

**THIRD SUPPLEMENT DATED 18 MARCH 2013  
TO THE BASE PROSPECTUS DATED 15 JUNE 2012**



**BELFIUS FUNDING N.V.**

*(a public company with limited liability incorporated under the laws of the Netherlands)*

**BELFIUS BANK SA/NV**

*(incorporated with limited liability in Belgium)*

**Euro 10,000,000,000**

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Euro Medium Term Note Programme  
due from one month from the date of original issue

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This third supplement (the “**Third Supplement**”) is supplemental to, and should be read in conjunction with, the Base Prospectus dated 15 June 2012 (the “**Base Prospectus**”), the supplement to the Base Prospectus dated 6 July 2012, and the supplement to the Base Prospectus dated 1 October 2012 prepared in relation to the Belfius Funding N.V. and Belfius Bank SA/NV (the “**Issuers**” and each individually an “**Issuer**”) Euro10,000,000,000 Euro Medium Term Note Programme due from one month from the date of original issue guaranteed (in the case of Notes issued by Belfius Funding N.V.) by Belfius Bank SA/NV (the “**Guarantor**”). This supplement constitutes a supplement for the purposes of Article 13 of Part II of the Luxembourg Law on prospectuses for securities dated 10 July 2005 (the “**Luxembourg Law**”). On 15 June 2012, the *Commission de Surveillance du Secteur Financier* (the “**CSSF**”) approved the Base Prospectus as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “**Prospectus Directive**”) and Article 8.4 of the Luxembourg Law on prospectuses for securities dated 10 July 2005 (the “**Luxembourg Law**”). The CSSF approved the First Supplement on 6 July 2012 and the Second Supplement on 1 October 2012 as supplements to the Base Prospectus for the purposes of Article 16 of the Prospectus Directive and Article 13 of the Luxembourg Law.

This Third Supplement provides information about the key figures of Belfius Bank SA/NV and an update of the Belgian taxation of the Notes.

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

Unless the context otherwise requires, terms defined in the Base Prospectus shall have the same meaning when used in this Third Supplement.

The Third Supplement is available on the Luxembourg Stock Exchange's website: "www.bourse.lu".

In case of inconsistency between (a) statements in the current Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, as supplemented, the current Supplement will prevail.

*In accordance with Article 13 paragraph 2 of the Luxembourg Law, investors who have before the publication of this Third Supplement already agreed to purchase or subscribe Notes which are not yet settled at the date of such publication, have the right, exercisable within a time limit of 2 Business Days after the publication of this Third Supplement (the date of publication not included), meaning until 20 March 2013 to withdraw their acceptance.*

## 1. Key Figures 2012 of Belfius Bank SA/NV

The following is a press release of Belfius Bank dated March 14 on the results for the year ended on 31 December 2012.

**Net profit of EUR 415 million, substantial increase in total equity and almost EUR 10 billion invested in the Belgian local economy:**

**Belfius Bank & Insurance turns in a fine performance in 2012**

### Highlights :

In 2012, Belfius Bank & Insurance recorded a net income group share of EUR 415 million (compared with a loss of EUR 1.37 billion in 2011). This profit, which will be used to strength the company's capital base, was achieved through strict cost management and a number of significant capital gains that were allocated in part to the tactical derisking of the historical investment portfolio. Excluding one-off items, the underlying consolidated net profit was EUR 277 million.

As the result of its speedy and successful rebranding efforts, Belfius was able to regain its commercial strength in 2012. Between the end of 2011 and the end of 2012, there was a 10% increase (+EUR 3.1 billion) in savings deposits. Belfius was also able to fully take on its role as a locally based Belgian banking and insurance group that aims to deliver added value to the community. As a result, almost 10 billion EUR was invested in the local economy in 2012 by the granting of loans.

Between the end of 2011 and the end of 2012, Belfius Bank & Insurance increased its total equity substantially to EUR 5.3 billion (EUR 3.3 billion at 31 December 2011).

