Public Pandbrievs

(A) Each Floating Rate Public Pandbrief bears interest on its principal outstanding amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal (subject as provided in 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 Condition 2(h) (*Interest and Other Calculations – Calculations*). The “**Interest Payment Date**” means the date shown in the applicable Final Terms as a Specified Interest Payment Date, or, if no Specified Interest Payment Date is shown in the applicable Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown herein as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

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

- (a) the Floating Rate Option is as specified in the applicable Final Terms;
- (b) the Designated Maturity is a period specified in the applicable Final Terms; and
- (c) the relevant Reset Date is the first day of that Interest Accrual Period, unless otherwise specified in the applicable Final Terms.

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

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

- (1) the offered quotation; or

- (2) the arithmetic mean of the offered quotations,

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

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

- (a) if the Relevant Screen Page is not available or if, sub-paragraph (C)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (C)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Eurozone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (b) if paragraph (a) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have

been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are, in the opinion of the Issuer, suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, instead of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(c) *Linear Interpolation*

Where Linear Interpolation is specified in the 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 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 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 Pandbrievens*

Where the Rate of Interest of a Public Pandbrief is specified to be Zero Coupon, is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be, unless otherwise provided in the applicable Final Terms, the Early Redemption Amount (as defined in Condition 3(b) (*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 Condition 3(b) (*Redemption, Purchase and Options – Early Redemption*)).

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

Subject as provided in 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 Pandbrievens 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 Condition 2 (*Interest and*



*Other Calculations*) to the Relevant Date (as defined in Condition 5 (*Tax Gross-up*)), 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 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, (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 Pandbrievien cleared through the Securities Settlement System, the Following Business Day Convention will always be applicable for Fixed Rate Public Pandbrievien (unless otherwise specified in the applicable Final Terms).

In the event of Public Pandbrievien cleared through the NBB-SSS and where the Modified Following Business Day Convention or Preceding Business Day Convention is specified as applicable, each Interest Period Date and each Interest Payment Date will always be adjusted in accordance with the relevant Business Day Convention.

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

(h) *Calculations*

The amount of interest payable per Calculation Amount (as determined in the applicable 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 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 Calculation Agent shall, as soon as practicable on each date as the Calculation Agent may be required to calculate any rate or amount, obtain any quote or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Principal Paying Agent, the Issuer, each of the Paying Agents, the Noteholders, the Noteholders' Representative, any other Calculation Agent appointed in respect of the Public Pandbrievien that is to make a further calculation upon receipt of such information and, if the Public Pandbrievien 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 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 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 Pandbrievien up to the Extended Maturity Date*

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

Public Pandbrievien in arrears on the relevant interest payment date (i.e., on the Extension Payment Date on which the Public Pandbrievien are redeemed in full, the Extended Maturity Date or the date on which the Public Pandbrievien are redeemed in full in accordance with Condition 3(j)(i)E (*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 Pandbrievien is extended beyond the Maturity Date in accordance with 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 principal outstanding amount of the Public Pandbrievien on each Interest Payment Date after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date will be as specified in the applicable Final Terms and, where applicable, determined by the Principal Paying Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent so specified, two Business Days after the Maturity Date in respect of the first such Interest Period and thereafter as specified in the applicable Final Terms.
- (iii) In the case of Public Pandbrievien which are Zero Coupon Public Pandbrievien up to (and including) the Maturity Date, for the purposes of this 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 Pandbrievien up to the Extended Maturity Date*) the principal outstanding 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 Conditions.
- (iv) This 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 Pandbrievien up to the Extended Maturity Date*) shall only apply to Public Pandbrievien if the Issuer has insufficient funds available to redeem those Public Pandbrievien in full within five Business Days after the Maturity Date or if, on such Maturity Date, there is another Series of Public Pandbrievien 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 Pandbrievien is automatically extended up to the Extended Maturity Date in accordance with Condition 3(j) (*Redemption, Purchase and Options - Extension of Maturity up to Extended Maturity Date*).

(k) *Calculation Agent*

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the applicable Final Terms and for so long as any Public Pandbrief is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Public Pandbrievien, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid. Nevertheless, if the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer 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 Final Terms. In making such determination or calculation, the Issuer may rely on a leading bank or financial institution in the inter-bank market 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 Condition 2 (*Interest and Other Calculations*).

(l) *Definitions*

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

“**Banking Law**” means the 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.

“**Business Day**” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and
- (ii) in the case of euro, a day on which the Securities Settlement System and the TARGET System are operating (a “**TARGET Business Day**”); and
- (iii) in the case of a currency and/or one or more specified business centres (the “**Business Centre(s)**”) as specified in the Final Terms, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in each of the Business Centres.

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

“**Covered Bond Regulations**” means the Banking Law and its executing royal decrees and regulations, as amended from time to time.

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

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

“**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 Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/360**” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

where:

“Determination Period” means the period from and including 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, the Interest Commencement Date.

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

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

**“Interest Amount”** means:

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

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

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

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

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

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

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

**“NBB-SSS”** 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 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 Programme from time to time, which may include Moody’s, Fitch and/or S&P.

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

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

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

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

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

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

### 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 Conditions, each Public Pandbrief shall be finally redeemed on the Maturity Date specified in the applicable Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its principal amount).

(b) *Early Redemption*

(A) *Zero Coupon Public Pandbrieven*

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Public Pandbrief, upon redemption of such Public Pandbrief pursuant to Condition 3(c) (*Redemption, Purchase and Options – Redemption for Illegality*), Condition 3(d) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*), Condition 3(i) (*Redemption, Purchase and Options – Cancellation*) or Condition 23 (*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 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 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 Condition 3(c) (*Redemption, Purchase and Options – Redemption for Illegality*), Condition 3(d) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*), Condition 3(i) (*Redemption, Purchase and Options – Cancellation*) or Condition 23 (*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 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 Final Terms.

(B) *Other Public Pandbrievien*

The Early Redemption Amount payable in respect of any Public Pandbrief (other than Public Pandbrievien described in (A) (i) above), upon redemption of such Public Pandbrief pursuant to Condition 3(c) (*Redemption, Purchase and Options – Redemption for Illegality*), Condition 3(d) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*), Condition 3(i) (*Redemption, Purchase and Options – Cancellation*) or Condition 23 (*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 Final Terms.

(c) *Redemption for Illegality*

The Public Pandbrievien may be redeemed at the option of the Issuer in whole, but not in part, on the next Interest Payment Date or at any time, on giving not less than 30 nor more than 60 calendar days' notice to the Noteholders in accordance with Condition 10 (*Notices*) (which notice shall be irrevocable), at their Early Redemption Amount, if the Issuer notifies the Noteholders' Representative immediately before the giving of such notice that it has, or will, before the next Interest Payment Date of any 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 Pandbrievien, or (iii) allow any Public Pandbrievien to remain outstanding, as a result of any change in, or amendment to, the applicable laws or regulation or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or will become effective before the next Interest Payment Date. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Principal Paying Agent and the Noteholders' Representative a certificate signed by a representative of the Issuer stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the condition to the right of the Issuer to redeem for illegality has occurred.

(d) *Redemption for Taxation Reasons*

The Public Pandbrievien may be redeemed at the option of the Issuer in whole, but not in part, on the next Interest Payment Date or at any time, on giving not less than 30 nor more than 60 calendar days' notice to the Noteholders in accordance with Condition 10 (*Notices*) (which notice shall be irrevocable), at their Early Redemption Amount, if the Issuer has or will become obliged to pay additional amounts on any Public Pandbrief of any Series or Tranche pursuant to 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 holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date of the first Tranche of Public Pandbrievien. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Principal Paying Agent and the Noteholders' Representative a certificate signed by a representative of the Issuer stating that it is entitled to effect such redemption and setting forth a statement of facts showing that it would otherwise be obliged to pay such additional amounts as a result of such change or amendment, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer, has or will become obliged to pay such additional amounts as a result of such change or amendment.

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

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

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

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

If an Issuer Call or an option of the Issuer is specified in the applicable Final Terms, the Issuer may, subject to compliance by the Issuer with all the relevant laws, regulations and directives and upon giving not less than seven days' (or such other notice period as may be specified in the applicable Final Terms) irrevocable notice to the Noteholders in accordance with Condition 10 (*Notices*), redeem or exercise any Issuer's option in relation to all or, if so provided, some of the Public Pandbrieven on any Optional Redemption Date, as the case may be. Any such redemption of Public 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 Public Pandbrieven of a principal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the applicable Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the applicable Final Terms.

All Public Pandbrieven in respect of which any such notice is given shall be redeemed, or the Issuer's option exercised, on the date specified in such notice in accordance with this Condition 3(f) (*Redemption, Purchase and Options - Redemption at the option of the Issuer and exercise of Issuer's option*).

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

So long as the Public 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 Public Pandbrieven, cause to be published (i) as long as such Public Pandbrieven are admitted to trading on the regulated market of Euronext Brussels and the rules of such stock exchange so permit, on the website of Euronext Brussels ([www.euronext.com](http://www.euronext.com)), (ii) as long as such Public Pandbrieven are admitted to trading on a regulated market other than Euronext Brussels and the rules of such stock exchange so permit, on the website of such stock exchange, or (iii) in a leading newspaper with general circulation in the city where the regulated market on which such Public Pandbrieven are admitted to trading is located, which in the case of the regulated market of Euronext Brussels is expected to be *De Tijd* and *L'Écho*, a notice specifying the aggregate principal outstanding amount of Public Pandbrieven.

(g) *Purchases*

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

Unless otherwise indicated in the Final Terms, Public Pandbrievien so purchased by the Issuer may be held in accordance with Article 12, §1 of Annex III to the Banking Law or cancelled in accordance with Condition 3(i) (*Redemption, Purchase and Options - Cancellation*) below.

(h) *Subscription to own Public Pandbrievien*

The Issuer may subscribe to its own Public Pandbrievien.

(i) *Cancellation*

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

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

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

Extended Maturity Date or the date of any redemption pursuant to paragraph (E) below and (c) accrue at the rate provided for in the applicable Final Terms; and

- E. to the extent that the maturity date of any other Series of Public Pandbrieven falls prior to the Extended Maturity Date, the maturity date of such other 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 the Public Pandbrieven for which the Maturity Date has been previously extended is redeemed in full and all interest accrued in respect thereto is paid. In such circumstances, payment may be made on another date than an Extension Payment Date, provided that notice thereof is given to the Noteholders of such Series, the Noteholders' Representative, the Fiscal Agent and the Paying Agent and/or Registrar as soon as reasonably practicable and in any event at least two Business Days prior to the relevant payment date.
- (ii) Subject to paragraph (E) above, an extension of one Series does not automatically imply the extension of other Series.
  - (iii) In the case the Public Pandbrieven to which an Extended Maturity Date applies are Zero Coupon Public Pandbrieven, the principal outstanding amount will for the purposes of this 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.
  - (iv) Any extension of the maturity of Public Pandbrieven under this Condition 3(j) (*Redemption, Purchase and Options - Extension of Maturity up to Extended Maturity Date*) shall be irrevocable. Where this 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 or in accordance with paragraph (E) above shall be a failure to pay which may constitute a Payment Default.
  - (v) Any payments which may be subject to an extension in accordance with this 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 Royal Decree of 11 October 2012 on the issuance of Belgian covered bonds by Belgian credit institutions.
  - (vi) If the maturity of any Public Pandbrieven is extended up to the Extended Maturity Date in accordance with this 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.
  - (vii) This Condition 3(j) (*Redemption, Purchase and Options - Extension of Maturity up to Extended Maturity Date*) shall only apply if the Issuer has insufficient funds available to redeem those Public Pandbrieven in full within five Business Days after their 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.

## 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, Clearstream Luxembourg and any other Securities Settlement System participant. Upon receipt of any payment in respect of Dematerialised Public Pandbrieven, the Securities Settlement System, Euroclear, Clearstream Luxembourg 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 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 Laws*

Save as provided in 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 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. No commission or agreements shall be charged to the Noteholders in respect of such payments.

### (d) *Payment 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, or as may be otherwise specified in the applicable Final Terms, nor to any interest or other sum in respect of such postponed payment, or as may be otherwise specified in the applicable Final Terms. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets settle payments in the relevant place of presentation, in such jurisdictions as shall be specified as “**Financial Centres**” in the Final Terms and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

## 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 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 pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall be not less than the

respective amounts of principal and interest which would have been receivable in respect of the 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) 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) 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 Noteholder's control, ceased to be an Eligible Investor or at any relevant time on or after the issuance of the Dematerialised Public Pandbrieven otherwise failed to meet any other condition for the exemption of Belgian withholding tax pursuant to the Law of 6 August 1993 relating to certain securities; or
  - (3) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any other law implementing or complying with, or introduced in order to conform to, such Directive; or
  - (4) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Dematerialised Public Pandbrief to another Paying Agent in a Member State of the EU.
- (ii) with respect to any payment in respect of any Registered Public Pandbrief:
  - (1) to, or to a third party on behalf of, a holder who is (i) entitled to avoid such deduction or withholding by making a declaration of non-residence or other similar claim for exemption, or (ii) liable to such taxes, duties, assessments or governmental charges in respect of such Registered 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) to a holder who is not an Exempt Investor; or
  - (3) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any other law implementing or complying with, or introduced in order to conform to, such Directive; or
  - (4) which is issued as a Zero Coupon 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, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an

intergovernmental agreement 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 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 which are referred to in Article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax (as amended from time to time) and which hold the Public Pandbrieven in an exempt account in the Securities Settlement System.

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

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

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

References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Public Pandbrieven, all Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 3 (*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 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 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 Covered Bond Regulations. All Series of 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. Pursuant to the Covered Bond Regulations, the Noteholders will benefit, together with the holders of any other Public Pandbrieven issued under the Programme and any Other Creditors as defined in Condition 24 (*Post-Acceleration Priority of Payments*), from a dual recourse consisting of (i) an exclusive recourse against the Special Estate and (ii) an unsecured, unsubordinated recourse against the general estate of the Issuer.

## 7 Specific provisions required by the Covered Bond Regulations

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

For the purpose of Article 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 Special Estate but cannot be identified within the general estate of the Issuer. In such circumstances, the general estate shall transfer to the Special Estate (in consultation with the Cover Pool Administrator or the Cover Pool Monitor (as applicable) and the Issuer or the bankruptcy administrator of the Issuer (as applicable)), instead of the relevant amounts, unencumbered assets that for determining the amount will be taken into account as their market value and after applying the Haircut (as defined below) in an equal amount determined in the following order of priority:

- (i) *first*, credit quality step 1 bonds that are ECB eligible and/or level 1 assets as described in the liquidity risk framework calculation of the Liquidity Coverage Ratio (as 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 Special Estate by the Cover Pool Monitor or Cover Pool Administrator (as applicable) in its sole discretion.

“**Haircut**” means:

- (i) for unencumbered assets as defined in (i) and (ii) above, the ECB haircut in accordance with the Guidelines of the ECB of 20 September 2011 on monetary policy instruments and procedures of the Eurosystem (as may be amended, supplemented, replaced and/or restated from time to time);
- (ii) for unencumbered assets as defined in (iii) and (iv) above, 20 per cent.; and
- (iii) for unencumbered assets as defined in (v) and (vi) above, 25 per cent.

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

“**Capital Requirements Directive**” means Directive 2013/36/EU of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.

“**Capital Requirements Regulation**” means Regulation (EU) No. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012.

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

Collateral provided under hedging arrangements that constitutes a Cover Asset may only be used for obligations in relation to the Special Estate and in accordance with the relevant hedging arrangement.



