BELFIUS BANK SA/NV

(incorporated with limited liability in Belgium)

Euro 10,000,000,000

Euro Medium Term Note Programme

Under the Euro Medium Term Note Programme (the "**Programme**") described in this base prospectus (the "**Base Prospectus**"), Belfius Bank SA/NV ("**Belfius Bank**" or the "**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 Issuer (the "**Senior Notes**") and Euro Medium Term Notes that rank as subordinated obligations of the Issuer (the "**Subordinated Notes**" and together with the Senior Notes, the "**Notes**"). The Senior Notes may be either senior preferred notes (the "**Senior Preferred Notes**") or senior non-preferred notes (the "**Senior Non-Preferred Notes**"). It is the intention of the Issuer that the Senior Non-Preferred Notes shall, for supervisory purposes, be treated as MREL/TLAC Eligible instruments (as defined below).

The aggregate principal amount of Notes outstanding will not at any time exceed EUR 10,000,000,000 (or the equivalent in other currencies).

This Base Prospectus (which expression shall include this Base Prospectus as amended and/or supplemented from time to time and all documents incorporated by reference herein) has been prepared for the purpose of providing disclosure information with regard to the Issuer and the Notes. This Base Prospectus has been approved as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended by Directive 2010/73/EU, on 14 May 2018 by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority under the Luxembourg law of 10 July 2005 (as amended by the Luxembourg law of 3 July 2012) relating to prospectuses for securities (the "**Luxembourg Law on Prospectuses**"). By approving this Base Prospectus, 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. **The CSSF has neither reviewed nor approved the information contained in this Base Prospectus in relation to any issuance of any Notes that are not 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") and for which a prospectus is not required in accordance with the Prospectus Directive.** In relation to any Notes, this Base Prospectus must be read as a whole and together with the applicable Final Terms (as defined below). Any Notes issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions described or incorporated by reference herein. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme for the period of twelve months from the date of this Base Prospectus to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Market. References in this Base Prospectus to Notes being "listed" (and all related references), except where the context otherwise requires, 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 2014/65/EU on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast). No certainty can be given that the application for the listing of any Notes will be granted. Furthermore, admission of the Notes to the official list and trading on the Market is not an indication of the merits of the Issuer or the Notes. Unlisted Notes may also be issued pursuant to the Programme. The applicable Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed on the official list and admitted to trading on the Market (or any other stock exchange).

The Notes issued will be in dematerialised form in accordance with Articles 468 et seq. of the Belgian Companies Code, and 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 "**Securities Settlement System**"). The Programme has been rated A- in respect of Senior Preferred Notes with a maturity of one year or more, A-2 in respect of Senior Preferred Notes with a maturity of less than one year, BBB in respect of Senior Non-Preferred Notes and BBB- in respect of the Subordinated Notes by Standard & Poor's Credit Market Services France SAS ("**Standard & Poor's**"), and A2 in respect of Senior Preferred Notes with a maturity of one year or more, Prime-1 in respect of Senior Preferred Notes with a maturity of less than one year, Baa3 in respect of Senior Non-Preferred Notes and Baa3 in respect of the Subordinated Notes 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, as amended (the "**CRA Regulation**") published on the European Securities and Markets Authority ("**ESMA**")'s website (http://www.esma.europa.eu) (on or about the date of this Base Prospectus). 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 applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any U.S. state securities laws and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act ("**Regulation S**") except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act and applicable U.S. state securities laws.

The Notes are not intended to be offered, sold or otherwise made available, and should not be offered, sold or otherwise made available, in Belgium to "consumers" (*consommateurs/consumenten*) within the meaning of the Belgian Code of Economic Law (*Code de droit économique/ Wetboek van economisch recht*), as amended.

This Base 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 Base Prospectus. This Base Prospectus does not describe all of the risks of an investment in the Notes.

Arranger
Société Générale Corporate & Investment Banking

Dealers

Barclays	**Belfius Bank**
BNP PARIBAS	**Citigroup**
Commerzbank	**Crédit Agricole CIB**
Credit Suisse	**J.P. Morgan**
Landesbank Baden-Württemberg	**Morgan Stanley**
NatWest Markets	**Nomura**
Société Générale Corporate & Investment Banking	**UBS Investment Bank**
UniCredit Bank	

Base Prospectus dated 14 May 2018

IMPORTANT INFORMATION

GENERAL

This Base 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 Base Prospectus as completed by the final terms ("**Final Terms**") in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for Belfius Bank or any Dealer (as defined in "Overview of the Programme" below) 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 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 Bank or any Dealer to publish or supplement a prospectus for such offer. The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State. This Base Prospectus has been prepared on the basis of Annexes IX and XIII to Commission Regulation (EC) 809/2004.

This Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "Documents Incorporated by Reference"). This Base Prospectus should be read and construed together with any amendments or supplements hereto and, in relation to any Tranche of Notes, should be read and construed together with the applicable Final Terms.

Belfius Bank accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of Belfius Bank (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

To the fullest extent permitted by law, none of the Dealers or the Arranger accept any responsibility for the contents of this Base Prospectus or for any other statement made or purported to be made by the Arranger or a Dealer or on its behalf in connection with 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 they might otherwise have in respect of this Base Prospectus or any such statement. Neither this Base 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 Bank, the Arranger or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base 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 Bank during the life of the arrangements contemplated by this Base 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.

No person is or has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the 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 Bank or any of the Dealers or the Arranger (as defined in "Overview of the Programme"). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of Belfius Bank since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented, or that there has been no adverse change in

the financial position of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented, or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

In the case of any 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 would otherwise require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be EUR 100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

This Base Prospectus contains or incorporates by reference certain statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the Issuer's business strategies, trends in its business, competition and competitive advantage, regulatory changes, and restructuring plans. Words such as believes, expects, projects, anticipates, seeks, estimates, intends, plans or similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. The Issuer does not intend to update these forward-looking statements except as may be required by applicable securities laws. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. A number of important factors could cause actual results, performance or achievements to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include: (i) the ability to maintain sufficient liquidity and access to capital markets; (ii) market and interest rate fluctuations; (iii) the strength of global economy in general and the strength of the economies of the countries in which the Issuer conducts operations; (iv) the potential impact of sovereign risk, particularly in certain European Union countries which have recently come under market pressure; (v) adverse rating actions by credit rating agencies; (vi) the ability of counterparties to meet their obligations to the Issuer; (vii) the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations; (viii) the possibility of the imposition of foreign exchange controls by government and monetary authorities; (ix) operational factors, such as systems failure, human error, or the failure to implement procedures properly; (x) actions taken by regulators with respect to the Issuer's business and practices in one or more of the countries in which the Issuer conducts operations; (xi) the adverse resolution of litigation and other contingencies; and (xii) the Issuer's success at managing the risks involved in the foregoing. The foregoing list of important factors is not exclusive; when evaluating forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, as well as the other risks identified in this Base Prospectus.