This improvement was attributable to

- the reservation of the net profit of EUR 415 million
- a reduction in latent losses of EUR 3.3 billion at the end of 2011 to EUR 1.6 billion at the end of 2012 (AFS reserves)

**In addition, loans granted to Dexia (cash exposure) were further dramatically reduced, from EUR 44 billion at the end of December 2011 to EUR 22 billion by the end of December 2012 and again to EUR 15.5 billion at the end of February 2013. Taken in conjunction with the first covered bond issue, this means that the liquidity ratio improved substantially and consequently now complies with all prudential norms. Liquidity management will continue to be extremely cautious.**

**All of this resulted in the risk profile of Belfius Bank & Insurance improving significantly. Its ratios also improved, as did its solvency position.**

**Retail & Commercial Banking: customer confidence being restored and commercial dynamic confirmed**

Last year Belfius granted EUR 3.1 billion of mortgage loans and EUR 415 million of consumer loans. This brought outstanding mortgage loans and consumer loans at the end of 2012 to 22.8 billion (+2.2% compared with the end of 2011).

Belfius also continued to provide funding for Belgian SMEs, self-employed individuals and the liberal professions (EUR 9.7 billion of outstanding business loans at the end of 2012, up 3% compared with the end of 2011). To help support access to credit for start-up businesses, Belfius signed a major guarantee agreement for EUR 450 million with the European Investment Fund and also supports the angel.me crowdfunding platform.

As a relationship bank seeking to play a practical and useful role in satisfying the evolving needs of its customers, in 2012 Belfius launched in particular the MasterCard Prepaid and a totally new version of its Direct Mobile app (more than 125,000 downloads in two months). Belfius also became the first Belgian bank to equip over 60% of its branches with a free WiFi Internet connection.

**Public & Wholesale Banking: good results in a challenging macroeconomic environment**

Activity for this business line was satisfactory in 2012, despite the difficult economic climate. Deposits increased further (EUR 19.9 billion at the end of 2012 compared with EUR 17.2 billion at the end of 2011).

Notwithstanding reduced demand, total outstanding loans to customers of this business line fell only slightly to EUR 43.6 billion.

In 2012, Belfius's mandate as cashier for the Walloon Region was renewed for the 2013-2017 period. Belfius also fulfils this function for the French-speaking Community, the Brussels Capital Region, the German-speaking Community and many other government institutions. In the area of project financing, last year Belfius participated in the consortium to finance the Northwind offshore windfarm in the North Sea, thereby confirming that it intends to continue playing an active role in the development of green energy in Belgium.

As a privileged partner of both the public and social sector, in 2012 Belfius also conducted numerous studies to provide local councils and hospitals with a frame of reference against which they are able to test their individual financial situations in the face of current challenges.

### **Insurance: healthy foundations**

As an essential component in the Belfius Bank & Insurance group's strategy, Belfius Insurance has succeeded in less than a year in improving its financial situation significantly while at the same time developing a revamped strategy. The foundations of Belfius Insurance are based along four main lines: the appropriate allocation of assets, watertight cost controls, a high level of customer satisfaction and a structural improving of the underlying results.

Belfius Insurance is the fifth-largest operator on the Belgian insurance market, with gross written premiums of EUR 1.8 billion in Life and EUR 0.5 billion in Non-Life in 2012.

### **Financial results: significant improvement in risk profile and ratios**

Over the past year, the risk profile of Belfius Bank & Insurance improved markedly through a significant reduction in the exposure to Dexia (EUR 15.5 billion at the end of February 2013 compared with EUR 44 billion at the end of December 2011), on the one hand, and the sale of EUR 4.1 billion of bonds from the investment portfolio, on the other. The total exposure to government debt in PIIGS countries is reduced by 25% and in particular, sovereign risk in relation to Greece has been reduced to nihil.