## 8 Allocation

Upon the earlier of (i) the opening of a liquidation procedure in respect of the Issuer and (ii) the appointment of a Cover Pool Administrator, the following shall apply in circumstances where both the 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 1253 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; and
- (ii) proceeds from enforcement of a guarantee, insurance or security interest (including, without limitation, mortgages) which secures the claims of both the Special Estate and the general estate of the Issuer shall, unless otherwise elected by the debtor pursuant to Article 1253 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.

## 9 Principal Paying Agent, Paying Agent, Fiscal Agent and Registrar provisions

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

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

- (1) there will at all times be a Principal Paying Agent, a Fiscal Agent and, as long as any Registered Public Pandbrievens of any Series are outstanding, a Registrar for that Series;
- (2) so long as the Public Pandbrievens are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);
- (3) the Issuer will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Any variation, termination, appointment or change shall only take effect (other than in the case of bankruptcy, when it shall be of immediate effect) after not less than 30 nor more than 45 calendar days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 10 (*Notices*).

## 10 Notices

All notices to holders of Dematerialised Public Pandbrievens (including notices to convene a meeting of Noteholders) will be deemed to have been validly given if given through the Securities Settlement System, the systems of Euroclear, Clearstream Luxembourg, 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 Pandbrievens (including notices to convene a meeting of Noteholders) will be mailed by regular post, by fax or by e-mail to the holders at their respective addresses or fax numbers appearing in the register maintained by the Issuer or by the Registrar, or in any other way agreed with the Issuer.

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 Pandbrievens are listed on Euronext Brussels (or another regulated market) and if the rules of that exchange so require, any notice to the 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 Noteholders' Representative shall be at liberty to approve any other method of giving notice to Noteholders if, in its opinion, such other method is reasonable having regard to the then-prevailing market practice and rules of the competent authority, stock exchange, clearing system or, as the case may be, quotation system on which the Public Pandbrievens are then admitted to trading.

## **11 Cover Pool Monitor**

The Cover Pool Monitor will fulfil the tasks as set out in the Covered Bond Regulations and which is confirmed in an agreement between the Cover Pool Monitor and the Issuer. In addition, the Cover Pool Monitor and the Issuer have agreed that no Public Sector Exposure can be deregistered from the Special Estate without the prior approval from the Cover Pool Monitor in case such deregistration would lead to a decrease of the ratio between the value of the Cover Assets and the principal outstanding amount of the Public Pandbrievens. No approval is required for deregistration of Public Sector Exposure with a value of zero nor for a substitution whereby the value of the Cover Assets does not decrease with more than EUR 10,000,000 due to this substitution.

## **12 Issuer Covenant**

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

- (i) comply with all obligations imposed on it under the Covered Bond Regulations;
- (ii) ensure that the Special Estate will mainly consist of Public Sector Exposure;
- (iii) ensure that the Special Estate will not contain any commercial or residential mortgage loans, any commercial or residential mortgage backed securities or any other asset backed securities;
- (iv) ensure that the value of the Public Sector Exposure registered as Cover Assets in the Cover Register (including any collections in respect thereof) (a) is calculated in accordance with the Covered Bond Regulations and (b) represents at all times at least 105 per cent. of the aggregate principal outstanding 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 Programme);
- (v) ensure that loans constituting Public Sector Exposure will only be added to the Special Estate if they are fully drawn;

(vi) ensure that the Special Estate will at all times include liquid bonds meeting the criteria set out in Article 7 of the NBB Covered Bonds Regulation of 29 October 2012 and which (a) are eligible as collateral for Eurosystem monetary policy purposes and intra-day credit operations by the Eurosystem (b) have a credit quality step 1 as defined in the 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 Guidelines of the ECB of 20 September 2011 on monetary policy instruments and procedures of the Eurosystem (as may be amended, supplemented, replaced and/or restated from time to time), is higher than the amount of interest due and payable on the outstanding Public Pandbrieven for a period of six months, (d) have a remaining maturity of more than one year, and (e) are not debt issued by the Issuer;

(vii) ensure that the Special Estate will not contain any Public Sector Exposure which benefits from a netting arrangement (within the meaning of the financial collateral law of 15 December 2004) which is part of a financial collateral arrangement; and

(viii) provide investor reports with regard to, among others, the composition of the Special Estate which will be made available on the website of the Issuer at [www.belfius.be](http://www.belfius.be), on a regular basis and as from Q1 of 2015 on a monthly basis.

### **13 Noteholders' Waiver**

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

### **14 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.

### **15 Rules of Organisation of the Noteholders**

The Rules of Organisation of the Noteholders are attached to, and form an integral part of, these Conditions. References in these Conditions to the Rules of Organisation of the Noteholders include such rules as from time to time modified in accordance with the provisions contained therein and any agreement or other document expressed to be supplemental thereto.

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

### **16 Noteholders' Representative**

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

The Issuer has appointed Stichting Belfius Public Pandbrieven Noteholders' Representative as Noteholders' Representative and the Noteholders' Representative has accepted such appointment for the period

commencing on the Issue Date and, subject to early termination of its appointment, ending on the date on which all Series of the Public Pandbrieven have been cancelled or redeemed in accordance with these Conditions and on which all claims of the Other Creditors (to the extent represented by the Noteholders' Representative) against the Special Estate have been settled.

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

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

## **17 Conflicts of Interest**

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

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

## **18 Meetings of Noteholders**

### *(a) Meetings of Noteholders*

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

All meetings of Noteholders will be held in accordance with the provisions of the Rules of Organisation of the Noteholders. Article 568 to 580 of the Belgian Companies Code with respect to Noteholders' meetings will not apply to any issuance of 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 Pandbrievien outstanding as if they were a single Series shall take effect as if it were a Programme Resolution. Such resolutions in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

## **19 Amendments to the Conditions**

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

## **20 No Exchange of Registered Public Pandbrievien**

Registered Public Pandbrievien may not be exchanged for Dematerialised Public Pandbrievien.

## **21 Further Issues**

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

## **22 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 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 Condition, it shall be sufficient for the Noteholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Public Pandbrief, or any other judgment or order.

## **23 Payment Default and Cross-Acceleration**

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 Pandbrievien in accordance with Condition 3(j)(i)(E) (*Redemption, Purchase and Options - Extension of Maturity up to Extended Maturity Date*), or (ii) any interest in respect of any Public Pandbrief within five Business Days from the day on which such interest becomes due and payable shall constitute a payment default (“**Payment Default**”) if such failure remains unremedied for 10 Business Days after the Noteholders’ Representative has given written notice thereof to the Issuer by registered mail or per courier and with return receipt (“**Payment Notice**”). In case of failure by the Noteholders’ Representative to deliver such Payment Notice, any Noteholder may deliver such notice to the Issuer (with a copy to the Noteholders’ Representative). The date on which a Payment Default

occurs shall be the date on which the Noteholders' Representative or any Noteholder has given notice of such Payment Default plus 10 Business Days (the "**Payment Default Date**").

Without prejudice to the powers granted to the Cover Pool Administrator, if a Payment Default occurs in relation to a particular Series, the Noteholders' Representative may, and shall if so requested in writing by the Noteholders of at least 66<sup>2/3</sup> per cent. of the principal outstanding 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 Competent Authority, Securities Settlement System, the Noteholders, the Rating Agencies and the 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 will rank *pari passu* among themselves;
- (iii) the Noteholders' Representative shall on behalf of the Noteholders 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 Noteholders' Representative shall on behalf of the Noteholders be entitled to take any steps and proceedings against the Issuer to enforce the provisions of the Public Pandbrieven. The Noteholders' Representative may, at its discretion and without further notice, take such steps and/or institute such proceedings against the Issuer as it may think fit to enforce such payments, but it shall, subject to be indemnified and/or prefunded to its satisfaction, not be bound to take any such proceedings or steps, unless requested or authorised by an Extraordinary Resolution.

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 in the Conditions applicable to 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.

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

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

All monies (other than amounts standing to the credit of a swap collateral account which will be applied in accordance with the provisions of the relevant swap agreement) received or recovered by the Special Estate (whether in the administration, liquidation of the Special Estate or otherwise) following (i) the service of an Acceleration Notice or (ii) a liquidation of the Special Estate in accordance with Article 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 Cover Pool Administrator (including any of its representatives and delegates);
- (b) *second*, in or towards satisfaction of all amounts due and payable, including any costs, charges, liabilities and expenses, to the Noteholders’ Representative;
- (c) *third*, on a *pari passu* and *pro rata* basis, in or towards satisfaction of any Expenses which are due and payable to the Operating Creditors;
- (d) *fourth*, on a *pari passu* and *pro rata* basis, in or towards satisfaction of (i) any Pari Passu Swap Amounts, (ii) any Pari Passu Liquidity Amounts, and (iii) any payments of amounts due and payable to Noteholders *pro rata* and *pari passu* on each Series in accordance with these Conditions;
- (e) *fifth*, on a *pari passu* and *pro rata* basis, in or towards satisfaction of (i) any Junior Swap Amounts and (ii) any Junior Liquidity Amounts;
- (f) *sixth*, thereafter any remaining monies will be paid to the general estate of the Issuer.

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

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

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

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

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

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

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

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

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

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

## **25 Action by Noteholders’ Representative**

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

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

## **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**

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

**1 General**

- 1.1** Each Noteholder is a member of the Organisation of the Noteholders.
- 1.2** The purpose of the Organisation of the Noteholders is to co-ordinate the exercise of the rights of the Noteholders and, more generally, to take any action necessary or desirable to protect the interest of the Noteholders.
- 1.3** The Organisation of the Noteholders in respect of each Series of Public Pandbrieven issued under the 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 Noteholders. Articles 568 to 580 of the Belgian Companies Code shall not apply.
- 1.4** These Rules shall remain in full force and effect until full repayment or cancellation of all the Public Pandbrieven of whatever Series.
- 1.5** The contents of these Rules are deemed to be an integral part of the 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;

“**Clearing Services Agreement**” means the clearing services agreement in relation to the Programme, as updated, revised, supplemented or amended from time to time, between the Issuer, the NBB-SSS and the principal paying agent, acting as domiciliary agent;

“**Conditions**” means the terms and conditions and the Final Terms of the Public Pandbrieven of the relevant Series or Tranche issued by the Issuer;

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

“**Distribution Agreement**” means the distribution agreement in relation to the Programme, as updated, revised, supplemented or amended from time to time, between the Issuer, the arranger and the dealers

“**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;

“**Noteholders’ Representative**” means Stichting Belfius Public Pandbrieven Noteholders’ Representative or the noteholders’ representative which may be appointed by the Noteholders in accordance with Article 14 (as applicable);

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

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

“**Programme Documents**” means the Base Prospectus, the Programme Agreement, the Noteholders’ Representative Agreement, the Agency Agreement, the Distribution Agreement, the Clearing Services Agreement and any other agreement or document entered into from time to time under or in connection with the Programme (as the same may be amended, supplemented, replaced and/or restated from time to time) and designated as a programme document;

“**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 468 of the Belgian Companies Code with which a Noteholder holds such Public Pandbrieven on a securities account;

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

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

“**Voting Certificate**” means a certificate issued by a Recognised Accountholder or the 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 Conditions.

## 2.2 Interpretation

In these Rules:

- (a) references to the **Issuer** are to Belfius Bank SA/NV and shall, with respect to the management of the Special Estate following the appointment of a Cover Pool Administrator and where the context so requires, be deemed to be a reference to the Cover Pool Administrator;
- (b) references to a **meeting** are to a meeting of Noteholders of a single Series of Public Pandbrieven (except in case of a meeting to pass a 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 **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; and
- (d) any reference to an **Article** shall, except where expressly provided to the contrary, be a reference to an article of these Rules.

## TITLE II MEETINGS OF THE NOTEHOLDERS

### 3 Convening a Meeting

#### 3.1 Initiative

The Issuer or the Noteholders' Representative (as the case may be) may convene a meeting at any time. A meeting shall be convened by the Noteholders' Representative (i) upon the request in writing of Noteholders holding not less than one fifth of the aggregate principal outstanding amount of the relevant Series of the Public Pandbrievien or (ii) in the case of a proposed liquidation of the Special Estate in accordance with Article 11, 6° or 7 of Annex III to the Banking Law.

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

#### 3.2 Time and place

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

#### 3.3 Notice

At least 14 calendar days' notice (exclusive of the day on which the notice is given and of the day on which the relevant meeting is to be held) specifying the date, time and place of the meeting shall be given to the Noteholders in accordance with Condition 10 (*Notices*) with a copy to the Issuer, the Cover Pool Administrator or the Noteholders' Representative, as the case may be. The notice shall set out the full text of any resolutions to be proposed. In addition, the notice shall explain (i) how holders of Dematerialised Public Pandbrievien 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 Pandbrievien.

### 4 Chairman

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

### 5 Quorum and Adjournment

#### 5.1 Quorum

The quorum at any meeting the purpose of which is to pass an Ordinary Resolution, an Extraordinary Resolution concerning matters referred to under Article 6.1 (a) to (d) or a Programme Resolution concerning matters referred to under Article 6.3 (a) to (c), will be one or more persons holding or representing at least 50 per cent. of the aggregate principal outstanding amount of the Public Pandbrievien of the relevant Series (with the Public Pandbrievien of all Series taken together as a single Series in case of a Programme Resolution), or, at an adjourned meeting, one or more persons being or representing Noteholders of the relevant Series for the time being outstanding, whatever the principal outstanding amount of the Public Pandbrievien 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 (j), the quorum will be one or more persons holding or representing not less than two thirds of the aggregate principal outstanding amount of the Public Pandbrievien of such Series or, at any adjourned meeting, one or more persons being or representing not less than one third of the aggregate principal outstanding amount of the Public Pandbrievien of such Series for the time being outstanding.

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

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

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

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

## **5.2 Adjournment**

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

### **5.3 Notice following adjournment**

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

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

## **6 Powers of Meetings**

### **6.1 Extraordinary Resolution**

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

- (a) to approve any modification, abrogation, variation or compromise in respect of (i) the rights of the Noteholders' Representative, the Issuer, the Noteholders or any of them, whether such rights arise under the Programme Documents or otherwise, or (ii) these Rules, the Conditions or any Programme Document in respect of the material obligations of the Issuer under or in respect of the Public Pandbrieven (other than as referred to under (e) to (j) or under Article 6.3);
- (b) to discharge or exonerate, whether retrospectively or otherwise, the Noteholders' Representative from any liability in relation to any act or omission for which the Noteholders' Representative has or may become liable pursuant or in relation to these Rules, the Conditions or any Programme Document;
- (c) to give any authority or approval which under these Rules or the Conditions is required to be given by Extraordinary Resolution;
- (d) to authorise the Noteholders' Representative (subject to it being indemnified and/or secured to its satisfaction) or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- (e) to waive any breach or authorise any proposed breach by the Issuer of its obligations in respect of the Public Pandbrieven;
- (f) to waive the occurrence of a Payment Default;
- (g) 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;
- (h) 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;
- (i) to change the currency in which amounts due in respect of the Series of Public Pandbrieven are payable; and
- (j) to change the quorum required at any meeting of the Noteholders or the majority required to pass any Extraordinary Resolution or a Programme Resolution.

## **6.2 Ordinary Resolution**

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

## **6.3 Programme Resolution**

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

- (a) to remove or replace (i) the Noteholders' Representative or (ii) the managing director of the Noteholders' Representative pursuant to Article 14;
- (b) with the consent of the Issuer, to amend the Common Terms;
- (c) to evaluate the Cover Pool Administrator's proposal or decision to liquidate the Special Estate and the early repayment of the Public Pandbrieven in accordance with Article 11, 6° of Annex III to the Banking Law; and
- (d) to approve that the Cover Pool Administrator proceeds with the liquidation of the 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 568 to 580 of the Belgian Companies Code shall not apply.