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

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFER OF THE NOTES GENERALLY

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by Belfius Bank, the Dealers and the Arranger to inform themselves about and to observe any such restriction. For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see "Subscription and Sale".

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

The Notes may not be a suitable investment for all investors. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant financial markets; and

(v) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal 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 (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

This Base Prospectus nor any other information supplied in connection with the issue of Notes constitutes an offer of, or an invitation by or on behalf of Belfius Bank, the Dealers or the Arranger to subscribe for, or purchase, any Notes.

Prohibition of sales to EEA retail investors – If the Final Terms in respect of any Notes include a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Prohibition of sales to consumers in Belgium – The Notes are not intended to be offered, sold or otherwise made available, and will not be offered, sold or otherwise made available, in Belgium to "consumers" (*consommateurs/consumenten*) within the meaning of the Belgian Code of Economic Law (*Code de droit économique/Wetboek van economisch recht*), as amended.

MIFID II product governance / target market – The Final Terms in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market

assessment. A distributor subject to MiFID II is, however, responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

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

STABILISATION

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 Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. 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 cease 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.

CURRENCIES

In this Base 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 lawful currency of the Member States of the European Union that have adopted or adopt the single currency in accordance with the Treaty establishing the European Union, as amended, and to "**£**" are to Sterling, the lawful currency of the United Kingdom.

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RISK FACTORS

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

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

The Issuer believes that the factors described below represent the principal known risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which are not known to the Issuer or which the Issuer deems immaterial at this time. Prospective investors should carefully consider the risks set forth below and read the detailed information set out elsewhere in this Base Prospectus (including any documents deemed to be incorporated in it by reference) and reach their own views prior to making any investment decision and consult their professional advisers. The order in which the following risk factors are presented does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential impact on Belfius Bank's business, financial condition, results of operations and prospects, or the market price of the Notes.

Capitalised terms used herein and not otherwise defined shall bear the meaning ascribed to them in the "Terms and Conditions of the Notes" below.

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, market risk, operational risk and 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 amounts due from borrowers and counterparties. 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, issuers of securities which Belfius Bank holds, customers, clearing agents and clearing houses, exchanges, guarantors, (re-)insurers and other financial intermediaries owing Belfius Bank money, securities or other assets do not pay, deliver or perform under their obligations. Bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other factors may cause them to default on their obligations towards Belfius Bank.

Belfius Bank measures its credit risk in terms of Full Exposure at Default ("**FEAD**"), which is determined as follows:

- for balance sheet assets (other than derivatives): the gross carrying amounts (i.e., before impairment);
- for derivatives: the fair value of derivatives increased with the potential future exposure (calculated under the current exposure method or add-on);
- for reverse repurchase agreements: the carrying amount as well as the excess collateral provided for repurchase agreements; and
- for off-balance sheet commitments: either the undrawn part of liquidity facilities or the maximum commitment of Belfius Bank for guarantees granted to third parties (including financial guarantees given).

CRD IV provides for the use of an Internal Ratings-Based ("**IRB**") approach to credit risk and partly for market risk. Subject to certain minimum conditions and disclosure requirements, banks that have received regulatory approval to use the IRB approach may rely on their own internal estimates or risk components in determining the capital requirement for a given exposure. Belfius Bank uses mainly the Advanced Internal Ratings-Based ("**AIRB**") approach for assessing its capital requirements for credit risk and partly internal models for capital requirements related to market risks (interest rate and foreign exchange risks). This means that Belfius Bank uses internal models under the advanced method to calculate the probability of default, the loss given default and credit conversion factor in order to determine the capital requirement for a given exposure. For interest rate risk and foreign exchange risk, Belfius Bank uses the internal model (based on Value-at-Risk ("**VaR**")). For other market risks (e.g. equity), Belfius Bank uses the standard method.

Belfius Bank requires approval from the European Central Bank (the "**ECB**") in order to implement new models or to change existing approved models. In particular, the ECB has announced that it will be conducting a Targeted Review of Internal Models ("**TRIM**"). TRIM is a process being undertaken by the ECB in systemically important banks subject to its supervision. It is being undertaken to increase harmonisation in approaches to internal models used by banks across the European Union. During 2016, the ECB launched preliminary questionnaires and first data requests. This was followed by a second phase of on-site inspections in 2017 and 2018. Although the results of the first on-site inspections for credit risks did not reveal major weaknesses, further regulatory reviews and inspections may require changes to the activities impacted by the models used by Belfius Bank, such as capital management, risk management and stress testing. It may also give rise to potential adverse capital consequences, including the application of additional capital scalars, delay in the normalization of risk-weighted asset density and reputational risk for Belfius Bank.

When granting credits to individuals (essentially mortgage loans), to self-employed persons and to small enterprises, Belfius Bank employs standardised and automated processes, including credit scoring and/or rating models. Changes in objective information are reflected in the credit grade of the relevant borrower with the resultant grade influencing the management of that borrower's loans. There is a risk that Belfius Bank's credit scoring and/or rating processes may not be effective in evaluating the credit quality of customers for instance in case of structural changes in the economy of clients' behaviours or in identifying changes in loan quality in a timely manner. Any such failure in the timely identification of loan impairment could materially adversely affect Belfius Bank's business, results of operations, financial condition and prospects.

When granting credits to medium-sized and large enterprises as well as Public and Social Banking customers, an individualised approach is implemented. Credit analysts examine the file autonomously and define the customer's internal rating. Then a credit committee takes a decision on the basis of various factors such as clients' financial situation (e.g. in relation to liquidity and capital), the customer relationship, the customer's prospects, the credit application and the guarantees. In the analysis process,

credit applications are carefully examined and only accepted if continuity and the borrower's repayment capacity are demonstrated. To support the credit decision process, a Risk Adjusted Return on Capital ("**RAROC**") measures the expected profitability of the credit transaction or even of the full relationship with the customer, and compares it with a required RAROC level (target rate). As such, the RAROC is an instrument for differentiating the risks and for guiding the return combinations in an optimal way.

