



## **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**

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

Under the Euro Medium Term Note Programme (the "Programme") described in this Base Prospectus (the "Prospectus"), guaranteed (in the case of Notes issued by Belfius Funding N.V.) by Belfius Bank SA/NV, (the "Guarantor" or "BELFIUS BANK"), BELFIUS BANK and Belfius Funding N.V. ("BELFIUS FUNDING"), together with BELFIUS BANK the "Issuers" and each, individually, an "Issuer"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes that rank as senior obligations of the Issuers (the "Senior Notes") and Euro Medium Term Notes that rank as subordinated obligations of the Issuers (the "Dated Subordinated Notes" and together with the Senior Notes, the "Notes"). Senior Notes issued by BELFIUS FUNDING shall be guaranteed unconditionally and irrevocably on a senior basis by BELFIUS BANK pursuant to a senior guarantee (the "Senior Guarantee"). Dated Subordinated Notes Issued by BELFIUS FUNDING shall be guaranteed unconditionally and irrevocably on a subordinated basis, by BELFIUS BANK pursuant to a subordinated guarantee (the "Subordinated Guarantee" and, together with the Senior Guarantee the "Guarantees"), all dated 15 June 2012. The aggregate principal amount of Notes outstanding will not at any time exceed Euro 10,000,000,000 (or the equivalent in other currencies).

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "CSSF") in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities, for the approval of this Prospectus as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC as amended by the Directive 2010/73/EC (the "Prospectus Directive"). The CSSF assumes no responsibility as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer in line with the provisions of article 7(7) of the Luxembourg law on prospectuses for securities (the "Luxembourg Law on Prospectuses"). Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme for the period of 12 months from the date of publication of this Prospectus to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange (the "Market"). References in this Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been listed and admitted to trading on the Market. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. No certainty can be given that the application will be granted. Furthermore, admission of the Notes to the official list and trading on its regulated market is not an indication of the merits of the Issuer, the Guarantor or the Notes. However, unlisted Notes may be issued pursuant to the Programme. The relevant Final Terms (as defined below) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Market (or any other stock exchange).

Each Series (as defined on page 6) of Notes of BELFIUS FUNDING in bearer form will be represented on issue by a temporary global note in bearer form (each a "temporary Global Note") or a permanent global note in bearer form (each a "permanent Global Note" and, together with a temporary Global Note, the "Global Notes"). Global Notes which are issued in new global note ("NGN") form will be delivered on or prior to the original issue date of the relevant Tranche (as defined on page 7) to a common safekeeper (the "Common Safekeeper") for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking SA ("Clearstream, Luxembourg"). Global Notes which are not issued in NGN form ("Classic Global Notes" or "CGNs") and Certificates (as defined below), in the case of Notes listed on the Luxembourg Stock Exchange, will be deposited on the issue date of the relevant Tranche with a common depository on behalf of Euroclear and Clearstream, Luxembourg (the "Common Depository"). The provisions governing the exchange of interests in Global Notes for other Global Notes and/or Definitive Notes are described in "Summary of Provisions Relating to the Notes while in Global Form". Notes in registered form issued by BELFIUS FUNDING will be represented by registered certificates (each a "Certificate"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Registered Notes issued in global form will be represented by registered global certificates ("Global Certificates"). If a Global Certificate is held under the New Safekeeping Structure (the "NSS") the Global Certificate will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. Notes issued by BELFIUS BANK will be in dematerialised form in accordance with Articles 468 et seq. of the Belgian Companies Code. Notes issued in dematerialised form by BELFIUS BANK will be represented by a book-entry in the records of the clearing system operated by the National Bank of Belgium (the "NBB") or any successor thereto (the "NBB System"). Notes in dematerialised form issued by BELFIUS BANK within the NBB System may be eligible as ECB collateral. The Programme has been rated A- in respect of Senior Notes with a maturity of one year or more and BB+ in respect of Dated Subordinated Notes with a maturity of one year or more by Standard & Poor's Credit Market Ratings Services France SAS ("Standard & Poor's") and, Baa1 in respect of Senior Notes with a maturity of one year or more and Baa2 in respect of Dated Subordinated Notes with a maturity of one year or more by Moody's France SAS ("Moody's"). Each of Moody's and Standard & Poor's is established in the European Union and is included in the updated list of credit rating agencies registered in accordance with Regulation (EC) No.1060/2009 on credit rating agencies, as amended by Regulation (EU) No 513/2011 (the "CRA Regulation") published on the European Securities and Markets Authority ("ESMA")'s website (<http://www.esma.europa.eu>). Tranches of Notes (as defined in "Overview of the Programme") to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the ratings assigned to the Programme. Whether or not a rating in relation to any Tranche of Notes 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 relevant 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.

*This Prospectus comprises two base prospectuses for the purposes of the Prospectus Directive.*

This Prospectus shall be valid for a period of one year from its date of approval.

The issue price and amount of the relevant Notes will be determined at the time of the offering of each Tranche based on the then prevailing market conditions.

**Prospective investors should have regard to the factors described under the section headed "Risk Factors" in the Prospectus. This Prospectus does not describe all of the risks of an investment in the Notes.**

**Arranger  
UBS Investment Bank  
Dealers**

**BofA Merrill Lynch  
Banco Bilbao Vizcaya Argentaria, S.A.  
BNP PARIBAS  
Crédit Agricole CIB  
Deutsche Bank  
HSBC  
Natixis  
The Royal Bank of Scotland**

**Barclays  
Belfius Bank  
Citigroup  
Credit Suisse  
DZ BANK AG  
J.P. Morgan  
Société Générale Corporate & Investment Banking  
UBS Investment Bank**

**15 June 2012**

## Responsibility Statement

BELFIUS FUNDING and BELFIUS BANK (the “Responsible Persons”) accept responsibility for the information contained in this Prospectus. To the best of the knowledge of BELFIUS FUNDING and BELFIUS BANK (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

RDA9.1.1

RDA9.1.2

SNA12.1.1

SNA12.1.2

SNA13.1.1

## General

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RDA11.1.1

RDA11.1.2

This Prospectus has been prepared on the basis that any offer of Notes 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 Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus as completed by final terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for BELFIUS FUNDING, BELFIUS BANK 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 BELFIUS FUNDING, BELFIUS BANK nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for BELFIUS FUNDING, BELFIUS BANK 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, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

This 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 Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by BELFIUS FUNDING, BELFIUS BANK or any of the Dealers or the Arranger (as defined in “Overview of the Programme”). Neither the delivery of this 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 BELFIUS FUNDING or BELFIUS BANK since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented, or that there has been no adverse change in the financial position of the Issuers since the date hereof or the date upon which this 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 Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive (2003/71/EC), the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by BELFIUS FUNDING, BELFIUS BANK, the Dealers and the Arranger to inform themselves about and to observe any such

restriction. The Notes and the Guarantees have not been and will not be registered under the United States Securities Act of 1933 (the “Securities Act”) and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see “Subscription and Sale”.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of BELFIUS FUNDING, BELFIUS BANK, the Dealers or the Arranger to subscribe for, or purchase, any Notes.

To the fullest extent permitted by law, none of the Dealers or the Arranger accept any responsibility for the contents of this Prospectus or for any other statement made or purported to be made by the Arranger or a Dealer or on its behalf in connection with BELFIUS FUNDING and/or BELFIUS BANK or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaim 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 Prospectus or any such statement. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of BELFIUS FUNDING, BELFIUS BANK, the Arranger or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of BELFIUS FUNDING or BELFIUS BANK during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with the issue of any Tranche (as defined in the section “Overview of the Programme – Method of Issue”) of Notes, 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 Notes or effect transactions with a view to supporting the market price of the Notes 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 days after the issue date of the relevant Tranche and 60 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.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to “U.S.\$” are to the lawful currency of the United States, to “euro”, “EUR” and “€” are to the currency introduced on 1 January 1999 pursuant to the Treaty establishing the European Community as amended by the Treaty on European Union and as amended from time to time and to “£” are to Sterling, the lawful currency of the United Kingdom.

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## 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.*

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by the remainder of, this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined or used in “Terms and Conditions of the Notes” shall have the same meaning in this overview.*

**Issuers** Belfius Funding N.V.  
Belfius Bank SA/NV

**Guarantor of Notes issued by BELFIUS FUNDING** Belfius Bank SA/NV

RD A6.1

### **Information relating to the Issuers**

Belfius Funding N.V. (“BELFIUS FUNDING”) a public limited liability company (“*naamloze vennootschap*”), was incorporated under the laws of the Netherlands on 7 July 1987. Its registered office is at Herikerbergweg 238 “Luna Arena”, 1101 CM Amsterdam Zuidoost, the Netherlands, P.O. Box 23393, 1100 DW Amsterdam Zuidoost, The Netherlands.

BELFIUS FUNDING is registered in the Commercial Register of the Chambers of Commerce in Amsterdam, the Netherlands under file number 33194789.

Belfius Bank SA/NV (“BELFIUS BANK”) is a limited liability company of unlimited duration incorporated under Belgian law 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.

BELFIUS BANK has agreed unconditionally and irrevocably to guarantee on a senior basis or a subordinated basis, as the case may be, the obligations of BELFIUS FUNDING under the Programme by way of deed poll to the holder of each Note, Receipt and Coupon relating thereto that, if for any reason BELFIUS FUNDING does not pay any sum expressed to be payable by it under or in respect of each such Note, Receipt or Coupon (including any additional amounts which may become payable under Condition 5) by the time, in the currency and on the date specified in the Terms and Conditions (whether on the normal due date, on acceleration or otherwise), BELFIUS BANK shall pay that sum as if BELFIUS BANK instead of BELFIUS FUNDING were expressed to be the primary obligor in respect of each such Note, Receipt or Coupon to the intent that each holder shall receive the same sum, in the same currency and at the same time as would have been receivable and applicable had such payment been made by BELFIUS FUNDING in accordance with the provisions of the Terms and Conditions (the “Guarantees”).

RD A6.1  
RD A6.2

## Information relating to the Programme

<b>Size</b>	Euro 10,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time.	SNA13.4.1
<b>Arranger</b>	UBS Limited	
<b>Dealers</b>	Banco Bilbao Vizcaya Argentaria, S.A. Barclays Bank PLC Belfius Bank SA/NV BNP Paribas Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank Crédit Suisse Securities (Europe) Limited Deutsche Bank AG, London Branch DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main HSBC Bank plc J.P. Morgan Securities Ltd. Merrill Lynch International NATIXIS Société Générale The Royal Bank of Scotland plc UBS Limited	
	Each of the Issuers 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.	
<b>Fiscal Agent</b>	For Notes issued by BELFIUS FUNDING: Banque Internationale à Luxembourg SA, unless otherwise specified in the Final Terms. For Notes issued by BELFIUS BANK: BELFIUS BANK, unless otherwise specified in the Final Terms.	
<b>Principal Paying Agent</b>	For Notes issued by BELFIUS FUNDING: Banque Internationale à Luxembourg SA, unless otherwise specified in the Final Terms. For Notes issued by BELFIUS BANK: BELFIUS BANK, unless otherwise specified in the Final Terms.	
<b>Paying Agent</b>	BELFIUS BANK, unless otherwise specified in the Final Terms.	
<b>Listing Agent</b>	Banque Internationale à Luxembourg SA, unless otherwise specified in the Final Terms.	
<b>Registrar</b>	Banque Internationale à Luxembourg SA, unless otherwise specified in the Final Terms.	
<b>Method of Issue</b>	Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest),	SNA13.4.8

the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each, a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the Final Terms.

**Issue Price**

Notes may be issued at their principal amount or at a discount or premium to their principal amount. Partly paid Notes may be issued, the issue price of which will be payable in two or more instalments.

**Form of Notes**

Notes issued by BELFIUS FUNDING may be issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”) only. Notes issued by BELFIUS BANK will be issued in dematerialised form (“Dematerialised Notes”) in accordance with Article 468 et seq. of the Belgian Companies Code via a book-entry system maintained in the records of the National Bank of Belgium as operator of the NBB System. Each Tranche of Bearer Notes issued by BELFIUS FUNDING will be represented on issue by a temporary Global Note if (i) Definitive Notes are to be made available to Noteholders following the expiry of 60 days after their issue date (in the case of a temporary Global Note issued in compliance with the C Rules) and following the expiry of 40 days after their issue date (in the case of a temporary Global Note issued in all other cases) or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “Overview of the Programme - Selling Restrictions”), otherwise such Tranche will be represented by a permanent Global Note. In addition, Bearer Notes issued by BELFIUS FUNDING that are Zero Coupon Notes and which are to be made available as Definitive Notes may be subject to certain formalities on transfer under the laws of the Netherlands. Registered Notes issued by BELFIUS FUNDING will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “Global Certificates”.

SNA12.4.1.1  
SNA12.4.1.4  
SNA13.4.4

**Clearing Systems**

Clearstream, Luxembourg, Euroclear, the NBB System (in respect of BELFIUS BANK Notes only) (or any other entity entitled by law to replace any such clearing system) and, such other clearing system as may be agreed between the Issuers, the Fiscal Agent and the relevant Dealer.

**Initial Delivery of Notes**

On or before the issue date for each Tranche of Senior Notes, if the relevant Global Note is a NGN or the relevant Global

SNA12.4.1.12

Certificate is to be held under the NSS, the Global Note or Global Certificate will be delivered to the Common Safekeeper for Euroclear and Clearstream, Luxembourg.

Dematerialised Notes issued by BELFIUS BANK will be credited to the accounts held with the NBB System by Euroclear, Clearstream, Luxembourg, other NBB System participants and their participants. For the avoidance of doubt, Notes in dematerialised form issued by BELFIUS BANK within the NBB System may be eligible as ECB collateral.

On or before the issue date for each Tranche, if the relevant Global Note is a CGN or the relevant Global Certificate is not to be held under the NSS, the Global Note representing Bearer Notes or the Certificate representing Registered Notes may (or, in the case of Notes listed on the Luxembourg Stock Exchange, shall) be deposited with the Common Depositary.

Global Notes or Certificates relating to Notes that are not listed on the Luxembourg Stock Exchange may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuers, the Fiscal Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

**Currencies**

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the relevant Issuer, the Guarantor (in the case of Notes issued by BELFIUS FUNDING) and the relevant Dealers.

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SNA12.4.1.5

**Maturities**

Subject to compliance with all relevant laws, regulations and directives, any maturity from one month from the date of original issue. In the case of Extendible Notes (as defined below), the Noteholder's option may provide that the Maturity Date in respect of the Notes will be automatically extended unless a Noteholder exercises its Non-Extension Option in respect of any Note held by such Noteholder within the relevant Exercise Period.

Under the Luxembourg Law on Prospectuses for Securities which implements the Prospectus Directive, prospectuses relating to money market instruments having a maturity on issue of less than 12 months and complying also with the definition of securities are not subject to the approval provisions of Part II of such law.

**Denomination**

Definitive Notes ("Definitive Notes") will be in such denominations as may be specified in the relevant Final Terms, save that (i) in the case of any Notes 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 shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes) and (ii) unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) issued by BELFIUS FUNDING which have a maturity of less than one year from the date of issue and in respect of which the issue proceeds are to be accepted by BELFIUS FUNDING in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 (“FSMA 2000”) will have a minimum denomination of £100,000 (or its equivalent in other currencies).

**Fixed Interest Rate Notes**

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

**Floating Rate Notes**

Floating Rate Notes will bear interest 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 below), 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 relevant Final Terms) as adjusted for any applicable margin; or
- (iii) on such other basis as may be agreed between the relevant Issuer and the relevant Dealer.

Interest Periods will be specified in the relevant Final Terms.

**Zero Coupon Notes**

Zero Coupon Notes may be issued at their principal amount or at a discount to it and will not bear interest. Zero Coupon Notes that are also Bearer Notes issued by BELFIUS FUNDING and which are to be available as Definitive Notes may be subject to certain formalities on transfer under the laws of the Netherlands.

**Index Linked Notes and other variable-linked interest Notes**

The Final Terms issued in respect of each issue of Index Linked Notes and other variable-linked interest Notes will specify the basis for calculating the amounts of interest payable, which may be by reference to an index or formula or as otherwise provided in the relevant Final Terms.

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SNA12.4.1.13

**Interest Periods and Rates of Interest**

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

**Index Linked Final Redemption**

The Final Terms issued in respect of each issue of Notes in

<b>Amount Notes or other variable-linked Final Redemption Amount Notes</b>	respect of which the Final Redemption Amount is Index Linked or other variable-linked will specify the basis for calculating the redemption amounts payable, which may be by reference to an index or formula or as otherwise provided in the relevant Final Terms.	
<b>Redemption by Instalments</b>	The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.	
<b>Other Notes</b>	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, dual currency Notes, reverse dual currency Notes, optional dual currency Notes, Partly Paid Notes and any other type of Note that the relevant Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms and the prospectus supplement.	
<b>Optional Redemption</b>	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the relevant Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.	
<b>Status of Notes</b>	<p>Senior Notes: The Senior Notes will be direct, unconditional and unsecured obligations of the relevant Issuer and rank at all times <i>pari passu</i>, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the relevant Issuer, present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors' rights.</p> <p>Dated Subordinated Notes: The Dated Subordinated Notes will be direct, unsecured and subordinated obligations of the relevant Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the relevant Issuer under the Dated Subordinated Notes and the Receipts and Coupons relating to them shall at all times rank equally with all other Subordinated Obligations. Dated Subordinated Notes may be accelerated only in the case of certain insolvency or bankruptcy events occurring with respect to the relevant Issuer.</p>	SNA12.4.1.6
<b>Status of the Guarantees</b>	<p>Senior Guarantee: The obligations of the Guarantor under the Senior Guarantee in respect of Senior Notes issued by BELFIUS FUNDING will be direct, unsecured, unconditional and unsubordinated obligations of the Guarantor ranking <i>pari passu</i> and without any preference among themselves and equally with all other unsecured and unsubordinated obligations of the Guarantor from time to time outstanding.</p> <p>Subordinated Guarantee: The obligations of the Guarantor under the Subordinated Guarantee will be direct, unsecured,</p>	<p>RDAG.1</p> <p>RDAG.1</p>

unconditional (unless otherwise provided for in the relevant Final Terms) and subordinated obligations of the Guarantor ranking *pari passu* and without any preference among themselves and at least equally and rateably with all other present and future unsecured, unconditional or conditional and subordinated obligations of the Guarantor from time to time outstanding.

**Cross Default**

None.

**Negative Pledge**

None.

**Ratings**

Notes issued under the Programme have been rated as follows:

SNA13.7.5

Standard & Poor's Credit Market Services France SAS ("Standard & Poor's") has assigned the following ratings to Notes to be issued under the Programme: A- for Senior Notes with a maturity of one year or more and BB+ for Dated Subordinated Notes with a maturity of one year or more. Moody's France SAS ("Moody's") has assigned the following ratings to Notes to be issued under the Programme: Baa1 for Senior Notes with a maturity of one year or more and Baa2 for Dated Subordinated Notes with a maturity of one year or more. Each of Moody's and Standard & Poor's is established in the European Union and is included in the updated list of credit rating agencies registered in accordance with the CRA Regulation published on the European Securities and Markets Authority's ("ESMA's") website (<http://www.esma.europa.eu/>). Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Final Terms. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the ratings assigned to Notes already issued under the Programme. Whether or not a rating in relation to any Tranche of Notes 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 relevant 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.

**Early Redemption**

Except as provided in "Optional Redemption" above, Notes will be redeemable at the option of the relevant Issuer prior to maturity only for tax reasons. See "Terms and Conditions of the Notes - Taxation".

**Withholding Tax**

All payments of principal and interest in respect of the Notes and the Guarantees will be made free and clear of withholding taxes of the Netherlands or Belgium, as the case may be, unless the withholding is required by law. In such event, the Issuers (and, as the case may be, the Guarantor) shall, subject to certain exceptions (including the ICMA Standard EU Tax Exception), pay such additional amounts as shall result in receipt by the Noteholder of such amounts as would have been received by it

<b>Governing Law</b>	<p>had no such withholding been required, all as described in “Terms and Conditions of the Notes - Taxation”, “EU Directive on the Taxation of Savings Income”, “Dutch Taxation on the Notes” and “Belgian Taxation on the Notes”.</p> <p>English law save that, in relation to Dated Subordinated Notes issued by BELFIUS FUNDING, Condition 6 shall be governed by, and construed in accordance with, the laws of the Netherlands and, in relation to Dated Subordinated Notes issued by BELFIUS BANK, Condition 6 shall be governed by, and construed in accordance with, the laws of Belgium. In the case of Notes issued by BELFIUS BANK, any matter relating to title to, and the dematerialised form of, such Notes, and any non-contractual obligations arising out of or in connection with title to, and any matter relating to the dematerialised form of, such Notes, will be governed by, and construed in accordance with, Belgian law.</p>	<p>SNA12.4.1.14</p> <p>SNA13.4.3 SNA12.4.1.3</p>
<b>Listing and Admission to Trading</b>	<p>Application will be made, where specified in the relevant Final Terms, for a Series of Notes to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange or such other stock exchange as shall be specified in the relevant Final Terms or the Series of Notes may remain unlisted.</p>	<p>SNA13.4.3 SNA12.6.1</p>
<b>Selling Restrictions</b>	<p>United States, European Economic Area, United Kingdom, Belgium, the Netherlands and Japan. See “Subscription and Sale”.</p> <p>Each of BELFIUS FUNDING and BELFIUS BANK is Category 2 for the purposes of Regulation S under the Securities Act.</p> <p>The Notes of BELFIUS FUNDING will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “D Rules”) unless (i) the relevant Final Terms state that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “C Rules”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.</p> <p>The Notes of BELFIUS BANK will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “C Rules”) unless the Notes are issued other than in compliance with the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under TEFRA, which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.</p> <p>Please see “Risk Factors” below for further details.</p>	

**Use of Proceeds**

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

## RISK FACTORS

*The Issuers believe that the following factors may affect their ability to fulfil their respective obligations under the Notes. All of these factors are contingencies which may or may not occur and neither of the Issuers is in a position to express a view on the likelihood of all or any of such contingencies occurring.*

*Factors which the Issuers believe may be material for the purpose of assessing the market risks associated with the Notes issued under the Programme are also described below.*

*The Issuers believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the relevant Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuers do not represent that the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this 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 BELFIUS BANK's ability to fulfil its obligations under the Notes.**

Like other banks, BELFIUS BANK faces financial risk in the conduct of its business, such as credit risk, operational risk and market risk (including liquidity risk).

### **Risks related to the business of banks in general, including BELFIUS BANK**

#### **1. Credit risk**

General credit risks are inherent in a wide range of BELFIUS BANK'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. BELFIUS BANK 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 BELFIUS BANK, the issuers of securities which BELFIUS BANK holds, customers, clearing agents and clearing houses, exchanges, guarantors, (re-)insurers and other financial intermediaries owing BELFIUS BANK money, securities or other assets do not pay 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 BELFIUS BANK.

Being a universal commercial credit institution, BELFIUS BANK is financing the (local) public and social sector, the historical and still predominant segment 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 BELFIUS BANK is responsible for, *inter alia*, setting and managing the risk surveillance function and decision processes and implementing risk assessment methods for each of the bank's activities and operational entities.

Credit risk measurements rely principally on internal rating systems put in place by BELFIUS BANK under Basel II. The risk approach of BELFIUS BANK is based on the bank's 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 BELFIUS BANK. In order to take more recent events into consideration, specific limits may be frozen at any time by the risk management department.

Historically, the credit risk management teams of BELFIUS BANK were well integrated within the teams at Dexia SA/NV, its former shareholder. Expected service levels between entities were governed by a set of service level agreements. As a result of the acquisition of BELFIUS BANK by the Belgian federal state through the Federal Holding and Investment Company (*Société Fédérale de Participation et d'Investissements/ Federale Participatie- en Investeringsmaatschappij*, the “FHIC”), BELFIUS BANK took the necessary measures in order to ensure proper risk governance and to guarantee independence from the Dexia group. During the transition period, service level agreements for the mutual services provided by the former entities of the Dexia group remain in place if no other equivalent alternative is achievable on short notice.

Globally, the loan portfolio is generally perceived as being of good quality. Despite the general deterioration of the economic climate, cost of risk was controlled overall, leaving aside events in Greece and at Holding Communal SA/NV which are further detailed below. Throughout the year 2011, the loan portfolios of the retail and commercial banking (“RCB”) business line remained generally speaking in line with expectations relating to growth and quality of the portfolio. Overall quality remained good despite the growing concerns as to the macroeconomic environment as from early 2011. Although it could be expected that 2012 will reveal even more challenging macroeconomic conditions, BELFIUS BANK is confident that the retail loan portfolio will remain sound and should not cause important volatility at the level of the cost of risk. The objectives of maintaining franchises in 2012 on RCB clients, or even of growing in certain market niches (for example liberal professions and small enterprises), coupled with an uncertain economic context, will require constant surveillance and sustained risk management over the year.

Similar conclusions can be made for the public and wholesale banking (“PWB”) business line loan portfolio, bearing in mind, however, the lower degree of granularity as compared to the retail loan portfolio. BELFIUS BANK succeeded in maintaining its loan portfolio both quantitatively and qualitatively over 2011.