Votes can only be validly cast in accordance with Voting Certificates and Block Voting Instructions in respect of Dematerialised 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

outstanding amount 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 outstanding amount 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 outstanding amount 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 568 to 580 of the Belgian Companies Code shall not apply. The formalities and procedures to validly cast a vote at a meeting in respect of Registered 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) Noteholders and their proxies;
- (b) the chairman;
- (c) the Issuer, the Noteholders' Representative (through their respective representatives) and their respective financial and legal advisers; and
- (d) the Dealers and their advisers.

## **9 Voting**

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

Every question submitted to a meeting shall be decided in the first instance by a show of hands. Unless a poll is validly demanded before or at the time that the result is declared, the chairman's declaration that on a show of hands a resolution has been passed, passed by a particular majority, rejected or rejected by a particular majority shall be conclusive, without proof of the number of votes cast for, or against, the resolution. Each voter shall have one vote. Where there is only one voter, this Article 9.1 shall not apply and the resolution will immediately be decided by means of a poll.

### **9.2 Voting by poll**

A demand for a poll shall be valid if it is made by the chairman, the Issuer, the Noteholders' Representative or one or more Noteholders present or validly represented at the meeting and representing or holding not less than one fiftieth of the aggregate principal outstanding 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 Noteholders' Representative may stipulate in its absolute discretion in principal 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  $66^{2/3}$  per cent. of the aggregate principal outstanding 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 principal outstanding amount of the Series of Public Pandbrieven for which votes have been cast plus one vote. A Programme Resolution shall be validly passed by a simple majority of



at least 50 per cent. of the aggregate principal outstanding 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 Noteholders, whether or not present at the meeting, when it has been validly passed in accordance with these Rules and each of them shall be bound by it and be bound to give effect to it accordingly.

Save as the Noteholders' Representative may otherwise agree, notice of the total result of every vote on a Resolution shall be given to the Noteholders in accordance with Condition 10 (*Notices*), with a copy to the Issuer, the Cover Pool Administrator (as the case may be) and the Noteholders' Representative within 14 calendar days of the conclusion of the meeting but failure to do so shall not invalidate the resolution. Notice of the result of a voting on a Programme Resolution shall also be given to the Rating Agencies to the extent any rated 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 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 Programme Resolution. Such resolutions in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

## **13 Further Regulations**

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

# **TITLE III NOTEHOLDERS' REPRESENTATIVE**

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

### **14.1 Appointment and removal of the Noteholder's Representative**

The Issuer has appointed the Noteholders' Representative as legal representative of the Noteholders under the Noteholders' Representative Agreement. In accordance with Article 14 of Annex III to the Banking Law, the Noteholders shall be entitled to remove the Noteholders' Representative by Programme Resolution provided that (i) they appoint a new Noteholders' Representative on substantially the same terms as set out in the Programme Documents (including any Schedules thereto)

and (ii) neither the managing director of the Noteholders' Representative nor the Noteholders' Representative so removed shall be responsible for any costs or expenses arising from any such removal.

#### **14.2 Eligibility Criteria**

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

#### **14.3 Appointment, removal and resignation of the managing director**

A resolution to appoint or to remove the managing director of the Noteholders' Representative is made by Programme Resolution of the Noteholders, except for the appointment of the first managing director of the Noteholders' Representative which will be Amsterdamsch Trustee's Kantoor B.V.

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

- (a) upon voluntary resignation, provided that a successor managing director is appointed;
- (b) in the case of a legal entity, upon the ceasing to exist as legal entity, or, in the case of an individual, upon its death;
- (c) upon the managing director being declared bankrupt, applying for a suspension of payments or petitioning for application of the debt restructuring provision referred to in the Dutch bankruptcy act in respect of the managing director, provided that a successor managing director is appointed;
- (d) upon removal from office by the court in cases provided for by the laws of The Netherlands;
- (e) upon removal from office by the board of the Noteholders' Representative, provided that a successor managing director is appointed ; and
- (f) upon removal from office by a Programme Resolution of the Noteholders in accordance with Article 14.1, provided that (i) they appoint a new Managing Director which shall meet the eligibility criteria set out under Rule 14.2, (ii) the Other Creditors (to the extent represented by the Noteholders' Representative) have been notified thereof and (iii) neither the Managing Director so removed nor the 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 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 Other Creditors (to the extent represented by the Noteholders' Representative) against the Special Estate have been settled.

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

The Noteholders' Representative shall inform the Noteholders and the Other Creditors (to the extent represented by the 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 Noteholders' Representative a remuneration for its services as Noteholders' Representative as agreed in the Noteholders' Representative Agreement or a separate fee letter.

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

#### **15.1 Legal representative**

The Noteholders' Representative is the legal representative of the Noteholders and has the power to exercise the rights conferred on it by these Rules, the Conditions, the Noteholders' Representative Agreement and the Covered Bond Regulations in order to protect the interests of the Noteholders in accordance with Article 14, §2 of Annex III to the Banking Law. The Noteholders' Representative can also be appointed to represent the Other Creditors provided that those Other Creditors agree with such representation. Any conflict of interest between the Noteholders and such Other Creditors will be dealt with in accordance with Article 16.2 (r) and Condition 17 (*Conflicts of Interest*).

#### **15.2 Acceptance of terms and conditions**

The Noteholders' Representative can at the request of the Issuer approve the (form of) terms and conditions which are different from the Conditions (as defined in the Programme Agreement) currently attached as Schedule 2 and Schedule 3 of the Programme Agreement, as the case may be, in accordance with Clause 13(iii) of the Programme Agreement for the issuance of Public Pandbrieven not contemplated by Schedule 2 of the Programme Agreement.

#### **15.3 Meetings and Resolutions of Noteholders**

Unless the relevant Resolution provides to the contrary, the Noteholders' Representative is responsible for implementing all Resolutions of the Noteholders. The Noteholders' Representative has the right to convene and attend meetings of Noteholders to propose any course of action which it considers from time to time necessary or desirable provided that it shall convene a meeting (i) upon the request in writing of Noteholders holding not less than one fifth of the aggregate principal outstanding amount of the relevant Series of the Public Pandbrieven or (ii) in the case of a proposed liquidation of the Special Estate in accordance with Article 11, 6° or 7° of Annex III to the Banking Law.

#### **15.4 Judicial proceedings**

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

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

Any consent or approval given by the Noteholders' Representative in accordance with these Rules may be given on such terms as the Noteholders' Representative deems appropriate and, notwithstanding anything to the contrary contained in the Rules, such consent or approval may be given retrospectively. In accordance with the Covered Bond Regulations, the Noteholders' Representative may give any consent or approval, exercise any power, authority or discretion or take any similar action if it is satisfied that the interests of the Noteholders will not be materially prejudiced thereby.

#### **15.6 Payment Default**

Failure by the Issuer to pay (i) any principal amount or (ii) any interest in respect of any Public Pandbrief in accordance with the Conditions will upon receipt of a payment notice constitute a payment default ("**Payment Default**"). The 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 Noteholders’ Representative to deliver such Payment Notice, any Noteholder can deliver such notice to the Issuer (with a copy to the Noteholders’ Representative).

The Noteholders’ Representative shall inform the Noteholders upon its receipt of a notice in writing from the Issuer of the occurrence of such a failure to pay. However, the 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 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 Pandbrievien and under the other Programme Documents.

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

The Acceleration Notice will specify the date on which the Public Pandbrievien 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 Competent Authority and to the Noteholders.

The Noteholders’ Representative may in accordance with the Conditions, the Covered Bond Regulations and the Programme Documents instruct the relevant (Principal) Paying Agent, the other Agents and Registrar or any of them to act thereafter, until otherwise instructed by the Noteholders’ Representative, to effect payments on the terms provided in the Agency Agreement (with consequential amendments as necessary and save that the Noteholders’ Representative’s liability under any provisions thereof for the indemnification, remuneration and payment of out of pocket expenses of the Agents shall be limited to amounts for the time being received or recovered by the Noteholders’ Representative under any of the Programme Documents and available to the Noteholders’ Representative for such purpose) and thereafter to hold all sums, documents and records held by them in respect of Public Pandbrievien on behalf of the Noteholders’ Representative.

### **15.7 Programme Limit**

The Noteholders’ Representative will not enquire as to whether or not any Public Pandbrievien are issued in breach of the Programme Limit.

### **15.8 Application of proceeds**

The Noteholders’ Representative shall not be responsible for the receipt or application by the Issuer of the proceeds of the issuance of Public Pandbrievien.

### **15.9 Delegation**

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

Any such delegation may be made upon such conditions and subject to such regulations (including power to sub-delegate) as the Noteholders’ Representative may think fit in the interest of the Noteholders. The Noteholders’ Representative shall use all reasonable care in the appointment of any

such delegate and shall be responsible for the actions of such delegate. The Noteholders' Representative shall, as soon as reasonably practicable, give notice to the Issuer of the appointment of any delegate and any renewal, extension and termination of such appointment, and shall procure that any delegate shall give notice to the Issuer of the appointment of any sub-delegate as soon as reasonably practicable.

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

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

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

#### **15.11 Discretions**

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

#### **15.12 Obtaining instructions**

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

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

#### **16.1 Limited obligations**

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

#### **16.2 Specific limitations**

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

- (a) shall not be under any obligation to take any steps to ascertain whether a Payment Default or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Noteholders' Representative hereunder or under any other relevant document, has occurred and, until the Noteholders' Representative has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Payment Default or such other event, condition or act has occurred;
- (b) shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or any other parties of their obligations contained in these Rules or the Conditions and, until it shall have actual knowledge or express notice to the contrary, the Noteholders' Representative shall be entitled to assume that the Issuer and each other relevant party are duly observing and performing all their respective obligations;

- (c) shall not be under any obligation to disclose (unless and to the extent so required under these Rules, the Conditions or by applicable law) to any Noteholders or any other party, any information (including, without limitation, information of a confidential, financial or price sensitive nature) made available to the Noteholders' Representative by the Issuer or any other person in respect of the Special Estate or, more generally, of the Programme and no Noteholders shall be entitled to take any action to obtain from the Noteholders' Representative any such information;
- (d) except as expressly required in these Rules, shall not be under any obligation to give notice to any person of its activities in performance of the provisions of these Rules or the Conditions;
- (e) shall not be responsible for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules, or of any other document or any obligation or rights created or purported to be created hereby or thereby or pursuant hereto or thereto, nor shall be responsible for assessing any breach or alleged breach by the Issuer and any other party to the transaction, and (without prejudice to the generality of the foregoing) it shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:
  - (i) the nature, status, creditworthiness or solvency of the Issuer;
  - (ii) the existence, accuracy or sufficiency of any legal or other opinion, search, report, certificate, valuation or investigation delivered or obtained or required to be delivered or obtained at any time in connection herewith;
  - (iii) the suitability, adequacy or sufficiency of any collection procedure operated by the Issuer or compliance therewith;
  - (iv) the failure by the Issuer to obtain or comply with any licence, consent or other authorisation in connection with the registration or administration of the assets contained in the Special Estate; and
  - (v) any accounts, books, records or files maintained by the Issuer, the Principal Paying Agent or any other person in respect of the Special Estate or the Public Pandbrievien;
- (f) shall not be responsible for the receipt or application by the Issuer of the proceeds of the issuance of the Public Pandbrievien 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 Pandbrievien by any credit or rating agency or any other person;
- (h) shall not be responsible for investigating any matter which is the subject of any recital, statement, warranty, representation or covenant by any party other than the Noteholders' Representative contained herein or any certificate, document or agreement relating thereto or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;
- (i) shall not be liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules or the Conditions;
- (j) shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer in relation to the assets contained in the Special Estate or any part thereof, whether such defect or failure was known to the Noteholders' Representative or

might have been discovered upon examination or enquiry or whether capable of being remedied or not;

- (k) shall not be under any obligation to guarantee or procure the repayment of the assets contained in the Special Estate or any part thereof;
- (l) shall not be responsible for reviewing or investigating any report relating to the Special Estate or any part thereof provided by any person;
- (m) shall not be responsible for or have any liability with respect to any loss or damage arising from the realisation of the Special Estate or any part thereof;
- (n) shall not be responsible (except as expressly provided in these Rules) for making or verifying any determination or calculation in respect of the Public Pandbrievens or the Special Estate;
- (o) shall not be under any obligation to insure the Special Estate or any part thereof;
- (p) shall, when in these Rules or the Conditions it is required in connection with the exercise of its powers, authorities or discretions to have regard to the interests of the Noteholders, have regard to the overall interests of the Noteholders of each Series as a class of persons and shall not be obliged to have regard to any interests arising from circumstances particular to individual Noteholders whatever their number and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or taxing authority, and the Noteholders' Representative shall not be entitled to require, nor shall any Noteholders be entitled to claim, from the Issuer, the Noteholders' Representative or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders;
- (q) shall not, if in connection with the exercise of its powers, authorities or discretions, it is of the opinion that the interest of the Noteholders of any one or more Series would be materially prejudiced thereby, exercise such power, authority or discretion without the approval of such Noteholders by Extraordinary Resolution;
- (r) shall, as regards the powers, authorities and discretions vested in it, except where expressly provided otherwise, have regard to the interests of both the Noteholders and the Other Creditors of the Issuer which it represents but if, in the opinion of the Noteholders' Representative, there is a conflict between their interests the Noteholders' Representative will have regard solely to the interest of the Noteholders;
- (s) may refrain from taking any action or exercising any right, power, authority or discretion vested in it until it has been indemnified and/or secured and/or pre-funded to its satisfaction against any and all actions, proceedings, claims and demands which might be brought or made against it and against all Liabilities suffered, incurred or sustained by it as a result. Nothing shall require the Noteholders' Representative to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured; and
- (t) shall not be liable or responsible for any Liabilities directly or indirectly suffered or incurred by the Issuer, any Noteholders or any other person which may result from anything done or omitted to be done by it in accordance with the provisions of these Rules or the Conditions

except insofar as the same are incurred as a result of fraud, gross negligence or wilful default of the Noteholders' Representative.

### **16.3 Illegality**

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

## **17 Reliance on Information**

### **17.1 Advice**

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

### **17.2 Certificates of Issuer**

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

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

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

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

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



#### **17.4 Ownership of the Public Pandbrieven**

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

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

#### **17.5 Clearing Systems**

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

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

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

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

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

#### **17.7 Auditors**

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

#### **17.8 Investor reports**

The 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 Special Estate which will be made available on the website of the Issuer at [www.belfius.be](http://www.belfius.be) on a regular basis and as from Q1 of 2015 on a monthly basis.

## **18 Amendments and Modifications**

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

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

Any such modification shall be binding upon the Noteholders and, unless the Noteholders' Representative otherwise agrees, shall be notified by the Issuer to the Noteholders in accordance with Condition 10 (*Notices*) as soon as practicable thereafter.