Belfius Bank has further intensified its strategy of being close to its customers. This approach provides a significant added value to Belfius Bank's customers, regardless of the segment in which they operate. Credit and risk committees are regionalised and decision-making powers are increasingly delegated to the regional commercial and credit teams, strengthening the principle of decision-by-proximity. This has resulted in a greater involvement of the various teams in the decision-making process, as well as stronger monitoring of the use of the delegated powers mentioned above.

While risk across these borrower classes remains relatively low, certain categories of loans are subject to heightened credit risk. In particular, the National Bank of Belgium (the "**NBB**") has expressed concern with regard to the evolution of the Belgian residential real estate and mortgage market and Belfius Bank remains focused on monitoring the higher risk segments of its mortgage loan book, including mortgages with longer repayment terms, mortgages with a high loan-to-value ratio and loans with high debt service costs relative to the relevant borrower's income and the share in its portfolio of mortgage 'buy to let' loans. Stress testing is regularly conducted to monitor the resilience of the real estate portfolio to shocks. In view of this concern, the NBB has requested that banks increase their capital buffer to absorb unexpected shocks in case of residential real estate market downturn. In light of the NBB's concerns, exposure to corporates in the real estate sector, which have been increasing rapidly, is also an area of focus for Belfius Bank.

Furthermore, in relation to Belfius Bank's lending to public institutions, changes in budgetary and taxation policy may affect the asset quality of loans to municipalities. In addition, one key area of concern is the hospitals sector. The indebtedness of Belgian hospitals has increased significantly over the past five years, which has affected their repayment capacity. The sector is characterized by overcapacity in terms of available beds and infrastructure and the 6th state reform may have an impact on guarantees obtained by creditors.

Belfius Bank monitors the evolution of the solvency of its borrowers throughout the whole credit lifecycle. The different portfolios of the Retail and Commercial Business for which risk management relies on a portfolio approach are reviewed periodically. Customer ratings, using an individualised approach, are also updated periodically, in line with the bank's choice to apply AIRB models. The economic review process of credit applications is intended to ensure that any signs of risk can be detected in time and subsequently monitored and/or addressed. This review process is organised, according to the Credit Review Guideline, in an annual cycle, with in-depth analysis for customers with important credit exposures and/or significant (positive or negative) evolutions in their risk profile.

Finally, since 2011, Belfius Bank has been engaged in a tactical de-risking of the ex-legacy portfolios until end 2016. Belfius Bank has been successful in achieving its aim of bringing the risk profile of the legacy portfolios in line with the risk profile of its Retail and Commercial and Public and Corporate segments. As from 1 January 2017, the remainder of these legacy portfolios have been integrated in Group Center and the remaining securities are being managed in natural run-off. There can be no assurance, however, that the risk profile of these legacy portfolios will remain at current levels.

No assurances can, however, be given that the strategy and framework to control the general credit risk profile and to limit risk concentrations will be effective and that these risks will not have an adverse effect on Belfius Bank's results of operations, financial condition or prospects.

2. Market risk

The businesses and earnings of Belfius Bank and of its individual business segments are affected by market conditions. Market risk can be understood as the potential adverse change in the value of a portfolio of financial instruments due to movements in market price levels, to changes of the instrument's liquidity, to changes in volatility levels for market prices or to changes in the correlations between the levels of market prices.

Belfius Bank records several additional value adjustments which might vary significantly based on market evolutions of for example credit and basis risk.

Management of market risk within the Issuer is focused on all Non-Financial and Financial Markets activities and encompasses interest rate risk, spread risk and associated credit risk/liquidity risk, foreign-exchange risk, equity risk (or price risk), inflation risk and commodity price risk.

Non-Financial Markets activities

Changes in the shape and level of interest rate curves impact the economic value of Belfius Bank's assets and liabilities. The persistence of exceptionally low interest rates for an extended period, or negative interest rates, could adversely impact Belfius Bank's earnings through the compression of its net interest margin, as assets are being repriced at lower costs and funding costs decline is limited by the legally binding minimum interest rate on regulated saving deposits. Low interest rates also caused early repayments and re-financings across Belfius Bank's mortgage book, with about 2/3 of the outstanding stock having been prepaid. Additional repayments could further have an adverse effect on net interest income. The accommodative monetary policies pursued by central banks may also lead to excessive inflationary pressures on relevant economies at some point or lead to further search for yield (and asset price increases). Furthermore, in the event of a sudden large increase or frequent increases in interest rates, Belfius Bank may not be able to respond to the market or re-price its assets and liabilities at the same time, giving rise to re-pricing gaps in the short term which can adversely affect its net interest margin. Belfius Bank's earnings are exposed to basis risk (i.e., an imperfect correlation in the adjustment of the rates earned and paid on different financial products, including derivatives, with otherwise similar re-pricing characteristics). Interest rates also affect the affordability of Belfius Bank's products to customers. A rise in interest rates, without sufficient improvements in customers' earnings levels, could lead to an increase in default rates among customers with variable rate obligations, albeit this part of Belfius Bank's portfolio is limited. This could in turn lead to increased cost of risk and lower profitability for Belfius Bank. An increase in interest rates would also result in a higher rate being used for purposes of discounting future cash flows from Belfius Bank's loan book, which would have the effect of increasing cost of risk and affect negatively Belfius Bank's value. A high interest rate environment may also reduce demand for mortgages and other loan products generally, as customers are less likely or less able to borrow at the same levels when interest rates are high as when interest rates are low.

In terms of credit spread risk, widening credit spreads could adversely impact the fair value of Belfius Bank's fixed income financial investments available for sale or the adjustments to the fair value of the derivatives.

In addition, although Belfius Bank uses the euro as its reporting currency, a portion of its assets, liabilities, income and expenses are generated in other currencies. Changes in foreign exchange rates affect the value of assets, liabilities, income and expenses denominated in foreign currencies. Any failure to manage interest rate risk or the other market risks to which Belfius Bank is exposed could have a material adverse effect on its business, financial condition, results of operations and prospects.