The bond portion of the investment portfolio of BELFIUS BANK is formed of the former legacy portfolio and the bank asset liability management (“ALM”) portfolio and amounted to EUR 25.0 billion as at the end of December 2011. The bond part of the investment portfolio of Belfius Insurance SA/NV totaled EUR 16.2 billion as at the end of 2011. The major part of the impairments booked on this portfolio in 2011 are linked to Greece. As a result of the aggravation of the sovereign debt crisis and particularly the worrying situation of Greece, BELFIUS BANK booked in 2011 a total impairment of EUR 1.65 billion after taxes on its Greek exposure, representing a haircut of about 72 per cent. on the nominal exposure of BELFIUS BANK as at 31 December 2011.

Credit risk with regard to the Dexia group – Since the acquisition of BELFIUS BANK by the Belgian federal state through the FHIC on 20 October 2011, the Dexia group has become an external counterparty for BELFIUS BANK. Under the terms of the sale and purchase agreement, the refinancing agreements in place between BELFIUS BANK and the other entities within the Dexia group were to be maintained but gradually reduced, with priority being given to the redemption of

unsecured funding. Accordingly, BELFIUS BANK has signed a contract with the Dexia group entities to reduce its unsecured funding to the Dexia group. That contract commits the Dexia group entities to refund all its unsecured borrowings from BELFIUS BANK by not later than 31 December 2012, subject to final approval by the European Commission of the state guarantee for the loans granted to Dexia SA/NV and Dexia Crédit Local SA/NV. The contract also stipulates that, insofar as is possible, the Dexia group entities will reimburse those loans by 30 June 2012. At 31 December 2011, the funding granted by BELFIUS BANK to the Dexia group amounted to EUR 44 billion, a fall of EUR 12 billion from the position at 30 September 2011. The unsecured funding was reduced over the same period from EUR 13 billion to EUR 10 billion at 31 December 2011. At the beginning of 2012 the efforts to reduce those loans continued, in particular with regard to the unsecured cash exposure which was reduced to zero by the end of March 2012.

The difficulties encountered by the Dexia group, the announcement of the new structural measures and the substantial fall in the value of the Dexia share immediately following that announcement have resulted in the demise of two reference shareholders of Dexia SA/NV. As a result, the shareholders of the Holding Communal SA/NV, i.e. the Belgian provinces and communes, voted on 7 December 2011 to put the company into voluntary liquidation. The following day, on 8 December 2011, the shareholders of the co-operative companies Arcopar SCRL/CVBA, Arcoplus SCRL/CVBA, Arcosyn SA/NV and Arcofin SCRL/CVBA, which are all part of the ARCO group, followed suit. As the preferred banker of the Belgian local authorities, BELFIUS BANK is a major creditor of the Holding Communal SA/NV. The voluntary liquidation of the company resulted in the booking of an adequate impairment in BELFIUS BANK's financial statements. As a creditor of the ARCO group, BELFIUS BANK has also entered a claim against the company in liquidation. Based on information currently available and taking account of the guarantees in favour of BELFIUS BANK, it has not constituted any provision to cover any loss in the value of its claims on the ARCO group.

In a macroeconomic environment that remains extremely challenging, the main objectives of the BELFIUS BANK risk management department for 2012 are clearly outlined: continue to control the cost of risk and establish a totally autonomous department within BELFIUS BANK.

## **2. Market risk**

The businesses and earnings of BELFIUS BANK 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 BELFIUS BANK's activities. Due to the nature of its activity, BELFIUS BANK 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.

## **3. Operational risk**

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

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



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

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

Although BELFIUS BANK has implemented risk controls and loss mitigation actions, and has resources devoted to developing efficient procedures and staff awareness, 100 per cent. coverage of operational risks can never be attained, due to the very nature of these risks.

#### **4. Liquidity risk**

The objective of liquidity risk management is to ensure that, at all times, BELFIUS BANK holds sufficient funds to meet its contracted and contingent commitments to customers and counterparties, at an economic price. The main issues regarding liquidity risk are managed by the asset and liability risk management teams under the supervision of BELFIUS BANK’s Management Board. They carefully manage the resources of BELFIUS BANK and their use, in particular the adequacy of expected new lending production with the available resources and BELFIUS BANK’s liquidity needs.

An emergency plan has also been developed, making the structure of governance more reactive in the case of liquidity stress necessitating rapid decision-taking.

At BELFIUS BANK, liquidity risk is principally influenced by:

- the amount of commercial funding gathered from retail and private clients, small, medium and large enterprises, public sector and assimilated clients;
- the volatility of the cash and securities collateral with counterparties within the framework of derivatives and repo transactions;
- the value of its liquidity reserves by virtue of which it can collect funding on the repo market or from the European Central Bank (the “ECB”);
- the capacity to obtain inter-bank funding; and
- the capacity of the Dexia group entities to repay the funding obtained from BELFIUS BANK.

BELFIUS BANK sends the National Bank of Belgium (the “NBB”) the indicator of internal liquidity (a forecast ratio between the net liquidity requirement and liquidity reserves available over a period of one day to four weeks, and in a basic stress scenario) on a daily basis. Each month it also calculates and sends the required prudential liquidity ratio. Since September 2011, BELFIUS BANK has no longer observed the minimum prudential liquidity ratio imposed in the NBB stress test, principally as a consequence of, on the one hand, the sharp increase of the unsecured funding need of the Dexia group entities (without BELFIUS BANK) and, on the other hand, as a result of the climate of falling interest rates which demands an increased amount of cash collateral to be posted in relation to historic derivative contracts. The increase of the Dexia group’s unsecured funding from September 2011 as a result of the crisis results from the fact that BELFIUS BANK acted as a competence centre in relation

to liquidity for the Dexia group. BELFIUS BANK obtained from the NBB a temporary exemption for this non-observation, whilst presenting a management plan. The NBB granted a provisional exemption for liquidity ratios, observing certain conditions. Accordingly, BELFIUS BANK will prioritise liquidity risk management within the organisation, set up a robust liquidity plan with centralised liquidity management, reduce activities that strongly impact the liquidity need should the action plan take longer than expected to execute, estimate in advance the impact of the transactions with the Dexia group on the liquidity need and keep the NBB regularly informed of the situation and of any changes to the bank's liquidity need, as well as of the implementation of its action plan.

## **5. Competition**

BELFIUS BANK 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 BELFIUS BANK believes it is positioned to compete effectively with these competitors, there can be no assurance that increased competition will not adversely affect BELFIUS BANK's pricing policy and lead to losing market 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.

## **6. Regulatory risk**

As is the case for all credit institutions, BELFIUS BANK's business activities are subject to substantial regulation and regulatory oversight in the jurisdictions in which it operates, mainly in Belgium. Current, together with future regulatory developments, including changes to accounting standards and the amount of regulatory capital required to support the risk, could have an adverse effect on BELFIUS BANK conducting business and on the results of its operations. BELFIUS BANK'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 in such policies are not predictable and are beyond BELFIUS BANK's control.

## **7. Risks linked to derivative transactions**

BELFIUS BANK often acts as a party to derivative transactions, including credit derivatives. Individually negotiated and non-standardised derivative instruments can make it difficult to transfer or settle the position. Many credit derivatives require delivery to the counterparty of the underlying security, loan or other obligation in order to receive payment. However, BELFIUS BANK may not hold, and may not be able to obtain, the underlying security, loan or other obligation. This may lead to BELFIUS BANK forfeiting the payments due under these contracts or result in settlement delays with the attendant credit and operational risk, as well as increased costs.

Counterparties do not always confirm derivative contracts and other transactions entered into with third parties on a timely basis. BELFIUS BANK is subject to an increased credit and operational risk while transactions remain unconfirmed. Also, in case of default, BELFIUS BANK may find it more difficult to enforce the contract.

## **Investment considerations relating to the business of BELFIUS BANK**

### **1. Uncertain economic conditions**

BELFIUS BANK'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 BELFIUS BANK does business in, market interest

rates and other factors that affect the economy. Also, the market for debt securities issued by banks is influenced by economic and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other countries. There can be no assurance that current events in Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have any other adverse effect. The profitability of BELFIUS BANK'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 BELFIUS BANK's customers would default on their loans or other obligations to BELFIUS BANK, or would refrain from seeking additional borrowing. As BELFIUS BANK 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 BELFIUS BANK's future results.

## **2. Global financial crisis and Eurozone debt crisis**

The global financial system has suffered considerable turbulence and uncertainty in recent years and the outlook for the global economy over the near to medium term remains challenging. In Europe, the on-going economic deterioration of several countries, including Greece, Italy, the Republic of Ireland, Spain and Portugal, together with the risk of contagion to other more stable countries, has further exacerbated the global economic crisis. The large sovereign debts and/or fiscal deficits of a number of European countries and the United States have raised concerns regarding the financial condition of financial institutions, insurers and other corporates (i) located in these countries, (ii) that have direct or indirect exposure to these countries, and/or (iii) whose banks, counterparties, custodians, customers, service providers, sources of funding and/or suppliers have direct or indirect exposure to these countries. BELFIUS BANK has exposure to corporates, financial institutions and securities which may have material direct and indirect exposures in these countries. Its direct exposure to the Eurozone through sovereign and private sector exposure is relatively small and has been managed steadily downward since 2008. As at 31 December 2011, BELFIUS BANK's maximum credit risk exposure ("MCRE") on those countries amounted to EUR 6.5 billion (2.8 per cent. of the total assets). Although the high quality of BELFIUS BANK's investment portfolio has recently been confirmed by an analysis carried out internally and by a third party, these exposures may, in the future, be affected by restructuring of their terms, principal, interest and maturity.

Despite the various rescue packages and other stabilising measures adopted throughout Europe to deal with the worsening Eurozone sovereign debt crisis, global markets continue to record high levels of volatility and uncertainty. Uncertainty over the best way forward for the highly indebted Eurozone persists and poses a serious threat to the global economic recovery, with the spread of political instability and contagion to other Eurozone countries increasing in the last quarter of 2011. Financial markets are expected to remain dislocated and volatile, with the risk of contagion unlikely to dissipate in the near term, and this continues to place strains on funding markets at a time when many financial institutions (in particular) have material on-going funding needs. In 2011, continuing concerns about the fiscal position in Eurozone countries resulted in increased credit spreads in the areas affected, and fears of contagion affected the euro and widened spreads between central bank and inter-bank rates.

The default, or a significant decline in the credit rating, of one or more sovereigns or financial institutions could cause severe stress in the financial system generally and could adversely affect the markets in which BELFIUS BANK operates and the businesses and economic condition and prospects of BELFIUS BANK's counterparties, customers, suppliers or creditors, directly or indirectly, in ways

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which are difficult to predict. The impact of the current conditions could thus be detrimental to BELFIUS BANK and could adversely affect its business, operations and profitability, its solvency and the solvency of its counterparties, custodians, customers and service providers, its credit rating, the value and liquidity of its assets and liabilities, the value and liquidity of the Notes and/or the ability of BELFIUS BANK to meet its obligations under the Notes and under its debt obligations more generally.

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

### **3. Increased and changing regulation**

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, restriction on termination payments for key personnel in addition to new regulation of derivative instruments.

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

### **4. Effective capital management and capital adequacy and liquidity requirements**

Effective management of BELFIUS BANK's capital is critical to its ability to operate its businesses, to grow organically and to pursue its strategy of returning to standalone strength. BELFIUS BANK 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 BELFIUS BANK's financial flexibility in the face of continuing turbulence and uncertainty in the global economy. Accordingly, the purpose of the issuance of the Notes issued under the Programme is, amongst others, to allow BELFIUS BANK to strengthen its capital position.

The package of reforms to the regulatory capital framework published by the Basel Committee on Banking Supervision (the "Basel Committee") in December 2010 included materially increasing the minimum common equity requirement and the total Tier 1 capital requirement. In addition, banks will be required to maintain, in the form of common equity (after the application of deductions), a capital

conservation buffer to withstand future periods of stress, bringing the total common equity requirements to 7 per cent. If there is excess credit growth in any given country resulting in a system-wide build-up of risk, a countercyclical buffer within a range of 0 per cent. to 2.5 per cent. of common equity is to be applied as an extension of the conservation buffer. In addition, a leverage ratio will be introduced, together with a liquidity coverage ratio and a net stable funding ratio. The Basel Committee conducted further work on systemically important financial institutions and contingent capital. Measures may include capital surcharges, contingent capital and bail-in debt (which could be introduced by statute, possibly impacting existing as well as future issues of debt and exposing them to the risk of conversion into equity and/or write-down of principal amount). Such measures would be in addition to proposals for the write-off of Tier 1 and Tier 2 debt (and its possible conversion into ordinary shares) if a bank becomes non-viable. On 25 June 2011, the Basel Committee proposed that global systemically important banks be subject to an additional common equity Tier 1 capital requirement ranging from 1 per cent. to 2.5 per cent. depending on a bank's systemic importance. To provide a disincentive for banks facing the highest charge to increase materially their global systemic importance in the future, an additional 1 per cent. surcharge would be applied in such circumstances.

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

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

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

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

The Basel Committee and CRD IV changes and other future changes to capital adequacy and liquidity requirements in Belgium and in other jurisdictions, including any application of increasingly stringent stress case scenarios by the regulators in Belgium, may require BELFIUS BANK 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 BELFIUS BANK ceasing to count towards BELFIUS BANK'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 BELFIUS BANK and its shareholders, including impairing BELFIUS BANK's ability to pay dividends. If BELFIUS BANK 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 31 December 2011, BELFIUS BANK Tier 1 and Core Tier 1 capital ratios were 12.7 per cent. and 11.8 per cent. respectively, calculated in accordance with Basel II requirements. Any change that limits BELFIUS BANK's ability to manage effectively its balance sheet and capital resources going forward (including, for example, reductions in profits and retained earnings as a result of impairments and increases in weighted risks) or to access funding sources could have a material adverse impact on its financial condition and regulatory capital position or result in a loss of value in the Notes.

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

In its decision of 17 October 2011, the European Commission opened a formal investigation into the purchase of BELFIUS BANK by the Belgian federal state which the latter had requested in order to ascertain whether or not the purchase constituted a state aid in favour of BELFIUS BANK. That investigation is still under way.

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

In the meantime, the European Commission has given temporary "emergency" approval to the purchase of BELFIUS BANK by the Belgian federal state on the grounds that the purchase was necessary to preserve the commercial business of BELFIUS BANK and prevent personal customers from withdrawing their deposits.

The Commission is moreover aware that the purchase of BELFIUS BANK by the Belgian federal state could help restore the bank's long-term viability.

BELFIUS BANK has therefore undertaken to prepare a business plan demonstrating such viability and to send it to the Belgian government for submission to the European Commission for examination and approval.

BELFIUS BANK considers it reasonable to assume that the European Commission will refrain from taking any measures that might undermine its stability and future development.

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

#### **6. A downgrade in the credit rating**

The rating agencies, Standard & Poor's, Moody's and Fitch Ratings, use ratings to assess whether a potential borrower will be able in the future to meet its credit commitments as agreed. A major element in the rating for this purpose is an appraisal of the company's net assets, financial position and earnings performance. A bank's rating is an important comparative element in its competition with other banks. It also has a significant influence on the individual ratings of the most important subsidiaries. A downgrading or the mere possibility of a downgrading of the rating of BELFIUS BANK or one of its subsidiaries might have adverse effects on the relationship with customers and on the sales of the products and services of the company in question. In this way, new business could suffer, BELFIUS BANK's competitiveness in the market might be reduced, and its funding costs would increase

substantially. A downgrading of the rating would also have adverse effects on the costs to BELFIUS BANK of raising equity and borrowed funds and might lead to new liabilities arising or to existing liabilities being called that are dependent upon a given rating being maintained. It could also happen that, after a downgrading, BELFIUS BANK would have to provide additional collateral for derivative transactions in connection with rating-based collateral arrangements. If the rating of BELFIUS BANK were to fall within reach of the non-investment grade category, it would suffer considerably. In turn, this would have an adverse effect on BELFIUS BANK's ability to be active in certain business areas.

#### **7. 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 BELFIUS BANK operates and, more specifically, on the business and results of operations of BELFIUS BANK in ways that cannot be predicted.

#### **8. EU Crisis Management Framework**

At European level, a (provisional) legislative proposal on crisis management in the financial sector has been launched on 6 June 2012 which includes a debt write-down tool to be applied in addition to other resolution tools (the "EU Proposal"). The debt write-down tool aims at maintaining a stressed bank as a going concern or sustaining a failing bank by granting the power to the regulators to write down debt of the bank (or to convert such debt into equity).

At this stage, it is highly uncertain if the EU Proposal will be adopted and, if so, when this regime would be applicable and which shape it would take. If the EU Proposal were to be adopted, this could negatively affect the position of Noteholders.

#### **Factors that may affect BELFIUS FUNDING's ability to fulfil its obligations under the Notes**

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Considering the close relationship with, and the guarantee of the obligations of BELFIUS FUNDING by, BELFIUS BANK, the risk factors as set out above in respect of BELFIUS BANK may also apply, directly and/or indirectly, to BELFIUS FUNDING.

BELFIUS FUNDING is a fully owned subsidiary of BELFIUS BANK and Notes issued by BELFIUS FUNDING are guaranteed by BELFIUS BANK, which means, for Notes issued by BELFIUS FUNDING, that the credit risks on the Issuer and the Guarantor are closely linked. The risk factors as set out above in respect of BELFIUS BANK may therefore also apply, directly and/or indirectly, to BELFIUS FUNDING. The credit risks on the Issuer and the Guarantor imply that the Noteholders may lose all or part of their investment in the Notes in case the Issuer and the Guarantor become insolvent or are unable to fulfil their obligations under the Notes.

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#### **Factors which are material for the purpose of assessing the market risks associated with the Notes**

Each of the factors described above may also have an impact on the risks associated with the Notes. Prospective investors should carefully read the information set out below in conjunction with the risk factors related to the businesses of the Issuers.

##### **1. Business conditions and the general economy**

The Issuers' 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 BELFIUS BANK's on-balance sheet and off-balance sheet assets by increasing the risk that a greater number of BELFIUS BANK's customers would be unable to meet their obligations;
- A continued market downturn or further worsening of the economy could cause BELFIUS BANK 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 BELFIUS BANK 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 affect BELFIUS BANK's ability to meet its payments under the Notes.

## **2. Current market volatility and recent market developments**

Significant declines in the housing market in the United States, in Europe and in various other countries in the past two years have contributed to significant write-downs of asset values by financial institutions, including government-sponsored entities and major commercial and investment banks. These write-downs have caused many financial institutions to seek additional capital, to merge with larger and stronger institutions and, in some cases, to fail. Amid concerns about the stability of the financial markets generally and the strength of counterparties, many lenders and institutional investors have substantially reduced and, in some cases, halted their funding to borrowers, including to other financial institutions.

While the capital and credit markets have been experiencing volatility and disruption for more than 24 months, the volatility and disruption has reached unprecedented levels in recent months. In some cases, this has resulted in downward pressure on stock prices and significantly reduced the capacity of certain issuers to raise debt. The resulting lack of credit availability, lack of confidence in the financial sector, increased volatility in the financial markets and reduced business activity could materially and adversely affect the Issuers' business, financial condition and results of operations, which could in turn affect the Issuers' ability to meet their payments under the Notes.

## **3. Notes may not be a suitable investment for all investors**

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances.

Each of the Issuers believes that the factors described below represent the principal risks inherent in investing in the Notes issued under the Programme, but the Issuers may be unable to pay or deliver amounts on or in connection with any Notes for other reasons and the Issuers do not represent that the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.

In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;



- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- 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.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

### **Risks related to the structure of a particular issue of Notes**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

#### **1. The Maturity Date of Notes may be automatically extended**

In the case of Extendible Notes, unless a Noteholder exercises its Non-Extension Option within the relevant Exercise Period in accordance with the Conditions (in which case the Maturity Date of such Notes shall not be extended on any Automatic Extension Date as provided in the relevant Final Terms), on each Automatic Extension Date during the Automatic Extension Period as provided in the relevant Final Terms, the Maturity Date of each Note shall be extended automatically for the Automatic Extension Duration as provided in the relevant Final Terms. Any Notes in respect of which the Maturity Date has not been so extended will be attributed a separate ISIN number and Common Code and, in the case of Notes in definitive form, such Notes (together with, in the case of Bearer Notes, any related Receipts, Coupons and Talons) are required to be delivered to the Fiscal Agent or, in the case of Registered Notes, the Registrar or such other agent so specified for such purpose for appropriate annotation and (in the case of Bearer Notes) cancellation of all unmatured Receipts and Coupons falling due after the Maturity Date for such Notes and unexchanged Talons. If the Notes are still held in global form, the relevant Global Note or Global Certificate will be annotated in order to reduce the aggregate nominal amount of such Notes and a new Global Note or Global Certificate representing such Notes will be issued in respect thereof and the Noteholder will, unless otherwise specified in the applicable Final Terms, be required to arrange for such Notes to be "blocked" in the relevant participant's account with such clearing system through which such Notes are held until the relevant Automatic Extension Date.

#### **2. Notes subject to optional redemption by the Issuers**

An optional redemption feature is likely to limit the market value of Notes. During any period when each Issuer may elect to redeem Notes, the market value of those Notes generally will not rise

substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

Each Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. 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 Notes. Potential investors should consider reinvestment risk in light of other investments available at that time.

### **3. Index Linked Notes or other variable-linked Notes and Dual Currency Notes**

Each Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each a “Relevant Factor”). An investment in Index Linked Notes entails significant risks that are not associated with similar investments in a conventional fixed or floating rate debt security. Each Issuer believes that Index Linked Notes should only be purchased by investors who are, or who are purchasing under the guidance of, financial institutions or other professional investors that are in a position to understand the special risks that an investment in these instruments involves. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) such index or indices may be subject to significant changes, whether due to the composition of the index itself, or because of fluctuations in value of the indexed assets;
- (iii) the resulting interest rate may be less (or may be more) than that payable on a conventional debt security issued by each Issuer at the same time;
- (iv) payment of principal or interest may occur at a different time or in a different currency than expected;
- (v) the holder of a non capital guaranteed Index Linked Note could lose all or a substantial portion of the principal of such Note (whether payable at maturity or upon redemption or repayment), and, if the principal is lost, interest may cease to be payable on the Index Linked Note;
- (vi) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vii) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will likely be magnified;
- (viii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield;
- (ix) the risks of investing in an Index Linked Note encompass both risks relating to the underlying indexed securities and risks that are linked to the Note itself;
- (x) any Index Linked Note that is indexed to more than one type of underlying asset, or on formulas that encompass the risks associated with more than one type of asset, may carry levels of risk that are greater than Notes that are indexed to one type of asset only;
- (xi) it may not be possible for investors to hedge their exposure to these various risks relating to Index Linked Notes;

- (xii) a significant market disruption could mean that the index on which the Index Linked Notes are based ceases to exist; and
- (xiii) the index may cease to be published, in which case it may be replaced by an index which does not reflect the exact Relevant Factor, or, in the case where no replacement index exists, the cessation of publication of the index may lead to the early redemption of the Notes.

In addition, the value of Index Linked Notes on the secondary market is subject to greater levels of risk than is the value of other Notes. The secondary market, if any, for Index Linked Notes will be affected by a number of factors, independent of the creditworthiness of each Issuer and the value of the applicable currency, stock, interest rate or other index, including the volatility of the applicable currency, stock, interest rate or other index, the time remaining to the maturity of such Notes, the amount outstanding of such Notes and market interest rates. The value of the applicable currency, stock, interest rate or other index depends on a number of interrelated factors, including economic, financial and political events, over which each Issuer has no control. Additionally, if the formula used to determine the amount of principal, premium and/or interest payable with respect to Index Linked Notes contains a multiplier or leverage factor, the effect of any change in the applicable currency, stock, interest rate or other index will be increased. The historical experience of the relevant currencies, commodities, stocks, interest rates or other indices should not be taken as an indication of future performance of such currencies, stocks, interest rates or other indices during the term of any Index Linked Note. Additionally, there may be regulatory and other ramifications associated with the ownership by certain investors of certain Index Linked Notes.

Various transactions by each Issuer could impact the performance of any Index Linked Notes, which could lead to conflicts of interest between each Issuer and the holders of its Index Linked Notes.

Each Issuer is active in the international securities and currency markets on a daily basis. It may thus, for its own account or for the account of customers, engage in transactions directly or indirectly involving assets that are “reference assets” under Index Linked Notes and may make decisions regarding these transactions in the same manner as it would if the Index Linked Notes had not been issued. Each Issuer and its affiliates may on the issue date of the Index Linked Notes or at any time thereafter be in possession of information in relation to any reference assets that may be material to holders of any Index Linked Notes and that may not be publicly available or known to the Noteholders. There is no obligation on the part of each Issuer to disclose any such business or information to the Noteholders.

#### **4. Partly Paid Notes**

Each Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing some or all of its investment.

#### **5. Notes with a multiplier or other leverage factor**

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include such features.

#### **6. Fixed/Floating Rate Notes**

Fixed/Floating Rate Notes may bear interest at a rate that each Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Each Issuer’s ability to convert the interest rate will affect the secondary market and the market value of such Notes, since each Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If each

Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

**7. Investors will not be able to calculate in advance their rate of return on Floating Rate Notes**

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes 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 terms and conditions of the Notes 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.

**8. Zero Coupon Notes are subject to higher price fluctuations than non-discounted notes**

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

**9. Notes issued at a substantial discount or premium**

The market values of Notes issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

**10. Foreign currency Notes expose investors to foreign-exchange risk as well as to Issuer risk**

As purchasers of foreign currency Notes, investors are exposed to the risk of changing foreign exchange rates. This risk is in addition to any performance risk that relates to each Issuer or the type of Note being issued.