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

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

## **19 Waiver**

### **19.1 Waiver of Breach**

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

### **19.2 Binding Nature**

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

### **19.3 Restriction on powers**

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

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

### **19.4 Notice of waiver**

Unless the Noteholders' Representative agrees otherwise, the Issuer shall cause any such authorisation, waiver or determination as referred in Article 19.1 to be notified to the Noteholders, as soon as practicable after it has been given or made in accordance with Condition 10 (*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 Noteholders' Representative to indemnify the Noteholders' Representative on demand against any Liabilities which are properly incurred by the Noteholders' Representative or any other person appointed by the Noteholders' Representative under the Programme Documents to whom any power, authority or discretion may be delegated by the Noteholders' Representative in the execution, or the purported execution, of the powers, authorities and discretions vested in it by the Programme Documents, in, or in connection with, (except insofar as the same are incurred because of the gross negligence, wilful default or fraud of the Noteholders' Representative or such other third parties):

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

### **20.2 Indemnification by the Noteholders**

In the case the Noteholders' Representative or any other person appointed by the Noteholders' Representative under the Programme Documents has acted upon any resolution or direction referred to in Article 17.3, each Noteholder covenants with and undertakes to the Noteholders' Representative to indemnify the Noteholders' Representative on demand and *pro rata* according to its share in the aggregate principal outstanding amount of Public Pandbrievien 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 Noteholders' Representative or such other third parties) by the 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 Noteholders' Representative**

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

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

### **21.2 Liability of the Issuer**

Except in the case of fraud of the Issuer, each Noteholder and each Other Creditor represented by the 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 Noteholders or the Other Creditors represented by the Noteholders' Representative as a result of the performance by the Noteholders' Representative (or its delegate) of its duties or the exercise of any of its rights under the Conditions and the Rules of Organisation of the Noteholders.

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

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

**Final Terms dated [●]**

**[Name of Issuer]**

Issue of [Aggregate Principal Amount of Tranche]

[Title of Public Pandbrieven]

under the EUR 10,000,000,000

**Belgian Public Pandbrieven Programme**

## PART A - CONTRACTUAL TERMS

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

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

The [Final Terms] do not constitute final terms for the purposes of Article 5.4 of Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU) (the “**Prospectus Directive**”). The Issuer is not offering the [Public Pandbrieven] in any jurisdiction in circumstances which would require a prospectus pursuant to the Prospectus Directive. Nor is any person authorised to make such an offer of the [Public 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 [Public Pandbrieven] on any stock exchange.

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

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

1	Issuer:	Belfius Bank
2	(i) Series Number:	[•]
	(ii) Tranche Number:	[•]
	[(iii) Date on which the Public Pandbrieven become fungible:	[Not Applicable/The Public Pandbrieven shall be consolidated, form a single series and be interchangeable for trading purposes with the Public Pandbrieven of [Series] [Tranche] issued on [insert 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>[Minimum EUR 100,000 or equivalent [(in the case of any Public Pandbrieven which are to be admitted to trading on a regulated market within the EEA or offered to the public in an EEA State in circumstances which require the publication of a prospectus under the Prospectus Directive)]]</i>
	(ii) Calculation Amount:	[•]  <i>[If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor] [Note: There must be a common factor in the case of two or more Specified Denominations]</i>
7	(i) Issue Date:	[•]
	(ii) Interest Commencement Date:	[•] [Issue Date] [ Not Applicable]
8	Maturity Date:	<i>[Specify date or (for Floating Rate Public 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]
10	Interest Basis:	
	(i) Period to (but excluding) Maturity Date	[[•] per cent. Fixed Rate]  [[•] month [LIBOR/EURIBOR] +/- Margin. Floating Rate [Zero Coupon] (further particulars specified below)
	(ii) Period from Maturity Date (including) to Extended Maturity	[[•] per cent. Fixed Rate]

	Date (excluding)	[[●] month [LIBOR/EURIBOR] +/- Margin. Floating Rate] (further particulars specified below)
11	Redemption/Payment Basis	Subject to any purchase and cancellation or early redemption, the Public 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 Public Pandbrieven:	“Belgische pandbrieven/Lettres de gage belges”.
	(ii) Date of additional [Board] approval for issuance of Public Pandbrieven obtained:	[●] [and [●], respectively] (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Public Pandbrieven)

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

14	<b>Fixed Rate Public 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) above are not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(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	<i>(Only to be included for other than fixed coupon amounts)</i>
	(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 Public Pandbrieven are redeemed in full or the Extended Maturity Date, or on any other date on which the Public Pandbrieven are fully redeemed in accordance with Condition 3(j)(i)E, 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):
- (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 Public Pandbrievens are redeemed in full or the Extended Maturity Date, or on any other date on which the Public Pandbrievens are fully redeemed in accordance with Condition 3(j)(i)E, 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 Public Pandbrievens are redeemed in full or the Extended Maturity Date, or on

any other date on which the Public Pandbrieven are full redeemed in accordance with Condition 3(j)(i)E, whichever occurs earlier[ subject in each case to adjustment 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*)]

(viii) Other terms relating to the method of calculating interest for Fixed Rate Public 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 Floating Rate Public 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) are not applicable, delete the remaining sub-paragraphs of this paragraph)*

(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 Public Pandbrieven are redeemed in full or the Extended Maturity Date, or on any other date on which the Public Pandbrieven are fully redeemed in accordance with Condition 3(j)(i)E, 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]
  - (b) From Maturity Date up to Extended Maturity Date [Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
- (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 [LIBOR/EURIBOR]
    - Interest Determination Date(s): [●]
    - Relevant Screen Page: [●]

- (b) From Maturity Date up to Extended Maturity Date [Applicable]/[Not Applicable]
- Reference Rate: [●] month [LIBOR/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 [2000/2006]]
- (b) From Maturity Date up to Extended Maturity Date [Applicable]/[Not Applicable]
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
  - [– ISDA Definitions [2000/2006]]
- (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  $[\text{Actual/Actual}]/[\text{Actual/Actual-ISDA}]/[\text{Actual/365 (Fixed)}]/[\text{Actual/360}]/[\text{30/360}]/[\text{360/360}]/[\text{Bond Basis}]/[\text{30E/360}]/[\text{Eurobond Basis}]/[\text{30E/360 (ISDA)}]/[\text{Actual/ Actual-ICMA}]$
  - (b) From Maturity Date up to Extended Maturity Date  $[\text{Actual/Actual}]/[\text{Actual/Actual-ISDA}]/[\text{Actual/365 (Fixed)}]/[\text{Actual/360}]/[\text{30/360}]/[\text{360/360}]/[\text{Bond Basis}]/[\text{30E/360}]/[\text{Eurobond Basis}]/[\text{30E/360 (ISDA)}]/[\text{Actual/ Actual-ICMA}]$
- (xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Public 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 **Zero Coupon Public Pandbrief Provisions** [Applicable]/[Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield: [●] per cent. per annum
  - (ii) Any other formula/basis of determining amount payable: [●]
  - (iii) Day Count Fraction:
    - (a) To Maturity Date  $[\text{Actual/Actual}]/[\text{Actual/Actual-ISDA}]/[\text{Actual/365 (Fixed)}]/[\text{Actual/360}]/[\text{30/360}]/[\text{360/360}]/[\text{Bond Basis}]/[\text{30E/360}]/[\text{Eurobond Basis}]/[\text{30E/360 (ISDA)}]/[\text{Actual/ Actual-ICMA}]$
    - (b) From Maturity Date up to Extended Maturity Date  $[\text{Actual/Actual}]/[\text{Actual/Actual-ISDA}]/[\text{Actual/365 (Fixed)}]/[\text{Actual/360}]/[\text{30/360}]/[\text{360/360}]/[\text{Bond Basis}]/[\text{30E/360}]/[\text{Eurobond Basis}]/[\text{30E/360 (ISDA)}]/[\text{Actual/ Actual-ICMA}]$
  - (iv) 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]

**PROVISIONS RELATING TO REDEMPTION**

- 17 **Issuer Call** [Applicable/Not Applicable]

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

- (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 Public 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]/[●] *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*

18 **Noteholder Put**

[Applicable/Not Applicable]

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

- (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 Public Pandbrief and method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (III) Notice period: [●] *If setting notice periods which are different from those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and Principal Paying Agent*
- (IV) Address for notices  
BELFIUS BANK SA/NV  
Long Term Funding GI 01/10  
Pachecolaan 44  
1000 Brussels  
Belgium  
Tel.: +32 2 250 70 64 or +32 2 222 70 28  
Fax: +32 2 222 24 16  
E-mail: ltfunding@belfius.be] / [●]

With a copy to:

BELFIUS BANK SA/NV  
Transaction Services Securities (Transaction Release and  
Custody Management)  
GI 03/04  
Pachecolaan 44  
1000 Brussels  
Belgium  
Tel.: +32 2 222 19 55 / +32 2 222 14 80 / +32 2 222 14 08  
Fax: +32 2 285 10 87  
E-mail: cmtransrelease@belfius.be;  
cmcustodymgmt@belfius.be] / [•]

- 19 **Final Redemption Amount of each Public Pandbrief** [•] per Calculation Amount
- 20 **Early Redemption Amount**  
Early Redemption Amount(s) of each Public 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): [•] per Calculation Amount

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

- 21 **Form of Public Pandbrieven:** [Dematerialised Public Pandbrieven/Registered Public Pandbrieven]
- 22 **Financial Centre(s):** [Not Applicable] / [give details]  
*Note that this paragraph relates to the date of payment, and not the end dates of interest periods for the purposes of calculating the amount of interest*
- 23 **Business Centre(s)** [•]
- 24 **Consolidation provisions:** [Not Applicable/The provisions in Condition 21 (*Further Issues*) apply]
- 25 **Other final terms:** [Not Applicable/give details] (*When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*)

#### **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 Public Pandbrieven described herein] pursuant to the EUR 10,000,000,000 Belgian 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>1</sup>

Signed on behalf of the Issuer:

By: .....  
Duly authorised

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<sup>1</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 Public Pandbrievien 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 Public Pandbrievien are already admitted to trading.*)
- (ii) Estimate of total expenses related to admission to trading: [●]

### 2 RATINGS

- Ratings: The Public Pandbrievien to be issued are expected to be rated:
- [S&P: [●]]
- [Moody's: [●]]
- [Fitch: [●]]
- [[Other]: [●]]

(The above disclosure should reflect the rating allocated to Public Pandbrievien 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>1</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 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.]*

*[[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*

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<sup>1</sup> A list of registered Credit Rating Agencies is published on the ESMA website (<http://www.esma.europa.eu/>).

*entity providing rating*] is not established in the EU but the rating it has given to the [Public 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 (the “**CRA Regulation**”).

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EU but is certified under Regulation (EC) No 1060/2009, as amended (the “**CRA Regulation**”).]

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EU and is not certified under Regulation (EC) No 1060/2009, as amended (the “**CRA Regulation**”) and the rating it has given to the Public Pandbrieven is not endorsed by a credit rating agency established in the EU and registered under the CRA Regulation.]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

### 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 Public Pandbrieven has an interest material to the offer.”

### 5 REASONS FOR THE OFFER

Reasons for the offer:

[•] *(See “Use of Proceeds” wording in Base Prospectus – if reasons for offer different from general funding purposes of the Issuer, will need to include those reasons here.)*

### 6 [*Fixed Rate Public Pandbrieven only*] - YIELD

Indication of yield:

[•] Calculated as [*include details of method of calculation in summary form*] on the Issue Date. As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

### 7 OPERATIONAL INFORMATION

Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes] [No].

[Note that the designation “yes” simply means that the Public Pandbrieven are intended upon issuance to

be deposited in accordance with the rules of the relevant clearing system (where applicable) and does not necessarily mean that the Public 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.]

[Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Public Pandbrieven are capable of meeting them the Public Pandbrieven may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper) [*include this text for registered Public Pandbrieven*]]. Note that this does not necessarily mean that the Public Pandbrieven will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

ISIN:	[•]
Common Code:	[•]
Any clearing system(s) other than the clearing system operated by the National Bank of Belgium, Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	[Not Applicable/ <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):	[•]

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> ]
U.S. Selling Restrictions:	Reg. S Compliance Category 2; TEFRA not

applicable

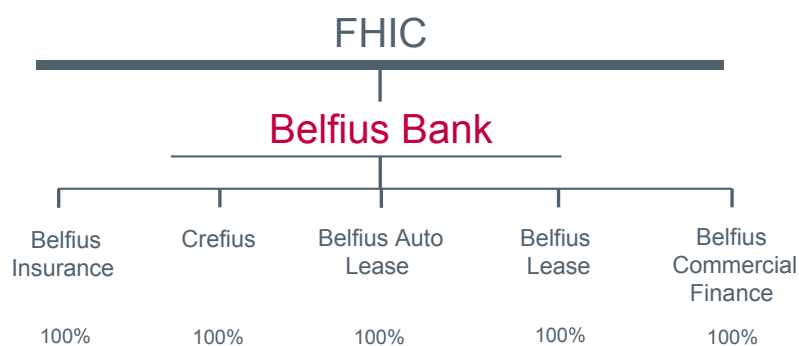
## SECTION 11 DESCRIPTION OF THE ISSUER

### Belfius Bank profile

Belfius Bank SA/NV (previously Dexia Bank Belgium SA/NV) (the “**Issuer**” or “**Belfius Bank**”) is a public limited company (*naamloze vennootschap/société anonyme*) of unlimited duration incorporated under the Belgian law of 23 October 1962 which collects savings from the public. It is registered with the Crossroads Bank for Enterprises under business identification number 0403.201.185 and has its registered office at 1000 Brussels, Boulevard Pachéco 44, Belgium, telephone +32 22 22 11 11.

Belfius Bank is a Belgian banking and insurance group wholly owned by the Belgian federal state through the Federal Holding and Investment Company (FHIC). Belfius Bank’s shares are not listed.

### Simplified Group structure (as at the date of the Prospectus)



### Mission and Ambitions

As the only integrated, 100% Belgian bank and insurance company, Belfius Bank focuses on establishing a strong, local relationship with customers and creating added value for the community, together with our customers and partners.

#### *Partner of society*

Belfius seeks to excel in its community involvement by investing in key areas such as housing, retirement homes and hospitals, public infrastructure, education, energy, mobility and the local economy.

#### *Focus on customer satisfaction*

Belfius aims to develop in line with, and based on the needs of, its customers so that it can provide them with appropriate, innovative, tailor-made solutions at the right time and through the right channels.

#### *Committed, proud staff*

Belfius wants to become an attractive employer by giving people opportunities and responsibilities and by putting their passion and expertise towards finding solutions that work for the benefit of customers and society alike.

#### *Financially sound*

Belfius aims to establish an ongoing healthy financial profile, as well as a strong position in terms of liquidity and solvency. For this reason, Belfius conducts a prudent policy on risk.

### *Operationally efficient*

Belfius is making every effort to boost efficiency by simplifying its structures and processes and by enabling the business lines to work together to optimum effect.

#### **Activities**

Commercial activities are essentially organised around three business lines: Retail and Commercial Banking, Public and Wholesale Banking, and Insurance.

#### **(A) Retail and Commercial Banking**

The Retail and Commercial Banking business line offers a comprehensive range of retail, commercial and private banking products, as well as insurance services to:

- 3.2 million individual customers; and
- 0.3 million “Business” customers. This segment combines the self-employed and professionals, as well as small and medium-sized enterprises that have a turnover or total balance sheet of less than EUR 10 million.

At the end of 2013, Belfius Bank’s distribution network consisted of 772 branches. More than 500 of these operate using the open-branch concept, placing the emphasis on advising customers. These open branches are divided into three zones: self-service, information and services, as well as advice. A key feature of this branch design is the absence of teller windows. Most transactions in cash are conducted in the automated self-service space within the branch. The design is all about providing maximum ease of access and personalised contact with customers.

Belfius ATMs cater for 1.5 million active users a month, which translates into 8.4 million monthly interactions. The proportion of transactions carried out at ATMs is high: 93% of all deposits and 99% of all withdrawals are made at an automatic teller machine, which demonstrates the success of the concept.