Managing structural exposure to market risks (including interest rate risk, equity risk, real estate risk and foreign exchange risk) is also known as Asset/Liability Management ("**ALM**"). The structural exposure

at Belfius Bank results from the imbalance between its assets and liabilities in terms of volumes, durations and interest rate sensitivity.

Belfius Bank's Board of Directors has the ultimate responsibility for setting the strategic risk tolerance, including the risk tolerance for market risks in non-financial markets activities. The Management Board of Belfius Bank has the ultimate responsibility for managing the interest rate risks of Belfius Bank within the above set risk tolerance and within the regulatory framework.

Operational responsibility for effective ALM is delegated to the Asset & Liability Committee ("**ALCo**"). The ALCo manages interest rate risk, foreign exchange risk, and liquidity risk of Belfius Bank's balance sheet within a framework of normative limits and reports to the Management Board. Important files at a strategic level are submitted for final decision to the Management Board, which has the final authority before any practical implementation.

The ALCo of Belfius Bank is responsible for guiding and monitoring balance sheet and off-balance sheet commitments and, doing so, places an emphasis on:

- the creation of a stable income flow;
- the maintenance of economic value; and
- the insurance of robust and sustainable funding.

Financial Markets activities

Financial Markets activities encompass client-oriented activities and hedge activities at Belfius Bank.

The VaR concept is used as the principal metric for proper management of the market risk Belfius Bank is facing. The VaR measures the maximum loss in Net Present Value ("**NPV**") the bank might be facing in normal and/or historical market conditions over a period of 10 days with a confidence interval of 99%. The following risks are monitored at Belfius Bank using a VaR computation:

- interest rate and foreign-exchange rate risk: this category of risk is monitored via an historical VaR based on an internal model approved by the NBB. The historical simulation approach consists of managing the portfolio through a temporal series of historical asset yields. These revaluations generate a distribution of portfolio values (yield histogram) on the basis of which a VaR (% percentile) may be calculated. The main advantages of this type of VaR are its simplicity and the fact that it does not assume a normal but a historical distribution of asset yields (distributions may be non-normal and the behaviour of the observations may be non-linear).
- general and specific equity risks are measured on the basis of a historical VaR with full valuation based on 300 scenarios.
- spread risk and inflation risk are measured via a historical approach, applying 300 observed variations on the sensitivities.

Since the end of 2011, Belfius Bank has computed a Stressed Value-at-Risk ("**S-VaR**") on top of its regular VaR. This S-VaR measure consists of calculating an additional VaR based on a twelve consecutive months observation period which generates the largest negative variations of NPV in the bank's current portfolio of financial instruments.

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, reputational and strategic risk but excludes expenses from commercial decisions.

The framework on the management of operational risk at Belfius Bank is in place and is based on the principles mentioned in the "principles for the sound management of operational risk" of the Bank for International Settlements.

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

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

4. Liquidity risk

Liquidity risk is inherent in much of Belfius Bank's business and mainly stems from:

- changes to the commercial funding amounts collected from Retail and Private customers, small, medium-sized and large companies, public and similar customers and the way these funds are allocated to customers through loans;
- the volatility of the collateral that is to be deposited with counterparties as part of the framework for derivatives and repo transactions (so-called cash & securities collateral);
- the value of the liquid reserves by virtue of which Belfius Bank can collect funding on the repo market and/or from the ECB;
- the capacity to obtain interbank and institutional funding; and
- the GBP liquidity gap which mainly stems from an investment in UK corporate bonds (inflation-linked bonds) and the collateral posted for the swaps hedging these bonds. This liquidity is managed throughout long-term CIRS (cross currency interest rate swaps) and short-term FX swaps.

CRD IV requires banks such as Belfius Bank to meet targets set for the Basel III liquidity related ratios, i.e., (i) the liquidity coverage ratio ("**LCR**") under Article 412 CRR which requires banks to hold sufficient high quality liquid assets to withstand a 30-day stressed funding scenario and (ii) the net stable funding ratio ("**NSFR**") under Article 427 which is calculated as the ratio of an institution's amount of available stable funding to its amount of required stable funding. Belfius closed the year 2017 with a LCR of 130% (yearly average of 132%) and a NSFR of 116.5%. Therefore, Belfius Bank currently complies with the CRD IV requirements (minimum requirements both set at 100% as from 1 January 2018). However, failure to comply with these ratios in the future may lead to regulatory sanctions. Wholesale funding may also prove difficult if Belfius Bank does not achieve LCR and NSFR ratios comparable to peers.

Each asset purchased and liability sold has unique liquidity characteristics. Some assets have high liquidity in that they can be converted into cash relatively quickly, while other assets, such as privately placed loans, mortgage loans, property and limited partnership interests, have comparatively low liquidity. Market downturns typically exacerbate low liquidity. They may also reduce the liquidity of those assets which are typically liquid, as occurred following the financial crisis with the markets for asset-backed securities relating to property assets and other collateralised debt and loan obligations.

In addition, due to new regulatory requirements and unconventional monetary policy, financial markets continue to experience reduced liquidity in some asset classes. Although liquidity for many asset classes

has improved since 2008, there have been periods of illiquidity in the capital markets for certain asset classes such as structured credit. In periods of illiquidity, Belfius Bank may be unable to sell or buy assets at market efficient prices and may therefore realise investment losses or incur higher financing costs. In addition, illiquid markets could result in Belfius Bank being required to hold higher levels of liquid but low yielding assets as a buffer or having to raise or hold additional funds for operational purposes through financings, which could have a material adverse effect on its business, results of operations, financial condition and prospects. This might also apply to illiquidity in the Assets under Management ("**AuM**") business. In case of serious stress and in the event clients withdrew their funds from their investment shares, Belfius Bank might need to provide financial support to its AuM beyond or in the absence of any contractual obligations (step-in risk).

Asset and Liability Management ("**ALM**"), a division situated within the scope of the Chief Financial Officer ("**CFO**"), is the front-line manager for the liquidity requirements of Belfius Bank. It identifies, analyses and reports on current and future liquidity positions and risks, and defines and coordinates funding plans and actions under the operational responsibility of the CFO and under the general responsibility of the Management Board. The CFO also bears final operational responsibility for managing the interest rate risk contained in the banking balance sheet via the ALM department and the ALCo, meaning that total bank balance sheet management lies within his operational responsibility.