**11. Issuer's obligations under Dated Subordinated Notes**

Each Issuer's obligations under Dated Subordinated Notes will be unsecured and subordinated and will rank junior to the claims of creditors in respect of unsubordinated obligations (as described in "Terms and Conditions of the Notes"). Although Dated Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is an increased risk that an investor in Dated Subordinated Notes will lose all or some of his investment should the relevant Issuer become insolvent.

**12. A Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs**

When Notes 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 Notes. 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 Notes before investing in the Notes.

**13. A Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes**

Payments of interest on the Notes, or profits realised by the Noteholder upon the sale or repayment of the Notes, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. This Prospectus includes general summaries of certain Dutch and Belgian tax considerations relating to an investment in the Notes issued by the Issuers (see the sections headed "Dutch Taxation on the Notes" and "Belgian Taxation on the Notes"). Such summaries may not apply to a particular holder of Notes or to a particular issue and do not cover all possible tax considerations. In addition, the tax treatment may change before the maturity, redemption or termination date of Notes. Each Issuer advises all investors to contact their own tax advisers for advice on the tax impact of an investment in the Notes.

**14. Specified Denomination of €100,000 plus integral multiples of a smaller amount**

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination of €100,000 plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

**Risks related to Notes generally**

Set out below is a brief description of certain risks relating to the Notes generally:

**1. Modification, waivers and substitution**

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally, including modifications to the Terms and Conditions and/or a programme document and/or the substitution of an Issuer. 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.

**2. European Monetary Union**

If the United Kingdom joins the European Monetary Union prior to the maturity of the Notes, there is no assurance that this would not adversely affect investors in the Notes. It is possible that, prior to the maturity of the Notes, the United Kingdom may become a participating Member State and that the euro may become the lawful currency of the United Kingdom. In that event: (i) all amounts payable in respect of any Notes denominated in Sterling may become payable in euro; (ii) the law may allow or require such Notes to be re-denominated into euro and additional measures to be taken in respect of such Notes; and (iii) there may no longer be available published or displayed rates for deposits in Sterling used to determine the rates of interest on such Notes or changes in the way those rates are

calculated, quoted and published or displayed. The introduction of the euro could also be accompanied by a volatile interest rate environment, which could adversely affect investors in the Notes.

### **3. EU Savings Directive**

Under EC Council Directive 2003/48/EC on taxation of savings income (the “Savings Directive”), Member States are required, from 1 July 2005, 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 or to certain other persons established in that other Member State. However, for a transitional period, Luxembourg and Austria may instead (unless during that period they elect otherwise) operate a withholding system in relation to such payments 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 (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories, including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland).

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 Issuers, any Paying Agent, nor any other person would be obliged to pay additional amounts with respect to any Note 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.

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

### **4. U.S. Foreign Account Tax Compliance Withholding**

The Issuers and other non-U.S. financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016 in respect of (i) any Notes issued or materially modified on or after 1 January 2013 (and (ii) any Notes which are treated as equity for U.S. federal tax purposes, whenever issued) pursuant to the foreign account provisions (“FATCA”) of the Hiring Incentives to Restore Employment Act of 2010. This withholding tax may be triggered if (i) the Issuer is a foreign financial institution (“FFI”) (as defined in FATCA) which enters into and complies with an agreement with the U.S. Internal Revenue Service (“IRS”) to provide certain information on its account holders (making the Issuer a “Participating FFI”), (ii) the Issuer has a positive “passthru percentage”, and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is subject to withholding under FATCA, or (b) any FFI to or through which payment on such Notes is made is not a Participating FFI or otherwise exempt from FATCA withholding. The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the relevant Issuers, the Guarantor (as applicable), any paying agent or any other person would, pursuant to the Terms and Conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Noteholders should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

The application of FATCA to Notes issued or materially modified on or after 1 January 2013 (or whenever issued, in the case of Notes treated as equity for U.S. federal tax purposes) will be addressed in the relevant Final Terms or a prospectus supplement, as applicable.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUERS, THE GUARANTOR, THE NOTES AND THE NOTEHOLDERS IS UNCERTAIN AT THIS TIME. EACH NOTEHOLDER SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH NOTEHOLDER IN ITS PARTICULAR CIRCUMSTANCE.

**5. Payment on the Notes may be treated as dividend equivalent payments and subject to U.S. withholding tax**

Due to the recently enacted U.S. Hiring Incentives to Restore Employment Act, payments on any Notes that are, in whole or in part, directly or indirectly contingent upon, or determined by reference to, the payment of a dividend from a U.S. entity (a “Dividend Equivalent Payment”) may become subject to a 30 per cent. U.S. withholding tax when made to a non-U.S. Noteholder. The imposition of this U.S. withholding tax will reduce the amounts received by non-U.S. Noteholders. Neither the Issuer, the Guarantor, any paying agent nor any other person shall pay any additional amounts to the non-U.S. Noteholders in respect of such U.S. withholding. If a non-U.S. Noteholder becomes subject to this withholding tax, the non-U.S. Noteholder may be able to claim any exemptions under its applicable double tax treaty. The application and interpretation of the rules governing U.S. withholding tax on Dividend Equivalent Payments is subject to change.

**6. Change of law**

The Terms and Conditions of the Notes are, save to the extent referred to therein, based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

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

**Risks related to the market generally**

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

**1. The secondary market generally**

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and a higher price volatility than conventional debt securities; liquidity may have a materially adverse effect on the market value of Notes.

## **2. Exchange rate risks and exchange controls**

The relevant Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the equivalent yield on the Notes in the Investor's Currency, (ii) the equivalent value of the principal payable on the Notes in the Investor's Currency and (iii) the equivalent market value of the Notes in the Investor's Currency.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

## **3. Interest rate risks**

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

## **4. Credit ratings may not reflect all risks**

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may 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 Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation (as defined on page 1) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst 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). Certain information with respect to the credit rating agencies and ratings will be disclosed in the applicable Final Terms.

## **Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent Notes are legal investments for it.



## DOCUMENTS INCORPORATED BY REFERENCE

RDA9.11.1  
RDA11.11.1  
RDA9.11.2  
RDA11.11.2  
RDA9.11.4.1  
RDA11.11.4.1

This Prospectus should be read and construed in conjunction with: (i) the audited non-consolidated annual accounts of BELFIUS FUNDING (previously Dexia Funding Netherlands N.V.) for the years ended 31 December 2010 and 31 December 2011, and (ii) the audited consolidated accounts of BELFIUS BANK (previously Dexia Bank Belgium SA/NV) for the years ended 31 December 2010 and 31 December 2011, including the reports of the statutory auditors in respect thereof which are incorporated by reference in this Prospectus. Such documents shall be incorporated in and form part of this 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 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 Prospectus.

Copies of all documents incorporated by reference in this Prospectus may be obtained without charge from the offices of each Issuer, and the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The tables below set out the relevant page references for the accounting policies, notes and auditors' reports of each Issuer for the financial years ended 31 December 2010 and 31 December 2011, respectively, as well as the non-consolidated statement of income, the consolidated profit and loss account, the cash flow statement and the non-consolidated balance sheet of BELFIUS BANK (previously Dexia Bank Belgium SA/NV) as set out in the Annual Reports of the relevant 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 Prospectus.

The non-consolidated balance sheet and non-consolidated profit and loss account of BELFIUS FUNDING (previously Dexia Funding Netherlands N.V.) can be found in the section headed "Description of BELFIUS FUNDING" on page 90 of this Prospectus. The consolidated balance sheet and consolidated statement of income of BELFIUS BANK (previously Dexia Bank Belgium SA/NV) can be found in the section headed "Description of BELFIUS BANK" on page 73 of this Prospectus.

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**Belfius Bank SA/NV**  
(previously Dexia Bank  
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## **PROSPECTUS SUPPLEMENT**

If at any time the Issuers shall be required to prepare a supplement in accordance with Article 13 of the Luxembourg law dated 10 July 2005 relating to prospectuses for securities (the “Luxembourg Law on Prospectuses”), the Issuers will prepare and make available an appropriate supplement to this Prospectus which, in respect of any subsequent issue of Notes to be listed and admitted to trading on the Luxembourg Stock Exchange’s regulated market, shall constitute a prospectus supplement in accordance with Article 13 of the Luxembourg Law on Prospectuses.

Each of the Issuers has given an undertaking to the Dealers that if, at any time during the duration of the Programme, there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuers, and the rights attaching to the Notes, the Issuers shall prepare a supplement (in accordance with Article 13 of the Luxembourg Act on Prospectuses) to this Prospectus or publish a new prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions (the “Terms and Conditions”) that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these Terms and Conditions together with the relevant provisions of Part A of the relevant Final Terms or (ii) these Terms and Conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Terms and Conditions will have the meanings given to them in the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Terms and Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme (as defined below).*

SNA13.4.7

*Provisions in square brackets shall only appear on Notes issued by BELFIUS FUNDING (unless the square brackets are preceded by an asterisk, in which case such provisions shall only appear on Notes issued by BELFIUS BANK or, where two provisions within square brackets are separated by an oblique, the first shall appear on Notes issued by BELFIUS FUNDING and the second shall appear on Notes issued by BELFIUS BANK).*

The Notes are issued pursuant to an Amended and Restated Agency Agreement dated 15 June 2012 (as amended or supplemented as at the date of issue of the Notes (the “Issue Date”), the “Agency Agreement”) between Belfius Funding N.V. (“BELFIUS FUNDING”), Belfius Bank SA/NV (“BELFIUS BANK”, and together with BELFIUS FUNDING, the “Issuers”, each of BELFIUS BANK and BELFIUS FUNDING individually, an “Issuer” and BELFIUS BANK, in its capacity as guarantor of the Notes issued by BELFIUS FUNDING, the “Guarantor” and in its capacity as fiscal agent for Notes issued by BELFIUS BANK, the “Fiscal Agent”), Banque Internationale à Luxembourg SA as fiscal agent for Notes issued by BELFIUS FUNDING (in relation to such Notes, the “Fiscal Agent”) and the other agents named in it, with the benefit of an Amended and Restated Deed of Covenant (as amended or supplemented as at the Issue Date, the “Deed of Covenant”) dated 15 June 2012 executed by the Issuers in relation to the Notes and, in the case of Notes issued by BELFIUS FUNDING with the benefit of a Senior Guarantee dated 15 June 2012 in relation to Senior Notes or a Subordinated Guarantee dated 15 June 2012 in relation to Dated Subordinated Notes, in each case, executed by the Guarantor as described and defined below in Condition 6. The principal paying agents, the paying agents, the registrar, the transfer agents 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 “Registrar”, the “Transfer Agents” and the “Calculation Agent(s)”. The Noteholders (as defined below), the holders of the interest coupons (the “Coupons”) relating to interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) and the holders of the receipts for the payment of instalments of principal (the “Receipts”) relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them. As used in these Terms and Conditions, “Tranche” means Notes which are identical in all respects.

SNA13.4.11

RDA6.1

Copies of the Agency Agreement, the Deed of Covenant and the applicable Guarantee are available for inspection free of charge at the specified offices of each of the Paying Agents[, the Registrar and the Transfer Agents].

## 1 Form, Denomination and Title

The Notes are issued \*[in dematerialised form (“Dematerialised Notes”)] in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”) in the Denomination(s) shown hereon, provided that in the case of any Notes 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 minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

\*[Dematerialised Notes are issued in dematerialised form via a book-entry system maintained in the records of the National Bank of Belgium (the “NBB”) as operator of the NBB System in accordance with Article 468 and following of the Belgian Code of Companies and will be credited to the accounts held with the NBB System by Euroclear Bank SA/NV (“Euroclear”), Clearstream Banking S.A. (“Clearstream, Luxembourg”) or other NBB System participants for credit by Euroclear, Clearstream, Luxembourg or other NBB System participants to the securities accounts of their subscribers.]

*[All Registered Notes of the same Series shall have the same Denomination.]*

[Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes that do not bear interest, in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Terms and Conditions are not applicable. Any Bearer Note the principal amount of which is redeemable in instalments is issued with one or more Receipts attached.] \*[Notes will be cleared through the clearing system operated by the National Bank of Belgium, or any successor thereto (the “NBB System”).]

[Registered Notes are represented by registered certificates (“Certificates”) and, save as provided in Condition 13(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.]

\*[Transfer of Dematerialised Notes will be effected only through records maintained by the NBB System, Euroclear and Clearstream, Luxembourg or other NBB System participants and in accordance with the applicable procedures of the NBB System, Euroclear and Clearstream, Luxembourg or other NBB System participants.] Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. [Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “Register”).] Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon 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 on the Certificate representing it)] or its theft or loss [(or that of the related Certificate)] and no person shall be liable for so treating the holder.

In these Terms and Conditions, “Noteholder” means the bearer of any Bearer Note and the Receipts relating to it [or the person in whose name a Registered Note is registered (as the case may be)] \*[or the person evidenced as holding the Dematerialised Note by the book-entry system], “holder” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon [or the person in whose name a Registered Note is registered (as the case may be)] \*[or the person evidenced as holding the Dematerialised Note by the book-entry system] and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

## 2 Interest and Other Calculations

### (a) *Rate of Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest on its outstanding principal amount (or, in the case of Partly Paid Notes, the principal amount paid up in respect thereof) (less, in the case of any Instalment Note, any principal amount on which interest shall have ceased to accrue in accordance with paragraph (g) below) from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal (subject as provided in Condition 2(i)) to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 2(j).

### (b) *Rate of Interest on Floating Rate Notes*

(A) Each Floating Rate Note and Index Linked Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 2(j). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon 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 hereon 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:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

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 hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

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

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest

quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations. The amount of interest payable shall be determined in accordance with Condition 2(g).

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

- (y) 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
- (z) if paragraph (y) 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, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(c) *Rate of Interest on Index Linked Interest Notes*

The Rate of Interest in respect of Index Linked Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(d) *Rate of Interest on Zero Coupon Notes*

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

(e) *Rate of Interest on Dual Currency Notes*

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(f) *Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(g) *Accrual of Interest*

Interest shall cease to accrue on each Note on the due date for redemption (or, in the case of an Instalment Note, in respect of each instalment of principal, on the due date for payment of the relevant Instalment Amount) unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgement) at the Rate of Interest in the manner provided in this Condition 2 to the Relevant Date (as defined in Condition 5(a)).

(h) *Business Day Convention*

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



In the event of Notes clearing through the NBB System, the Following Business Day Convention is always applicable for Fixed Rate Notes.

(i) *Margin, Maximum Rate of Interest Minimum Rate of Interest, Instalment Amounts and Redemption Amounts and Rounding*

- (i) If any Margin is specified hereon (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), calculated in accordance with (c) above 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, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or 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 Terms and 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.

(j) *Calculations*

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, 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 Note 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.

(k) *Determination and Publication of Rates of Interest, Interest Amounts, Redemption Amounts and Instalment 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 Redemption Amount or Instalment 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 Redemption Amount or any Instalment Amount to be notified to the Principal Paying Agent, the Issuer, [the Guarantor,] each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the

commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 2(h), 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. If the Notes become due and payable under Condition [13]/[12], the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 2 but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of each Rate of Interest, Interest Amount, Redemption Amount and Instalment 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.

(l) *Definitions*

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

“Business Day” means:

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

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note 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 hereon, 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 hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified hereon, 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 hereon, 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 hereon 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 hereon,
- (aa) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
  - (bb) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
    - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

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

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

- (viii) for the following types of Notes which are denominated in euro and which clear through the NBB System:
- (i) Fixed Rate Notes with a maturity of at least one year: the actual number of days elapsed divided by the actual number of days in the period from and including the immediately preceding Interest Payment Date (or, if none, the immediately preceding anniversary of the first Interest Payment Date) to but excluding the next scheduled Interest Payment Date;
  - (ii) Floating Rate Notes or any Notes with a maturity of one year or less: Actual/360

“Eurozone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.

“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 Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon 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 hereon.

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

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

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

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

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

“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 hereon.

“Reference Rate” means the rate specified as such hereon.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes 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.

(m) *Calculation Agent*

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Terms and Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Terms and Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount or the Redemption Amount or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

### **3 Redemption, Purchase and Options**

(a) *Redemption by Instalments and Final Redemption*

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 3, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon (but, in the case of Dated Subordinated Notes, subject to consent thereto having been obtained from the National Bank of Belgium (the “NBB”). The outstanding principal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the principal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its principal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) *Early Redemption of Zero Coupon Notes*

- (i) The Redemption Amount payable in respect of any Note that does not bear interest prior to the Maturity Date, the Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 5(b) or upon it becoming due and payable as provided in Condition [13]/[12] shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (iii) If the Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(b) or upon it becoming due and payable as provided in Condition [13]/[12] is not

paid when due, the Final Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note 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 Note 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 (both before and after judgement) 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 Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(b).

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 shown hereon.

*(c) Redemption at the Option of the Issuer*

If so provided hereon, the Issuer may on giving such period of irrevocable notice to the Noteholders as may be specified hereon (which shall be not less than seven days), subject, in the case of Dated Subordinated Notes, to the prior consent of the NBB, on giving irrevocable notice to the Noteholders falling within the Issuer's Option Period redeem all or, if so provided, some of the Notes in the principal amount or integral multiples thereof and on the Optional Redemption Date. Any such redemption of Notes shall be at their Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to the Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 3(c).

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the [Bearer] Notes[, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holders of such Registered Notes,] to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange requirements. In the case of a partial redemption of the Notes which are represented by a Global Certificate or a Global Note the relevant Notes will be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion).

*(d) Redemption at the Option of Noteholders*

If so provided hereon, the Issuer shall (but, in the case of Dated Subordinated Notes, a redemption at the option of the Noteholders is excluded), subject to compliance by the Issuer with all relevant laws, regulations and directives, at the option of the holder of any such Note, upon the holder of such Note giving such period of irrevocable notice to the Issuer as may be specified hereon (which shall be not less than seven days), redeem such Note on the date or dates so provided at its Redemption Amount together with interest accrued to the date fixed for redemption.

In the case of Extendible Notes, the Noteholders' option may provide that the initial Maturity Date in respect of such Notes as provided hereon (the "Initial Maturity Date") or any Extended Maturity Date (as defined below) resulting from any previous exercise of such option will, unless a Noteholder exercises its option not to extend the Maturity Date (a "Non-Extension Option"), be extended automatically on one or more occasions to such later date(s) as shall be provided hereon (each an "Extended Maturity Date" and the last such possible Extended Maturity Date, as provided hereon, the

“Final Extended Maturity Date”). If the Maturity Date is not so extended in respect of an Extendible Note, such Note will be redeemed on its then current Maturity Date in accordance with the provisions of Condition 3(a) above at its Final Redemption Amount.

If the Non-Extension Option is not exercised in respect of an Automatic Extension Date during the Automatic Extension Period, each as specified hereon, the Maturity Date of this Note shall be extended automatically by the duration (the “Automatic Extension Duration”) as specified hereon so that it falls on the next succeeding Extended Maturity Date.

To exercise any such option referred to in the first paragraph of this Condition 3(d), the Non-Extension Option or any other Noteholders’ option which may be set out hereon, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent [or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent] at its specified office, together with a duly completed option exercise notice (“Exercise Notice”) in the form obtainable from any Paying Agent[, the Registrar or any Transfer Agent (as applicable)] and/or annexed hereto within the Notice Period. No Note [or Certificate] so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

If a Noteholder validly exercises its Non-Extension Option in relation to any Note and any Automatic Extension Date as provided above, then (i) in the case of Bearer Notes, the Paying Agent to which such Note is presented shall enface thereon a statement indicating that the Non-Extension Option has been exercised in relation to such Note, the Maturity Date of such Note and the new International Securities Identification Number (“ISIN”) and Common Code applicable to it and shall remove from the Note and cancel all unmatured Receipts, all unmatured Coupons relating to the Interest Payment Dates falling after such Maturity Date and unexchanged Talons and (ii) in the case of Registered Notes, the Registrar or Transfer Agent to which the relevant Certificate is presented will destroy such Certificate and replace it with a replacement Certificate with the relevant Maturity Date and the new ISIN and Common Code enfacéd on it.

Following each Automatic Extension Date, but only in the event that any Non-Extension Option for such Automatic Extension Date was exercised, the Issuer shall give notice to the Noteholders informing them of the aggregate nominal amount of Notes in respect of which the Non-Extension Option for such Automatic Extension Date was exercised and the Maturity Date and ISIN and Common Code of such Notes.

*(e) Purchases*

The Issuer[, the Guarantor] and any of [their/its] subsidiaries may (but, in the case of Dated Subordinated Notes, subject to consent thereto having been obtained from the NBB) at any time purchase Notes (provided that, in the case of Bearer Notes, all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

*(f) Cancellation*

All Notes purchased by or on behalf of the Issuer[, the Guarantor] or any of [their/its] subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Principal Paying Agent and[, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case], if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be



reissued or resold and the obligations of the Issuer [and the Guarantor] in respect of any such Notes shall be discharged.

#### 4 Payments and Talons

(a) *Bearer Notes*

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 4(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 4(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holder, by transfer to an account denominated in that currency with, a bank in the principal financial centre for that currency or, in the case of Notes denominated in euro, in a city in which banks have access to the TARGET System.

(b) *\*[Dematerialised Notes]*

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

(c) *[Registered Notes]*

- (i) Payments of principal (which for the purposes of this Condition 4(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 4(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register, save that payments in respect of Notes denominated in euro will be made in the manner provided in Condition 4(a) above. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and subject as provided in Condition 4(a), such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of that currency or, in the case of Notes denominated in euro, in a city in which banks have access to the TARGET System.]

(d) *Payments in the United States*

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside

the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(e) *Payments Subject to Fiscal Laws*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in any jurisdiction (whether by operation of law or agreement of the Issuer[, the Guarantor] or [its] [their respective] agents) and the [Issuer will not] [neither the Issuer nor the Guarantor will] be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 5. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(f) *Appointment of Agents*

The Principal Paying Agent, the Paying Agents[, the Registrar, the Transfer Agents] and the Calculation Agent initially appointed by the Issuer [and the Guarantor] and their respective specified offices are listed below. The Principal Paying Agent, the Paying Agents[, the Registrar, the Transfer Agents] and the Calculation Agent (together the “Agents”) act solely as agents of the Issuer [and the Guarantor] and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. [The Issuer and the Guarantor reserve]/[The Issuer reserves] the right at any time to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent[, the Registrar, any Transfer Agent] or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, [(ii) a Registrar in relation to Registered Notes,][(iii)]/[(ii)] a Transfer Agent in relation to Registered Notes, [(iv)]/[(iii)] one or more Calculation Agent(s) where the Terms and Conditions so require, [(v)]/[(iv)] a Paying Agent having its specified offices in a major European city, [(vi)]/[(v)] such other agents as may be required by the rules of any stock exchange on which the Notes may be listed and [(vii)]/[(vi)] a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

In addition, the Issuer [and the Guarantor] shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 4(c).

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(g) *Unmatured Coupons and Receipts and Unexchanged Talons*

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Notes), the Notes should be surrendered for payment together with all unexpired Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Redemption Amount due for payment.

- (ii) Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (iii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Interest Note or Index Linked Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iv) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (v) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (vi) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vii) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

*(h) Talons*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10).

*(i) Non-Business Days*

If any date for payment in respect of any Note, Receipt or Coupon 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 relevant Final Terms, nor to any interest or other sum in respect of such postponed payment. In this paragraph, “business day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “Business Day Jurisdictions” hereon 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 Taxation

### (a) *Tax Status*

All payments of principal and interest by or on behalf of the Issuer [or the Guarantor] in respect of the Notes, the Receipts and the Coupons by the Issuer [and in respect of the Guarantee by the Guarantor] 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 Netherlands and/or] Belgium or any political subdivision or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or other charges is required by law or regulation.

In that event, \*[or if a clearing system or any participant in a clearing system withholds or deducts for, or on account of, any present or future taxes, duties, assessments or other charges of whatever nature imposed or levied by or on behalf of the Kingdom of Belgium,] the Issuer [or, as the case may be, the Guarantor] shall pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Notes, the Receipts and the Coupons 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 Notes or, as the case may be, the Receipts and the Coupons in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any payment in respect of any Note, Receipt or Coupon:

- (1) Other connection: to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with [the Netherlands and/or] Belgium other than the mere holding of the Note, Receipt or Coupon; or
- (2) Lawful avoidance of withholding: [to, or to a third party on behalf of, a holder who would not be liable, or subject to such withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority]/\*[to a holder who, at the time of issue of the Notes, was not an eligible investor within the meaning of Article 4 of the Royal Decree of 26 May 1994 on the deduction of withholding tax or to a holder who was an eligible investor at the time of issue of the Notes but, for reasons within the holder's control, ceased to be an eligible investor or, at any relevant time on or after the issue of the Notes, 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) Presentation more than 30 days after the Relevant Date: presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to additional amounts on presenting the same for payment on the expiry of such period of 30 days; or
- (4) Payment to individuals: 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 saving income or any other law implementing or complying with, or introduced in order to conform to, such Directive; or
- (5) Payment by another Paying Agent: 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 Note, Receipt and/or Coupon to another Paying Agent in a Member State of the EU.