Belfius is also totally accessible through digital channels and the popularity of these channels continues to grow. Belfius Direct Net, the bank’s online portal, services 0.9 million active users, which represents 6.3 million interactions each month. Belfius Direct Mobile is experiencing growing success, which has been boosted further since the introduction of a highly effective new version in December 2012 for Smartphones and in May 2013 for tablets (165,000 active users at 31 December 2013).

Direct telephone communications are another major point of contact with customers, and the contact centre records some 30,000 incoming calls a month.

In 2013, Belfius introduced Belfius Pulse Start. It offers its customers the best of both worlds by combining mobile banking with personalised advice – all in one completely integrated package.

This business line provides a full range of products to customers, including payment products, loans, savings products, investments and insurance.

Payment products come in the form of packages of current accounts linked to a debit card or credit card, plus additional insurance cover, depending on the level of service selected: *blue*, *red*, *gold*, *platinum* and *white*. The granting of a credit card is subject to acceptance through a standard risk management process. Customers can also opt for a MasterCard Prepaid, enabling them to make payments in total security within the limit set for their budget, anywhere in the world and also online. Business customers can also enjoy additional services that correspond to their needs (such as cashflow management).

With its range of credit products, Belfius mainly offers mortgage loans at fixed or variable interest rates, with terms usually ranging from 10 to 20 years. The bank also markets consumer loan products in the form of car

loans, personal loans and green loans. The activity surrounding the granting of loans is carefully monitored by the code of conduct issued by the “Professional Credit Union”. Tailored loans are provided for the Business segment. This includes tax funding, operating capital facilities (particularly Belfius Business Cash+) and investment loans.

Savings and investment products fall into two categories: balance sheet products (financing the bank’s assets) or off-balance sheet products. Balance sheet products include classic and online savings accounts, current and term accounts, savings certificates and bonds issued by Belfius (*Belfius Funding Notes*) and placed with retail customers. Off-balance sheet products are made up of mutual funds, shares and (euro)bonds issued by third parties, as well as Belfius Insurance Branch 21, Branch 23 and, more recently, Branch 44 insurance products.

Belfius Bank also offers its customers all of the classic and innovative life and non-life insurance products provided by Belfius Insurance.

With a market share estimated at 13% for both savings accounts and mortgage loans, Belfius’ market share remains stable overall.

Despite a still challenging macroeconomic environment, the bank’s commercial business was highly dynamic, with total customer assets recording a 2% rise in 2013 to EUR 93.7 billion. On the deposits side of the ledger, historically low interest rates prompted customers to adopt a wait-and-see attitude. The result was lower investment levels in long-term investments (savings bonds fell 14.3%, while bonds issued by Belfius were down 11.5%). However, there was a good rise in assets in current accounts and savings accounts, which reached EUR 6.9 billion (+12.3%) and EUR 33.8 billion (+6.1%) respectively as at 31 December 2013. In total, deposits amounted to EUR 61.5 billion at the end of 2013, down slightly (-0.7%) compared with the end of December 2012.

However this slight decline in deposits was largely offset by the fine performance recorded by off-balance sheet assets, which rose by 11.9% compared with the end of December 2012, reaching EUR 21 billion due to increasing customer preference for products offering higher returns (for example, mutual funds).

Technical life insurance reserves reached EUR 11.2 billion, which was a slight increase of 1.4% compared with the end of 2012. Investments in Branch 21 life insurance were under pressure due to low rates and the rise in taxes on premiums to 2%. However, this fall was offset by the success of the new Branch 44 product, Belfius Invest Top Funds Selection, introduced in June 2013.

Loans granted to customers remained stable in 2013, at EUR 33.5 billion at the end of December 2013. This was for all types of loans. Mortgage loans, which represent almost two-thirds of the total loans granted, were EUR 21 billion at the end of December 2013, while consumer loans and business loans were at EUR 1.6 billion and EUR 9.9 billion respectively.

<b>Retail and Commercial Banking</b>		
(in billions of EUR)	Dec-12	Dec-13
<b>Total customer assets</b>	91.7	93.7
Deposits	61.9	61.5
Off- balance sheet assets	18.8	21.0
Technical life insurance reserves	11.0	11.2
<b>Total loans to customers</b>	33.4	33.5
of which		
Mortgages loans	21.2	21.0
Business loans	9.7	9.9

## **(B) Public and Wholesale Banking**

The Public and Wholesale Banking business line offers a comprehensive range of banking products and services essentially to two complementary groups of customers: public and social sector entities (Public and Social Banking), and medium and large companies (Corporate Banking).

The Public and Social Banking segment, which has a total of 12,000 customers, works on behalf of local public bodies (for example, municipalities, provinces, police areas, Public Centres for Social Welfare), supra-local public entities (for example, communities of municipalities), dependent entities at a community, regional or federal level, as well as a wide range of other public sector organisations. This segment also includes entities associated with healthcare (for example, hospitals and retirement homes), customers in the field of education (such as universities and schools), the housing sector and also customers such as foundations, social secretariats and pension funds.

The second segment, the Corporate Banking division, serves some 6,000 medium and large corporates (representing approximately 2,700 separate commercial groups) with an annual turnover or balance sheet total in excess of EUR 10 million.

The Public and Social Banking network has some 40 relationship managers located in three regions. Smaller clients (approximately 6,000) are serviced by the branch network of the Retail and Commercial Banking business line. The Corporate Banking commercial network has 49 relationship managers spread across six regions.

Within the two segments, the relationship manager is the reference person, or “hub”, of the commercial relationship with the customer. He is the only contact person, enjoying a relationship of trust with the customer over time. The relationship manager may at any time call on experts, the so-called “spokes”, for the different product lines, whether that be for investments, loans, insurance, leasing, electronic banking or cash management. This “hub and spoke” model is at the heart of the business line’s commercial dynamic.

The product range consists firstly of classic banking products such as short and long-term loans, cash-flow management, investment management, electronic banking services, trading room products and various finance or operating lease solutions through the subsidiaries Belfius Lease or Belfius Auto Lease.

Customers of the public and social banking segment also benefit from a range of very specific products and services, such as social accounts, advanced cash-flow solutions and active debt management or long-term financing solutions that are in accordance with their own needs, whether in the form of long-term loans or bonds.

For corporate banking customers, there are specific solutions associated with the public authority debt funding (Business-to-Government – B2G), international cash management solutions, “asset finance” solutions (leasing, car leases and commercial finance) as well as expertise in terms of project finance and structured finance.

Eager to provide its customers with true added value, Belfius Bank constantly adapts the range of products and services offered to them so as to meet their needs and any requirements specific to them in a way that is both effective and practical.

Belfius Bank remains the reference banker for public and social banking customers. In the corporate banking market, the bank aims its services primarily at medium-sized corporates operating in Belgium, as well as the many companies that offer their services to the public authorities (B2G offering).

Throughout 2013, Belfius Bank remained faithful to its primary mission of being the bank “of and for the Belgian society”, continuing more than ever to fulfil its role of financier for the Belgian economy. This commercial dynamic was demonstrated by Belfius Bank granting EUR 2.4 billion in new long-term funding



to the public and social sectors and EUR 2.1 billion in new loans to corporates in 2013, as well as by the implementation of numerous local initiatives.

Despite the challenging economic environment, Belfius Bank continued to support local authorities and can rightfully claim to be the only bank that responds systematically to all tender calls. In doing so, Belfius Bank fully plays its role as a partner by reinvesting Belgian savings in numerous projects presenting significant added value for the community (public buildings, schools, crèches, hospitals, road networks, etc.).

As at 31 December 2013, total savings and investments amounted to EUR 26 billion, down 7.3% compared with the end of 2012. The fall in deposits to EUR 18 billion at the end of December 2013 was due entirely to the seasonal effect, with the end of the year seeing significant temporary withdrawals by social security organisations. These outflows were entirely regained at the beginning of 2014.

Total outstanding loans were down slightly (-1.4%) at EUR 43.3 billion. This fall was attributable entirely to generally low demand and increased competition on the corporate banking market. Outstanding loans in the public and social banking segment were up slightly, reaching EUR 34.7 billion at the end of December 2013.

Off-balance sheet commitments were down EUR 3.2 billion over the year to EUR 16.3 billion at the end of December 2013, reflecting the bank's active management, in partnership with the customer, of unused credit lines. In the context of the introduction of the new Basel III regulation, banks are subject to much more stringent regulatory ratios, both in terms of capital and liquidity. In the Public and Wholesale Banking business line, active collaboration with customers enabled credit lines to be optimised, particularly off-balance sheet, by making the customer's actual needs correspond better in terms of financing with the amount of lines needed for the customer's development.

<b>Public and Wholesale Banking</b>		
(in billions of EUR)	Dec-12	Dec-13
<b>Outstanding savings &amp; investments</b>	28.1	26.0
On- balance sheet	19.9	18
Off- balance sheet	8.2	8.0
<b>Outstanding loans</b>	44.0	43.3
Public and social banking	34.4	34.7
Corporate banking	9.6	8.6

### (C) Insurance

Belfius Insurance, a subsidiary of Belfius Bank, offers customers of the Retail and Commercial Banking (individuals, the self-employed, small and medium-sized enterprises) and Public and Wholesale Banking (public and social sector entities, medium and large enterprises) business lines a varied range of life and non-life insurance products.

Belfius Insurance holds fifth position<sup>1</sup> on the Belgian insurance market.

In order to offer an optimum response to the specific needs of different customer segments, Belfius Insurance relies on several brands and distribution channels.

In Belgium, for Retail customers, Belfius Insurance combines the advantages of the exclusive agents network of DVV Insurance with those of the Belfius Bank branch network, whilst also relying on Corona Direct, a direct insurer active via the internet and "affinity partners"<sup>1</sup>.

<sup>1</sup> Data 2012 – Assuralia. 2013 data are not yet available.

Through the bank-insurance channel, Belfius Insurance addresses individuals, the self-employed and SMEs in search of solutions (for life and for non-life insurance products) via their Belfius Bank branch. In the future, Belfius Insurance aims to make even more of the growth potential of the bank-insurance channel and to work more through the concept of “one stop shopping”.

DVV Insurance has been a benchmark for more than 80 years, both for life and for non-life insurance. Through their 333 points of sale, each with exclusive advisers, DVV Insurance offers 357,598 households – individuals, the self-employed and small enterprises – a complete range of insurances, mortgage loans and a widely renowned and first-class tailored service.

Corona Direct has operated as a direct insurer since 1974. It offers its 174,000 customers family, car, home, funeral and other insurances either directly (by internet, telephone or mailing) or via its “affinity partners”. The strength of Corona Direct rests in its strong client service and ability to innovate, for instance with its kilometre-linked vehicle insurance.

For Public and Wholesale Banking customers, Belfius Insurance collaborates with Belfius Bank and also with specialist brokers. By virtue of its unique experience in the field of insurances for the public and non-profit sectors, Belfius Insurance has become a benchmark in those sectors, for which over the years it has developed a complete range of very specific life and non-life insurance products.

Since 2012, this multi-channel approach has also involved the Elantis brand, which offers mortgage loans through independent brokers. Elantis aims to position itself as a new and important distribution channel for the insurer and to strengthen the position of Belfius Insurance on the mortgage market.

In Luxembourg, Belfius Insurance offers its investment and insurance products through the subsidiary International Wealth Insurer (IWI).

The range of products for Retail customers includes classic non-life insurance: car insurance (third party and comprehensive), third party civil liability insurance, fire insurance, and miscellaneous risks insurance. In addition, life insurances such as pension savings, mixed life insurances, savings insurances, guaranteed income cover, death insurances, credit balance insurance linked to mortgage loans and Branch 23 investment products are also offered. By virtue of this complete range, Belfius Insurance plays its role as a locally anchored insurer aiming at protecting Belgian families, maintaining their income levels and increasing their assets.

Public and Wholesale Banking customers have a choice of professional insurances, fire insurance, guaranteed income cover, group hospitalisation insurance, group insurance, company executive insurance, investment products and specific tailored solutions.

Belfius Insurance has a market share of 7.4% on the Belgian market (8.7% in the Life segment and 4.9% in the Non-Life segment)<sup>2</sup>. Belfius Insurance attaches great importance to customer satisfaction: the insurer endeavours to be close to its customers, offering them professional and personalised advice and aiming always for optimum efficiency in this regard.

In 2013, total gross written premiums were EUR 2,156 million, against EUR 2,484 million in 2012.

Life insurance premiums amounted to EUR 1,612 million, against EUR 1,953 million in 2012. This fall arose mainly in Belgium (-29%) and is due to the persistence of low interest rates and the increase of insurance premium tax since January 2013.

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<sup>1</sup> Affinity partners are external parties with which Corona collaborates and which offer Corona insurance products. For instance, these are car dealers (for motor insurance) and undertakers (for funeral insurance).

<sup>2</sup> Data 2012 – Assuralia. 2013 data are not yet available.

The Luxembourg market is performing well, with written premiums almost doubling in 2013 to EUR 354 million. In 2012, sales via the banking channel of Banque Internationale à Luxembourg ceased as a consequence of the general economic climate and the Dexia image crisis. Since then, IWI has developed a new business model and production has picked up. This is relatively diversified, both in terms of the number of distribution partners and types of market.

Life insurance reserves remained stable at EUR 20.3 billion at the end of 2013, against EUR 20.4 billion in 2012, despite a difficult context marked by low rates and unfavourable taxation. By product, there was a slight fall in Branch 21 reserves, whilst those for Branch 23 increased following the launch of Belfius Invest Top Funds Selection, a new Branch 44 product, and as a consequence of the sharp increase in written premiums at IWI.

<b>Insurance</b>		
(in millions of EUR)	FY 2012	FY 2013
<b>Total premiums</b>	2,484	2,156
Life insurance-premiums	1,953	1,612
Non-life insurance premiums	531	544
<b>Life insurance reserves</b>	Dec-12	Dec-13
(in billions of EUR)	20.4	20.3

#### (D) 2013 Results

Belfius Bank posted a consolidated net profit of EUR 445 million in 2013. Operating profitability increased thanks to new commercial initiatives and an ambitious savings plan. Belfius accorded some EUR 10 billions exclusively to the Belgian economy by granting loans to individuals, local authorities and SMEs.

<b>Net income</b>			
(in millions of EUR)	2012	2013	Evolution
BELFIUS	421	445	5.7%
of which			
Franchise (= commercial business)	310	508	63.9%
Legacy	111	-63	

Net profit from commercial business rose by 63.9% in 2013 to EUR 508 million.

The Legacy, including the bond portfolio and the exposure to Dexia, had a negative contribution of EUR 63 million to the 2013 net profit, against a positive result of EUR 111 million in 2012. The negative result of the Legacy in 2013 was impacted by the balance sheet decrease, further tactical de-risking and methodological refinements in the determination of the fair value of derivatives. The 2012 result was boosted by capital gains on buy-backs of subordinated debt, partially used for de-risking.

Commercial results of EUR 508 million, after deduction of the negative contribution of Legacy-activities, generated a consolidated net profit of EUR 445 million for Belfius in 2013. That is an increase of 5.7% compared with 2012. The main underlying reasons for this were:

- Net fee and commission income increased by 19.2% to EUR 376 million.

- Belfius Insurance performed strongly, with a net result up from EUR 59 million to EUR 215 million and an “economic” combined ratio <sup>1</sup> standing at 98.7%.
- Costs were kept under strict control (costs down by 10.1%) through a disciplined implementation of the cost-cutting plan approved and introduced in 2013.
- Cost of risk remained low and was even positive due to the write-back of provisions resulting from the tactical de-risking of the Legacy.