This accelerated tactical derisking was made possible by a one-off profit of EUR 769 million (pre-tax) and EUR 508 million (after tax) realised on the buyback of subordinated debts on Belfius Bank.

During the year, the bank strengthened its liquidity position considerably and Belfius Bank again complies with the prudentially imposed liquidity ratio.

Driven by good results and the tactical derisking of its balance sheet, the solvency of Belfius was strengthened further and its Core Tier 1 ratio (Basel II) rose from 11.8% to 13.3% between the end of 2011 and the end of 2012. However, there still remains a good deal of work to do before the Basel III requirements can be met.

The overall balance sheet total was also reduced significantly by EUR 20 billion (-9%) to EUR 213 billion at the end of 2012.

**J. Clijsters, chairman of the Management Board at Belfius Bank, said in conclusion:** *“Under difficult circumstances and as a result of regaining its commercial clout, as well as the tactical derisking and improvements to its solvency and liquidity ratios, the overall financial and commercial position of Belfius has made significant progress since the acquisition by the Belgian State. Last year, thanks to the efforts of many people, Belfius wrote a powerful story. Consequently, it is appropriate for us to say thank you to all our staff, who are going through a difficult period, as well as to our customers, who continue to place their trust in us. We are asking for Belfius to be assessed on the story it has to tell today, not the one from the past.”*

**A. Bouckaert, chairman of the Board of Directors of Belfius Bank & Insurance, added:** *“We took an important and major step forwards in 2012. We made a profit which, thanks to the government, can be used to strengthen our capital. 2013 needs us to confirm the progress we have made, as well as implement the Plan 2016 approved by Europe. This will mean further strengthening our capital in order to meet Basel III standards, as well as continued cautious management of our liquidity profile and efforts to reduce our overheads. For this reason, the Board of Directors unanimously approved the social plan on Tuesday 12th March 2012. It also formally gave the Management Board the task of implementing the overall savings plan in the interests of the bank and this with a preparedness to further dialog with the social partners. To enable us to meet all of our targets for 2016 and despite the difficult environmental factors we have to contend with, it is vital for us to be able to work calmly and independently – and with evenly balanced financial and commercial vision.”*

## 2. Belgian Taxation of the Notes

On page 100, the section Belgian Taxation on the Notes should be replaced by:

### **BELGIAN TAXATION ON THE NOTES**

Further to the Belgian Program Law of December 27, 2012 (BS 31/12/2012), the tax treatment of investment income attributed or payable as from January 1, 2013, was substantially modified. The below taxation section has been updated accordingly and does describe the new fiscal tax regime applicable as from 2013 in relation to interest income.

The following is a general description of the principal Belgian tax consequences for investors receiving interest in respect of or disposing of the Notes issued by BELFIUS BANK and the Notes issued by BELFIUS FUNDING and is of a general nature based on the Issuers' 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 Notes issued by BELFIUS BANK and/or BELFIUS FUNDING under the laws of their countries of citizenship, residence, ordinary residence or domicile.

#### **1 Notes issued by BELFIUS BANK**

##### **1.1 Belgian Withholding Tax**

SNA12.4.1.14

All payments by or on behalf of the Issuer of interest on the Notes are in principle subject to the 25 per cent. Belgian withholding tax on the gross amount of the interest.

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 Notes between two interest payment dates, the pro rata of accrued interest corresponding to the detention period.

However, payments of interest and principal under the Notes by or on behalf of the Issuer may be made without deduction of withholding tax in respect of the Notes if and as long as at the moment of payment or attribution of interest they are held by certain eligible investors (the "Eligible Investors", see hereinafter) in an exempt securities account (an "X Account") that has been opened with a financial institution that is a direct or indirect participant (a "Participant") in the X/N Clearing System operated by the National Bank of Belgium (the "NBB" and the "X/N System"). Euroclear and Clearstream, Luxembourg are directly or indirectly Participants for this purpose.

Holding the Notes through the X/N System enables Eligible Investors to receive the gross interest income on their Notes and to transfer the Notes on a gross basis.