As used in these Terms and 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 days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note [(or relative Certificate)], Receipt or Coupon being made in accordance with the Terms and Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

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

*(b) Redemption for Taxation Reasons*

The Notes may be subject, in the case of Dated Subordinated Notes, to the prior consent of the Belgian NBB, be redeemed at the option of the Issuer in whole, but not in part, on the next Interest Payment Date or, if so specified hereon, at any time, on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount (together with interest accrued to the date fixed for redemption), if (i) the Issuer [or the Guarantor] would, on the occasion of the next payment due in respect of the Notes, be obliged for reasons beyond its control to pay additional amounts as provided or referred to in Condition 5(a) [or (ii) the Guarantor would be unable for reasons outside its control to pay any sum necessary to enable the Issuer to make any payment to be made by it without such sum being subject to withholding or deduction for any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by Belgium and/or the Netherlands or any political sub-division thereof or any authority therein or thereof having power to tax, or (iii) the Guarantor, being unable to procure the Issuer to make such payment, would (in making such payment itself) be obliged for reasons outside its control to pay any such additional amounts and in any such event such obligation cannot be avoided by the Issuer, or the Guarantor, as the case may be, taking reasonable measures available to it provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then become due.] Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Principal Paying Agent a certificate signed by two Managing Directors of the Issuer [or the Guarantor], stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer [or the Guarantor], has or will become obliged to pay such additional amounts as a result of such change or amendment.

## **6 Status**

*(a) Status of Senior Notes*

The Senior Notes (being those Notes in respect of which the status is specified hereon as “Senior”) and the Receipts and Coupons relating to them are direct, unconditional and unsecured obligations of the Issuer and rank at all times *pari passu*, without any preference among themselves, with all other

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outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors' rights.

(b) *Status of Dated Subordinated Notes*

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(i) *Status of Dated Subordinated Notes*

Notes in respect of which the status is specified hereon as “Subordinated” (“Dated Subordinated Notes”) and the Receipts and Coupons relating to them constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of each Issuer under the Dated Subordinated Notes and the Receipts and Coupons relating to them shall at all times rank equally with all other Subordinated Obligations (as defined below).

Dated Subordinated Notes that constitute Tier II Capital will have a minimum maturity of five years.

(ii) *Subordination of Dated Subordinated Notes*

In the case of (i) Dated Subordinated Notes issued by BELFIUS FUNDING, in the event of a moratorium (“*surseance van betaling*”) or bankruptcy (“*failliet verklaard*”) within the meaning of the Dutch bankruptcy act (“*faillissementswet*”) or liquidation (“*ontbinding*”) of BELFIUS FUNDING (other than a voluntary liquidation in connection with a reconstruction, merger, split-off or amalgamation where the continuing corporation assumes all the liabilities of BELFIUS FUNDING) and (ii) Dated Subordinated Notes issued by BELFIUS BANK, in the event of dissolution or liquidation of BELFIUS BANK (including the following events creating a “*conours de créanciers*” or “*samenloop*”, bankruptcy (“*faillissement/faillite*”), judicial reorganisation (“*gerechtelijke reorganisatie/reorganisation judiciaire*”) and judicial liquidation (“*gerechtelijke vereffening/liquidation forcée*”) or voluntary liquidation (“*vrijwillige vereffening/liquidation volontaire*”) (other than a voluntary liquidation in connection with a reconstruction, merger or amalgamation where the continuing corporation assumes all the liabilities of BELFIUS BANK), the rights of the holders of Dated Subordinated Notes and the Receipts and Coupons relating to them shall rank ahead of:

- (x) those persons whose claims are in respect of any class of equity (including preference shares) of the Issuer; and
- (y) creditors whose claims are in respect of any obligations of the Issuer that rank or are expressed to rank (whether only in the winding up of the Issuer or otherwise) junior to Subordinated Obligations,

but shall be subordinated to the claims of:

- (z) all Senior Creditors.

(iii) *Defined Terms*

In this Condition:

“Assets” means the total assets of the Issuer and “Liabilities” means the total liabilities of the Issuer (excluding for the avoidance of doubt, any capital, reserves, profits for the relevant financial year, profits brought forward or funds for general banking risks) each as shown by the latest published non-consolidated audited balance sheet of the Issuer, but adjusted for contingencies and for subsequent events, valued in such manner as such directors or liquidator

(as the case may be) referred to above may determine consistent with generally accepted accounting principles;

“Senior Creditors” means all creditors of the Issuer who are depositors or other general, unsubordinated creditors; and

“Subordinated Obligations” means all indebtedness and monetary obligations of the Issuer present and future, including any guarantee by the Issuer, that rank or are expressed to rank junior in right of payment (whether only in the event of the winding up of the Issuer or otherwise) to the claims of Senior Creditors but that are not subordinated so as to rank in point of subordination junior to any other obligations of the Issuer.

(c) *Senior Guarantee*

RDA6.1  
RDA6.2

The Guarantor has, by a senior guarantee, unconditionally and irrevocably guaranteed on an unsubordinated basis the due and punctual payment of the principal of and interest on the Senior Notes as well as of any additional amounts which may be required to be paid by the Issuer (as described under Condition 5) (the “Senior Guarantee” and a “Guarantee”).

The obligations of the Guarantor under the Senior Guarantee are direct, unconditional and unsecured obligations of the Guarantor and rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors’ rights.

(d) *Subordinated Guarantee*

RDA6.1  
RDA6.2

The Guarantor has, by a subordinated guarantee, unconditionally and irrevocably guaranteed, on a subordinated basis, the due and punctual payment of the principal of and interest on the Dated Subordinated Notes as well as of any additional amounts which may be required to be paid by the Issuer (as described under Condition 5) (the “Subordinated Guarantee”).

In the event of a dissolution or liquidation of the Guarantor (including the following events creating a “*concours de créanciers*” or “*samenloop*”: bankruptcy (“*faillissement/faillite*”), judicial reorganisation (“*gerechtelijke reorganisatie/réorganisation judiciaire*”) and judicial or voluntary liquidation (“*vrijwillige en gerechtelijke vereffening/liquidation volontaire ou forcée*”) (other than a voluntary liquidation in connection with a reconstruction, merger or amalgamation where the continuing corporation assumes all the liabilities of the Guarantor)), the holders of Dated Subordinated Notes and of the related Receipts and Coupons irrevocably waive their rights to equal treatment with other unsecured creditors (“*chirografaire schuldeisers/créanciers chirographaires*”). Consequently, the holders of Dated Subordinated Notes and of the related Receipts and Coupons agree that upon the occurrence of any of the events described in the preceding sentence, the Guarantor will have no obligation to pay any principal or interest due to them until all Senior Creditors of the Guarantor have been paid, or the funds necessary to satisfy the Senior Creditors have been put in escrow (“*in bewaring/en consignation*”).

In the event of dissolution or liquidation as defined above, the claims of holders of Dated Subordinated Notes and of the related Receipts and Coupons will rank *pari passu* with claims of other creditors in respect of Subordinated Obligations whether their claims were due before or after the issue of the Dated Subordinated Notes.

## 7 Substitution

The Issuer [with the consent of the Guarantor] or any previous substituted company [with the consent of the Guarantor], may at any time, without the consent of the Noteholders or the Couponholders (but subject, in the

case of Dated Subordinated Notes, to the prior consent of the NBB), substitute for itself as principal debtor under the Notes, the Receipts, the Coupons and the Talons any company (the “Substitute”) provided that:

- (1) the substitution is made by a deed poll (the “Deed Poll”), to be substantially in the form scheduled to the Agency Agreement as Schedule 9;
- (2) no payment of principal of, or interest on, the Notes is at the time of such substitution overdue;
- (3) the Substitute assumes all obligations and liabilities of the substituted Issuer in its capacity as debtor arising from, or in connection with, the Notes and the Coupons [and the substitution is subject to BELFIUS BANK irrevocably and unconditionally guaranteeing on a senior basis (in the case of Senior Notes) or on a subordinated basis (in the case of Dated Subordinated Notes) the obligations of the Substitute on the same terms *mutatis mutandis* as the relevant Guarantee];
- (4) the Substitute becomes a party to the Agency Agreement, with any appropriate consequential amendments, and assumes all the obligations and liabilities of the Issuer in its capacity as debtor under the Notes contained therein and shall be bound as fully as if the Substitute had been named therein as an original party;
- (5) the Substitute shall, by means of the Deed Poll, agree to indemnify the holder of each Note and Coupon against any tax, duty, fee or governmental charge that is imposed on such holder by the jurisdiction of the country of its residence for tax purposes and, if different, of its incorporation or any political subdivision or taxing authority thereof or therein with respect to any Note, Receipt, Coupon, Talon or the Deed of Covenant and that would not have been so imposed had it not been substituted as the principal debtor and any tax, duty, fee or governmental charge imposed on or relating to such substitution and any costs or expenses of such substitution;
- (6) the Substitute obtains all necessary governmental and regulatory approvals and consents, takes all actions and fulfils all conditions necessary for such substitution and to ensure that the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute [and the Guarantor obtains all necessary governmental and regulatory approvals and consents necessary for the continuance or giving of the relevant Guarantee referred to in sub-Clause (3) above];
- (7) the Substitute shall cause legal opinions to be delivered to the Noteholders (care of the Principal Paying Agent) from lawyers with a leading securities practice in [the Netherlands,] Belgium, England and the jurisdiction of the Substitute confirming the validity of the substitution [and the continuance or giving of the guarantee referred to in sub-Clause (3) above];
- (8) the Issuer shall have given at least 14 days’ prior notice of a proposed substitution to the Noteholders, such notice to be published in accordance with these Terms and Conditions, stating that copies, or pending execution, the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to the Noteholders, shall be available for inspection at the specified office of the Principal Paying Agent and each of the other Paying Agents.

References in Condition [13]/[12] to obligations under the Notes shall be deemed to include obligations under the Deed Poll.

## **8 Notices**

All notices to holders of Bearer Notes shall be validly given if published in a daily newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). However, the previous sentence does not apply (i) in the case of Notes held in a securities account, where notices may be validly given



through a direct notification through the applicable clearing system, or (ii) in the case of Notes held in a securities account with BELFIUS BANK, where notices may be validly given through a direct notification in the account statements.

For so long as Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, such notices shall be published in a daily newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu).

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.

All notices in respect of Registered Notes will be mailed to the holders at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu).

\*[In addition to the above publications, with respect to notices for a meeting of Noteholders, any convening notice for such meeting shall be made in accordance with Article 570 of the Belgian Companies Code, by an announcement to be inserted 15 days prior to the meeting, in the Belgian State Gazette (“*Moniteur belge - Belgisch Staatsblad*”) and in one Belgian newspaper with national coverage. Resolutions to be submitted to the meeting must be described in the convening notice. In addition, the convening notice shall specify the procedures in respect of voting on resolutions to be decided by the meeting.]

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 8.

## **9 Prescription**

Claims against the Issuer [and the Guarantor] for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) 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.

SNA13.4.8

## **10 Replacement of Notes, [Certificates,] Receipts, Coupons and Talons**

If a Note, [Certificate,] Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of the Paying Agent in Luxembourg (in the case of Bearer Notes, Receipts, Coupons or Talons) [and of the Registrar (in the case of Certificates)] or such other Paying Agent [or Transfer Agent], as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, [Certificate,] Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, [Certificates,] Receipts, Coupons or further Coupons)

and otherwise as the Issuer may require. Mutilated or defaced Notes, [Certificates,] Receipts, Coupons or Talons must be surrendered before replacements will be issued.

\*[Notwithstanding the above, in the case of loss, destruction, theft, or any other event of involuntary dispossession of a Note in bearer form the provisions of the Belgian Law of 24 July 1921 relating to involuntary dispossession of bearer securities, as amended *inter alia* on 22 July 1991 (the “Law”) will apply.

Provided such event of involuntary dispossession with respect to any Note has been notified and published in accordance with the procedure of opposition provided for by the Law, this will impose certain obligations upon the Issuer or the Fiscal Agent including attaching such Note, reinvesting the principal and, in some cases, the revenues of such Note as specified, and refusing any payment on such Note for a period of four years starting from the first of January following the first publication in the Bulletin of Oppositions (“*Bulletin des oppositions/Bulletin der met verzet aangetekende waarden*”).

## **11 Meeting of Noteholders [and Modification to Agency Agreement]**

### *(a) Meetings of Noteholders*

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Terms and Conditions. [Such a meeting may be convened by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the principal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such minimum and/or maximum, (v) to vary any method of, or basis for, calculating the Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (viii) to modify or cancel the Senior Guarantee or the Subordinated Guarantee, in which case the necessary quorum shall be two or more persons holding or representing not less than two thirds, or at any once adjourned meeting not less than one third or at any twice adjourned meeting any proportion in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.]

\*[Meetings of Noteholders may be convened to consider matters relating to Notes issued by BELFIUS BANK, including the modification or waiver of any provision of the Conditions applicable to any relevant Series of Notes. Any such modification or waiver may be made if sanctioned by an Extraordinary Resolution. For the avoidance of doubt, any such modification or waiver shall always be subject to the consent of BELFIUS BANK. An “Extraordinary Resolution” means a resolution passed at a meeting of Noteholders duly convened and held in accordance with these Conditions and the Belgian Companies Code by a majority of at least 75 per cent. of the votes cast.

All meetings of Noteholders will be held in accordance with the provisions of Article 568 et seq. of the Belgian Companies Code with respect to bondholders' meetings. Such a meeting may be convened by the Issuer and shall be convened by the Issuer upon the request in writing of Noteholders holding not less than one fifth of the aggregate principal amount of the outstanding Notes. A meeting of Noteholders will be entitled (subject to the consent of the Issuer) to exercise the powers set out in Article 568 of the Belgian Companies Code and generally to modify or waive any provision of the Conditions applicable to any Series of Notes (including any proposal (i) to modify the maturity of a Series of Notes or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount of, or interest on, the Notes, (iii) to change the currency of payment of the Notes, or (iv) to modify the provisions concerning the quorum required at any meeting of Noteholders) in accordance with the quorum and majority requirements set out in Article 574 of the Belgian Companies Code, and if required thereunder subject to validation by the court of appeal. Resolutions duly passed in accordance with these provisions shall be binding on all Noteholders, whether or not they are present at the meeting and whether or not they vote in favour of such a resolution.

Convening notices for meetings of Noteholders shall be made in accordance with Article 570 of the Belgian Companies Code, which currently requires an announcement to be published not less than fifteen days prior to the meeting in the Belgian Official Gazette (*Moniteur Belge/Belgisch Staatsblad*) and in a newspaper of national distribution in Belgium.]

*These Terms and Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.*

*(b) Modification of Agency Agreement*

The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

*(c) Written Resolutions*

A written resolution signed by the holders of 75 per cent. in nominal amount of the Notes outstanding shall take effect as if it were an Extraordinary Resolution. Such a resolution 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.

## **12 [No Exchange of Notes and] Transfers of Registered Notes**

*(a) [No Exchange of Notes]*

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination may not be exchanged for Bearer Notes of another Denomination. Bearer Notes may not be exchanged for Registered Notes.]

*(b) Transfer of Registered Notes*

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a

new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

*(c) Exercise of Options or Partial Redemption in Respect of Registered Notes*

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reject the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.

*(d) Delivery of New Certificates*

Each new Certificate to be issued pursuant to Conditions 12(b) or (c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice and/or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 12(c), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

*(e) Transfer Free of Charge*

Transfer of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, 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 or the relevant Transfer Agent may require).

*(f) Closed Periods*

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

*(g) Delivery of Bearer Notes in Belgium*

[To the extent an Issuer is prevented by applicable law from delivering or receiving the delivery of bearer notes in Belgium, it will deliver these Bearer Notes outside Belgium and will not be obliged to deliver these Bearer Notes in Belgium.]

**[13]/[12] Events of Default**

If any of the following events ("Events of Default") occurs (and, in the case of Senior Notes, is continuing), the holder of any Note may give written notice specifying the Event of Default to the Principal Paying Agent at its specified office that such Note is immediately repayable, whereupon the Redemption Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and

payable (unless, in the case of Senior Notes, such Event of Default shall have been remedied prior to the receipt of such notice by the Principal Paying Agent):

- (A) **Dated Subordinated Notes:** In the case of Dated Subordinated Notes, in the event of a dissolution or liquidation of the Issuer (including, without limitation, the following events creating a “*concours de créanciers*” or “*samenloop*”: bankruptcy (“*faillite*” or “*faillissement*” or “*failliet verklaard*”), judicial reorganisation (“*réorganisation judiciaire*” or “*gerechtelijke reorganisatie*”), liquidation (whether voluntary or involuntary) (“*liquidation forcée*”, “*liquidation volontaire*” or “*vrijwillige of gerechtelijke vereffening*”) (other than a voluntary liquidation in connection with a reconstruction, merger, split-off or amalgamation where the continuing corporation assumes all the liabilities of the Issuer), dissolution (“*ontbinding/liquidation*”), moratorium of payments (“*surseance van betaling*” or “*uitstel van betaling*” or “*moratoire*”) and other measures agreed between the Issuer and its creditors relating to the Issuer’s payment difficulties, or an official decree of such measures).
- (B) **Senior Notes:** In the case of Senior Notes
- (a) *Non-Payment:* default is made for a period of more than 15 days in the payment of principal and in the payment of interest in respect of any of the Senior Notes; or
  - (b) *Breach of other obligations:* default by the Issuer [or the Guarantor] in the due performance or observance of any obligation, condition or other provisions under or in relation to the Senior Notes [or, as the case may be, the Guarantee], if such default is not cured within 60 days of receipt by the Principal Paying Agent of written notice of default given by the holder of any Senior Note; or
  - (c) *Winding-Up:* the Issuer [or the Guarantor] shall be dissolved or wound up or otherwise shall cease to exist prior to the redemption of all outstanding Senior Notes (except for the purpose of a reconstruction, merger or amalgamation where the continuing corporation assumes all the liabilities of the Issuer [or, as the case may be, the Guarantor]); or
  - (d) *Insolvency:* the Issuer [or the Guarantor] becomes insolvent, is unable to pay its debts generally [or, in the case of the Guarantor,] is in “*cessation de paiements*” (“*verkeert in de toestand dat hij heeft opgehouden te betalen*”) or as they fall due, or stops, suspends or threatens to stop or suspend payment of all or a material part of its debts or ceases or threatens to cease to carry on its business, or proposes or makes a general assignment or composition with or for the benefit of its creditors, or a moratorium is agreed or declared in respect of or affecting all or a material part of the indebtedness of the Issuer [or the Guarantor], [or BELFIUS FUNDING applies for a “*surseance van betaling*” or its “*faillissement*” is declared (within the meaning of the Dutch Bankruptcy Act (“*faillissementswet*”))] or if BELFIUS BANK applies for a “*sursis de paiements*” or “*uitstel van betaling*”, “*réorganisation judiciaire*” or “*gerechtelijke vereffening*”, “*liquidation volontaire*” or “*vrijwillige vereffening*” or “*faillite*” or “*faillissement*” or any similar procedures shall have been initiated in respect of the Issuer [or the Guarantor] (except if any of the events described in this paragraph (d) occurs in a reconstruction, merger or amalgamation where the continuing corporation assumes all the liabilities of the Issuer [or, as the case may be, the Guarantor]); or
  - (e) *Illegality:* it becomes unlawful for the Issuer [or the Guarantor] to perform any of [their respective]/[its] obligations under the Senior Notes or, [as the case may be, the Guarantee, or] any of its [their respective]/[its] obligations thereunder ceases to be valid, binding or enforceable; or
  - (f) [*Senior Guarantee:* the Senior Guarantee ceases to be in full force and effect in accordance with its terms.]

**[14]/[13] Further Issues**

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

**[15]/[14] Currency Indemnity**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer [or the Guarantor] or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer [or the Guarantor] shall only constitute a discharge to the Issuer [or the Guarantor, as the case may be], to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt 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 Note, Coupon or Receipt, the Issuer[, failing whom the Guarantor,] shall indemnify it against any loss sustained by it as a result. In any event, the Issuer, [failing whom the Guarantor,] shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition [15]/[14], it shall be sufficient for the Noteholder or Couponholder, 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 from the Issuer’s [and the Guarantor’s] other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder 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 Note, Coupon or Receipt or any other judgment or order.

**[16]/[15] Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

**[17]/[16] Governing Law and Jurisdiction**

SNA13.4.3

*(a) Governing Law*

The Notes (other than any matter relating to title to, and the dematerialised form of, such Notes), the Receipts, the Coupons and the Talons [and the Guarantee] and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law save that, in relation to Dated Subordinated Notes issued by BELFIUS FUNDING, Condition 6 shall be governed by, and construed in accordance with, the laws of the Netherlands and, in relation to Dated Subordinated Notes issued by BELFIUS BANK, Condition 6 shall be governed by, and construed in accordance with, the laws of Belgium. In the case of Notes issued by BELFIUS BANK, any matter relating to title to, and the dematerialised form of, such Notes, and any non-contractual obligations arising out of or in connection with title to, and any matter relating to the dematerialised form of, such Notes, will be governed by, and construed in accordance with, Belgian law.

*(b) Jurisdiction*

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons[,]/[or] Talons [or the Guarantee] including any legal

action or proceedings relating to any non-contractual obligations arising therefrom and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons[,] [or] Talons [or the Guarantee] including any disputes relating to any non-contractual obligations arising therefrom (“Proceedings”) may be brought in such courts. [Each of the Issuer and the Guarantor]/[The Issuer] irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) *Service of Process*

[Each of the Issuer and the Guarantor]/[The Issuer] irrevocably appoints [Process Agent] of [Address] as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer [or the Guarantor]). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, [each of] the Issuer [and the Guarantor] irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 9. Nothing shall affect the right to serve process in any manner permitted by law.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### Initial Issue of Notes

For Senior Notes issued by BELFIUS FUNDING, if the Global Notes or the Global Certificates are stated in the applicable Final Terms to be issued in NGN form or to be held under the NSS (as the case may be), the Global Notes or the Global Certificates will be delivered on or prior to the original issue date of the Tranche to the Common Safekeeper. Depositing the Global Notes or the Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

For the avoidance of doubt, Notes in dematerialised form issued by BELFIUS BANK within the NBB System may be eligible as ECB collateral.

For Senior Notes and Dated Subordinated Notes issued by BELFIUS FUNDING, Global Notes which are issued in CGN form (and Global Certificates which are not held under the NSS) may be delivered on or prior to the original issue date of the Tranche to the Common Depository.

In relation to Notes issued by BELFIUS FUNDING where the Global Note is in CGN form (or the Global Certificate is not held under the NSS), upon the initial deposit of a Global Note with the Common Depository or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

In relation to Notes issued by BELFIUS FUNDING where the Global Note is in NGN form, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, or any other clearing system other than the NBB System as the holder of a Note represented by a Global Note or, in the case of issues of Notes by BELFIUS FUNDING, a Global Certificate, must look solely to Euroclear, Clearstream, Luxembourg or clearing system other than the NBB System (as the case may be) for his share of each payment made by each Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such clearing system other than the NBB System (as the case may be). Subject to mandatory provisions of Belgian law, such persons shall have no claim directly against either of the Issuers in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate



and such obligations of each Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

## **Exchange**

### **1. *Temporary Global Notes of BELFIUS FUNDING***

Each temporary Global Note of BELFIUS FUNDING will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Subscription and Sale”), in whole, but not in part, for the Definitive Notes defined and described below;
- (ii) in the case of Extendible Notes, in whole or in part as provided for in “Extendible Notes”
- (iii) below; and
- (iv) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

### **2. *Permanent Global Notes of BELFIUS FUNDING***

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 4 below, in part for Definitive Notes or, in the case of paragraph 4 below, Registered Notes:

- (i) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an “Alternative Clearing System”) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or
- (ii) if principal in respect of any Notes is not paid when due (taking into account any applicable grace period), by the holder giving notice to the Principal Paying Agent of its election for such exchange.

Where a permanent Global Note is exchangeable in whole but not in part for Definitive Notes at the cost of the holder, the first accountholder with Euroclear or Clearstream, Luxembourg wishing to request such exchange will be required to bear the entire cost of such exchange, not just the cost attributable to the portion of such accountholder’s interest in such permanent Global Note. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

### **3. *Permanent Global Certificates of BELFIUS FUNDING***

If the Final Terms for Notes issued by BELFIUS FUNDING state that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system. Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 12(b) may only be made in part:

- (i) if the Notes represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if principal in respect of any Notes is not paid when due (taking into account any applicable grace period); or
- (iii) with the consent of BELFIUS FUNDING,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) or (ii) above, the holder has given the Registrar not less than 30 days' notice at its specified office of the holder's intention to effect such transfer.

#### **4. *Partial Exchange of Permanent Global Notes***

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes (i) if principal in respect of any Notes is not paid when due (taking into account any applicable grace period) or (ii) if so provided in, and in accordance with, the Terms and Conditions (which will be set out in the relevant Final Terms) relating to Partly Paid Notes.

#### **5. *Extendible Notes***

In the case of Extendible Notes, interests in any temporary Global Note issued by BELFIUS FUNDING must be exchanged for interests in the Original Permanent Global Note (as defined below) before the Non-Extension Option can be exercised.

If Noteholders exercise their Non-Extension Option then (in the case of Bearer Notes) the permanent Global Note representing the Notes on issue, (or, in the case of BELFIUS FUNDING, following exchange of any temporary Global Note) (the "Original Permanent Global Note") or (in the case of Registered Notes) the Global Certificate issued in respect of the Notes on issue (the "Original Global Certificate") shall to that extent be exchanged for a new permanent Global Note or new global certificate representing such Notes and all other Notes having the same Maturity Date as such Notes as provided below.