Belfius’ total balance sheet has been reduced by 25.3% since September 2011, to EUR 183 billion as of 31 December 2013, without adversely affecting the development of its commercial business.

Total shareholders’ equity doubled from EUR 3.3 billion at the end of 2011 to EUR 6.6 billion at the end of 2013.

The outstanding de-risking carried out by Belfius combined with the reported profit resulted in a substantial improvement of the solvency position:

- The Basel II Tier 1 ratio stood at 15.4% at the end of 2013 (compared to 13.3% at the end of 2012). The capital adequacy ratio stood at 16.5% at the end of 2013 compared to 13.8% at the end of 2012.
- As at 1 January 2014, the Basel III (CRR) pro forma Common Equity solvency ratio (phased-in) was estimated at 13.5%. As at 31 December 2013, the Basel III (CRR) pro forma Common Equity solvency ratio (fully-fledged) was estimated at 11.7%<sup>2</sup>.

## Ratings

At 31 March 2014, Belfius Bank had the following ratings:

	<b>Long-term rating</b>	<b>Outlook</b>	<b>Short-term rating</b>
Fitch	A-	Negative	F1
Moody's	Baa1	Negative	Prime-2
Standard and Poor's	A-	Negative	A-2

## Other information

In order to avoid any inappropriate influence from its shareholders and in order to ensure full transparency regarding transactions with connected parties (in particular its large shareholders), the bank has, on the operational level, put in place strict rules and procedures, among others with respect to the granting of loans.

In addition, the requirement that the board of directors of Belfius Bank shall consist of at least four independent directors aims to ensure that any conflict of interest involving directors is dealt with appropriately and that the interests of all stakeholders are taken into account. As at the date of this Base Prospectus, there are seven independent board members on a total number of fifteen.

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<sup>1</sup> The “economic” combined ratio is the total combined ratio (i.e. the claims ratio + commission fees + costs + reinsurance) adjusted with non-“recurrent” elements (such as VAT on legal fees).

<sup>2</sup> The NBB decided, on a temporary basis (until the implementation of IFRS 9), to grant a national option allowing not to take account of the AFS reserve on the sovereign portfolio for an amount of 5% of this portfolio. The NBB also accepted the rules on financial conglomerates (Danish compromise).

The Issuer is not dependent on any of its subsidiaries, save for Belfius Insurance SA/NV. Belfius Insurance SA/NV holds the licences required for insurance undertakings, and Belfius Bank consequently relies on it for the insurance activities carried out by it.

There is no arrangement known to Belfius Bank, the operation of which may at a subsequent date result in a change of control of Belfius Bank.

There are no recent events particular to Belfius Bank which are, to a material extent, relevant to the evaluation of its solvency.

## **Management and Supervision of Belfius Bank**

### **Composition of the management board and the board of directors**

#### **1. Management board**

The management board currently has six members who have all acquired experience in the banking and financial sector. The members of the management board form a college.

As of the date of this Prospectus, the management board has consisted of the following six members:

<b>Name</b>	<b>Position</b>	<b>Major other functions performed outside Belfius Bank</b>
Marc Raisière.....	chairman	none
Dirk Gyselincx.....	member	none
Eric Hermann.....	member	none
Luc Van Thielen.....	member	none
Dirk Vanderschrick.....	member	none
Johan Vankelecom.....	member	none

The above members of the management board have their business address at 1000 Brussels, Boulevard Pacheco 44, Belgium.

The board of directors has delegated the management of the bank's business to a management board created from among its members.

Such delegation of its powers does not extend to supervision of the management or the business position of the bank, or to the determination of general policy, or to any other powers that are reserved under the law to the board of directors.

The management board is responsible for the management of the bank whose various business lines and support activities it runs and co-ordinates, and for doing so in the light of the objectives and general policy laid down by the board of directors. The management board ensures that Belfius Bank's business activities are in line with the strategy, risks and policies approved by the board of directors. It passes on relevant information to the board of directors to enable it to take informed decisions.

The management board delivers a prior opinion on all proposals that are to be discussed in the board of directors or the strategy committee in relation to the strategy or general policy of the bank, regardless of whether those proposals emanate from the chairman of the management board or from other directors.

The members of the management board must carry out their duties in complete objectivity and independence and as a result may not serve exclusively the interests of the shareholders. This implies that the necessary conditions must be met in order to carry out the functions of a bank in a stable and continuous manner.

Subject to the supervision of the board of directors, the management board takes the necessary measures to ensure that the bank has a management structure that is suited to the activities it pursues or intends to pursue, as well as an administrative and book-keeping organisation, systems of control and security relating to electronic data processing and internal audit.

The management board oversees the line management and the performance of the powers and responsibilities that have been assigned as well as reporting procedures.

There are no potential conflicts of interest between any duties to Belfius Bank of the members of the management board and their private interests and other duties.

## **2. Board of directors**

In accordance with Belgian law governing Belgian *sociétés anonymes/naamloze vennootschappen* and the articles of association of Belfius Bank, Belfius Bank is managed by its board of directors, which is entitled to take any action the right to which is not expressly reserved to the general meeting of shareholders of Belfius Bank by law or the articles of association of Belfius Bank. In accordance with Belgian banking law, the board of directors may delegate all or part of its powers, provided that such delegation does not affect either the determination of general policy or any actions which are reserved to the board of directors by law.

The board of directors of Belfius Bank has delegated to the management board of Belfius Bank all such powers to the maximum extent permitted under Belgian law.

Pursuant to the articles of association of Belfius Bank, the board of directors of Belfius Bank is composed of a minimum of 3 members appointed for maximum terms of four years. The table below sets forth the names of the directors, their position within Belfius Bank and the other major functions they perform outside Belfius Bank.

The executive members of the board of directors shall withdraw on the date of the general shareholders' meeting held in the year in which they reach the age of 65.

The non-executive members of the board of directors shall withdraw on the date of the general shareholders' meeting held in the year in which they reach the age of 70.

The board of directors has the right to make an exception to the aforementioned principles on a case-by-case basis if it considers it to be in the company's best interest.

The business address for the members of the board of directors is 1000 Brussels, Boulevard Pachéco 44, Belgium.

### *Composition as at the date of the Prospectus*

As at the date of this Prospectus, the board of directors consists of 16 members, 6 of whom sit on the management board.

In view of the fact that the board of directors consists of professionals from a variety of industries but mainly from the financial sector, it disposes of the knowledge and experience required to manage the various business activities of a bank.

<b>Name</b>	<b>Position</b>	<b>Major other functions performed outside Belfius Bank</b>
Jozef Clijsters.....	chairman of the board of directors of Belfius Bank	none
Marc Raisière.....	chairman of the management board of Belfius Bank	none
Johan Vankelecom.....	member of the management board of Belfius Bank chief financial officer responsible for financial reporting, research, liquidity and capital management, financial communication, tax affairs and asset and liability management	none
Dirk Gyselinck.....	member of the management board of Belfius Bank responsible for public & wholesale banking and treasury and financial markets	none
Dirk Vanderschrick.....	member of the management board of Belfius Bank responsible for retail and commercial banking	none
Eric Hermann.....	member of the management board of Belfius Bank chief risk officer	none
Luc Van Thielen.....	member of the management board of Belfius Bank chief operations officer responsible for IT, operations, facility management and organisation	none
Marie Gemma Dequae.....	member of the board of directors of Belfius Bank (independent director)	senior advisor at the <i>Federation of European Risk Management Associations</i>
Wouter Devriendt.....	member of the board of directors of Belfius Bank	independent consultant at the Federal Participations and Investment Company (FHIC)
Carine Doutrelepont.....	member of the board of directors of Belfius Bank (independent director)	lawyer and professor at the <i>Université Libre de Bruxelles (ULB)</i>
Pierre Francotte.....	member of the board of directors of Belfius Bank (independent director)	professor at the <i>Solvay Brussels School of Economics and Management</i>

<b>Name</b>	<b>Position</b>	<b>Major other functions performed outside Belfius Bank</b>
Guy Quaden .....	member of the board of directors of Belfius Bank (independent director)	honorary governor of the National Bank of Belgium
Chris Sunt.....	member of the board of directors of Belfius Bank	lawyer
Lutgart Van Den Berghe.....	member of the board of directors of Belfius Bank (independent director)	executive director at Guberna and extraordinary professor at the <i>Vlerick Business School</i>
Rudi Vander Vennet.....	member of the board of directors of Belfius Bank (independent director)	professor of financial economics and banking at the <i>University of Ghent (UG)</i>
Serge Wibaut.....	member of the board of directors of Belfius Bank (independent director)	independent consultant and professor of finance at the <i>Université Catholique de Louvain (UCL)</i>

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.

### **Advisory committees set up by the board of directors**

The board of directors of Belfius Bank has put in place various advisory committees to assist it in its tasks. On 12 March 2014, the appointments and compensation committee of Belfius Bank was split into two separate committees: the appointments committee and the remuneration committee.

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.

#### **1. Appointments committee**

As of the date of the Prospectus, the appointments and compensation committee of Belfius Bank had the following membership:

<b>Name</b>	<b>Position</b>
Lutgart Van Den Berghe .....	Chairman – director of Belfius Bank
Jozef Clijsters .....	Member - chairman of the board of directors of Belfius Bank
Carine Doutrelepont.....	Member - director of Belfius Bank

Two independent directors (including the Chairman) sit on the appointments committee. The committee is constituted in such a manner as to enable it to formulate a competent and independent judgement of the composition and the working of the management board and the board of directors, in particular the individual and collective expertise of their members and their integrity, reputation, independence of mind and availability.



As representatives of the management board, the chairman of the management board and the head of Human Resources attend meetings of the appointments committee. The chairman of the management board of Belfius Insurance attends meetings of the appointments committee for questions relating to Belfius Insurance and its subsidiaries.

The appointments committee prepares the decisions of the board of directors that relate to:

- assessing the suitability (“Fit and Proper” procedure) of the members of the management board, the non-executive directors and the persons responsible for independent audit functions;
- formulating proposals for the appointment or renewal of the mandate of the chairman and members of the management board;
- formulating proposals for the appointment or renewal of the mandate of directors, as well as proposals for the co-opting of directors;
- monitoring the necessary qualifications, knowledge and experience within the Board of Directors;
- monitoring the succession of members of the management board and the non-executive directors and following up on any risks in that regard;
- assessing the criteria on the basis of which a director may be called “independent” and the formulation of proposals to be made to the general meeting of shareholders in that regard; and
- assessing the performance and objectives of the directors once a year.

The appointments committee acts for both Belfius Bank and Belfius Insurance.

## 2. *Remuneration committee*

As of the date of the Prospectus, the remuneration committee of Belfius Bank had the following membership:

<b>Name</b>	<b>Position</b>
Lutgart Van Den Berghe .....	Chairman - director of Belfius Bank
Jozef Clijsters.....	Member - chairman of the board of directors of Belfius Bank
Carine Doutrelepon .....	Member - director of Belfius Bank

Two independent directors (including the Chairman) sit on the remuneration committee. The committee is constituted in such a manner as to enable it to formulate a competent and independent judgment of the policies and practices of remuneration and in relation to the incentives created for the management of risks, capital and reserves and liquidity.

As representatives of the management board, the chairman of the management board and the head of Human Resources attend meetings of the remuneration committee. The chairman of the management board of Belfius Insurance attends meetings of the remuneration committee for questions relating to Belfius Insurance and its subsidiaries.

The remuneration committee prepares the decisions of the board of directors that relate to:

- the remuneration of the chairman of the management board and, at his/her request, the remuneration of the members of the management board;
- the remuneration policy for the chairman and non-executive members of the board of directors;

- the remuneration report to be ratified by the board of directors and published in the annual report; and
- periodic checking to ensure that the remuneration programmes are achieving their purpose and that they correspond with the applicable requirements.

The remuneration committee acts for both Belfius Bank and Belfius Insurance

### 3. *Audit committee*

As at the date of the Prospectus, the audit committee of Belfius Bank had the following membership:

<b>Name</b>	<b>Position</b>
Guy Quaden.....	chairman director of Belfius Bank
Chris Sunt.....	member director of Belfius Bank
Rudi Vander Vennet.....	member director of Belfius Bank
Marie Gemma Dequae.....	member director of Belfius Bank

The audit committee assists the board of directors in its task of carrying out prudential supervision and exercising general control. 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 meet jointly once a year. Additional joint meetings may be held at the request of the chairman of the bank's audit committee.

### 4. *Strategy Committee*

The strategy committee consists of six members including the chairman of the board of directors, the chairman of the management board and four non-executive directors. As at the date of the Prospectus, the strategy committee of Belfius Bank had the following membership:

<b>Name</b>	<b>Position</b>
Jozef Clijsters.....	chairman chairman of the board of directors of Belfius Bank
Marc Raisière.....	member chairman of the management board of Belfius Bank
Wouter Devriendt.....	member director of Belfius Bank
Guy Quaden.....	member director of Belfius Bank
Serge Wibaut.....	member director of Belfius Bank
Pierre Francotte.....	member director of Belfius Bank

The chairman of the management board of Belfius Insurance and the members of the management board responsible for public and wholesale banking and for retail and commercial banking are permanent invitees to strategy committee meetings.

The strategy committee is responsible for assisting the board of directors in defining strategy for the company and its subsidiaries. The strategy committee gives its opinion on the business plan and annual budgets, as well as on opportunities for acquisitions, partnerships or modifications to the business model. The committee monitors application of the Belfius group's strategy.

## 5. *Risk Committee*

The risk committee consists of four non-executive directors. As at the date of the Prospectus, the risk committee had the following membership:

<b>Name</b>	<b>Position</b>
Rudi Vander Vennet.....	Chairman director of Belfius Bank
Serge Wibaut.....	member director of Belfius Bank
Wouter Devriendt.....	member director of Belfius Bank
Pierre Francotte.....	member director of Belfius Bank

The chairman of the management board, the chief risk officer, the chief financial officer and the member of the management board responsible for the treasury and financial markets attend the meetings of the committee as permanent invitees. The other members of the management board and non-executive directors attend the meetings upon invitation of the committee. The risk committee has advisory powers and responsibilities with regard to the board of directors in the following areas:

- detecting risks inherent in the business of banking and insurance to which the bank is exposed;
- supervising the bank's risk policy (risk appetite and risk strategy) and comparing it with the bank's approved risk appetite and risk strategy;
- allocating the risk appetite to various categories of risk and defining the extent and limits of risk in order to manage and restrict major risks;
- ensuring that these risks are in proportion to the bank's equity;
- supervising the capital and liquidity requirements, the capital and liquidity objectives and the transactions with an impact on the capital base and the liquidity position of the bank;
- supervising the effectiveness of the risk management function, infrastructure and organisation;
- examining the main areas of exposure to risk and the manner in which they are managed;
- formulating an opinion with regard to major transactions and new proposals for strategic activities that have a significant impact on the bank's risk appetite;
- obtaining information and analysing management reports as to the extent and nature of the risks faced by the bank.

The risk committee of Belfius Bank operates independently of the risk and underwriting committee of Belfius Insurance. A joint risk committee meeting may be held between Belfius Bank and Belfius Insurance at the request of the chairman of the bank's committee.

The risk committee and the audit committee periodically exchange information about the quarterly risk report, the operational risk report, the effective management report about the assessment of the internal audit function and the risk analyses conducted by the legal, compliance and audit and control divisions.

The risk committee aligns the bank's risk strategy with that of the strategy committee, taking account of the impact of the risk strategy on the bank's strategic initiatives.