ALM organises a weekly Liquidity Management Committee ("**LMC**"), in presence of the Risk Department, the Treasury Department of the Financial Markets and representatives of the commercial business lines. This committee coordinates the implementation of the funding plan validated by ALCo.

ALM monitors the funding plan to guarantee Belfius Bank will continue to comply with its internal and regulatory liquidity ratios.

ALM reports on a daily basis to the CFO and CRO and on a monthly basis to the Board of Directors about Belfius Bank's liquidity situation.

Second-line controls for monitoring the liquidity risk are performed by the Risk department, which ensures that the reports published are accurate, challenges the retained hypothesis and models, realises simulation over stress situations and oversees compliance with limits, as laid down in the Liquidity Guidelines.

5. Competition

Belfius Bank faces strong competition across all its markets from local and international financial institutions including banks, 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 changes in consumer demand and regulatory actions. Moreover competition can increase as a result of internet and mobile technologies changing customer behaviour, the rise of mobile banking and the threat of banking business being developed by non-financial companies, all of which may reduce the profits of the credit institution.

The introduction of Payment Services Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market ("**PSD2**"), may enable the emergence of payment aggregators, which could in turn reduce the relevance of traditional bank platforms and weaken brand relationships. The developments of ecosystems – which lead to the abolition of borders across economic sector – could further exacerbate these threats.

Any failure by Belfius Bank to manage the competitive dynamics to which it is exposed could have a material adverse effect on its business, financial condition, results of operations, and prospects.

6. Increased and changing regulation of the financial services industry could have an adverse effect on Belfius Bank's operations

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.

Recent developments in the global markets have led to an increased 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, as a result, provided additional capital and funding requirements and have introduced and may, in the future, be introducing a significantly more restrictive regulatory environment, including new accounting and capital adequacy rules, restrictions on termination payments for key personnel and new regulation of derivative instruments. Current regulation, together with future regulatory developments, could have an adverse effect on how Belfius Bank conducts its business and on the results of its operations.

The recent global economic downturn has resulted in significant changes to regulatory regimes. There have been significant regulatory developments in response to the global crisis, including the stress test exercise co-ordinated by the Committee of European Banking Supervisors in co-operation with the ECB, liquidity risk assessments and the adoption of a new regulatory framework. The most relevant areas of regulation include the following:

- The requirements under Basel III have been implemented in the European Union through the adoption of (i) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions on prudential requirements for credit institutions and investment firms ("**CRD**") and (ii) Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms ("**CRR**" and together with CRD, "**CRD IV**").

- As part of the so-called banking union, the "**Single Supervision Mechanism**" or "**SSM**" was adopted by Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions. Under the SSM, the ECB has assumed certain supervisory responsibilities in relation to Belfius Bank, which were previously handled by the NBB. The ECB may interpret the applicable banking regulations, or exercise discretions given to the regulator under the applicable banking regulations, in a different manner than the NBB.

- Regulation 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Bank Resolution Fund and amending Regulation (EU) No 1093/2010 of the European Parliament and the Council ("**Single Resolution Mechanism**" or "**SRM**"). The SRM entered into force on 19 August 2014 and applies to credit institutions which fall under the supervision of the ECB, including the Issuer. The SRM has established a Single Resolution Board ("**SRB**") which, since 1 January 2016, is the authority in charge of vetting resolution plans and carrying out the resolution of a credit institution that is failing or likely to fail. The SRB will act in close cooperation with the European Commission, the ECB and the national resolution authorities (which, in case of the Issuer, include the resolution college of the NBB within the meaning of Article 21ter of the Belgian law of 22 February 1998 establishing the organic statute of the NBB (the "**Belgian Resolution College**"). The SRB together with the Belgian Resolution College (where applicable) is hereinafter referred to as the "Resolution

Authority". Moreover, the SRM established a Single Resolution Fund ("**SRF**") which will be built up with contributions of the banking sector to ensure the availability of funding support for the resolution of credit institutions. The overall aim of the SRM is to ensure an orderly resolution of failing banks with minimal costs to taxpayers and the real economy.

- Directive 2014/59/EC of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, which provides for a framework for the recovery and resolution of credit institutions and investment firms (the "**Bank Recovery and Resolution Directive**" or "**BRRD**"). The aim of the BRRD is to provide supervisory and resolution authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

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 to such policies are not predictable and are beyond Belfius Bank's control.

Belfius Bank conducts its business 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.

On 23 November 2016, the European Commission published two proposals amending, inter alia, the CRR, the CRD, the BRRD and the SRM (the "**EU Banking Reform Proposals**"). These proposals aim to (i) increase the resilience of European institutions and enhancing financial stability, (ii) improve banks' lending capacity to support the EU economy and (iii) further facilitate the role of banks in achieving deeper and more liquid EU capital markets to support the creation of a Capital Markets Union. These proposals remain, however, subject to negotiation between the Member States and have been submitted to the European Parliament and to the Council for consideration and adoption.

In addition, on 7 December 2017 the Basel Committee announced a final agreement on the finalisation of Basel III (commonly referred to as Basel IV). This will result in an increase of the capital requirements for CET1 from 2022 onwards. Belfius expects this impact to be manageable. Such impact can preliminary be assessed at 1% to 1.25% of CET1 ratio, based on the current agreement. This estimation is subject to the transposition of the international agreement in EU legal framework, the discretion of the macro prudential authority to mitigate the impact of different measures and the forthcoming structure of the balance sheet. In the event that the European authorities when transposing Basel IV were to deviate from this final agreement, this could have a significant impact on Belfius Bank's solvency position. In the event that the separate discussions at the level of the Basel Committee on Banking Supervision regarding sovereign and public exposures were to lead to an agreement on these matters, this could also materially affect Belfius Bank's capital requirements.

7. Belgian banking law

On 25 April 2014, a new law on the status and supervision of credit institutions was adopted in Belgium (i.e., *Wet op het statuut van en het toezicht op kredietinstellingen / Loi relative au statut et au contrôle des établissements de crédit*) (the "**Belgian Banking Law**"). The Belgian Banking Law entered, subject to certain exceptions at that time (including in respect of its resolution regime), into force on 7 May 2014.