On the Automatic Extension Date, all Notes in respect of which a duly completed Non-Extension Option Notice has been received by the Fiscal Agent or, as the case may be, the Registrar will not have their Maturity Date extended. Such Notes will be allocated a new ISIN and Common Code corresponding to their Maturity Date, and (i) (in the case of Bearer Notes) the Fiscal Agent shall (x) authenticate and issue on behalf of the Issuer a new permanent Global Note in respect of such Notes to the holder of the Original Permanent Global Note, recording thereon the Maturity Date, the new ISIN and Common Code applicable thereto and the aggregate nominal amount thereof and (y) record the remaining outstanding nominal amount of Notes in respect of which the Non-Extension Option has not been exercised on the relevant schedules to the Original Permanent Global Note, and (ii) (in the case of Registered Notes) the Registrar shall (x) authenticate and issue on behalf of the Issuer a new Global Certificate in respect of such Notes recording the new Maturity Date, the new ISIN and Common Code applicable thereto and the aggregate nominal amount thereof and (y) authenticate and issue a replacement Global Certificate in respect of the remaining Notes recording thereon the same ISIN and Common Code applicable to the Original Global Certificate and, in each case, shall deliver such new and replacement Global Certificates to the holder of the Original Global Certificate and shall make the appropriate entries relating thereto in the Register relating to the Notes.

## 6. *Delivery of Notes*

If the Global Note is a CGN, on or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Principal Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note issued by BELFIUS FUNDING exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate principal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed Definitive Notes or, if the Global Note is a NGN issued by BELFIUS FUNDING, BELFIUS FUNDING, will procure that details of such exchange be entered pro rata in the records of the relevant clearing system. In this Prospectus, “Definitive Notes” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each temporary Global Note and permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes, permanent Global Note or Certificates, as the case may be.

## 7. *Exchange Date*

“Exchange Date” means, in relation to a temporary Global Note, the day falling after the expiry of 60 days after its issue date (in the case of a temporary Global Note issued in compliance with the C Rules) and the day falling after the expiry of 40 days after its issue date (in the case of a temporary Global Note issued in all other cases) and, in relation to a permanent Global Note, a day falling not less than 60 days, or, in the case of failure to pay principal in respect of any Notes when due, 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and in the city in which the relevant clearing system is located.

Book-entry interests in Dematerialised Notes shall be exchangeable in whole and not in part for securities in registered form with no coupons attached if (a)(i) the relevant Dematerialised Notes become ineligible for clearance and settlement through the NBB System and (ii) BELFIUS BANK is not able, after using reasonable efforts, to arrange for clearance and settlement of the Dematerialised Notes through a successor clearing system within 120 days of notice of such event or (b) if as a result of any amendment to, or change in, the laws or regulations of Belgium (or any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation, by any revenue authority or a court or administration, of such laws or regulations or any Paying Agent is or shall be required to make any deduction or withholding from any payment in respect of the Dematerialised Notes which would not be required were the Dematerialised Notes in definitive registered form.

## **Amendment to Terms and Conditions**

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

**1. *Payments***

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes [or Registered Notes] is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 4(e)[(vii)]/[(vi)] and Condition 5(a)(5) will apply to the Definitive Notes only. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “business day” set out in Condition 4(h).

If the Global Note is a NGN, or if the Global Certificate is held under the NSS, the Issuer shall procure that details of each such payment shall be entered pro rata in the records of the relevant clearing system and, in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Issuer’s obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

**2. *Prescription***

Claims against each Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 5(a)).

**3. *Meetings***

Without prejudice to mandatory rules of Belgian corporate law, the holder of a Global Note or of the Notes represented by a Global Certificate shall (unless such Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder’s holding, whether or not represented by a Global Certificate.)

**4. *Cancellation***

Cancellation of any Note represented by a permanent Global Note that is required by the Terms and Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant permanent Global Note.

**5. *Purchase***

Notes represented by a Global Note may only be purchased by the relevant Issuer, the Guarantor (if applicable) or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

**6. *Issuer's Option***

Any option of the relevant Issuer provided for in the Terms and Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Terms and Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and, accordingly, no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other clearing system (as the case may be).

**7. *Noteholders' Options***

Any option of the Noteholders (including any Non-Extension option) provided for in the Terms and Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Principal Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Terms and Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the principal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Principal Paying Agent, or to a Paying Agent acting on behalf of the Principal Paying Agent, for notation. Where the Global Note is a NGN or where the Global Certificate is held under the NSS, the Issuer shall procure that details of such exercise shall be entered pro rata in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

**8. *NGN nominal amount***

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above, shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

**9. *Events of Default***

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition [13]/[12] by stating in the notice to the Principal Paying Agent the principal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due (taking into account any applicable grace period), the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer under the terms of an Amended and Restated Deed of Covenant executed as a deed by the Issuer on 15 June 2012 to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a

clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion of Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

#### **10. Notices**

Without prejudice to mandatory rules of Belgian corporate law, so long as any Bearer Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system other than the NBB System for communication by it to entitled accountholders in substitution for publication as required by the Terms and Conditions or by delivery of the relevant notice to the holder of the Global Note except that, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published in a daily newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

#### **Partly Paid Notes**

The provisions relating to Partly Paid Notes are not set out in this Prospectus, but will be contained in the relevant Final Terms or, if required, in a drawdown prospectus and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes by BELFIUS FUNDING will be lent to BELFIUS BANK and/or its subsidiaries. The net proceeds of the issue of the Notes by BELFIUS BANK will be used by BELFIUS BANK for its general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## **DESCRIPTION OF THE ISSUERS**



## DESCRIPTION OF BELFIUS BANK

### BELFIUS BANK profile

Belfius Bank SA/NV (previously Dexia Bank Belgium SA/NV 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.

RDA11.4.1.1

RDA11.4.1.2

RDA11.4.1.3

RDA11.4.1.4

RDA11.4.1.5

Dexia Bank Belgium SA/NV (at the time *Crédit Communal de Belgique/Gemeentekrediet van België SA/NV*) was originally set up and developed as a local public sector bank. After a while, it also approached the retail market and developed a branch network covering the entire country. From the nineties, Dexia Bank Belgium SA/NV began to expand abroad, with the acquisition of Dexia Banque Internationale à Luxembourg SA (currently Banque Internationale à Luxembourg SA). In 1996, Dexia Belgium SA/NV joined with Dexia Crédit Local de France SA (at the time known as Crédit Local de France SA) to found Dexia SA/NV, a European banking group.

Until 20 October 2011, the majority of Dexia Bank Belgium SA/NV’s shares were held by Dexia SA/NV.

Following the aggravation of the sovereign debt crisis and, more generally, the hardening of the macroeconomic environment, Dexia SA/NV faced increased pressures on its liquidity. Against that deteriorating economic background and considering (a) the risks caused by the situation of the Dexia group to the commercial franchise of Dexia Bank Belgium SA/NV and (b) the systemic nature of Dexia Bank Belgium SA/NV in relation to the Belgian financial system, the Belgian federal state offered to purchase Dexia Bank Belgium SA/NV on 9 October 2011.

RDA11.10.1

The sale and purchase agreement relates to all the assets and liabilities, as well as the holdings of Dexia Bank Belgium SA/NV, with the exception of its 49 per cent. holding in Dexia Asset Management SA/NV, which was transferred to Dexia SA/NV on 20 October 2011. Dexia Bank Belgium SA/NV and Dexia Asset Management SA/NV will nonetheless continue their commercial and operational relations. The two companies maintain their long-established partnership in order to offer clients tailored solutions. The details of the partnership are outlined in a formal framework agreement.

The purchase of Dexia Bank Belgium SA/NV was finalised on 20 October 2011. Since then, the Federal Holding and Investment Company (“FHIC”), acting on behalf of the Belgian federal state (based upon the royal decree of 16 September 2011 entrusting the FHIC with a task within the meaning of Article 2 §3 of the law of 2 April 1962 relating to the FHIC and to regional investment companies), holds 100 per cent. of the shares of Dexia Bank Belgium SA/NV.

A new start requires a new name. Indeed, the “Dexia” brand name did not belong to Dexia Bank Belgium SA/NV. In addition, a new name would eliminate all confusion with the Dexia group to which Dexia Bank Belgium SA/NV no longer belonged.

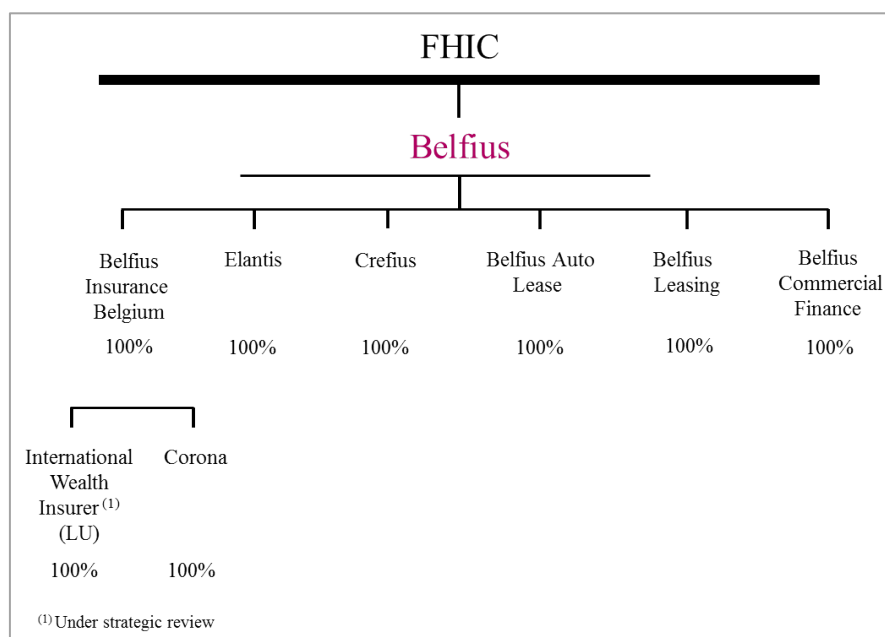
Since 1 March 2012 Dexia Bank Belgium SA/NV has been operating under the brand name of “Belfius Bank and Insurance”. A new name, a new logo and a new colour scheme represent a complete break with the past.

Within the name, “bel” stands for Belgium, “fi” for finance and “us” for us (as in all of us). A locally anchored Belgian banking and insurance group acting for and on behalf of the community.

Although the costs involved in changing a name are considerable, these must be seen as an investment in the future and are negligible in comparison to the added value of the new name in the long-term.

The switch from the old name to the new name will be phased in gradually, though the company name has changed legally since 11 June 2012.

RD11.6.1



BELFIUS BANK is above all a local bank carrying out the activities in Belgium associated with such a status: it collects savings deposits and investments via sales networks and then re-injects such funds into the society in the form of loans to individuals (mainly mortgage loans), to the self-employed, to small- and medium sized enterprises (“SMEs”) and to the liberal professions, corporates and, in particular, public and social institutions and thus carries out the normal bank transformation function.

RD11.5.1.1

Commercial activities are structured around three segments: retail and commercial banking, public and wholesale banking and insurance.

**(A) Retail and commercial banking**

BELFIUS BANK offers a full range of banking and insurance services to clients of the retail and commercial bank (i.e. individuals and the self-employed, as well as SMEs).

As for investments, BELFIUS BANK essentially offers classic balance sheet products such as current accounts, short- and long-term deposit accounts, ordinary savings accounts and, via the internet, savings bonds and other types of bonds. Among the off-balance sheet products BELFIUS BANK offers a wide range of securities from undertakings for collective investment such as the Belgian open-ended collective investment companies (*Sociétés d’Investissements à Capital Variable (SICAV’s)/Beleggingsmaatschappijen met veranderlijk kapitaal (BEVEK’s)*) and investment funds managed by Dexia Asset Management SA/NV and life insurance packages (namely *branche 21/tak 21* with guaranteed yield and capital protection and *branche 23/tak 23* without guaranteed yield or capital protection) managed by Belfius Insurance SA/NV. In addition, BELFIUS BANK offers a range of structured products, frequently together with capital guarantees. Tax optimisation via retirement savings is also being offered. Progressive saving is encouraged by offering savings plans having specific characteristics depending on the target to be achieved.

The investment offer is made taking into account the outcome of the specific client risk assessment, which shows the level of risk a client is willing to take. The investor portraits range from fixed to

protected, tactical or dynamic. Each portrait allows for a corresponding range of specific products to be offered in line with the level of risk acceptable to the client. For wealthy clients, discretionary management and advisory packages have been developed, as well as financial estate planning packages.

As for credits, BELFIUS BANK offers mortgage loans for the purchase of land or construction and/or house or apartment conversions with different formulae: fixed rate, semi-fixed or variable rate, for terms of 15, 20, 25 or 30 years. Consumer loans include the car purchase package and its green variant (for instance when the car has lower emission due to specific ecological features), green loans, personal loans and budget lines (i.e. current account overdrafts). The self-employed and small enterprises can obtain traditional credit in the form of investment loans, straight loans and loans for the advanced payment of professional withholding tax.

The insurance products include life insurances, as well as outstanding balance insurances, non-life products, civil liability, fire, automobile and similar insurances.

BELFIUS BANK also offers a full range of national and international payment services, debit and credit cards, direct-debit (*domiciliëring/domiciliation*), standing orders and so on. The client can choose between four packages: blue, red, gold and platinum, each tied to a wide range of services.

“Dexia Direct Net” is an internet transaction portal offering all products and services and acting as a vital supplement to the country-wide branch network. In 2011, the mobile banking application was launched.

The activity in retail and commercial banking in 2011 was marked by the economic environment and by the situation of the Dexia group. Against the background of an economic slowdown, there was an increased household propensity to save, favouring classic investment and savings products.

After the progress made during the first half of 2011, the amount of customer assets (balance sheet) fell in the second half of the year to EUR 60 billion by the end of December 2011 (EUR -3.1 billion over the year). In particular, assets on all types of savings accounts were affected by the difficulties BELFIUS BANK faced in the beginning of October prior to its acquisition by the FHIC (-7 per cent. to EUR 29.3 billion). In addition, a portion of the outstanding assets were state savings bonds (total production EUR 777 million). A stabilisation of savings account assets could be observed, however, as of December 2011.

As at the end of 2011, off-balance sheet assets are stable at EUR 30.3 billion.

As for the granting of loans, the outstanding amount increased to EUR 35.5 billion by the end of 2011 (+7 per cent. on the end of 2010) driven by a high number of mortgage loans (for an amount of EUR 24 billion) and corporate loans (for an amount of EUR 9.5 billion, up 6 per cent.).

## **(B) Public and wholesale banking**

BELFIUS BANK combines relations with the public and the social sector with corporate banking activities and some specialist activities in public and wholesale banking.

- *public banking and social profit*

BELFIUS BANK has long been the preferred partner of local authorities and social organisations in Belgium. It offers its clients a full range of products and services, including services for investment finance, cash flow management and payment management. The range of products and services is structured in six “lines” reflecting BELFIUS BANK’s commitment to meet the social and sustainability concerns of its clients.

RDA11.5.1.4

**Immo Line** groups a wide range of finance packages ranging from classic finance to public-private partnerships tailored to the size of the particular public or social client and the desired level of ancillary assistance. This wide range includes specialist services such as real estate loans for the implementation of real estate projects, housing certificates offering senior citizens the opportunity to participate in the funding of residential services, public-private partnerships and existing asset management. By virtue of its wide range of products, BELFIUS BANK has been able to operate on numerous markets in 2011, either as leader for tender documentation or as financier for enterprises.

**Energy Line** encompasses solutions for a green automobile fleet (“Green Fleet”) and green IT facilities (“Green IT”), the latter being a formula for cogeneration systems and solar panels. In 2011, solar panels constituted the major portion of financing, but also Green Fleet largely exceeded budgets reaching a historical record for leased vehicles. Green IT continues to record good results because the innovative concept has clearly become a must for any self-respecting administration. In 2012, BELFIUS BANK has also benefited from a special credit line provided by the European Investment Bank to fund innovative projects in renewable energy or energy performance.

**Social Line** covers a range of products principally targeted at the beneficiaries of social assistance. It enables some 200,000 socially vulnerable people in Belgium to have access to suitable basic banking services (such as social assistance accounts in order for them to receive their allowance, budget management systems and system I accounts to facilitate the management of assets for people in rest homes or other institutions, the reconstitution of lease guarantees and prepaid cards). BELFIUS BANK is proud to be one of the only banks in Europe which has incorporated a social approach in its range of services.

**IT Line** was created to facilitate cash flow management. “Dexia Web Software” enables payments to be effected, accounts being consulted and loans and investments being managed on-line and in real-time. Reports can be obtained via CODA (*Extrait de compte codifié/Gecodeerde berichtgeving*) and Papyrus (Project for Paper Reporting Substitution), both legalised systems which are powerful, reliable, ecological and efficient and which dramatically reduce the direct and indirect costs of paper reporting. In 2011, BELFIUS BANK continued to improve existing tools in order to adapt them to the specific needs of its clients. The client take-up of Papyrus, the paper statement replacement tool, also evolved in a positive way.

**People Line** offers, *inter alia*, appropriate solutions for setting-up of pensions for civil servants. Today, BELFIUS BANK has become a leader in the life sector for public service pensions.

The ageing population and its social and financial consequences led BELFIUS BANK to develop Silver Line in order to offset the associated problems. In this context, BELFIUS BANK established a particularly well-documented socio-demographic profile for local public authorities in 2010. In 2011, a similar profile was established for social institutions faced with either the ageing problem or the arrival of young children in the educational circuit. This initiative is the result of long-term work carried out by BELFIUS BANK’s research department and financial experts and has proved to be a great success.

Also in 2011, BELFIUS BANK finalised the development of a new version of the “individual financial profile”, a financial analysis tool providing every municipality in the country with additional perspectives on its financial situation. Here, BELFIUS BANK demonstrates that it is dedicated to its financial mission in the broadest sense over the long-term.

Finally, a team of public bankers and relationship managers for the public and social sectors establish and maintain contacts with clients in the relevant sectors. BELFIUS BANK regularly

organises seminars and strategy breakfasts on topics of interest for their clients which highlights BELFIUS BANK's expertise and the added value it may create. Each year, BELFIUS BANK also publishes studies on the financial situation of the various local authorities and of general, university and psychiatric hospitals.

In 2011, despite the specific background of the governmental crisis in Belgium and the difficulties associated with the situation of the Dexia group, BELFIUS BANK succeeded in obtaining respectable commercial results. Loans to clients in the public and social sectors amounted to EUR 32.7 billion at the end of 2011. They recorded slight but significant growth despite the economic crisis and the consequences thereof for public finances, and despite increasingly fierce competition.

In the social sector, BELFIUS BANK has benefited since 2011 from a special credit line from the European Investment Bank to fund hospital projects, enabling BELFIUS BANK to support this sector which is so vital for the well-being of the Belgian population.

- *corporate banking*

Regarding corporate banking, BELFIUS BANK offers a wide range of products and services in all fields. A cross-selling strategy coupled with a targeted market approach contributes to a favourable development of the corporate market. Well-balanced risk management leads to extremely limited losses on the loan portfolio.

Corporate bankers can rely on the assistance of specialists in payments, classic short- and long-term loans, as well as specialised (foreign trade, documentation, syndication, consortium) loans, cash flow management, real estate and financial asset management, factoring, leasing, car leasing, renting, electronic banking, specific financial structures (initial public offerings, delisting, management buy-outs, project finance and so on), insurance, financial markets (for instance to manage the currency risk), personnel management (i.e. pensions, remuneration), private banking (i.e. succession) and so on.

The business line benefits from the specialised support of financial markets management specialists who manage the structured products used in active debt management or tailor investment products. A full range of hedging agreements in relation to interest rates (such as forward rate agreements and interest rate swaps) and exchange rates (such as spots, swaps, forwards, plain vanilla options and exotic options) are available for clients relying on BELFIUS BANK's commercial team in public and wholesale banking. BELFIUS BANK is also the business line partner for all operations on the debt capital markets (i.e. treasury bills, commercial papers, medium-term notes, retail bonds), and its internal knowledge has developed strongly over the last couple of years.

In 2011, against an extremely difficult background, commercial efforts concentrated essentially on maintaining confidence and relations with clients. Those endeavours turned out to be successful as BELFIUS BANK succeeded in retaining a good level of activity both in terms of loan granting, asset management and cross-sales.

Trading room activities increased as a result of the proactive approach adopted in relation to professional clients and, despite the global financial crisis, not favouring exchange transactions in general.

Various initiatives were also launched to increase the quality of the service offered to clients in this segment. BELFIUS BANK has developed and marketed a full range of products and services specifically for enterprises supplying the public sector. BELFIUS BANK's experience

and renown in the public market, as well as its proximity to the corporate clients concerned, has been warmly welcomed by the relevant market players.

BELFIUS BANK's efforts to assist clients have also enabled it to develop asset finance activities (such as leasing, commercial finance and car leasing).

### **(C) Insurance**

Belfius Insurance SA/NV, a subsidiary of BELFIUS BANK, offers insurance products to clients of the retail and commercial bank (i.e. individuals, private banking and SMEs) and to public and wholesale banking clients (both public and social profit).

In Belgium, Belfius Insurance SA/NV combines the advantages of *Les AP Assurances/DVV Verzekeringen SA/NV*, an exclusive network of agents (principally non-life) with a bank-insurance approach via the BELFIUS BANK network, and occupies the fifth place on the insurance market in Belgium with a total market share of almost 10 per cent. (12 per cent. in life and 4 per cent. in non-life). This multi-channel approach is enhanced by using the services of Corona Direct SA/NV, a direct insurer.

RDA11.5.1.3  
RDA11.5.1.4

Active in Luxembourg, BELFIUS BANK's subsidiary International Wealth Insurer SA (previously Dexia Life & Pensions SA) offers its insurance products in particular to wealthy clients relying on the bank network of Banque Internationale à Luxembourg SA.

In 2011, the good commercial and financial results which were recorded on the Belgian market for Belfius Insurance SA/NV in 2010 were confirmed, despite an unstable market environment. The last quarter of 2011 was particularly difficult, with Belfius Insurance SA/NV severely being impacted by the difficulties of the Dexia group and by the sovereign debt crisis.

These good performances are reflected by an increase in life reserves, from EUR 18.4 billion at the end of 2010 to EUR 19.1 billion at the end of 2011.

Gross written premiums amounted to EUR 2.2 billion (life) and EUR 509 million (non-life). Compared to last year, Belgian channels show a preservation of the status quo.

On the other hand, the Luxembourg subsidiary of Belfius Insurance SA/NV, International Wealth Insurer SA, registered, after an exceptional year in 2010 where it benefited from the positive influence of the Savings Directive, a decline in line with the situation on the Luxembourg market.

### **BELFIUS BANK's commitments**

After several particularly difficult months both for BELFIUS BANK and for its staff and customers, BELFIUS BANK has now found a new stability as a stable autonomous banking and insurance group whose shares are not listed on the stock market and whose sole shareholder is the Belgian federal state.

Having learnt lessons from the past and using its new strengths, BELFIUS BANK intends to turn over a new leaf, take the initiative and offer a vision of the future based on three specific commitments.

These three commitments are closely linked with the long experience BELFIUS BANK has gained over the past 150 years in the public sector and in retail banking over the past 50 years.

#### **1. BELFIUS BANK seeks to be a locally anchored relationship bank**

BELFIUS BANK aims, today more than ever, to prioritise the personal relationship with its customers, through a personalised management of relations, an open and integrated approach, offering specialised advice and an extensive range of high quality products and services in a culture of sustainability and stability over the long term.

Being a relationship-based bank having its roots in the local community also implies that it has to be accessible 24/7. With 818 branches at 31 December 2011, 420 of which have already been converted to the open branch concept, BELFIUS BANK is active on the Belgian market with presence equally strong in Flanders, Brussels and Wallonia.

2. BELFIUS BANK seeks to be a bank that offers added value to society

BELFIUS BANK aims to be the preferred partner in the public and social profit sectors for financial services. Savings bonds for local projects, successfully launched in December 2011, are just one example. Offering such services and products enables the allocation of the collected funds to projects that benefit society (i.e. convalescent and nursing homes, hospitals, swimming pools, kindergartens, etc.).

From a financial point of view, BELFIUS BANK also aims to meet the major challenges of society such as the ageing population, sustainable development and social integration.

Moreover, BELFIUS BANK will continue to participate in value adding through philanthropic initiatives such as the “Belfius Foundation”. Moreover, the creation of a community service centre will enable employees of BELFIUS BANK to use their skills and expertise for the benefit of local initiatives.

3. BELFIUS BANK supports clear and transparent communication

Confidence is key in a banking relationship. Such confidence is created, earned and consolidated through clear and transparent communication with its customers at all times. BELFIUS BANK aims to communicate regularly about its strategy, its results and its corporate governance.

## Recent developments

In a still challenging macro-economic and financial environment, BELFIUS BANK managed to achieve significant progress in recent months in the following key fields.

1. PROFITABILITY:

In the first quarter 2012, BELFIUS BANK reported a net income group share of EUR 397 million, partly due to some important one-off items.

Those items included a capital gain of approximately EUR 430 million after tax stemming from the buy-back of subordinated and hybrid capital (Tier 2 and Tier 1) issues of BELFIUS BANK, partially offset by an impairment of approximately EUR 100 million as a result of de-risking actions within the investment portfolio, mainly the sale of Spanish, Portuguese and Greek government bonds.

This result has strengthened BELFIUS BANK’s core shareholders’ equity and allows for a further improvement of the risk profile.