## Audited Consolidated Financial Statements of Belfius Bank

### Belfius Bank

#### Audited Consolidated Balance Sheet

	Note	31 December	
		2012	2013
		<i>(EUR '000)</i>	
<b>Assets</b>			
Cash and balances with central banks .....	5.2	1,964,560	1,445,716
Loans and advances due from banks .....	5.3	41,279,786	30,123,709
Loans and advances to customers .....	5.4	89,486,116	87,721,562
Financial assets measured at fair value through profit or loss .....	5.5	5,077,635	5,512,233
Financial investments .....	5.6	31,603,663	28,074,151
Derivatives .....	5.8	35,234,965	23,190,180
Fair value revaluation of portfolio hedge .....		4,144,582	3,044,509
Investments in associates .....	5.9	92,872	169,487
Tangible fixed assets .....	5.10	1,480,271	1,391,707
Intangible assets and goodwill .....	5.11	209,794	199,047
Tax assets .....	5.12	1,207,713	958,827
Other assets .....	5.13	1,155,549	923,135
Non current assets held for sale .....	5.14	19,617	23,159
Total assets .....		<u>212,957,124</u>	<u>182,777,422</u>

	Note	31 December	
		2012	2013
		<i>(EUR '000)</i>	
<b>Liabilities</b>			
Due to banks .....	6.1	40,440,300	29,235,568
Customer borrowings and deposits .....	6.2	66,649,092	61,625,312
Financial liabilities measured at fair value through profit or loss .....	6.3	10,462,951	8,460,808
Derivatives .....	5.8	41,765,535	28,602,043
Fair value revaluation of portfolio hedge .....		87,205	42,632
Debt securities .....	6.4	26,439,494	27,184,180
Subordinated debts .....	6.5	1,039,906	893,192
Technical provisions of insurance companies .....	6.6	17,579,188	17,641,090
Provisions and other obligations .....	6.7	978,104	462,146
Tax liabilities .....	6.8 & 5.12	130,751	109,652

	<b>Note</b>	<b>31 December</b>	
		<b>2012</b>	<b>2013</b>
Other liabilities.....	6.9	2,045,136	1,899,853
Liabilities included in disposal groups held for sale.....	6.10	0	0
Total liabilities.....		<u>207,617,662</u>	<u>176,156,476</u>

	<b>Note</b>	<b>31 December</b>	
		<b>2012</b>	<b>2013</b>
		<i>(EUR '000)</i>	
<b>Equity</b>			
Subscribed capital.....	1.4	3,458,066	3,458,066
Additional paid-in capital.....		209,232	209,232
Treasury shares.....		0	0
Reserves and retained earnings.....		2,812,095	3,230,926
Net income for the period.....		421,277	444,998
Core shareholders' equity.....		6,900,670	7,343,222
Gains and losses not recognised in the statement of income.....		(1,580,551)	(738,172)
– Available-for-sale reserve on securities.....		(735,459)	(167,603)
– Frozen fair value adjustment of financial assets reclassified to L&R.....		(893,478)	(701,877)
– Remeasurement defined benefit plan.....		85,707	129,851
– Other reserves.....		(37,321)	1,457
– Discretionary participation features of insurance contracts.....	6.6	0	0
Total shareholders' equity.....		5,320,119	6,605,050
Non-controlling interests.....		19,343	15,896
Total equity.....		<u>5,339,462</u>	<u>6,620,946</u>
Total liabilities and equity.....		<u>212,957,124</u>	<u>182,777,422</u>

**Belfius Bank****Audited Consolidated Statement of Income**

	Note	31 December	
		2012	2013
		(EUR '000)	
Interest income.....	7.1	7,641,037	6,270,012
Interest expense.....	7.1	(5,518,518)	(4,353,139)
Dividend income.....	7.2	53,357	50,753
Net income from associates.....	7.3	5,793	4,672
Net income from financial instruments at fair value through profit or loss.....	7.4	(25,660)	(188,180)
Net income on investments.....	7.5	586,589	154,562
Fee and commission income.....	7.6	441,930	490,945
Fee and commission expense.....	7.6	(127,631)	(116,396)
Premiums and technical income from insurance activities.....	6.6	2,143,184	1,910,832
Technical expense from insurance activities <sup>(1)</sup> .....	6.6	(2,717,831)	(2,314,952)
Other net income.....	7.7	(23,908)	(74,774)
Income.....		<u>2,458,342</u>	<u>1,834,335</u>
Staff expense.....	7.8	(714,341)	(560,411)
General and administrative expense.....	7.9	(477,982)	(478,712)
Network costs.....		(298,581)	(293,000)
Depreciation & amortisation.....	7.10	(93,590)	(92,049)
Expenses.....		<u>(1,584,494)</u>	<u>(1,424,172)</u>
Gross operating income.....		<u>873,848</u>	<u>410,163</u>
Impairment on loans and provisions for credit commitments.....	7.11	(267,881)	108,558
Impairment on tangible and intangible assets.....	7.12	231	(922)
Impairment on goodwill.....	7.13	0	0
Provisions for legal litigations.....	7.14	0	0
Net income before tax.....		<u>606,198</u>	<u>517,799</u>
Tax expense.....	7.15	(183,553)	(72,703)
Net income after tax.....		422,645	445,096
Discontinued operations (net of tax).....		0	0
Net income.....		<u>422,645</u>	<u>445,096</u>
Attributable to non-controlling interests.....		<u>1,368</u>	<u>98</u>
Attributable to equity holders of the parent.....		<u>421,277</u>	<u>444,998</u>

## SECTION 12

### EU DIRECTIVE ON THE TAXATION OF SAVINGS INCOME

The EU has adopted a directive (European Council Directive 2003/48/EC) regarding the taxation of savings income (hereinafter “**Savings Directive**”). Under the Savings Directive, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or other similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria instead are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Luxembourg has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect as from 1 January 2015. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 24 March 2014, the EU Council of Ministers has adopted a Council Directive pursuant to which Member States are required, as from 1 January 2016, to extend the scope of the requirements described above to (among other things) (i) payments made under certain financial instruments and life insurance contracts that are considered equivalent to debt claims (ii) certain payments that are made to entities or legal arrangements (such as trusts) established outside the EU, where an individual resident in a Member State other than that of the paying agent is regarded as the beneficial owner of that payment and (iii) payments made to certain entities or legal arrangements established in the EU which are treated as paying agents on receipt of interest payments.

### U.S. FOREIGN ACCOUNT TAX COMPLIANCE WITHHOLDING

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS BASE PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY PERSON FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH PERSON UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE PURCHASERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

The foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 (“**FATCA**”) impose a withholding tax of 30 per cent. on (i) certain U.S. source payments and (ii) payments of gross proceeds from the disposition of assets that produce U.S. source interest or dividends made to persons that fail to meet certain certification or reporting requirements. In order to avoid becoming subject to this withholding tax, non-U.S. financial institutions must enter into agreements with the IRS (“**IRS Agreements**”) (as described below) or otherwise be exempt from the requirements of FATCA. Non-U.S. financial institutions that enter into IRS Agreements or become subject to provisions of local law (“**IGA legislation**”) intended to implement an intergovernmental agreement entered into pursuant to FATCA (“**IGAs**”), may be required to identify “financial accounts” held by 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. In addition, in order (a) to obtain an exemption from FATCA withholding on payments it receives and/or (b) to comply with any applicable IGA legislation, a financial institution that

enters into an IRS Agreement or is subject to IGA legislation may be required to (i) report certain information on its U.S. account holders to the government of the United States or another relevant jurisdiction and (ii) withhold 30 per cent. from all, or a portion of, certain payments made to persons that fail to provide the financial institution information, consents and forms or other documentation that may be necessary for such financial institution to determine whether such person is compliant with FATCA or otherwise exempt from FATCA withholding.

Under FATCA, withholding is required with respect to payments to persons that are not compliant with FATCA or that do not provide the necessary information, consents or documentation made on or after (i) 1 July 2014 in respect of certain US source payments, (ii) 1 January 2017, in respect of payments of gross proceeds (including principal repayments) on certain assets that produce US source interest or dividends and (iii) 1 January 2017 (at the earliest) in respect of “foreign passthru payments” and then, for “obligations” that are not treated as equity for U.S. federal income tax purposes, only on such obligations that are issued or materially modified on or after 1 July 2014, or, in the case of an obligation that pays only foreign passthru payments, the date that is six months after the date on which the final regulations applicable to “foreign passthru payments” are filed in the Federal Register.

The application of FATCA to interest, principal or other amounts paid with respect to the Public Pandbrieven and the information reporting obligations of the Issuer and other entities in the payment chain is still developing. In particular, a number of jurisdictions have entered into, or have announced their intention to enter into, intergovernmental agreements (or similar mutual understandings) with the United States, which modify the way in which FATCA applies in their jurisdictions. The full impact of such agreements (and the laws implementing such agreements in such jurisdictions) on reporting and withholding responsibilities under FATCA is unclear. The Issuer and other entities in the payment chain may be required to report certain information on their U.S. account holders to government authorities in their respective jurisdictions or the United States in order (i) to obtain an exemption from FATCA withholding on payments they receive and/or (ii) to comply with applicable law in their jurisdiction. It is not yet certain how the United States and the jurisdictions which enter into intergovernmental agreements will address withholding on “foreign passthru payments” (which may include payments on the Public Pandbrieven) or if such withholding will be required at all.

Belgium has entered into an IGA relating to the implementation of FATCA with the United States. Under this IGA, the Issuer would currently not be required to deduct or withhold amounts under FATCA. However, the terms of the IGA in respect of withholding are subject to change, and the Issuer can offer no assurances on future withholding requirements under the US-Belgian IGA, on payments made after 31 December 2016.

Whilst the Public Pandbrieven are in dematerialised form and maintained within Securities Settlement System, Euroclear or Clearstream Luxembourg (together, the “**ICSDs**”), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Public Pandbrieven by the Issuer or any paying agent, given that each of the entities in the payment chain from (but excluding) the Issuer to (but including) the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the Public Pandbrieven.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Public Pandbrieven as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the Conditions of the Public Pandbrieven be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

The application of FATCA to Public Pandbrieven issued or materially modified on or after the date that is six months after the date on which the final regulations applicable to “foreign passthru payments” are filed in the



Federal Register, (or whenever issued, in the case of Public Pandbrieven treated as equity for U.S. federal tax purposes) may be addressed in the applicable final terms or a supplement to this Base Prospectus, as applicable.

**FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE PUBLIC PANDBRIEVEN AND THE HOLDERS IS SUBJECT TO CHANGE. EACH HOLDER OF PUBLIC PANDBRIEVEN SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.**

## SECTION 13

### BELGIAN TAXATION ON THE PUBLIC PANDBRIEVEN

The following is a general description of the principal Belgian tax consequences for investors receiving interest in respect of or disposing of the Public Pandbrievien issued by the Issuer and is of a general nature based on the Issuer's understanding of current law and practice. This general description is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date. Investors should appreciate that, as a result of changing law or practice, the tax consequences may be otherwise than as stated below. Investors should consult their professional advisers on the possible tax consequences of subscribing for, purchasing, holding, selling or converting the Public Pandbrievien issued by the Issuer under the laws of their countries of citizenship, residence, ordinary residence or domicile.

#### **Belgian Withholding Tax**

##### **(a) General**

All payments by or on behalf of the Issuer of interest on the Public Pandbrievien are in principle subject to the 25 per cent. Belgian withholding tax on the gross amount of the interest, subject to such relief as may be available under Belgian domestic law or applicable double tax treaties.

In this regard, "interest" means the periodic interest income, any amount paid by the Issuer in excess of the issue price (whether or not on the maturity date) and, in case of a realisation of the Public Pandbrievien between two interest payment dates, the *pro rata* of accrued interest corresponding to the detention period.

##### **(b) Belgian interest withholding tax exemption for certain holders of Dematerialised Public Pandbrievien (X/N withholding tax exemption)**

Payments of interest and principal under the Dematerialised Public Pandbrievien by or on behalf of the Issuer may be made without deduction of withholding tax in respect of the Dematerialised Public Pandbrievien 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-SSS**" and the "**Securities Settlement System**"). Euroclear and Clearstream Luxembourg are directly or indirectly Participants for this purpose.

Holding the Dematerialised Public Pandbrievien through the Securities Settlement System enables Eligible Investors to receive the gross interest income on their Dematerialised Public Pandbrievien and to transfer the Dematerialised Public Pandbrievien on a gross basis.

Participants to the Securities Settlement System must enter the Dematerialised Public Pandbrievien which they hold on behalf of Eligible Investors in an X-Account.

Eligible Investors are those entities referred to in Article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax (*koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing/arrêté royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier*) (as amended from time to time) which include, *inter alia*:

- (i) Belgian corporations subject to Belgian corporate income tax;
- (ii) institutions, associations or companies specified in Article 2, §3 of the Law of 9 July 1975 on the control of insurance companies other than those referred to in 1° and 3° subject to the

application of Article 262, 1° and 5° of the Belgian Income Tax Code 1992 (*wetboek van inkomstenbelastingen 1992/ code des impôts sur les revenus 1992*);

- (iii) state regulated institutions (*parastatalen/institutions parastatales*) for social security, or institutions which are assimilated therewith, provided for in Article 105, 2° of the Royal Decree of 27 August 1993 implementing the Belgian Income Tax Code 1992 (*koninklijk besluit tot uitvoering van het wetboek inkomstenbelastingen 1992/ arrêté royal d'exécution du code des impôts sur les revenus 1992*);
- (iv) non-resident investors whose holding of the Dematerialised Public Pandbrieven is not connected to a professional activity in Belgium, referred to in Article 105, 5° of the same decree;
- (v) investment funds, recognised in the framework of pension savings, provided for in Article 115 of the same decree;
- (vi) investors provided for in Article 227, 2° of the Belgian Income Tax Code 1992 which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident income tax pursuant to Article 233 of the same code;
- (vii) the Belgian State in respect of investments which are exempt from withholding tax in accordance with Article 265 of the Belgian Income Tax Code 1992;
- (viii) investment funds governed by foreign law which are an indivisible estate managed by a management company for the account of the participants, provided the fund units are not offered publicly in Belgium or traded in Belgium; and
- (ix) Belgian resident corporations, not provided for under (i) above, when their activities exclusively or principally consist of the granting of credits and loans.

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

Participants to the Securities Settlement System must keep the Dematerialised Public Pandbrieven which they hold on behalf of the non-Eligible Investors in a non-exempt securities account (an "N-Account"). In such instance, all payments of interest are subject to the 25 per cent. withholding tax. This withholding tax is withheld by the NBB-SSS and paid to the Belgian Treasury.

Transfers of Dematerialised Public 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-SSS 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-SSS to the transferee non-Eligible Investor of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- Transfers of Dematerialised Public 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 Public Pandbrieven, the Eligible Investor is required to provide the Participant with a statement of its eligible status on a form approved by the Minister of Finance. There is no ongoing declaration requirement to the Securities Settlement System as to the eligible status.

An Exempt Account may be opened with a Participant by an intermediary (an “**Intermediary**”) in respect of Dematerialised Public 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 Public Pandbrieven through it are also Eligible Investors. A Beneficial Owner is also required to deliver a statement of its eligible status to the intermediary.

These identification requirements do not apply to Dematerialised Public Pandbrieven held in Euroclear or Clearstream Luxembourg as Participants to the Securities Settlement System, provided that Euroclear or Clearstream only hold X-Accounts and that they are able to identify the holders for whom they hold Dematerialised Public Pandbrieven in such account.