The Belgian Banking Law is based on the existing regulatory framework and implements into Belgian law (i) the CRD, as further explained in paragraph 8 (Effective capital management and capital adequacy

and liquidity requirements) below, and (ii) the BRRD, as further explained in paragraph 9 (*European Resolution Regime*) below. The Belgian Banking Law, however, has an impact that goes beyond the mere transposition of the aforementioned CRD and BRRD. This is, in particular, but not solely, due to (i) the increased regulatory attention to, and regulation of, corporate governance (including executive compensation), (ii) the need for strategic decisions to be pre-approved by the regulator, and (iii) the prohibition (subject to limited exceptions) of proprietary trading. In respect of the last point, since introduction, this prohibition did not have a material impact on the business of Belfius Bank as it is currently being conducted. The BRRD has been fully transposed into Belgian law in 2015.

The Lead Regulator will need to pre-approve any strategic decision of any Belgian financial institution subject to the Belgian Banking Law (including the Issuer, and regardless of it being systemically important or not). For these purposes, strategic decisions include decisions having significance relating to each investment, disinvestment, participation or strategic cooperation agreement of the financial institution, including decisions regarding the acquisition of another institution, the establishment of another institution, the incorporation of a joint venture, the establishment in another country, the conclusion of cooperation agreement, the contribution of or the acquisition of a branch of activities, a merger or a demerger. The Lead Regulator will have the benefit of extensive discretionary power in this area.

It should be noted that (i) certain elements of the Belgian Banking Law require further detailed measures to be taken by other authorities, in particular the NBB, (ii) certain elements of the Belgian Banking Law will be influenced by further regulations (including through technical standards) taken or to be taken at European level, and (iii) the application of the Belgian Banking Law may be influenced by the recent assumption by the ECB of certain supervisory responsibilities which were previously handled by the NBB and, in general, by the allocation of responsibilities between the ECB and the NBB.

Finally, it should be noted that certain of the European initiatives (in particular the prohibition on proprietary trading) to be transposed into Belgian law pursuant to the Belgian Banking Law are still in draft form, or subject to political discussion, at the European level. Whilst the Belgian Banking Law contains powers to allow the government to conform the Belgian Banking Law to developments at a European level in certain areas through a royal decree, it cannot be ruled out that there will be differences between the regulatory regime promulgated by the relevant European directives and the regulatory regime of the Belgian Banking Law.

The Belgian Banking Law will also have to be further amended once the various amendments to CRR, CRD, BRRD and the SRM, which were proposed by the European Commission on 23 November 2016, are adopted in 2019 or later.

8. 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 and to grow organically. 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 is, amongst others, to allow Belfius Bank to strengthen its capital position.

In December 2010, the Basel Committee on Banking Supervision (the "**Basel Committee**") reached agreement on comprehensive changes to the capital adequacy framework, known as Basel III. A revised version of Basel III was published in June 2011. The purpose was to raise the resilience of the banking sector by increasing both the quality and quantity of the regulatory capital base and enhancing the risk coverage of the capital framework. In particular, Basel III introduced new eligibility criteria for common equity tier 1, additional tier 1 and tier 2 capital instruments with a view to raising the quality of regulatory

capital, and increased the amount of regulatory capital that institutions are required to hold. Basel III also requires institutions to maintain a capital conservation buffer above the minimum capital ratios which, if not maintained, results in certain capital distribution constraints being imposed on these institutions (including Belfius Bank). The capital conservation buffer, to be comprised of common equity tier 1 capital, would result in an effective common equity tier 1 capital requirement of 7% of risk-weighted assets (i.e., its assets adjusted for their associated risks). In addition, Basel III directs national regulators to require certain institutions to maintain a counter-cyclical capital buffer during periods of excessive credit growth, in addition to other buffers which may be applicable to global or domestically systemically important institutions. Basel III further introduced a leverage ratio for institutions as a backstop measure, to be applied from 2018 alongside current risk-based regulatory capital requirements. The changes in Basel III are contemplated to be phased in gradually between January 2013 and January 2022. Basel III has been introduced in the European Union through CRD IV.

CRD IV (consisting of CRD and CRR) has applied since 1 January 2014 and imposes a series of new requirements, many of which are being phased in over a number of years. Certain portions of CRD have been transposed into Belgian law through the Belgian Banking Law and, although CRR applies directly in each Member State, CRR leaves a number of important interpretational issues to be resolved through binding technical standards, and leaves certain other matters to the discretion of national regulators. In addition, the ECB may, following the assumption of certain supervisory responsibilities, interpret CRD IV, or exercise discretion accorded to the regulator under CRD IV (including options with respect to the treatment of assets of other affiliates) in a different manner than the NBB. To the extent that Belfius Bank has estimated the indicative impact that CRD IV may have on the calculation of its risk-weighted assets and capital ratios, such estimates are preliminary and subject to uncertainties and change.

Basel III and CRD IV change the capital adequacy and liquidity requirements in Belgium and in other jurisdictions. The application of increasingly stringent stress case scenarios by the regulators may (i) require Belfius Bank to raise additional capital resources (including common equity tier 1, additional tier 1 capital and tier 2 capital) by way of further issuances of securities, and (ii) result in existing tier 1 securities 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 Tier 1 and Tier 2 capital could have a number of negative consequences for Belfius Bank. If Belfius Bank is unable to raise the requisite capital, it may be required to further reduce the amount of its weighted risks.

Based on recent disclosure in MREL (as defined below) published by the SRB, Belfius mechanical target would potentially amount to 24.5% of risk exposure in fully loaded format. Including the market confidence charge (equal to the combined buffer ratio less 125 bps), Belfius mechanical target would potentially amount to 27.25%.

On 23 November 2016, the European Commission proposed some further changes to the capital requirements rules, known as "CRD V", which will implement the so-called "Basel IV" package. Under these proposals, the leverage ratio and the net stable funding ratio will become binding. Further changes are also proposed to the measurement of certain risks, including market risk and operational risk. Once implemented, these changes are expected to generally result in an increase of the capital 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.