Participants to the X/N system must enter the Notes 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 ("*arrêté royal du 26 mai 1994 relatif à la perception et à*

*la bonification du précompte mobilier*”/“*koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing*”) 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 code on income tax of 1992 (“*code des impôts sur les revenus 1992*”/“*wetboek van de inkomstenbelastingen 1992*”, the “Income Tax Code of 1992”);
- (iii) state regulated institutions (“*institutions parastatales*”/“*parastatalen*”) for social security, or institutions which are assimilated therewith, provided for in article 105, 2° of the royal decree implementing the Income Tax Code 1992 (“*arrêté royal d’exécution du code des impôts sur les revenus 1992*”/“*koninklijk besluit tot invoering van het wetboek inkomstenbelastingen 1992*”, the “Royal Decree implementing the Tax Code 1992”);
- (iv) non-resident investors provided for 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) tax payers provided for in article 227, 2° of the 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 a article 265 of the Income Tax Code 1992;
- (viii) investment funds governed by foreign law which are an indivisible estate managed by a management company for the account of the participants, provided the fund units are not offered publicly in Belgium or traded in Belgium; and
- (ix) Belgian resident corporations, not provided for under (i) above, when their activities exclusively or principally consist of the granting of credits and loans.

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

Participants to the X/N System must keep the Notes 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 and paid to the Belgian Treasury.

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

- A transfer from an N Account (to an X Account or N Account) gives rise to the payment by the transferor non-Eligible Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- A transfer (from an X Account or N Account) to an N Account gives rise to the refund by the NBB to the transferee non-Eligible Investor of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.

- Transfers of Notes 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 Notes, 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 on going declaration requirement to the X/N System as to the eligible status.

An Exempt Account may be opened with a Participant by an intermediary (an “Intermediary”) in respect of Notes that the Intermediary holds for the account of its clients (the “Beneficial Owners”), provided that each Beneficial Owner is 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 Notes 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 Notes held in Euroclear or Clearstream, Luxembourg as Participants to the X/N Clearing System, provided that Euroclear or Clearstream only hold X Accounts and that they are able to identify the holders for whom they hold Notes in such account.

In accordance with the X/N System, a Noteholder who is withdrawing Notes from an Exempt Account will, following the payment of interest on those Notes, be entitled to claim an indemnity from the Belgian tax authorities of an amount equal to the withholding on the interest payable on the Notes from the last preceding Interest Payment Date until the date of withdrawal of the Notes from the X/N System. As a condition of acceptance of the Notes into the X/N System, the Noteholders waive the right to claim such indemnity.

## **1.2 Belgian income tax and capital gains**

### **1.2.1 Belgian resident individuals**

Natural persons who are Belgian residents for tax purposes, i.e., who are subject to the Belgian personal income tax (“*personenbelasting*”/“*impôt des personnes physiques*”) and who hold the Notes as a private investment, are subject to a withholding tax of 25 per cent. on interest payments. The withholding tax constitutes the final taxation; the interest on the Notes does not have to be declared in their personal income tax return.

Capital gains realised on the sale of the Notes 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 section 1.1 entitled “Belgian Withholding Tax”). Capital losses are in principle not tax deductible.

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

### **1.2.2 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 Notes are taxable at the ordinary corporate income tax rate of in principle 33.99 per cent. Capital losses realised upon the sale of the Notes are in principle tax deductible.

### **1.2.3 Belgian legal entities**

Belgian legal entities subject to the Belgian legal entities tax (“*rechtspersonenbelasting*”/“*impôts des personnes morales*”) which do not qualify as Eligible Investors are subject to a withholding tax of 25 per cent. on interest payments. The withholding tax constitutes the final taxation.

Belgian legal entities which qualify as Eligible Investors (see section 1.1 entitled “Belgian Withholding Tax”) and which consequently have received gross interest income 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 Notes are in principle tax exempt, unless the capital gains qualify as interest (as defined in section 1.1 entitled “Belgian Withholding Tax”). Capital losses are in principle not tax deductible.