In accordance with the Securities Settlement System, a Noteholder who is withdrawing Dematerialised Public Pandbrieven from an Exempt Account will, following the payment of interest on those Dematerialised Public 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 Public Pandbrieven from the last preceding Interest Payment Date until the date of withdrawal of the Dematerialised Public Pandbrieven from the Securities Settlement System. As a condition of acceptance of the Dematerialised Public 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 Public Pandbrieven**

Payments of interest and principal by the Issuer under the Registered Public Pandbrieven (except Zero Coupon Pandbrieven and other Registered Public Pandbrieven which provide for the capitalisation of interest) may be made without deduction of withholding tax provided that the following conditions are cumulatively met (Article 107, §2, 5°, b) and 8°, and Article 118, §1, 1° and 2° of the Royal Decree of 27 August 1993 implementing the Belgian Income Tax Code 1992):

- (i) the Registered Public 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 Public 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 Belgian Income Tax Code; or (C) a state regulated institution (*parastatale/institution parastatale*) for social security, or institution which is assimilated therewith, provided for in Article 105, 2° of the Royal Decree of 27 August 1993 implementing the Belgian Income Tax Code; and
- (iv) upon each interest payment, the Noteholder must provide the Issuer with an affidavit in which it is certified that the conditions mentioned in points (ii) and (iii) are complied with.

If a Belgian withholding tax was levied by the Issuer further to non-compliance of condition (ii) above, then the transferor and/or the transferee have the right, subject to certain time limitations and provided conditions (i) and (iii) are fulfilled, to file a claim with the Belgian tax authorities to request a refund

of Belgian withholding tax on the *pro rata* amount of interest attributable to them (Article 119, §1 of the Royal Decree of 27 August 1993 implementing the Belgian Income Tax Code 1992).

## **Belgian income tax and capital gains**

### **(a) Belgian resident individuals**

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 Public Pandbrievens 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.

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 25 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.

Capital gains realised on the sale of the Public Pandbrievens are in principle tax exempt, unless the capital gains are realised outside the scope of the management of one's private estate or unless the capital gains qualify as interest (as defined in the section entitled "Belgian Withholding Tax – (a) General"). Capital losses are in principle not tax deductible.

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

### **(b) Belgian resident companies**

Interest attributed or paid to corporations Noteholders who are Belgian residents for tax purposes, i.e. who are subject to the Belgian corporate income tax (*vennootschapsbelasting/impôt des sociétés*), as well as capital gains realised upon the sale of the Public Pandbrievens are taxable at the ordinary corporate income tax rate of in principle 33.99 per cent. Capital losses realised upon the sale of the Public Pandbrievens are in principle tax deductible.

### **(c) Belgian legal entities**

For Belgian legal entities subject to the Belgian legal entities tax (*rechtspersonenbelasting/impôts des personnes morales*) which have been subject to the 25 per cent. Belgian withholding tax on interest payments, such withholding tax constitutes the final taxation.

Belgian legal entities which have received interest income on Dematerialised Public Pandbrievens without deduction for or on account of Belgian withholding tax, are required to declare and pay the 25 per cent. withholding tax to the Belgian tax authorities.

Capital gains realised on the sale of the Public Pandbrievens are in principle tax exempt, unless the capital gains qualify as interest (as defined in section entitled "Belgian Withholding Tax – (a) General"). Capital losses are in principle not tax deductible.

### **(d) Organisation for Financing Pensions**

Interest and capital gains derived by Organisations for Financing Pensions in the meaning of the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision, are in principle not subject to Belgian corporate income tax on their income. Capital losses are in principle not tax deductible. Subject to certain conditions, the Belgian withholding tax that has

been levied can be credited against any corporate income tax due and any excess amount is in principle refundable.

**(e) Belgian non-residents**

*Dematerialised Public Pandbrieven*

Noteholders who are not residents of Belgium for Belgian tax purposes and who are not holding the Dematerialised Public Pandbrieven through their permanent establishment in Belgium will not become liable for any Belgian tax on income or capital gains by reason only of the acquisition or disposal of the Dematerialised Public Pandbrieven, provided that they qualify as Eligible Investors and that they hold their Dematerialised Public Pandbrieven in an X-Account. If the Dematerialised Public 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 25 per cent., possibly reduced pursuant to a tax treaty, on the gross amount of the interest.

*Registered Public Pandbrieven*

Noteholders who are not residents of Belgium for Belgian tax purposes and who are not holding the Registered Public Pandbrieven through their permanent establishment in Belgium will not become liable for any Belgian tax on income or capital gains by reason only of the acquisition or disposal of the Registered Public Pandbrieven, save, as the case may be, in the form of withholding tax.

**Tax on stock exchange transactions**

A tax on stock exchange transactions (*beurstaks/taxe sur les opérations de bourse*) will be levied on the purchase and sale in Belgium of the Public Pandbrieven on the secondary market through a professional intermediary. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is 0.09 per cent. with a maximum amount of EUR 650 per transaction and per party. The tax is due separately from each party to any such transaction, i.e. the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary.

However, no tax on stock exchange transactions will be payable by exempt persons acting for their own account including investors who are not Belgian residents, provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors as defined in Article 126.1 2° of the code of various duties and taxes (*Wetboek Diverse Rechten en Taksen/Code des Droits et Taxes Diverses*).

**European Directive on taxation of savings income in the form of interest payments**

The EU has adopted a directive (European Council Directive 2003/48/EC) regarding the taxation of savings income (hereinafter “**Savings Directive**”). Under the Savings Directive, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or other similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State (hereinafter “**Disclosure of Information Method**”). However, for a transitional period, Luxembourg and Austria instead are required (unless during that period they elect otherwise) to operate a withholding system (hereinafter “**Source Tax**”) in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Luxembourg has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect as from 1 January 2015. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 24 March 2014, the EU Council of Ministers has adopted a Council Directive pursuant to which Member States are required, as from 1 January 2016, to extend the scope of the requirements described above to (among other things) (i) payments made under certain financial instruments and life insurance contracts that are considered equivalent to debt claims (ii) certain payments that are made to entities or legal arrangements (such as trusts) established outside the EU, where an individual resident in a Member State other than that of the paying agent is regarded as the beneficial owner of that payment and (iii) payments made to certain entities or legal arrangements established in the EU which are treated as paying agents on receipt of interest payments.

**(a) Individuals not resident in Belgium**

Interest paid or collected through Belgium on the Public Pandbrieven and falling under the scope of application of the Savings Directive will be subject to the Disclosure of Information Method.

**(b) Individuals resident in Belgium**

An individual resident in Belgium will be subject to the provisions of the Savings Directive, if he receives interest payments from a paying agent (within the meaning of the Savings Directive) established in another EU Member State, Switzerland, Liechtenstein, Andorra, Monaco, San Marino, Curaçao, Bonaire, Saba, Sint Maarten, Sint Eustatius (formerly the Netherlands Antilles), Aruba, Guernsey, Jersey, the Isle of Man, Montserrat, the British Virgin Islands, Anguilla, the Cayman Islands or the Turks and Caicos Islands.

If the interest received by an individual resident in Belgium has been subject to a Source Tax, such Source Tax does not liberate the Belgian individual from declaring the interest income in the personal income tax declaration. The Source Tax will be credited against the personal income tax. If the Source Tax withheld exceeds the personal income tax due, the excessive amount will be reimbursed, provided it reaches a minimum of EUR 2.5.

**The proposed financial transactions tax (“FTT”)**

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Public Pandbrieven (including secondary market transactions) in certain circumstances. The issuance and subscription of Public Pandbrieven should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Public 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.

Notwithstanding the European Commission proposals, a statement made by the participating Member States (other than Slovenia) indicates that a progressive implementation of the FTT is being considered, and that the FTT may initially apply only to transactions involving shares and certain derivatives, with implementation occurring by 1 January 2016. However, full details are not available.

The FTT proposal remains subject to negotiation between the participating Member States and its timing remains unclear. Additional EU Member States may decide to participate. Prospective holders of Public Pandbrieven are advised to seek their own professional advice in relation to the FTT.



## SECTION 14 SUBSCRIPTION AND SALE

Pursuant to the distribution agreement between the Issuer, the Dealers and the Arranger (as amended, supplemented, replaced and/or restated from time to time, the “**Distribution Agreement**”) and subject to the conditions contained therein, the Dealers have agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Public Pandbrieven. The Public Pandbrieven may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Distribution Agreement also provides for Public Pandbrieven to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission in respect of Public Pandbrieven subscribed by them. The Issuer has agreed to reimburse the Dealers for certain of their activities in connection with the Base Prospectus. The commissions in respect of an issuance of Public 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 Public Pandbrieven. The Distribution Agreement entitles the Dealers to terminate any agreement that they make to subscribe Public Pandbrieven in certain circumstances prior to payment for such Public Pandbrieven being made to the Issuer.

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer’s affiliates. If any of the Dealers or their affiliates has a lending relationship with the Issuer, certain of the Dealers or their affiliates routinely hedge, and certain other of those Dealers or their affiliates may hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Public Pandbrieven issued under the Programme. Any such short positions could adversely affect future trading prices of Public Pandbrieven issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### **United States**

The Public Pandbrieven have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the “**Securities Act**”) and the Public Pandbrieven may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Distribution Agreement, it has not offered or sold and will not offer or sell the Public Pandbrieven of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as

determined, and certified to the Issuer and/or the Principal Paying Agent by the relevant Dealer, or, in the case of Public Pandbrieven issued on a syndicated basis, the relevant Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Public Pandbrieven during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Public 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 Public Pandbrieven are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Public Pandbrieven within the United States by any dealer (whether or not participating in the offering) 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 Public Pandbrieven outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Public 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 without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States is prohibited.

#### **Public Offer Selling Restriction Under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a “**Relevant Member State**”), each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), it has not made and will not make an offer of Public Pandbrieven which are the subject of the offering contemplated by this Base Prospectus as completed by the relevant final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Public Pandbrieven to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Public Pandbrieven to the public**” in relation to any Public Pandbrieven in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Public Pandbrieven to be offered so as to enable an investor to decide to purchase or subscribe the Public Pandbrieven, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the

2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

## **United Kingdom**

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

1. in relation to any Public Pandbrieven which have a maturity of less than one year from the date of issuance, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any such Public Pandbrieven other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issuance of the Public Pandbrieven would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “**FSMA 2000**”) by the Issuer;
2. it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA 2000) received by it in connection with the issuance or sale of any Public Pandbrieven in circumstances in which section 21(1) of the FSMA 2000 does not apply to the Issuer; and
3. it has complied and will comply with all applicable provisions of the FSMA 2000 with respect to anything done by it in relation to any Public Pandbrieven in, from or otherwise involving the United Kingdom.

## **Belgium**

Any offering of the Public Pandbrieven will be exclusively conducted under applicable private placement exemptions.

Registered Public 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 Public 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 Public Pandbrieven (or any interest therein) may be distributed or circulated in the Netherlands, other than to qualified investors as defined in the Prospectus Directive (as defined under “Public Offer Selling Restriction Under the Prospectus Directive” above), provided that these parties acquire the Public Pandbrieven for their own account or that of another qualified investor.

## **Switzerland**

The Public Pandbrievien may not be publicly offered, sold or advertised, directly or indirectly, in or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Public Pandbrievien constitutes a prospectus as such term is understood pursuant to Article 652a or Article 1156 of the Swiss Federal Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange Ltd., and neither this Base Prospectus nor any other offering or marketing material relating to the Public Pandbrievien may be publicly distributed or otherwise made publicly available in Switzerland.

## **Japan**

The Public Pandbrievien have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each of the Dealers and the Issuer has represented and agreed that it has not, directly or indirectly offered, or sold and will not, directly or indirectly, offer or sell any Public Pandbrievien in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

## **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealers. Any such modification will be set out in the Final Terms issued in respect of the issuance of Public Pandbrievien 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 Public Pandbrievien, or possession or distribution of this Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Public Pandbrievien 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 15 GENERAL INFORMATION

1. Application has been made to Euronext Brussels for Public Pandbrieven issued under the Programme to be listed and to be admitted to trading on Euronext Brussels' regulated market.
2. The Issuer has obtained all necessary consents, approvals and authorisations in Belgium in connection with the issuance of the Public Pandbrieven. The Programme was authorised by a resolution of the Management Board of the Issuer passed on 1 July 2014.
3. The Issuer is licensed as a Belgian credit institution
4. Save as disclosed in the section headed "Description of the Issuer" on page 133 of this Base Prospectus, there has been no material adverse change in the prospects of the Issuer on a consolidated basis since 31 December 2013. In addition, other than as disclosed in "Description of the Issuer" on page 133, there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the prospects of the Issuer for the current financial year.
5. Save as disclosed in the section headed "Description of the Issuer" on page 133 of this Base Prospectus, there has been no significant change in the financial or trading position of the Issuer since 31 December 2013.
6. Save as disclosed in the section headed "Description of the Issuer" on page 133 of this Base Prospectus, neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have or have had in the recent past significant effects, on the financial position or profitability of the Issuer or any of its subsidiaries.
7. Dematerialised Public Pandbrieven have been accepted for clearance through the Securities Settlement System. The Common Code and the International Securities Identification Number (ISIN) (and any other relevant identification number for any Alternative Clearing System) for a Series of Public Pandbrieven will be set out in the applicable Final Terms.
8. The address 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. 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 Public Pandbrieven being issued.
10. The issue price and the amount of the relevant Public Pandbrieven will be determined before filing of the applicable Final Terms of each Tranche, based on then prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issuances of Public Pandbrieven, except for investor reports (with regard to, among others, the composition of the Special Estate and which will be made available on the website of the Issuer at [www.belfius.be](http://www.belfius.be) on a regular basis and as from Q1 of 2015 on a monthly basis) and if required by any applicable laws and regulations.
11. Copies of the annual report and audited annual accounts of the Issuer for the years ended 31 December 2012 and 31 December 2013, including the reports of the statutory auditors in respect thereof, and copies of this Base Prospectus and any supplements and each Final Terms of listed tranches may be

obtained. The Programme Agreement, the Agency Agreement, the Noteholders' Representative Agreement, the Distribution Agreement and the Articles of Association of the Issuer will be available, during normal business hours on any Business Day, for inspection by the Noteholders at the specified offices of the Issuer and each of the Paying Agents 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)). The audit of the Issuer's financial statements was conducted by DELOITTE Reviseurs d'Entreprises SC s.f.d. SCRL, represented by Philippe Maeyaert and Bart Dewael, Berkenlaan 8B, 1831 Diegem (a member of IBR – IRE Instituut der Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises). They rendered unqualified audit reports on the financial statements of the Issuer for the years ended 31 December 2012 and 2013.

12. This Base Prospectus and the Final Terms of Tranches listed on Euronext Brussels and all documents that have been incorporated by reference will be available on the Issuer's website ([www.belfius.be](http://www.belfius.be)) and/or Euronext Brussels' website ([www.euronext.com](http://www.euronext.com)).
13. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions and may perform services for the Issuer and their respective affiliates in the ordinary course of business.

**REGISTERED OFFICE OF BELFIUS BANK SA/NV**

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**DEALERS**

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**FISCAL AGENT**

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**PRINCIPAL PAYING AGENT**

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**ARRANGER**

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**COVER POOL MONITOR**

**EY Bedrijfsrevisoren CVBA/Réviseurs d'Entreprises SCRL**

**NOTEHOLDERS' REPRESENTATIVE**

**Stichting Belfius Public Pandbrieven Noteholders' Representative**  
Amsterdam

**NOTEHOLDERS' REPRESENTATIVE MANAGING DIRECTOR**

**Amsterdamsch Trustee's Kantoor B.V.**  
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**AUDITORS**

**To Belfius Bank SA/NV**

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in respect of Belgian law

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