2. EXPOSURE TO PIIGS:

BELFIUS BANK has in recent months substantially reduced its concentration risk on certain PIIGS countries despite very stressed market conditions, especially from the second quarter of 2012 onwards. Accordingly, outstanding Spanish government bonds have been reduced to nil, and outstanding Portuguese and Greek government bonds to EUR 100 million and EUR 80 million, respectively, as at 22 May 2012. At the same date, EUR 2.4 billion of assets from the investment portfolio have been disposed of<sup>1</sup>.

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<sup>1</sup> Unaudited figures.

### 3. LIQUIDITY POSITION:

An internal securitisation of loans to SMEs on 7 May 2012 enabled BELFIUS BANK to improve its liquidity profile by EUR 2.2 billion.<sup>2</sup> In addition, BELFIUS BANK is continuing to reduce the financing granted to the Dexia group: as at the end of March 2012, unsecured cash exposure was down to zero, which also helped enhance the liquidity position. Client deposits have stabilized since the end of December 2012. While PWB deposits stand at pre-crisis levels, recovery is slower for RCB deposits.

The current market stresses have had no immediate impact on the liquidity position of BELFIUS BANK as its liquidity management is based on repos via central counterparties (on the basis of BELFIUS BANK's quality assets) and BELFIUS BANK realised a liquidity buffer of EUR 25 billion via the three year long term refinancing operation ("LTRO") (EUR 10 billion in December 2011 and EUR 15 billion in January 2012). Moreover, BELFIUS BANK has made a voluntary choice to have limited recourse to liquidity coming from the wholesale unsecured market.

Finally, on 17 April last, BELFIUS BANK submitted its file to the European Commission. The sustainable future and profitability of the bank have been clearly demonstrated from this file.

### **Ratings**

At the end of May 2012, BELFIUS BANK had the following long-term ratings:

- A - from Fitch France S.A.S. ("Fitch") (stable outlook)
- A- from Standard and Poor's (negative outlook)
- Baa1 from Moody's (stable outlook).

### **Other information**

There is no arrangement known to BELFIUS BANK, the operation of which may at a subsequent date result in a change of control of BELFIUS BANK. RDA11.10.2

There are no recent events particular to BELFIUS BANK which are, to a material extent, relevant to the evaluation of its solvency. RDA11.4.1.5

### **Management and Supervision of BELFIUS BANK**

RDA11.9.1

#### **Composition of the management board and the board of directors**

##### **1. *Management board***

The management board has a maximum of nine members who have all acquired experience in the banking and financial sector. The members of the management board form a college.

Since 16 February 2012, the management board has consisted of the following nine members:

<u>Name</u>	<u>Position</u>	<u>Major other functions performed outside BELFIUS BANK</u>
Jozef Clijsters.....	chairman	none
Marc Lauwers .....	vice chairman	none

<sup>2</sup> Unaudited figures.



<b>Name</b>	<b>Position</b>	<b>Major other functions performed outside BELFIUS BANK</b>
Ann De Roeck.....	member	none
Dirk Gyselinck.....	member	none
Eric Hermann.....	member	none
Roger Leysens.....	member	none
Luc Van Thielen.....	member	none
Dirk Vanderschrick.....	member	none
Johan Vankelecom.....	member	none

The above members of the management board have their business address at 1000 Brussels, Boulevard Pacheco 44.

RD11.9.1

The board of directors has delegated the management of the bank's business to a management board created from among its members.

Such delegation of its powers does not extend to supervision of the management or the business position of the bank, or to the determination of general policy, or to any other powers that are reserved under the law to the board of directors.

The management board is responsible for the management of the bank whose various business lines and support activities it runs and co-ordinates, and for doing so in the light of the objectives and general policy laid down by the board of directors.

The management board delivers a prior opinion on all proposals that are to be discussed in the board of directors or the strategy committee in relation to the strategy or general policy of the bank, regardless of whether those proposals emanate from the chairman of the management board or from other directors.

The members of the management board must carry out their duties in complete objectivity and independence and as a result may not serve exclusively the interests of the shareholders. This implies that the necessary conditions must be met in order to carry out the functions of a bank in a stable and continuous manner.

Subject to the supervision of the board of directors, the management board takes the necessary measures to ensure that the bank has a management structure that is suited to the activities it pursues or intends to pursue, as well as an administrative and book-keeping organisation, systems of control and security relating to electronic data processing and internal audit.

The management board oversees the line management and the performance of the powers and responsibilities that have been assigned as well as reporting procedures.

There are no potential conflicts of interest between any duties to BELFIUS BANK of the members of the management board and their private interests and other duties.

RD11.9.2

## 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 administered by its board of directors, which is entitled to take any action the right to which is not expressly reserved to the general

meeting of shareholders of BELFIUS BANK by law or the articles of association of BELFIUS BANK. In accordance with Belgian banking law, the board of directors may delegate all or part of its powers, provided that such delegation does not affect either the determination of general policy or any actions which are reserved to the board of directors by law.

The board of directors of BELFIUS BANK has delegated to the management board of BELFIUS BANK all such powers to the maximum extent permitted under Belgian law.

Pursuant to the articles of association of BELFIUS BANK, the board of directors of BELFIUS BANK is composed of a maximum of 27 members appointed for maximum terms of four years, and includes a maximum of nine members with professional banking experience proposed by the board of directors of BELFIUS BANK, each of whom must also be a member of the management board of BELFIUS BANK. The table below sets forth the names of the directors, their position within BELFIUS BANK and the other major functions they perform outside BELIFUS 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 Boulevard Pachéco 44, B-1000 Brussels, Belgium.

RD A11.9.1

***Composition at 16 February 2012***

Following the takeover of the bank by the FPIC, the Belgian federal Government put forward the names of candidates for the position of non-executive directors of BELFIUS BANK. Following this election, the non-executive directors in office resigned as directors of BELFIUS BANK with effect from 7 February 2012.

The appointments of the new non-executive directors were approved at an extraordinary general meeting on 9 February 2012.

The board of directors in its new composition met for the first time on 16 February 2012 and consisted of 19 members, nine of whom sit on the management board.

In view of the fact that the board of directors consists of professionals in the financial sector, it disposes of the knowledge and experience required to manage the various business activities of a bank.

RD A11.9.1

<b>Name</b>	<b>Position</b>	<b>Major other functions performed outside BELFIUS BANK</b>
Alfred Bouckaert.....	chairman	none
Jozef Clijsters.....	chairman of the management board of BELFIUS BANK	none
	vice chairman of the management board of BELFIUS BANK	
Marc Lauwers .....	responsible for retail and commercial banking	none
Johan Vankelecom.....	member of the management board	none

<b>Name</b>	<b>Position</b>	<b>Major other functions performed outside BELFIUS BANK</b>
	of BELFIUS BANK chief financial officer responsible for finance, research and balance sheet management	
Ann De Roeck.....	member of the management board of BELFIUS BANK secretary general responsible for the legal and tax departments, the department for wealth analysis & planning and the general secretariat & participations	none
Dirk Gyselinck .....	member of the management board of BELFIUS BANK responsible for public and wholesale banking	none
Dirk Vanderschrick.....	member of the management board of BELFIUS BANK responsible for treasury and financial markets	none
Eric Hermann .....	member of the management board of BELFIUS BANK chief risk officer	none
Roger Leyssens .....	member of the management board of BELFIUS BANK responsible for the management of human resources	none
Luc Van Thielen .....	member of the management board of BELFIUS BANK chief operations officer responsible for IT, operations, facility management and organisation	none
Marie Gemma Dequae .....	member of the management board of BELFIUS BANK	former risk manager of the Bekaert Group former president of the <i>Federation of European Risk Management Associations</i>
Wouter Devriendt.....	member of the management board of BELFIUS BANK	independent consultant at the Federal Participations and Investment Company (FPIC)
Martine Durez .....	member of the management board of BELFIUS BANK	chairman of the board of directors of B-Post
Pierre Francotte.....	member of the management board of BELFIUS BANK	former CEO of Euroclear and professor at the <i>Solvay</i>

<b>Name</b>	<b>Position</b>	<b>Major other functions performed outside BELFIUS BANK</b>
		<i>Brussels School of Economics and Management</i>
Guy Quaden .....	member of the management board of BELFIUS BANK	former governor of the National Bank of Belgium
Chris Sunt.....	member of the management board of BELFIUS BANK	lawyer
Lutgart Van Den Berghe.....	member of the management board of BELFIUS BANK	executive director at Guberna and professor at the <i>Vlerick Leuven Ghent Management School</i>
Rudi Vander Vennet.....	member of the management board of BELFIUS BANK	professor of financial economics and banking
Serge Wibaut.....	member of the management board of BELFIUS BANK	independent consultant

There are no potential conflicts of interest between any duties to BELFIUS BANK of the members of the board of directors and their private interests and other duties.

RD A11.9.2

### **Specialised committees set up by the board of directors**

Following the takeover of BELFIUS BANK by the Belgian federal state, appropriate new principles of corporate governance will be introduced throughout 2012 in the context of the specific commitments that underlie the future of the bank.

These new principles approved by the board of directors on 28 March 2012 redefine the roles and responsibilities of the board of directors, the management board and the various specialised committees established by the board of directors.

There are no potential conflicts of interest between any duties to BELFIUS BANK of the members of any of the following specialised committees and their private interests and other duties.

RD A11.9.2

#### **1. *Appointments and compensation committee***

On 16 February 2012, the appointments and compensation committee of BELFIUS BANK had the following membership:

RD A11.9.1

<b>Name</b>	<b>Position</b>	<b>Major other functions performed outside BELFIUS BANK</b>
	chairman	
Martine Durez .....	director of BELFIUS BANK	none
	vice chairman	
Alfred Bouckaert.....	chairman of the board of directors of BELFIUS BANK	none
Lutgart Van Den Berghe.....	member	none

<b>Name</b>	<b>Position</b>	<b>Major other functions performed outside BELFIUS BANK</b>
	director of BELFIUS BANK	

Three independent directors sit on the appointments and compensation committee. The committee is constituted in such a manner as to enable it to formulate a competent and independent judgement of the policies and practices of remuneration and on the incentives created for the management of risks, capital and reserves and liquidity.

The appointments and compensation committee prepares the decisions of the board of directors that relate to:

- remuneration policy;
- the compensation paid to the chairman of the management board and, at its proposal, the compensation of the members of the management board; and
- the remuneration report published in the annual report.

## 2. *Audit committee*

Following the sale of BELFIUS BANK to the Federal Participation and Investment Company, a new audit committee was established at the first meeting of the new board of directors on 16 February 2012.

RD A11.9.1

<b>Name</b>	<b>Position</b>	<b>Major other functions performed outside BELFIUS BANK</b>
	chairman	
Mr Guy Quaden .....	director of BELFIUS BANK	none
	member	
Mr Chris Sunt.....	director of BELFIUS BANK	none
	member	
Rudi Vander Vennet.....	director of BELFIUS BANK	none

The audit committee assists the board of directors in its task of carrying out prudential supervision and exercising general control.

## 3. *Strategy committee*

The strategy committee consists of four non-executive members including the chairman of the board of directors and three non-executive directors.

RD A11.9.1

<b>Name</b>	<b>Position</b>	<b>Major other functions performed outside BELFIUS BANK</b>
	chairman	
Alfred Bouckaert.....	chairman of the board of directors of BELFIUS BANK	none

<b>Name</b>	<b>Position</b>	<b>Major other functions performed outside BELFIUS BANK</b>
	member	
Wouter Devriendt.....	director of BELFIUS BANK	none
	member	
Guy Quaden.....	director of BELFIUS BANK	none
	member	
Serge Wibaut.....	director of BELFIUS BANK	none

The committee meets in order to examine matters of a strategic or highly confidential nature before they are submitted to the board of directors, and does so with regard to their compliance with the statutory rules and regulations in force and with BELFIUS BANK's articles of association. It also monitors the implementation of the decisions taken thereon by the board of directors.

#### 4. *Capital & risk management committee*

The capital & risk management committee consists of three non-executive directors, including the chairman of the board of directors.

RD A11.9.1

<b>Name</b>	<b>Position</b>	<b>Major other functions performed outside BELFIUS BANK</b>
	chairman	
Serge Wibaut.....	director of BELFIUS BANK	none
	member	
Alfred Bouckaert.....	chairman of the board of directors of BELFIUS BANK	none
	member	
Pierre Francotte.....	director of BELFIUS BANK	none

To assist the board of directors in the following tasks:

- the detection of risks inherent in the business of banking and insurance to which the bank is exposed;
- the supervision of the bank's risk policy (risk appetite and risk strategy) and the proper management of those risks;
- ensuring that the risks are proportional to the bank's capital;
- supervision of the effectiveness of the risk management function, infrastructure and organisation;
- examination of the main exposures to risk and the manner in which they are managed; and
- alignment of the bank's risk profile with the approved risk appetite and risk strategy.

**Audited Consolidated Financial Statements of BELFIUS BANK**

RD11.11.1

**BELFIUS BANK (previously Dexia Bank Belgium SA/NV)**

**Audited Consolidated Balance Sheet**

	Note	31 December	
		2010	2011
		(EUR '000)	
<b>Assets</b>			
Cash and balances with central banks .....	7.2	1,460,908	713,586
Loans and advances due from banks .....	7.3	67,936,784	46,174,903
Loans and advances to customers .....	7.4	99,472,471	91,933,190
Financial assets measured at fair value through profit or loss .....	7.5	6,320,036	5,500,634
Financial investments .....	7.6	36,475,085	44,911,922
Derivatives .....	9.1	30,313,229	34,933,281
Fair value revaluation of portfolio hedge .....		1,812,004	3,198,807
Investments in associates .....	7.8	277,969	93,154
Tangible fixed assets .....	7.9	1,241,293	1,401,028
Intangible assets and goodwill .....	7.10	229,235	218,533
Tax assets .....	7.11 & 9.2	953,365	2,062,324
Other assets .....	7.12 & 9.3	1,393,092	1,344,716
Non current assets held for sale .....	7.13	16,664	22,965
<b>Total assets .....</b>		<b>247,902,135</b>	<b>232,509,043</b>

	Note	31 December	
		2010	2011
		(EUR '000)	
<b>Liabilities</b>			
Due to banks .....	8.1	62,368,244	59,415,413
Customer borrowings and deposits .....	8.2	82,876,531	70,264,724
Financial liabilities measured at fair value through profit or loss .....	8.3	12,194,667	11,082,012
Derivatives .....	9.1	34,902,906	41,372,637
Fair value revaluation of portfolio hedge .....		(42,023)	30,204
Debt securities .....	8.4	28,957,883	24,361,727
Subordinated debts .....	8.5	2,715,641	2,685,467
Technical provisions of insurance companies .....	9.3	15,619,891	16,786,233
Provisions and other obligations .....	8.6	900,859	977,211

	Note	31 December	
		2010	2011
Tax liabilities.....	8.7 & 9.2	34,936	38,449
Other liabilities.....	8.8	1,920,469	2,219,740
Liabilities included in disposal groups held for sale.....	8.9	2	0
Total liabilities.....		242,450,006	229,233,817

	Note	31 December	
		2010	2011
<i>(EUR '000)</i>			
<b>Equity</b>			
Subscribed capital.....	9.7	3,458,066	3,458,066
Additional paid-in capital.....		209,232	209,232
Treasury shares.....		0	0
Reserves and retained earnings.....		3,604,061	4,290,275
Net income for the period.....		678,322	(1,366,816)
Core shareholders' equity.....		7,949,681	6,590,757
Gains and losses not recognised in the statement of income.....		(2,517,932)	(3,331,416)
– Available-for-sale reserve on securities.....		(1,247,197)	(2,368,136)
– Frozen fair value adjustment of financial assets reclassified to L&R.....		(1,254,618)	(952,603)
– Other reserves.....		(16,117)	(10,677)
Total shareholders' equity.....		5,431,749	3,259,341
Non-controlling interests.....		20,380	15,865
Discretionary participation features of insurance contracts.....	9.3	0	20
Total equity.....		5,452,129	3,275,226
Total liabilities and equity.....		247,902,135	232,509,043

**BELFIUS BANK (previously Dexia Bank Belgium SA/NV)**  
**Audited Consolidated Statement of Income**

	Note	31 December	
		2010	2011
<i>(EUR '000)</i>			
Interest income.....	11.1	25,238,192	26,888,549
Interest expense.....	11.1	(23,128,386)	(24,747,323)
Dividend income.....	11.2	66,133	69,218



	Note	31 December	
		2010	2011
Net income from associates.....	11.3	28,672	(2,739)
Net income from financial instruments at fair value through profit or loss.....	11.4	(28,264)	(60,765)
Net income on investments.....	11.5	207,150	(2,043,040)
Fee and commission income.....	11.6	489,436	487,152
Fee and commission expense.....	11.6	(121,060)	(154,922)
Premiums and technical income from insurance activities.....	11.7 & 9.3	3,449,474	2,698,278
Technical expense from insurance activities <sup>(1)</sup> .....		(3,891,767)	(3,029,733)
Other net income.....	11.8	76,715	(38,407)
Income.....		<u>2,386,295</u>	<u>66,268</u>
Staff expense.....	11.9	(669,167)	(660,055)
General and administrative expense.....	11.10	(502,982)	(528,474)
Network costs <sup>(1)</sup> .....		(308,014)	(305,480)
Depreciation & amortisation.....	11.11	(115,768)	(116,281)
Expenses.....		<u>(1,595,931)</u>	<u>(1,610,290)</u>
Gross operating income.....		<u>790,364</u>	<u>(1,544,022)</u>
Impairment on loans and provisions for credit commitments.....	11.12	(26,371)	(555,289)
Impairment on tangible and intangible assets.....	11.13	(12)	(46,965)
Impairment on goodwill.....	11.14	0	0
Provisions for legal litigations.....	11.15	(1,899)	572
Net income before tax.....		<u>762,082</u>	<u>(2,145,704)</u>
Tax expense.....	11.16	(81,601)	778,791
Net income of continuing operations.....		680,481	(1,366,913)
Discontinued operations (net of tax).....		0	0
Net income.....		<u>680,481</u>	<u>(1,366,913)</u>
Attributable to non-controlling interests.....		2,159	(97)
Attributable to equity holders of the parent.....		<u>678,322</u>	<u>(1,366,816)</u>

Note:

(1) Figures as of 31 December 2010 have been restated

## DESCRIPTION OF BELFIUS FUNDING

### Profile of BELFIUS FUNDING

RDA9.4.1.1

RDA9.4.1.2

Belfius Funding N.V. (“BELFIUS FUNDING”), a public limited liability company (*naamloze vennootschap*), was incorporated under the laws of the Netherlands on 7 July 1987. Its registered office is at Herikerbergweg 238 “Luna Arena”, 1101 CM Amsterdam Zuidoost, The Netherlands, P.O. Box 23393, 1100 DW Amsterdam Zuidoost, The Netherlands, telephone + 31 20 5755600.

RDA9.4.1.3

RDA9.4.1.4

According to Article 3 of its Articles of Association, BELFIUS FUNDING’s corporate objects are – *inter alia* – to enter into and to provide loans and to perform all other acts of a financial nature, as well as to participate in, to carry on the management of and to finance other enterprises and companies.

BELFIUS FUNDING is registered in the Commercial Register of the Chamber of Commerce in Amsterdam under file number 33194789.

The authorised share capital (“*maatschappelijk kapitaal*”) of BELFIUS FUNDING amounts to EUR 2,268,900.00 divided into 5,000 ordinary shares of EUR 453.78 each. As of 31 December 2006, and without any changes since then, 1,000 shares have been issued of which one fourth are called and paid up, amounting to EUR 113,445.

RDA9.10.1

RDA9.10.2

RDA9.6.1

BELFIUS FUNDING is a wholly owned subsidiary of BELFIUS BANK. There is no arrangement that may result in a change of control of BELFIUS FUNDING.

BELFIUS FUNDING is dependent on BELFIUS BANK for the set-up, marketing and sale of its notes issues. In addition, BELFIUS FUNDING relies on the fees paid by BELFIUS BANK to finance its corporate activities.

RDA9.6.2

BELFIUS FUNDING acts as a finance company. BELFIUS FUNDING issues notes in the market, whereby proceeds of the issued notes are fully lent on to BELFIUS BANK. As at the date of this Prospectus, BELFIUS FUNDING has EMTN bonds outstanding for an aggregate principal amount of EUR 2.225 billion. As a financing vehicle, BELFIUS FUNDING does not have a principal market in which it operates and competes with other businesses.

BELFIUS FUNDING may be appointed by the *Nederlandsche Bank N.V.* (the Dutch Central Bank, the “DCB”) as a reporter pursuant to the regulation of 4 February 2003 issued by DCB, implementing reporting instructions under the act of 25 March 1994 on financial foreign relations (“*Wet Financiële Betrekkingen Buitenland 1994*”, the “Act on Foreign Regulations”). If so appointed, BELFIUS FUNDING must file reports with the DCB for the benefit of the composition of the balance of payments for the Netherlands by the DCB.

If Notes are listed on the regulated market of the Luxembourg Stock Exchange or another regulated market for the purposes of directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments, Dutch insider trading rules, pursuant to the act of 1 August 2009 on financial supervision (“*Wet op het financieel toezicht*”, the “Dutch Financial Supervision Act”) and the rules and regulations promulgated thereunder, may apply to certain transactions of BELFIUS FUNDING. Furthermore, in such case, BELFIUS FUNDING will also be subject to the reporting obligations pursuant to the Dutch Financial Supervision Act and the act of 28 September 2006 on the supervision of financial reporting (“*Wet Toezicht Financiële Verslaggeving*”, the “Dutch Financial Reporting Act”).

BELFIUS FUNDING is permitted to attract repayable funds (“*opvorderbare gelden*”) from persons other than professional market parties (“*professionele marktpartijen*”) within the meaning of the Dutch Financial Supervision Act and beyond a restricted circle (“*besloten kring*”) and extend these funds without having obtained a license from the DCB provided it fulfils and continues to fulfil the requirements of article 3:2 of

the Dutch Financial Supervision Act, as amended from time to time, which provides that (i) Notes will be issued in compliance with Chapter 5.1 of the Dutch Financial Supervision Act, (ii) at least 95 per cent. of all liabilities resulting from receipt by BELFIUS FUNDING of repayable funds (“*opvorderbare gelden*”) currently consists of and will continue to consist of loans to and/or investments in other companies belonging to the group of which it forms a part and (iii) BELFIUS BANK grants an unconditional and irrevocable guarantee in respect of the obligations and other liabilities of BELFIUS FUNDING under any Notes, provided that BELFIUS BANK has a positive consolidated equity capital during the full term of the guarantee.

RD9.5.1.1

RD9.6.2

There are no recent events particular to BELFIUS FUNDING which are, to a material extent, relevant to the evaluation of its solvency.

RD9.4.1.5

BELFIUS FUNDING has made no investments since the date of the last published financial statements, and no principal future investments are planned.

There is no arrangement known to BELFIUS FUNDING, the operation of which may at a subsequent date result in a change of control of BELFIUS FUNDING.

RD9.10.2

RD9.9.1

## Management and Supervision of BELFIUS FUNDING

BELFIUS FUNDING has a supervisory board and a board of managing directors.

There is no corporate governance regime applicable to BELFIUS FUNDING.

The supervisory board, as of 25 April 2012, is composed of the following members:

<u>Name</u>	<u>Position</u>	<u>Major other functions performed outside BELFIUS BANK</u>
Mrs. K. Claessens.....	Member of the Supervisory Board	General Manager, BELFIUS BANK
Mr. P. Franck .....	Member of the Supervisory Board	General Manager, BELFIUS BANK
Mr. J. Evenepoel.....	Member of the Supervisory Board	None

The business address of the members is that of BELFIUS BANK and they all perform their principal activities for BELFIUS BANK.

RD9.9.1

The Managing Directors of BELFIUS FUNDING and their respective business addresses are, as of 25 April 2012:

RD9.9.1

<u>Name</u>	<u>Position</u>	<u>Major other functions performed outside BELFIUS BANK</u>
Mr. J. van Burg.....	Managing Director	Directeur TMF
Mr. R. de Koning.....	Managing Director	Directeur TMF
TMF Netherlands B.V. ....	Managing Director	None
BELFIUS BANK .....	Managing Director	None

Mr. J. van Burg, Mr. R. de Koning and TMF Netherlands B.V. have their business address at TMF Netherlands B.V., “Luna Arena” Herikerbergweg 238, 1101 CM Amsterdam Zuidoost, P.O. Box 23393, 1100 DW Amsterdam Zuidoost, The Netherlands. BELFIUS BANK has its business address at Boulevard Pachéco 44, 1000 Brussels, Belgium.

RD9.9.1

No member of the supervisory board and none of the managing directors work on a full-time basis for BELFIUS FUNDING.

There are no potential conflicts of interest between any duties to BELFIUS FUNDING of the members of the supervisory board or the managing directors and their private interests and other duties.