### **1.2.4 Organization for Financing Pensions**

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

### **1.2.5 Belgian non-residents**

Noteholders who are not residents of Belgium for Belgian tax purposes and who are not holding the Notes 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 Notes, provided that they qualify as Eligible Investors and that they hold their Notes in an X Account.

## **1.3 Tax on stock exchange transactions**

A tax on stock exchange transactions (“*taxe sur les opérations de bourse*”/“*beurstaks*”) will be levied on the purchase and sale in Belgium of the Notes on a secondary market through a professional intermediary. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is 0.09 per cent. with a maximum amount of Euro 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.

A tax on repurchase transactions (“*taxe sur les reports*”/“*repotaks*”) at the rate of 0.085 per cent. will be due from each party to any such transaction entered into or settled in Belgium in which a stockbroker acts for either party (with a maximum amount of Euro 650 per transaction and per party).

However none of the taxes referred to above 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 (“*Code des droits et taxes divers*”/“*wetboek diverse rechten en taksen*”) for the tax on stock exchange transactions and Article 139, second paragraph, of the same code for the tax on repurchase transactions.

## **1.4 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”). The Savings Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual or to certain other persons resident in another

Member State (hereinafter “Disclosure of Information Method”), except that Austria and Luxembourg may instead impose a withholding system (hereinafter “Source Tax”) for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld), unless during such period they elect otherwise. A number of third countries and territories have adopted similar measures to the Savings Directive.

#### **1.4.1 Individuals not resident in Belgium**

Interest paid or collected through Belgium on the Notes and falling under the scope of application of the Savings Directive will be subject to the Disclosure of Information Method.

#### **1.4.2 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 Euro 2.5.

## **2. Notes issued by BELFIUS FUNDING**

### **2.1 Withholding Tax and Income Tax**

SNA12.4.1.14

#### **2.1.1 Tax rules applicable to natural persons resident in Belgium**

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 Notes as a private investment, are in Belgium subject to the following tax treatment with respect to the Notes. Other tax rules apply to Belgian resident individuals who do not hold the Notes as a private investment.

In accordance with Belgian tax law, the following amounts are qualified and taxable as “interest”: (i) periodic interest income; (ii) amounts paid by the Issuer in excess of the issue price (whether or not on the maturity date); (iii) if the Notes qualify as “fixed income securities” (in the meaning of article 2, §1, 8° Belgian Income Tax Code), in case of a realisation of the Notes between two interest payment dates, the pro rata of accrued interest corresponding to the detention period. “Fixed income securities” are defined as bonds, specific debt certificates issued by banks (“*kasbon*”/“*bon de caisse*”) and other similar securities, including securities where income is capitalised or securities which do not generate a periodic payment of income but are issued with a discount corresponding to the capitalised interest up to the maturity date of the security.

Payments of interest on the Notes made through a paying agent in Belgium will in principle be subject to a 25 per cent. withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). Belgian natural persons do not have to declare the interest on the Notes in their personal income tax return, provided that such Belgian withholding of 25 per cent. has effectively been deducted.

If the interest is paid outside Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return and will be taxed at a flat rate of 25 per cent..

Capital gains realised on the sale of the Notes 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 above). Capital losses are in principle not tax deductible.

### **2.1.2 Belgian resident companies**

Corporations Noteholders who are Belgian residents for tax purposes, i.e. who are subject to Belgian corporate income tax ("*vennootschapsbelasting*" / "*impôt des sociétés*") are in Belgium subject to the following tax treatment with respect to the Notes.

Interest derived by Belgian corporate investors on the Notes and capital gains realised on the Notes will be subject to Belgian corporate income tax of 33.99 per cent. Capital losses are in principle deductible.