9. European Resolution Regime

The BRRD grants powers to resolution authorities that include (but are not limited to) the introduction of a statutory "write-down and conversion power" in relation to Tier 1 capital instruments and Tier 2 capital instruments (including the Subordinated Notes) and a "bail-in" power in relation to eligible liabilities (as defined in Article 2(1)(71) BRRD, i.e., the liabilities and capital instruments that do not qualify as common equity tier 1, additional tier 1 capital instruments or tier 2 capital instruments and that are not excluded from the scope of the bail-in power by virtue of Article 44(2) BRRD, which includes the Senior Notes). These powers allow the Lead Regulator to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include the Notes) of a failing institution and/or to convert certain debt claims (which could include the Notes) into another security, including ordinary shares of Belfius Bank or any other surviving group entity, if any. The "write-down and conversion" and "bail-in" powers are part of a broader set of resolution powers provided to the resolution authorities under the BRRD in relation to distressed credit institutions and investment firms. These resolution powers include the ability for the resolution authorities to force, in certain circumstance of distress, the sale of credit institution's business or its critical functions, the separation of assets, the replacement or substitution of the credit institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including amending the maturity date, any interest payment date or the amount of interest payable and/or imposing a temporary suspension of payments) and/or discontinue the listing and admission to trading of debt instruments issued by the credit institution.

The Resolution Authority must write down or convert all Tier 1 capital instruments and Tier 2 capital instruments (such as the Subordinated Notes) at the institution's or group's point of non-viability (i.e., (i) the point at which the relevant authority determines that the institution or group meet the conditions for resolution or (ii) the relevant authority determines that the institution or group would cease to be viable (within the meaning of Article 251 of the Belgian Banking Law) if those capital instruments were not written down or converted or (iii) the institution seeks extraordinary public financial support). In addition, all Tier 1 capital instruments and the Tier 2 capital instruments (such as the Subordinated Notes) must be written down or converted before, or at least together with, the application of any resolution tool (including the exercise of the bail-in powers). See also risk factor "*Holders of Subordinated Notes will be required to absorb losses in the event the Issuer becomes non-viable or if the conditions for the exercise of resolution powers are met*".

Accordingly, the Subordinated Notes could, in any event, be written-down or converted at the latest at the same time as any bail-in of senior debt claims and possibly before, if deemed necessary in order to avoid the institution or group becoming non-viable.

10. Belgian bank recovery and resolution regime

Under the Belgian bank recovery and resolution regime, the supervisory and resolution authorities are able to take a number of measures in respect of any credit institution they supervise if deficiencies in such credit institution's operations are not remedied. Such measures include: the appointment of a special commissioner whose consent is required for all or some of the decisions taken by all the institution's corporate bodies; the imposition of additional requirements in terms of solvency, liquidity, risk concentration and the imposition of other limitations; requesting limitations on variable remuneration; the complete or partial suspension or prohibition of the institution's activities; the requirement to transfer all or part of the institution's participations in other companies; replacing the institution's directors or managers; and revocation of the institution's licence, the right to impose the reservation of distributable profits, or the suspension of dividend distributions or interest payments to holders of additional tier 1 capital instruments.

Furthermore, the Lead Regulator can impose specific measures on an important financial institution (including the Issuer, and whether systemic or not) when the Lead Regulator is of the opinion that (a) such financial institution has an unsuitable risk profile or (b) the policy of the financial institution can have a negative impact on the stability of the financial system.

The Belgian Banking Law (which transposes BRRD) allows the Resolution Authority to take resolution actions (see paragraph 9 (*European Resolution Regime*) above). Such powers include the power to (i) direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with procedural requirements that would otherwise apply, (ii) transfer all or part of the business of the relevant financial institution to a "bridge institution" (an entity created for that purpose which is wholly or partially in public control) and (iii) separate assets by transferring assets to a bridge institution or one or more asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down.

In addition, since 1 January 2016, the Belgian Banking Law provides a "bail-in" power to the Resolution Authority. Such bail-in power allows the Resolution Authority to write down or convert into shares or other proprietary instruments all or part of a credit institution's eligible liabilities in order to (i) recapitalise the credit institution to the extent it is sufficient to restore its ability to comply with its licensing conditions and to continue to carry out the activities for which it is licensed and to sustain sufficient market confidence in the institution, or (ii) convert or reduce the principal amount of debt instruments that are transferred to a bridge institution with a view to providing capital for that bridge institution or as part of a sale of the business or transfer of assets.

For the purpose of the Resolution Authority's bail-in powers, credit institutions (including Belfius Bank) must at all times meet a minimum requirement for own funds and eligible liabilities. This minimum requirement is an amount of own funds and eligible liabilities. The draft technical standards on the criteria for determining the minimum requirement for own funds and eligible liabilities do not provide details on the implications of a failure by an institution to comply with its minimum requirement for own funds and eligible liabilities ("**MREL**") under the Directive 2014/59/EU of the European Parliament and of the Council, establishing an EU-wide framework for the recovery and resolution of credit institutions and investment firms, as set in accordance with Article 45 of such Directive (as transposed in article 459 of the Belgian Banking Law) and Commission Delegated Regulation (C(2016) 2976 final) of 23 May 2016, or any successor requirement. However, if the approach set out by the Financial Stability Board (the "**FSB**") in respect of the Total Loss-Absorbing Capacity ("**TLAC**") for global systemically important banks ("**G-SIBs**") is adopted in respect of MREL, then there is a possibility that a failure by an institution to comply with MREL could be treated in the same manner as a failure to meet minimum regulatory capital requirements. Accordingly, a failure by the Issuer to comply with its MREL requirement may have a material adverse effect on the Issuer's business, financial condition and results of operations. For the time being, Belfius Bank is not a G-SIB as defined under the FSB TLAC Term Sheet and is therefore currently not subject to the FSB TLAC Term Sheet.

Any bail-in of eligible liabilities (such as the Senior Notes) will only occur after, or at the same time as, the write-down or conversion of the Subordinated Notes by the Resolution Authority. Only where the exercise of these write-down and conversion powers is insufficient to meet the requirements of Article 267/6 of the Belgian Banking Law will the Resolution Authority exercise its bail-in powers by (i) writing-down or converting the principal amount of subordinated debts that do not constitute Tier 1 or Tier 2 capital instruments and (ii) to the extent such write-down or conversion is insufficient, the principal amount of the remaining eligible liabilities (each time taking into account the priority of claims in insolvency proceedings). The "write-down and conversion power" (see paragraph 9 (*European Resolution Regime*) above) has also been transposed in the Belgian Banking Law.