RD9.9.2

RD9.11.1

## Audited non-consolidated financial statements of BELFIUS FUNDING

### BELFIUS FUNDING N.V. (previously Dexia Funding Netherlands N.V.)

#### Audited Balance Sheet (before appropriation of result)<sup>3</sup>

	31 December	
	2011	2010
	(EUR '000)	
<b>Assets</b>		
<b>Fixed Assets</b>		
Subordinated loans to BELFIUS BANK.....	679,174	758,840
Non-subordinated loans to BELFIUS BANK.....	11,638,737	11,774,723
	<u>12,317,911</u>	<u>12,533,563</u>
<b>Current Assets</b>		
Short-term portion of Non-subordinated loans.....	1,033,693	677,982
Other amounts receivable.....	257,621	237,577
Cash.....	3,640	3,999
	<u>1,294,954</u>	<u>3,999</u>
	<u>13,612,865</u>	<u>13,453,121</u>
<b>Shareholders' Equity</b>		
Share capital.....	113	113
Retained earnings.....	2,225	2,866
Result for the year.....	3,211	2,859
	<u>5,549</u>	<u>5,838</u>
<b>Liabilities</b>		
<b>Long-Term Liabilities</b>		
Issued subordinated notes.....	679,174	758,840
Issued non-subordinated notes.....	11,638,737	11,774,723
	<u>12,317,911</u>	<u>12,533,563</u>

<sup>3</sup> BELFIUS FUNDING (previously Dexia Funding Netherlands N.V.) distributed a dividend of EUR 3210 two days after having signed the annual report. Therefore the balance sheet still states “before appropriation of result”.

	<b>31 December</b>	
	<b>2011</b>	<b>2010</b>
	<i>(EUR '000)</i>	
<b><i>Current Liabilities</i></b>		
Short-term portion long-term liabilities .....	1,033,693	677,982
Corporate income tax .....	228	208
Other liabilities and accrued expenses .....	255,484	235,530
	<u>1,289,405</u>	<u>913,720</u>
	<u>13,612,865</u>	<u>13,453,121</u>

**BELFIUS FUNDING N.V. (previously Dexia Funding Netherlands N.V.)**  
**Audited Profit and Loss Account**

	<b>For the Year</b>	
	<b>2011</b>	<b>2010</b>
	<i>(EUR '000)</i>	
<b>Financial Income and Expenses</b>		
Interest income and premium income group .....	510,462	468,334
Interest expense notes and discount expense.....	(505,971)	(464,224)
	<u>4,491</u>	<u>4,110</u>
Other Income.....	40	52
	4,531	4,162
Realised/unrealised capital gains and losses .....	0	0
Capital Gains and Losses .....	0	0
Operating Result .....	4,531	4,162
General expenses.....	(271)	(339)
Result Before Taxation.....	<u>4,260</u>	<u>3,823</u>
Taxation on result of ordinary activities.....	(1,049)	(964)
Result After Taxation .....	<u>3,211</u>	<u>2,859</u>

## GUARANTEES OF BELFIUS BANK

BELFIUS BANK has agreed unconditionally and irrevocably to guarantee on a senior basis or on a subordinated basis, as the case may be, the obligations of BELFIUS FUNDING under the Programme by way of deed poll to the holder of each Senior Note, Subordinated Note, Receipt and Coupon relating thereto that, if for any reason BELFIUS FUNDING does not pay any sum expressed to be payable by it under or in respect of each such Note, Receipt or Coupon (including any additional amounts which may become payable under Condition 5) by the time, in the currency and on the date specified in the Terms and Conditions (whether on the normal due date, on acceleration or otherwise), BELFIUS BANK shall pay that sum as if BELFIUS BANK instead of BELFIUS FUNDING were expressed to be the primary obligor in respect of each such Note, Receipt or Coupon to the extent that each holder shall receive the same sum, in the same currency and at the same time as would have been receivable and applicable had such payment been made by BELFIUS FUNDING in accordance with the provisions of the Terms and Conditions (the “Guarantees”).

As between BELFIUS BANK and the holders but without affecting BELFIUS FUNDING’s obligations, BELFIUS BANK shall be liable under the Guarantees as if it was the sole principal debtor and not merely a surety. Accordingly, it shall not be discharged, nor shall its liability be affected, by anything which would not discharge it or affect its liability if it was the sole principal debtor, including (a) any time, indulgence, waiver or consent at any time given to BELFIUS FUNDING or any other person, (b) any amendment to the Guarantees or the Terms and Conditions or to any security or other guarantee or indemnity, (c) the making or absence of any demand on BELFIUS FUNDING or any other person for payment, (d) the enforcement or absence of enforcement of the Guarantees, the Notes, Receipts or Coupons, the Deed of Covenant or of any security or other guarantee or indemnity, (e) the release of any such security, guarantee or indemnity, (f) the dissolution, amalgamation, reconstruction or reorganisation of BELFIUS FUNDING or any other person (meaning any event creating a “*surseance van betaling*”, “*ontbinding*”, or “*faillissement*”) or the entrance of the Issuer into a suspension of payment procedure (*surseance van betaling*) pursuant to which its payment obligations are suspended, or (g) the illegality, invalidity or unenforceability of, or any defect in, any provision of the Guarantees, the Notes, Receipts or Coupons, the Deed of Covenant or any of BELFIUS FUNDING’s obligations under them.

## **EU DIRECTIVE ON THE TAXATION OF SAVINGS INCOME**

Under the EU Savings Directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest (and/or other similar income) paid by a person within its jurisdiction to an individual or to certain other persons in that other Member State. However, for a transitional period, Luxembourg and Austria instead may (unless during that period they elect otherwise) apply 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 European Commission announced proposals to amend the Savings Directive. If implemented, the proposed amendments would, *inter alia*, extend the scope of the Savings Directive to (i) payments made through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU resident individual and (ii) a wider range of income similar to interest.

## DUTCH TAXATION ON THE NOTES

*The following is a general summary and the tax consequences as described here may not apply to a holder of Notes. Any potential investor should consult his own tax adviser for more information about the tax consequences of acquiring, owning and disposing of Notes in his particular circumstances.*

This taxation summary solely addresses the principal Dutch tax consequences of the acquisition, ownership and disposal of Notes issued by BELFIUS FUNDING on or after the date of this Prospectus. It does not consider every aspect of taxation that may be relevant to a particular holder of Notes under special circumstances or who is subject to special treatment under applicable law. Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. Where in this taxation summary the terms "the Netherlands" and "Dutch" are used, these refer solely to the European part of the Kingdom of the Netherlands.

This summary is based on the tax law of the Netherlands (unpublished case law not included) as it stands at the date of this Prospectus. The law upon which this summary is based is subject to change, perhaps with retroactive effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such change. This summary assumes that each transaction with respect to Notes is at arm's length.

Where in this Dutch taxation paragraph reference is made to a "holder of Notes", that concept includes, without limitation:

1. an owner of one or more Notes who in addition to the title to such Notes has an economic interest in such Notes;
2. a person who or an entity that holds the entire economic interest in one or more Notes;
3. a person who or an entity that holds an interest in an entity, such as a partnership or a mutual fund, that is transparent for Dutch tax purposes, the assets of which comprise one or more Notes, within the meaning of 1. or 2. above; or
4. a person who is deemed to hold an interest in Notes, as referred to under 1. to 3., pursuant to the attribution rules of article 2.14a, of the act of 11 May 2000 on the Dutch income tax 2001, as amended from time to time ("*Wet inkomstenbelasting 2001*", the "Dutch Income Tax Act 2001"), with respect to property that has been segregated, for instance in a trust or a foundation.

### **Withholding tax**

SNA12.4.1.14

All payments under Notes may be made free from withholding or deduction of or for any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority of or in the Netherlands, except where Notes are issued under such terms and conditions that such Notes are capable of being classified as equity of BELFIUS FUNDING for Dutch tax purposes or actually function as equity of BELFIUS FUNDING within the meaning of article 10, paragraph 1, letter d, of the act of 8 October 1969 on Dutch corporation tax, as amended from time to time ("*Wet op de vennootschapsbelasting 1969*", the "Dutch Corporation Tax Act 1969") and where Notes are issued that are redeemable in exchange for, convertible into or linked to shares or other equity instruments issued or to be issued by BELFIUS FUNDING or by any entity related to BELFIUS FUNDING.

### **Taxes on income and capital gains**

The summary set out in this section "Taxes on income and capital gains" applies only to a holder of Notes who is neither resident nor deemed to be resident in the Netherlands for the purposes of Dutch income tax or



corporation tax, as the case may be, and, in the case of an individual, has not elected to be treated as a resident of the Netherlands for Dutch income tax purposes (a “Non-Resident holder of Notes”).

### **Individuals**

A Non-Resident holder of Notes who is an individual will not be subject to any Dutch taxes on income or capital gains in respect of any benefits derived or deemed to be derived from Notes, including any payment under Notes and any gain realised on the disposal of Notes, except if:

- (i) he derives profits from an enterprise, whether as an entrepreneur (“*ondernemer*”) or pursuant to a co-entitlement to the net value of such enterprise, other than as a shareholder, such enterprise either being managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands and his Notes are attributable to such enterprise; or
- (ii) he derives benefits or is deemed to derive benefits from Notes that are taxable as benefits from miscellaneous activities in the Netherlands (“*resultaat uit overige werkzaamheden in Nederland*”).

If a holder of Notes is an individual who does not come under exception 1. above, and if he derives or is deemed to derive benefits from Notes, including any payment under such Notes and any gain realised on the disposal thereof, such benefits are taxable as benefits from miscellaneous activities in the Netherlands if he, or an individual who is a connected person in relation to him as meant by article 3.91, paragraph 2, letter b or c, of the Dutch Income Tax Act 2001, has a substantial interest (“*aanmerkelijk belang*”) in BELFIUS FUNDING.

Generally, a person has a substantial interest in BELFIUS FUNDING if such person - either alone or, in the case of an individual, together with his partner (“*partner*”), if any, or pursuant to article 2.14a, of the Dutch Income Tax Act 2001 - owns or is deemed to own, directly or indirectly, either a number of shares representing 5 per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of BELFIUS FUNDING, or rights to acquire, directly or indirectly, shares, whether or not already issued, representing 5 per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of BELFIUS FUNDING, or profit participating certificates (“*winstbewijzen*”) relating to 5 per cent. or more of the annual profit of BELFIUS FUNDING or to 5 per cent. or more of the liquidation proceeds of BELFIUS FUNDING.

A person who is entitled to the benefits from shares or profit participating certificates (for instance a holder of a right of usufruct) is deemed to be a holder of shares or profit participating certificates, as the case may be, and such person’s entitlement to such benefits is considered a share or a profit participating certificate, as the case may be.

Furthermore, a holder of Notes who is an individual and who does not come under exception 1. above may, *inter alia*, derive, or be deemed to derive benefits from Notes that are taxable as benefits from miscellaneous activities in the following circumstances, if such activities are performed or deemed to be performed in the Netherlands:

- (i) if his investment activities go beyond the activities of an active portfolio investor, for instance in the case of use of insider knowledge (“*voorkennis*”) or comparable forms of special knowledge; or (ii) if he makes Notes available or is deemed to make Notes available, legally or in fact, directly or indirectly, to certain parties as meant by articles 3.91 and 3.92 of the Dutch Income Tax Act 2001 under circumstances described there; or (iii) if he holds Notes, whether directly or indirectly, and any benefits to be derived from such Notes are intended, in whole or in part, as remuneration for activities performed or deemed to be performed in the Netherlands by him or by a person who is a connected person in relation to him as meant by article 3.92b, paragraph 5, of the Dutch Income Tax Act 2001.

### **Attribution rule**

Benefits derived or deemed to be derived from certain miscellaneous activities by a child or a foster child who is under 18 years of age are attributed to the parent who exercises, or the parents who exercise, authority over the child, irrespective of the country of residence of the child.

### **Entities**

A Non-Resident holder of Notes other than an individual will not be subject to any Dutch taxes on income or capital gains in respect of benefits derived or deemed to be derived from Notes, including any payment under Notes and any gain realised on the disposal of Notes, except if:

- (i) such Non-Resident holder of Notes derives profits from an enterprise, whether as an entrepreneur (“*ondernemer*”) or pursuant to a co-entitlement to the net value of such enterprise, other than as a holder of securities, such enterprise either being managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and its Notes are attributable to such enterprise; or
- (ii) such Non-Resident holder of Notes has a substantial interest (as described above under Individuals) or a deemed substantial interest in BELFIUS FUNDING.

A deemed substantial interest may be present if shares, profit participating certificates or rights to acquire shares in BELFIUS FUNDING are held or deemed to be held following the application of a non-recognition provision.

### **General**

Subject to the above, a Non-Resident holder of Notes will not be subject to income taxation in the Netherlands by reason only of the execution (“*ondertekening*”), delivery (“*overhandiging*”) and/or enforcement of the documents relating to the issue of Notes or the performance by BELFIUS FUNDING of its obligations under such documents or under Notes.

### **Gift and inheritance taxes**

If a holder of Notes disposes of Notes by way of gift, in form or in substance, or if a holder of Notes who is an individual dies, no Dutch gift tax or Dutch inheritance tax, as applicable, will be due, unless:

- (i) the donor is, or the deceased was resident or deemed to be resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax, as applicable; or
- (ii) the donor made a gift of Notes, then became a resident or deemed resident of the Netherlands, and died as a resident or deemed resident of the Netherlands within 180 days of the date of the gift.

For purposes of the above, a gift of Notes made under a condition precedent (“*opschortende voorwaarde*”) is deemed to be made at the time the condition precedent is satisfied.

### **Other taxes and duties**

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, is payable in the Netherlands in respect of or in connection with (i) the execution, delivery and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the courts of the Netherlands) of the documents relating to the issue of Notes, (ii) the performance by BELFIUS FUNDING of its obligations under such documents or under Notes, or (iii) the transfer of Notes, except that Dutch real property transfer tax (“*overdrachtsbelasting*”) may be due by a holder of Notes if, in satisfaction of all or part of any of its rights under Notes, it acquires any asset, or an interest in any asset (“*economische eigendom*”), that qualifies as real property or as a right over real property situated in the Netherlands for the purposes of Dutch real property transfer tax (“*overdrachtsbelasting*”) or, where Notes are issued under such terms and

conditions that they represent an interest in assets (“*economische eigendom*”) that qualify as real property, or rights over real property, situated in the Netherlands, for the purposes of Dutch real property transfer tax.

## BELGIAN TAXATION ON THE NOTES

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 21 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 inkomenstenbelastingen 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 21 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, do not have to declare the interest on the Notes in their personal income tax return, provided that they have elected for a withholding of the 4 per cent. additional tax on investment income (see below) in addition to the 21 per cent. Belgian withholding tax and provided that this additional tax has effectively been borne by the beneficiary of the interest income.

If the 4 per cent. additional tax on investment income has not been withheld in addition to the Belgian withholding tax, the Noteholder will be required to declare the interest income in his/her personal income tax return. Moreover, in such case, certain information (including the amount of interest income and the identity of the Noteholder) will be communicated to a central contact point operated by the Belgian ministry of Finance (separated from the tax administrations) which in turn will communicate the relevant information to the tax administration on an annual basis (if the total amount of investment income communicated with respect to that holder in the relevant year exceeds the threshold of EUR 20,020 mentioned below), as well as on demand.

Interest income which is declared in the annual personal income tax return will in principle be taxed at a flat rate of 21 per cent. increased with local surcharges (however, the Belgian federal government has approved a draft bill which, if adopted by the legislator, would abolish such local surcharges) and increased, as the case may be, with the 4 per cent. additional tax on investment income (see below). The Belgian withholding tax levied may be credited. In addition, if the interest is declared and the 4 per cent. additional tax on investment income exceeds the amount of 4 per cent. additional tax on investment income due, the excess may be credited against the personal income tax liability and any excess may be refunded.

Belgian resident individuals who receive qualifying investment income (qualifying interest and qualifying dividends) in an amount exceeding EUR 20,020 (amount for income year 2012) on a yearly basis will be subject to an additional tax on investment income of 4 per cent. on the income exceeding EUR 20,020. Certain investment income is not subject to the additional tax on investment income, i.e. dividend income taxed at 25 per cent., liquidation bonuses, the part of interest on regulated savings accounts taxed at 15 per cent., the income from government bonds issued and subscribed between 24 November and 2 December 2011 and income not considered as taxable moveable income (including the exempt part of interest on regulated savings accounts); however, this investment income is in principle first taken into account to determine whether the EUR 20,020 threshold is exceeded, except for liquidation bonuses, the income from the above mentioned government bonds and income not considered as taxable

moveable income (including the exempt part of interest on regulated savings accounts). Interest on the Notes will be taken into account to calculate the EUR 20,020 threshold and will be subject to the 4 per cent. additional tax on investment income if and to the extent that the threshold is exceeded.

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 21 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 21 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 21 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 they have elected for a withholding of the 4 per cent. additional tax on investment income (see below) in addition to the 21 per cent. Belgian withholding tax and provided that this additional tax has effectively been borne by the beneficiary of the interest income.

If the 4 per cent. additional tax on investment income has not been withheld in addition to the Belgian withholding tax, the Noteholder will be required to declare the interest income in his/her personal income tax return. Moreover, in such case, certain information (including the amount of interest income and the identity of the Noteholder) will be communicated to a central contact point operated by the Belgian ministry of Finance (separated from the tax administrations) which in turn will communicate the relevant information to the tax administration on an annual basis (if the total amount of investment income communicated with respect to that holder in the relevant year exceeds the threshold of EUR 20,020 mentioned below) as well as on demand.

Interest income which is declared in the annual personal income tax return will in principle be taxed at a flat rate of 21 per cent., increased with local surcharges (however, the Belgian federal government has approved a draft bill which, if adopted by the legislator, would abolish such local surcharges) and increased, as the case may be, with the 4 per cent. additional tax on investment income (see below).

Belgian resident individuals who receive qualifying investment income (qualifying interest and qualifying dividends) in an amount exceeding EUR 20,020 (amount for income year 2012) on a yearly basis will be subject to an additional tax on investment income of 4 per cent. on the income exceeding EUR 20,020. Certain investment income is not subject to the additional tax on investment income, i.e. dividend income taxed at 25 per cent., liquidation bonuses, the part of interest on regulated savings accounts taxed at 15 per cent., the income from government bonds issued and subscribed between 24 November and 2 December 2011 and income not considered as taxable moveable income (including the exempt part of interest on regulated savings accounts); however, this investment income is in principle first taken into account to determine whether the EUR 20,020 threshold is exceeded, except for liquidation bonuses, the income from the above mentioned government bonds and income not considered as taxable moveable income (including the exempt part of interest on regulated savings accounts). Interest on the Notes will be taken into account to calculate the EUR 20,020 threshold and will be

subject to the 4 per cent. additional tax on investment income if and to the extent that the threshold is exceeded.

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 21 per cent. increased, as the case may be, with the 4 per cent. additional tax on investment income (see above).

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 21 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 21 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 21 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.

## **LUXEMBOURGIAN TAXATION ON THE NOTES**

The comments below are intended as a basic summary of certain tax consequences in relation to the purchase, ownership and disposal of the Notes under Luxembourg law. Persons who are in any doubt as to their tax position should consult a professional tax adviser.

### **Withholding tax and Self-Applied Tax**

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain individual Noteholders or so-called residual entities, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to certain individual Noteholders or so-called residual entities, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

### **Luxembourg non-resident individuals**

Under the Luxembourg laws dated 21 June 2005 (the “Laws”) implementing the European Council Directive 2003/48/EC on the taxation of savings income (the “Savings Directive”) and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union (“EU”), a Luxembourg based paying agent (within the meaning of the Laws) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for the exchange of information or the tax certificate procedure. The same regime applies to payments of interest and other similar income made to certain “residual entities” within the meaning of article 4.2 of the Savings Directive established in a Member State or in certain EU dependent or associated territories (i.e. entities which are not legal persons (the Finnish and Swedish companies listed in article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, which are not and have not opted to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC, as replaced by the European Council Directive 2009/65/EC, or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands).

The current withholding tax rate is 35 per cent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

### **Luxembourg resident individuals**

In accordance with the law of 23 December 2005 as amended by the law of 17 July 2008 on the introduction of a withholding tax on certain interest payments on savings income, interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the European Council Directive 85/611/EEC, as replaced by the European Council Directive 2009/65/EC, or for the exchange of information regime) are subject to a 10 per cent. withholding tax.

Pursuant to the Luxembourg law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 10 per cent. tax on interest payments made after 31 December 2007 by paying agents (defined in the same way as in the Savings Directive) located in an EU Member State other than Luxembourg, a Member State of the European Economic Area other than an EU Member State or in a State or territory which has concluded an international agreement directly related to the Savings Directive.

## SUBSCRIPTION AND SALE

Pursuant to an Amended and Restated Distribution Agreement dated 15 June 2012 (the “Distribution Agreement”) between BELFIUS FUNDING, BELFIUS BANK, the Dealers and the Arranger and subject to the conditions contained therein, the Dealers have agreed with the Issuers a basis upon which they or any of them may from time to time agree to purchase Notes. The Notes 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 Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

BELFIUS FUNDING and BELFIUS BANK will pay each relevant Dealer a commission in respect of Notes subscribed by them. BELFIUS FUNDING and BELFIUS BANK have agreed to reimburse the Arranger for their expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

BELFIUS FUNDING and BELFIUS BANK have agreed to indemnify the Dealers against certain liabilities relating to any misrepresentation or breach of any of the representations, warranties or agreements of BELFIUS FUNDING and/or BELFIUS BANK in connection with the offer and sale of the Notes. The Distribution Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the relevant 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 Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes 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**

Neither the Notes nor the Guarantee have been or will be registered under the U.S. Securities Act of 1933 as amended (the “Securities Act”) and neither the Notes nor the Guarantee may 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.

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each of the Dealers, BELFIUS FUNDING and BELFIUS BANK has represented and agreed that, except as permitted by the Distribution Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes 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 relevant Issuer, by the Principal Paying Agent, or, in the case of Notes issued on a syndicated basis, the 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 Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Each issuance of Index Linked Notes and Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuers and the relevant Dealer or Dealers shall agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

### **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, BELFIUS FUNDING and BELFIUS BANK has represented and agreed that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”), it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the 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 Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above is made to consumers or shall require the Issuers 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 Notes to the public” in relation to any Notes 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 Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, 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, and the expression “consumers” means consumers within the meaning of Directive 2005/29/EC and includes any relevant implementing measure in each Member State of the European Economic Area which has implemented the Directive 2005/29/EC.



## United Kingdom

Each of the Dealers, BELFIUS FUNDING and BELFIUS BANK has represented and agreed that:

1. in relation to any Notes issued by BELFIUS FUNDING which have a maturity of less than one year from the date of issue, (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 Notes 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 issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "FSMA 2000") by BELFIUS FUNDING or BELFIUS BANK;
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 issue or sale of any Notes in circumstances in which section 21(1) of the FSMA 2000 does not, or, in the case of BELFIUS BANK, would not, if it was not an authorised person, apply to BELFIUS FUNDING or BELFIUS BANK; 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 Notes in, from or otherwise involving the United Kingdom.

## Belgium

Any offering of the Notes will be exclusively conducted under applicable private placement exemptions and the restrictions described below will apply.

Neither the Prospectus nor any other offering material related to the Notes will have been or will be notified to, and neither the Prospectus nor any other offering material related to the Notes will have been or will be approved or reviewed by, the Belgian Financial Services and Markets Authority (the "*Autoriteit voor Financiële Diensten en Markten*" / "*Autorité des Services et Marchés Financiers*", "FSMA"). The FSMA has not commented as to the accuracy or adequacy of any such material or recommended the purchase of the Notes nor will the FSMA so comment or recommend. Any representation to the contrary is unlawful.

## The Netherlands

In addition to the selling restrictions in respect of the Netherlands under the section headed "Public Offer Selling Restriction Under the Prospectus Directive" above, the Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto will not be offered to the public in the Netherlands and in reliance on Article 3(2) of the Prospectus Directive unless:

- (i) such offer is made exclusively to legal entities which are "Qualified Investors" as defined in the Prospectus Directive; or
- (ii) standard logo and exemption wording are incorporated in the Final Terms, as required by article 5:20(5) of the Dutch Financial Supervision Act (the "Dutch FSA"); or
- (iii) such offer is otherwise made in circumstances in which article 5:20(5) of the Dutch FSA is not applicable.

For the purposes of this section "The Netherlands", the expressions (i) an "offer of Notes to the public" in relation to any Notes in The Netherlands and (ii) "Prospectus Directive" have the meaning given to them in the paragraph headed "Public Offer Selling Restriction under the Prospectus Directive" above.

Zero Coupon Notes in definitive form or other Notes that qualify as savings certificates as defined in the act of 21 May 1985 on savings certificates (*“Wet inzake Spaarbewijzen”*, the “Savings Certificate Act”) in definitive form may only be transferred and accepted through the mediation of either BELFIUS FUNDING or BELFIUS BANK or a member of Euronext Amsterdam N.V. in accordance with the Savings Certificates Act. Such restrictions do not apply (a) to a transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, (b) to the transfer and acceptance of Zero Coupon Notes in definitive form within the Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in the Zero Coupon Instruments in global form) are issued outside The Netherlands and are not distributed within the Netherlands in the course of primary trading or immediately thereafter or (c) to the initial issue of such Notes to the first holders thereof. If the Savings Certificates Act is applicable, certain identification requirements in relation to the issue, transfer of or payment on the Zero Coupon Notes will have to be complied with. For the purposes of this paragraph, “Zero Coupon Notes” are Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due prior to maturity or on which no interest is due whatsoever.

## **Japan**

The Notes 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, BELFIUS FUNDING and BELFIUS BANK has represented and agreed that it has not, directly or indirectly offered, or sold and will not, directly or indirectly, offer or sell any Notes 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 BELFIUS FUNDING, BELFIUS BANK and the Dealers. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Prospectus.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this 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 Notes or has in its possession or distributes this Prospectus, any other offering material or any Final Terms in all cases at its own expense.