Interest payments on the Notes made through a paying agent in Belgium can under certain circumstances be exempt from withholding tax, provided a special certificate is delivered. The Belgian withholding tax that has been levied is creditable in accordance with the applicable legal provisions.

### **2.1.3 Belgian legal entities**

Legal entities Noteholders who are Belgian residents for tax purposes, i.e. who are subject to Belgian tax on legal entities ("*rechtspersonenbelasting*" / "*impôt des personnes morales*") are in Belgium subject to the following tax treatment with respect to the Notes.

Payments of interest (as defined in Section 2.1.1 above) on the Notes made through a paying agent in Belgium will in principle be subject to a 25 per cent. withholding tax in Belgium and no further tax on legal entities will be due on the interest.

However, if the interest is paid outside Belgium without the intervention of a Belgian paying agent and without the deduction of Belgian withholding tax, the legal entity itself is required to declare and pay the 25 per cent. withholding tax to the Belgian tax authorities.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gain qualifies as interest (as defined above). Capital losses are in principle not tax deductible.

### **2.1.4 Organization for Financing Pensions**

Belgian pension fund entities that have the form of an Organization for Financing Pensions ("OFP") are subject to Belgian corporate income tax ("*vennootschapsbelasting*" / "*impôt des sociétés*"). OFPs are in Belgium subject to the following tax treatment with respect to the Notes.

Interest derived by OFP Noteholders on the Notes and capital gains realised on the Notes will be exempt from Belgian corporate income tax.

The Belgian withholding tax that has been levied is creditable in accordance with the applicable legal provisions.

### **2.1.5 Belgian non-residents**

The interest income on the Notes paid through a professional intermediary in Belgium will, in principle, be subject to a 25 per cent. withholding tax, unless the Noteholder is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit.

If the income is not collected through a financial institution or other intermediary established in Belgium, no Belgian withholding tax is due.

Non-resident investors can also obtain an exemption of Belgian withholding tax on interest from the Notes if they are the owners or “usufructors” of the Notes and they deliver an affidavit confirming that they have not allocated the Notes to business activities in Belgium and that they are non-residents, provided that (i) the interest is paid through a Belgian credit institution, stock market company or clearing or settlement institution and that (ii) the Notes are not used by the Issuer for carrying on a business in Belgium.

The non-residents who use the Notes to exercise a professional activity in Belgium through a permanent establishment are subject to the same tax rules as the Belgian resident companies (see 2.1.2 above). Non-resident Noteholders who do not allocate the Notes to a professional activity in Belgium are not subject to Belgian income tax, save, as the case may be, in the form of withholding tax.

## **2.2 Tax on stock exchange transactions**

A tax on stock exchange transactions (“*taxe sur les opérations de bourse*”/“*beurstaks*”) will be levied on the purchase and sale in Belgium of the Notes on a secondary market through a professional intermediary. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is 0.09 per cent. with a maximum amount of Euro 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.

A tax on repurchase transactions (“*taxe sur les reports*”/“*repotaks*”) at the rate of 0.085 per cent. will be due from each party to any such transaction entered into or settled in Belgium in which a stockbroker acts for either party (with a maximum amount of Euro 650 per transaction and per party).

However, none of the taxes referred to above 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 (“*code des droits et taxes divers*”/“*wetboek diverse rechten en taksen*”) for the tax on stock exchange transactions and Article 139, second paragraph, of the same code for the tax on repurchase transactions.

## **2.3 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”). The Savings Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual or to certain other persons resident in another Member State (hereinafter “Disclosure of Information Method”), except that Austria and Luxembourg may instead impose a withholding system (hereinafter “Source Tax”) for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld), unless during such period they elect otherwise. A number of third countries and territories have adopted similar measures to the Savings Directive.

### **2.3.1 Individuals not resident in Belgium**

Interest paid or collected through Belgium on the Notes and falling under the scope of application of the Savings Directive will be subject to the Disclosure of Information Method.

### **2.3.2 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 Euro 2.5.