**APPLICABLE FINAL TERMS**

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

**Final Terms dated [●]**

**[Name of Issuer]**

Issue of [Aggregate Nominal Amount of Tranche]

[Title of Notes]

[Guaranteed by Belfius Bank SA/NV]

under the €10,000,000,000

**Euro Medium Term Note Programme**

## PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Prospectus dated 15 June 2012 [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) to the extent 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 Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [and the Prospectus Supplement] [is] [are] available for inspection during normal business hours at the office of the Fiscal Agent and [the office of the Issuer][and the office of the Issuer and the Guarantor].

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a 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 “Terms and Conditions”) set forth in the [Offering Circular] [Prospectus] dated [original date] [and the Prospectus Supplement dated [●]]. This document constitutes the Final Terms of the Notes 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) to the extent 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 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 Terms and Conditions which are extracted from the [Offering Circular] [Prospectus] dated [original date] [and the Prospectus Supplement dated [●]] and are attached hereto. Full information on the issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the [Offering Circular dated [original date] and the Prospectus dated [current date] [Prospectuses dated [original date] and [current date]] [and the Prospectus Supplement dated [●]]. The [Offering Circular dated [original date] and the Prospectus dated [current date] [Prospectuses] [and the Prospectus Supplement dated [●]] are available for inspection during normal business hours at the office of the Fiscal Agent and [the office of the issuer][the office of the Issuer and the Guarantor].]

*[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 Prospectus under Article 16 of the Prospectus Directive.]*

- |   |                        |     |
|---|------------------------|-----|
| 1 | [(i)] Issuer:          | [●] |
|   | [[ii)] Guarantor:      | [●] |
| 2 | [(i)] Series Number:   | [●] |
|   | [(ii)] Tranche Number: | [●] |

		<i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]</i>	
3	Specified Currency or Currencies:	[●]	SNA13.4.5
4	Aggregate Nominal Amount:	[●]	SNA13.4.1
	(i) Series:	[●]	
	(ii) Tranche:	[●]	
5	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> ( <i>in the case of fungible issues only, if applicable</i> )]	
6	(i) Specified Denominations:	[●]  <i>[Note - where multiple denominations above €100,000 (or equivalent) are being used the following sample wording should be followed:  [€100,000] and integral multiples of [€1,000] in excess thereof [up to and including €199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]<sup>1</sup>.]</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:	[●]	SNA12.4.1.9 SNA13.4.13
	(ii) Interest Commencement Date:	[●]	SNA13.4.8
8	Maturity Date:	<i>[Specify date or (for Floating Rate Notes 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>	SNA12.4.1.11 SNA13.4.9
9	Interest Basis:	[[●] per cent. Fixed Rate] [[LIBOR/EURIBOR] +/- [●] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [Other ( <i>specify</i> )] (further particulars specified below)	
10	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency]	SNA13.4.9

<sup>1</sup> Delete if notes being issued are in registered form.

		[Partly Paid]	
		[Instalment]	
		[Other ( <i>specify</i> )]	
11	Change of Interest or Redemption/Payment Basis:	<i>[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]</i>	
12	Put/Call Options:	[Put] [Call] [(Further particulars specified below)]	
13	[(i)] Status of the Notes:	[Senior/Dated Subordinated]	SNA13.4.6
	[[ii)] Status of the Guarantee:	[Senior/Dated Subordinated]	
	[(iii)] [Date [Board] approval for issuance of Notes obtained:	[●] [and [●], respectively]] <i>(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)]</i>	SNA13.4.12
14	Method of distribution:	[Syndicated/Non-syndicated]	
	<b>Provisions Relating to Interest (if any) Payable</b>		
15	<b>Fixed Rate Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>	SNA13.4.8
	(I) Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]	
	(II) Interest Payment Date(s):	Each [●] and [●], from and including [●] up to and including [●] [adjusted in accordance with <i>[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]</i> ]/not adjusted]	
	(III) Fixed Coupon Amount[(s)]:	[●] per Calculation Amount	
	(IV) Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]	
	(V) Day Count Fraction:	[30/360/Actual/Actual (ICMA/ISDA)/Other]	
	(VI) Determination Dates:	[●] in each year <i>(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual ([ICMA]))</i>	
	(VII) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/give details]	
16	<b>Floating Rate Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>	

(I)	Specified Interest Payment Dates:	Each [●] and [●], from and including [●] up to and including [●]
(II)	Interest Period Dates:	[●] (not applicable unless different from Interest Payment Dates)
(III)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
(IV)	Business Centre(s):	[●]
(V)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (give details)]
(VI)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	[●]
(VII)	Screen Rate Determination:	
	– Reference Rate:	[●]
	– Interest Determination Date(s):	[●]
	– Relevant Screen Page:	[●]
(VIII)	ISDA Determination:	
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]
	– Reset Date:	[●]
(IX)	Margin(s):	[+/-][●] per cent. per annum
(X)	Minimum Rate of Interest:	[●] per cent. per annum
(XI)	Maximum Rate of Interest:	[●] per cent. per annum
(XII)	Day Count Fraction:	[●]
(XIII)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Terms and Conditions:	[●]
17	<b>Zero Coupon Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(I) Amortisation Yield:	[●] per cent. per annum
	(II) Any other formula/basis of determining amount payable:	[●]
18	<b>Index Linked Note/other variable-linked interest Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>

SNA12.4.1.13

	(I) Index/Formula/Other variable:	[Give or annex details]	
	(II) Calculation Agent responsible for calculating the interest due:	[●]	
	(III) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:	[●]	
	(IV) Interest Determination Date(s):	[●]	
	(V) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[●]	SNA13.4.8
	(VI) Specified Interest Payment Dates:	Each [●] and [●], from and including [●] up to and including [●]	
	(VII) Interest Period Dates:	[●] (not applicable unless different from Interest Payment Dates)	
	(VIII) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]	
	(IX) Business Centre(s):	[●]	
	(X) Minimum Rate of Interest:	[●] per cent. per annum	
	(XI) Maximum Rate of Interest:	[●] per cent. per annum	
	(XII) Day Count Fraction:	[●]	
19	<b>Dual Currency Note Provisions</b>	[Applicable/Not Applicable]	
		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>	
	(I) Rate of Exchange/method of calculating Rate of Exchange:	[give details]	
	(II) Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[●]	
	(III) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[●]	SNA13.4.8
	(IV) Person at whose option Specified Currency(ies) is/are payable:	[●]	
	<b>Provisions Relating to Redemption</b>		
20	<b>Call Option</b>	[Applicable/Not Applicable]	
		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>	



- (I) Optional Redemption Date(s): [●]
- (II) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (III) If redeemable in part:
  - (a) Minimum Redemption Amount: [●]
  - (b) Maximum Redemption Amount: [●]
- (IV) Notice period: *[●] If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and Fiscal Agent*

21 **Put Option**

[Applicable/Not Applicable]

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

- (I) Optional Redemption Date(s): [●]
- (II) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (III) Notice period: *[●] If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and Fiscal Agent*
- (IV) Non-Extension Option: [Applicable/Not Applicable]
  - (a) Initial Maturity Date: [●]
  - (b) Extended Maturity Date(s): [●]
  - (c) Final Extended Maturity Date: [●]
  - (d) Automatic Extension Date(s): [●]
  - (e) Automatic Extension Period: [●]
  - (f) Automatic Extension Duration: [●]
  - (g) Exercise Period(s): [●]

22 **Final Redemption Amount of each Note**

[[●] per Calculation Amount

In cases where the Final Redemption Amount is Index Linked or other variable-linked:

- (I) Index/Formula/variable: *[Give or annex details]*
- (II) Calculation Agent responsible for calculating the Final Redemption Amount: [●]
- (III) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [●]
- (IV) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
- (V) Payment date: [●]
- (VI) Minimum Final Redemption Amount: [●] per Calculation Amount
- (VII) Maximum Final Redemption Amount: [●] per Calculation Amount

SNA13.4.8

**23 Early Redemption Amount**

- Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Terms and Conditions): [●]

**General Provisions Applicable to the Notes**

- 24 Form of Notes: [Bearer Notes/Registered Notes]  
 New Global Note: [Yes] [No]  
 New Safekeeping Structure: [Yes] [No]

*[N.B. Dated Subordinated Notes and Notes issued by Belfius Bank SA/NV are not eligible to be issued in NGN or NSS form; however, Senior Notes issued by Belfius Bank SA/NV within the NBB System may be eligible as ECB collateral]*

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]

[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the

- Permanent Global Note]
- 25 Financial centre(s) or other special provisions relating to payment dates: [Not Applicable/give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 16 (iv) and 18(ix) relate]
- 26 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
- 27 Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]: [Not Applicable/give details]
- 28 Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details] SNA13.4.9
- 29 Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions in Condition [●] apply]
- 30 Consolidation provisions: [Not Applicable/The provisions in Condition [●] apply]
- 31 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 Prospectus under Article 16 of the Prospectus Directive.)

### **Distribution**

- 32 (I) If syndicated, names of Managers: [Not Applicable/give names of entities]
- (II) [Date of Subscription Agreement: [●]]<sup>2</sup>
- (III) Stabilising Manager(s) (if any): [Not Applicable/give names]
- 33 If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]
- 34 Additional Selling Restrictions: [Not Applicable/give details]
- 35 U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA C/TEFRA D/TEFRA not applicable]

SNA13.5.1

### **Purpose of Final Terms**

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on the regulated market of the Luxembourg Stock Exchange of the Notes described herein] pursuant to the €10,000,000,000 Euro Medium Term Note Programme of Belfius

<sup>2</sup> Required for derivative securities to which Annex XII to the Prospectus Directive applies.

Funding N.V. as Issuer and Belfius Bank SA/NV. as Issuer or Guarantor of Notes issued by Belfius Funding N.V.

**Responsibility**

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms. [[●] has been extracted from [●]. [Each of the] [The] Issuer [and the Guarantor] 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]

SNA13.1.1  
SNA13.7.4

Signed on behalf of the Issuer:

By: .....  
Duly authorised

[Signed on behalf of the Guarantor:

By: .....  
Duly authorised]

## PART B - OTHER INFORMATION

### 1 LISTING AND ADMISSION TO TRADING

- (i) Admission to trading: [Application has been made for the Notes to be listed on the official list of the [Luxembourg Stock Exchange] and admitted to trading on the Regulated Market of the [Luxembourg Stock Exchange] with effect from [●] [Not Applicable.] (Where documenting a fungible issue need to indicate that the original notes are already admitted to trading.) SNA13.5.1
- (ii) Estimate of total expenses related to admission to trading: [●] SNA13.6.1

### 2 RATINGS

Ratings:

The Notes to be issued have been rated:

[S & P: [●]]

[Moody's: [●]]

[[Other]: [●]]

[and endorsed by *[insert details]*]<sup>3</sup>

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

*Insert one (or more) of the following options, as applicable:*<sup>4</sup>

*[[Insert legal name of particular credit rating agency entity providing rating] is established in the EU and registered under Regulation (EC) No 1060/2009, as amended by Regulation (EU) No 513/2011 (the "CRA Regulation").]*

*[[Insert legal name of particular credit rating agency entity providing rating] is established in the EU and has applied for registration under Regulation (EC) No 1060/2009, as amended by Regulation (EU) No 513/2011 (the "CRA Regulation"), although notification of the registration decision has not yet been provided.]*

*[Insert legal name of particular credit rating agency*

<sup>3</sup> "and endorsed by ...": Insert this wording where one or more of the ratings included in the Final Terms has been endorsed by an EU registered credit rating agency for the purposes of Article 4(3) of the CRA Regulation.

<sup>4</sup> A list of registered Credit Rating Agencies is published on the ESMA website (<http://www.esma.europa.eu/>).

*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 by Regulation (EU) No 513/2011 (the "CRA Regulation").

*[Insert legal name of particular credit rating agency entity providing rating]* is not established in the EU but the rating it has given to the [Notes] is endorsed by *[insert legal name of credit rating agency]*, which is established in the EU and registered under Regulation (EC) No 1060/2009, as amended by Regulation (EU) No 513/2011 (the "CRA Regulation").

*[Insert legal name of particular credit rating agency entity providing rating]* is not established in the EU but is certified under Regulation (EC) No 1060/2009, as amended by Regulation (EU) No 513/2011 (the "CRA Regulation").]

*[Insert legal name of particular credit rating agency entity providing rating]* is not established in the EU and is not certified under Regulation (EC) No 1060/2009, as amended by Regulation (EU) No 513/2011 (the "CRA Regulation") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EU and registered under the CRA Regulation.]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

3 **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 Notes has an interest material to the offer.”

SNA12.3.1  
SNA13.3

4 **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES<sup>6</sup>**

[(i) Reasons for the offer:

[●] *(See “Use of Proceeds” wording in Prospectus - if reasons for offer different from general funding purposes of the Issuer, will need to include those reasons here.)]*

[(ii) Estimated net proceeds:

[●] *(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

[(iii)] Estimated total expenses: [●] *[Include breakdown of expenses.] (If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*

5 **[Fixed Rate Notes only - YIELD]**

SNA13.4.10

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.]

6 **[Index Linked or other variable-linked Notes only - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING]**

SNA12.4.1.2  
SNA12.4.2.1  
SNA12.4.2.2  
SNA12.4.2.3  
SNA12.4.2.4  
SNA13.4.8

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Where the underlying is a security need to include the name of the issuer of the security and the ISIN (International Security Identification Number) or other such security identification code. Where the underlying is an interest rate need to include a description of the interest rate. Where the underlying does not fall within the categories specified above need to include equivalent information. Where the underlying is a basket of underlyings need to include disclosure of the relevant weightings of each underlying in the basket. Include other information concerning the underlying required by Paragraphs 4.2.3 and 4.2.4 of Annex XII or Paragraph 4.8 of Annex XIII of the Prospectus Directive Regulation such as a description of any market disruption or settlement disruption events that affect the underlying and adjustment rules in relation to events concerning the underlying.*

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

*The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].*

7 **[Dual Currency Notes only - PERFORMANCE OF RATE[S] OF EXCHANGE]**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.]*

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

8 **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 Senior Notes are intended upon issue to 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 Notes]* and does not necessarily mean that the Senior Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. *[include this text if “yes” selected in relation to Notes issued by Belfius Funding N V in which case the Notes must be issued in NGN form or to be held under the NSS]*

ISIN Code:	[•]	SNA13.4.2
Common Code:	[•]	
Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s):	[Not Applicable/give name(s) and number(s)[and address(es)]]	
Delivery:	Delivery [against/free of] payment	
Names and addresses of additional Paying Agent(s) (if any):	[•]	SNA13.5.2
Name and address of Calculation Agent (if any):	[•]	



## GENERAL INFORMATION

1. Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to the Official List and to be admitted to trading on the Luxembourg Stock Exchange's regulated market. SNA13.5.1  
SNA12.6.1  
SNA12.6.2
2. Each of BELFIUS FUNDING and BELFIUS BANK has obtained all necessary consents, approvals and authorisations in the Netherlands and Belgium in connection with the issue and performance of the Notes and, in the case of Notes issued by BELFIUS FUNDING, the Guarantee. The update of the Programme by BELFIUS FUNDING was authorised by resolutions of its Supervisory Board passed on 23 April 2012, and its Board of Managing Directors passed on 23 April 2012 and the update of the Programme by BELFIUS BANK and the giving of the Guarantees of BELFIUS BANK relating to Notes issued by BELFIUS FUNDING was authorised by a resolution of the Management Board of BELFIUS BANK passed on 30 March 2012. SNA12.4.1.8  
SNA13.4.12  
RDA6.1  
RDA6.3
3. BELFIUS BANK is an Authorised European Institution.
4. Save as disclosed in the section headed "Description of the Issuers" on page 72 of this Prospectus, there has been no material adverse change in the prospects of BELFIUS FUNDING on a consolidated basis since 31 December 2011 or BELFIUS BANK on a consolidated basis since 31 December 2011. In addition, other than as disclosed in "Description of the Issuers" on page 72, there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the prospects of BELFIUS FUNDING and BELFIUS BANK for the current financial year. RDA9.7.1  
RDA9.11.6  
RDA11.11.7  
RDA11.7.1  
RDA6.3
5. Save as disclosed in the section headed "Description of the Issuers" on page 72 of this Prospectus, there has been no significant change in the financial or trading position of BELFIUS BANK and BELFIUS FUNDING since 31 December 2011. RDA9.11.6  
RDA11.11.7  
RDA6.3
6. Except as disclosed in the section headed "Description of the Issuers" on page 72 of this Prospectus, neither BELFIUS FUNDING 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 BELFIUS FUNDING is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects, on the financial position or profitability of BELFIUS FUNDING or any of its subsidiaries. RDA9.11.5
7. Except as disclosed in the section headed "Description of the Issuers" on page 72 of this Prospectus, neither BELFIUS BANK 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 BELFIUS BANK is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects, on the financial position or profitability of BELFIUS BANK or any of its subsidiaries. RDA11.11.6  
RDA6.3
8. Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
9. Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code and the International Securities Identification Number (ISIN) (and any other relevant identification number for any alternative clearing system) for each Series of Notes will be set out in the relevant Final Terms. SNA13.4.2

10. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of any alternative clearing system will be specified in the applicable Final Terms. SNA12.4.1.4  
SNA13.4.4
11. There are no material contracts entered into other than in the ordinary course of BELFIUS FUNDING's or BELFIUS BANK's business, which could result in BELFIUS FUNDING or BELFIUS BANK being under an obligation or entitlement that is material to BELFIUS FUNDING's or BELFIUS BANK's ability to meet its obligations to Noteholders in respect of the Notes being issued. RDA9.12  
RDA11.12  
RDA6.3
12. The issue price and the amount of the relevant Notes will be determined before filing of the relevant Final Terms of each Tranche, based on then prevailing market conditions. Each Issuer does not intend to provide any post-issuance information in relation to any issues of Notes, except if required by any applicable laws and regulations. SNA12.7.5
13. Copies of the annual report and audited annual accounts of BELFIUS FUNDING for the years ended 31 December 2010 and 31 December 2011, and of BELFIUS BANK for the years ended 31 December 2010 and 31 December 2011, including the reports of the statutory auditors in respect thereof, may be obtained, and copies of this Prospectus and any supplements and each Final Terms may be obtained, and copies in physical form of the Agency Agreement, the Distribution Agreement, the Deed of Covenant, the Guarantees and the Memorandum and Articles of Association of the Issuers will be available for inspection, at the specified offices of the Fiscal Agent, the Principal Paying Agent and each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding. The auditors for BELFIUS FUNDING are Deloitte Accountants B.V., P.O. Box 58110, 1040 HC Amsterdam, being a member of Deloitte Touche Tohmatsu and of the Institute of the Registered Accountants of the Netherlands. The audit of BELFIUS BANK's financial statements was conducted by DELOITTE Reviseurs d'Entreprises SC s.f.d. SCRL, represented by Bernard de Meulemeester and Frank Verhaegen Berkenlaan 8B, 1831 Diegem (a member of IBR - IRE *Instituut der Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*). They rendered unqualified audit reports on the financial statements of BELFIUS BANK for the years ended 31 December 2010 and 2011. RDA9.2.1  
RDA9.14.3.1  
RDA9.14  
SNA13.7.2  
RDA11.14  
RDA11.2.1  
RDA11.11.3.1  
RDA6.4.1
14. BELFIUS BANK Notes that are cleared through the NBB System may be held only by eligible investors ("Eligible Investors") in an exempt securities account with a qualifying clearing system, as defined in Article 1, 1° of the law of 6 August 1993 relating to certain securities ("*la loi relative aux opérations sur certaines valeurs mobilières/de wet van 6 augustus 1993 betreffende de transacties met bepaalde effecten*").
15. Eligible Investors are those entities referred to in Article 4 of a 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 (i) investors who are not residents of Belgium for Belgian tax purposes (provided, in the case of non-resident collective investment schemes which are not separate legal entities, that their units have not been and are not sold publicly in Belgium, and provided in the case of non-resident investors who are individuals or non-profit organisations, that they are not holding the Notes through a Belgian establishment ("*établissement belge*") within the meaning of Article 229 of the Belgian income tax code 1992 ("*code des impôts sur les revenus 1992*")/"*wetboek van de inkomstenbelastingen 1992*", the "Income Tax Code of 1992") and do not conduct professional activities in Belgium as defined in Article 228, paragraph 2, subparagraph 4 of the Income Tax Code of 1992 and (ii) Belgian resident corporate investors validly formed as separate legal entities.
16. Eligible Investors do not include, *inter alia*, Belgian resident investors who are individuals or certain non-profit making organisations.

17. The Prospectus and the Final Terms of tranches listed on the Luxembourg Stock Exchange and all documents that have been incorporated by reference will be available on the Luxembourg Stock Exchange website ([www.bourse.lu](http://www.bourse.lu)).
18. 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 Issuers, the Guarantor and their respective affiliates in the ordinary course of business.

**REGISTERED OFFICE OF BELFIUS FUNDING N.V.**

Herikerbergweg 238 "Luna Arena"  
 1101 CM Amsterdam Zuidoost  
 P.O. Box 23393,  
 1100 DW Amsterdam Zuidoost  
 The Netherlands

**REGISTERED OFFICE OF BELFIUS BANK SA/NV**

Boulevard Pachéco 44  
 B-1000 Brussels  
 Belgium

**DEALERS****Banco Bilbao Vizcaya Argentaria S.A.**

Via los Poblados, s/n  
 2a Planta  
 28033 Madrid  
 Spain

**Belfius Bank SA/NV**

Boulevard Pachéco 44  
 B-1000 Brussels  
 Belgium

**Citigroup Global Markets Limited**

Citigroup Centre  
 Canada Square  
 Canary Wharf  
 London E14 5LB  
 United Kingdom

**Crédit Suisse Securities (Europe) Limited**

One Cabot Square  
 London E14 4QJ  
 United Kingdom

**DZ Bank AG Deutsche Zentral-Genossenschaftsbank,****Frankfurt am Main**

Platz der Republik  
 60265 Frankfurt am Main  
 Federal Republic of Germany

**J.P. Morgan Securities Ltd.**

125 London Wall  
 London EC2Y 5AJ  
 United Kingdom

**NATIXIS**

30 avenue Mendès France  
 75013 Paris  
 France

**Société Générale**

29, boulevard Haussmann  
 75009 Paris  
 France

**Barclays Bank PLC**

5 The North Colonnade  
 Canary Wharf  
 London E14 4BB  
 United Kingdom

**BNP Paribas**

10 Harewood Avenue  
 London NW1 6AA  
 United Kingdom

**Crédit Agricole Corporate and Investment Bank**

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 92920 Paris La Défense Cedex  
 France

**Deutsche Bank AG London Branch**

Winchester House  
 1 Great Winchester Street  
 London EC2N 2DB  
 United Kingdom

**HSBC Bank plc**

8 Canada Square  
 London E14 5HQ  
 United Kingdom

**Merrill Lynch International**

2 King Edward Street  
 London EC1A 1HQ  
 United Kingdom

**Société Générale**

29, boulevard Haussmann  
 75009 Paris  
 France

**The Royal Bank of Scotland plc**

135 Bishopsgate  
 London EC2M 3UR  
 United Kingdom

**UBS Limited**

1 Finsbury Avenue  
 London EC2M 2PP  
 United Kingdom

**CALCULATION AGENT,  
REGISTRAR AND TRANSFER AGENT**

SNA12.4.1.4  
SNA13.4.4

**Banque Internationale à Luxembourg SA**  
69 route d'Esch  
L-2953 Luxembourg  
Luxembourg

**FISCAL AGENT**

**Belfius Bank SA/NV**  
Boulevard Pachéco 44  
B-1000 Brussels  
Belgium

**Banque Internationale à Luxembourg SA**  
69 route d'Esch  
L-2953 Luxembourg  
Luxembourg

**PRINCIPAL PAYING AGENT**

SNA13.5.2

**Belfius Bank SA/NV**  
Boulevard Pachéco 44  
B-1000 Brussels  
Belgium

**Banque Internationale à Luxembourg SA**  
69 route d'Esch  
L-2953 Luxembourg  
Luxembourg

**PAYING AGENT**

**Belfius Bank SA/NV**  
Boulevard Pachéco 44  
B-1000 Brussels  
Belgium

**ARRANGER**

**UBS Limited**  
1 Finsbury Avenue  
London EC2M 2PP  
United Kingdom

**LUXEMBOURG LISTING AGENT**

**Banque Internationale à Luxembourg SA**  
69, route d'Esch  
L-1470 Luxembourg  
Luxembourg

**AUDITORS**

RDA9.2.1

**To BELFIUS FUNDING N.V.**

**Deloitte Accountants B.V.**  
P.O. Box 58110  
1040 HC Amsterdam  
The Netherlands

**To BELFIUS BANK SA/NV**

RDA11.2.1

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1831 Diegem  
Belgium

**LEGAL ADVISERS**

SNA12.7.1  
SNA13.7.1

**To BELFIUS FUNDING N.V.**

*in respect of Dutch law*

**Loyens & Loeff N.V.**  
Fred. Roeskestraat 100  
1076 ED Amsterdam  
The Netherlands

**To BELFIUS BANK SA/NV**

SNA12.7.1  
SNA13.7.1

*in respect of English law*

**Linklaters LLP**  
One Silk Street  
London EC2Y 8HQ  
United Kingdom

*in respect of Belgian law*

**Linklaters LLP**  
Rue Brederode 13  
B - 1000 Brussels  
Belgium

**To the Dealers**

*in respect of English, Belgian and Dutch law*

**Freshfields Bruckhaus Deringer LLP**  
65 Fleet Street  
London EC4Y 1HT  
United Kingdom