Subject to certain exceptions, as soon as any of these proceedings (including bail-in) have been initiated by the Resolution Authority, the relevant counterparties of such credit institution would not be entitled to invoke events of default or set off their claims against the credit institution. The Belgian Banking Law confirms that the powers described above will not affect the financial collateral arrangements (including close-out netting and repo-transactions) subject to the Belgian law of 14 December 2004 on financial collateral (transposing Directive 2002/47/EC in Belgian law), although the mere fact that a recovery or resolution measure is taken by the Resolution Authority may not cause an event of default, give rise to any close-out or enforcement of security to the extent that the essential provisions of the agreement remain respected. In addition, the protection of financial collateral arrangements provided for by the Belgian Banking Law is slightly broader than the regime set out in the BRRD (with the latter containing certain exceptions to the protection of such arrangements to the extent deposits that may be repayable by a deposit guarantee scheme are part of such arrangements) and, as a consequence, the Belgian Banking Law may need to be amended to provide for the same exceptions.

As indicated above, under the Belgian Banking Law, the powers of the supervisory and resolution authorities are significantly expanded. The implementation or a perceived increase in the likelihood of implementation by the supervisory and/or resolution authorities of any of their powers of intervention could have an adverse effect on the interests of the Noteholders.

Investment considerations relating to the businesses of Belfius Bank

1. Business conditions and the general economy

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

- an economic downturn or significantly higher interest rates could adversely affect the credit quality of 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;
- persistently negative and decreasing short term interest rates could impact Belfius Bank's capacity to generate a sufficiently high level of revenues;
- a continued market downturn or significant 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 conditions and recent developments

Sustained actions by the monetary authorities in both the United States and the Eurozone have created the conditions necessary to achieve stability in the financial system and to permit the start and continuation of the economic recovery. By injecting money into the economy and by creating proper financing systems, by creating a banking union in the European Union and thanks to the regulatory requirements embedded within that banking union the confidence in the stability of the financial systems has returned. However, financial institutions can still be forced to seek additional capital, merge with larger and stronger institutions and, in some cases, be resolved in an organised manner. The capital and

credit markets have recently experienced an overall reduction in volatility. In some cases, this has resulted in upward pressure of stock and bond prices, and has also resulted in increased business and consumer confidence. The economy has left a period of distress and entered a phase of low economic growth and low interest rates. Due to the monetary policy pursued within the European Union interest rates have been pushed to extremely low and in some cases negative levels. While this is a factor that has contributed to the economic recovery, it has also strengthened the upward pressure that is exerted on the prices of some financial assets, like different types of bonds, real estate or even stocks. Should this policy be reversed then it cannot be excluded that this could lead to increased volatility in the financial markets and falling asset prices such that confidence gets lowered and business activity reduced which may materially and adversely affect the Issuer's business, financial condition and operational results, which could in turn affect the Issuer's ability to meet its payments under the Notes.

3. 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 in Belgium and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European 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.

4. A downgrade in the credit rating

The rating agencies, Standard & Poor's, Moody's and Fitch Ratings or other rating agency if applicable, use ratings to assess whether a potential borrower will be able in the future to meet its credit commitments as agreed. A major element in the rating for this purpose is an appraisal of the company's net assets, financial position and earnings performance. In addition, Belfius Bank is wholly owned by the Belgian federal state through the Federal Holding and Investment Company, and it is possible that, if the ratings assigned to the Belgian federal state were to be downgraded, that could result in the ratings assigned to Belfius Bank being negatively affected. Moreover, as the ownership of a bank is one of the factors taken into in determining a bank's rating, a change of ownership of Belfius Bank could have a potential impact on the ratings assigned to Belfius Bank. A bank's rating is an important comparative element in its competition with other banks. It also has a significant influence on the individual ratings of a bank's important subsidiaries. A downgrading or the mere possibility of a downgrading of the rating of Belfius Bank or one of its subsidiaries might have adverse effects on the relationship with customers and on the sales of the products and services of the company in question. In this way, new business could suffer, Belfius Bank's competitiveness in the market might be reduced, and its funding costs would increase substantially. A downgrading of the rating would also have adverse effects on the costs to Belfius Bank of raising equity and borrowed funds and might lead to new liabilities arising or to existing

liabilities being called that are dependent upon a given rating being maintained. It could also happen that, after a downgrading, Belfius Bank would have to provide additional collateral for derivative transactions in connection with rating-based collateral arrangements. If the rating of Belfius Bank were to fall within reach of the non-investment grade category, it would suffer considerably. In turn, this would have an adverse effect on Belfius Bank's ability to be active in certain business areas.

5. 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.

6. The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transactions tax (the "**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). In December 2015, Estonia withdrew from the group of states willing to introduce the FTT.

The Commission's Proposal currently stipulates that once the FTT enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax).

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State. The Issuer is a financial institution incorporated in Belgium and therefore financial institutions worldwide would be subject to the FTT when dealing in the Notes.

However, the FTT proposal remains subject to negotiation between the participating Member States. Therefore, it may be altered prior to any implementation, the timing of which also remains unclear. Additional EU Member States may decide to participate and/or other participating Member States may decide to withdraw.

Prospective Noteholders are strongly advised to seek their own professional advice in relation to the FTT.

7. Change in accounting standards – IFRS 9

Belfius Bank reports its results of operations and financial position in accordance with IFRS. The preparation of Belfius Bank's financial statements requires management to make estimates and assumptions and to exercise judgment in selecting and applying relevant accounting policies, each of which may directly impact the reported amounts of assets, liabilities, income and expenses, to ensure compliance with IFRS. Some areas involving a higher degree of judgment, or where assumptions are significant to the financial statements, include the level of impairment provisions for loans and advances, retirement benefit obligations and deferred tax assets. If the judgments, estimates and assumptions used

by Belfius Bank in preparing its consolidated financial statements differ from the actual results, there could be a significant loss beyond that anticipated or provided for, which could have a material adverse effect on Belfius Bank's business, results of operations, financial condition and/or prospects.

Changes to IFRS or interpretations thereof may cause its future reported results of operations and financial position to differ from current expectations, or historical results to differ from those previously reported due to the adoption of accounting standards on a retrospective basis. Such changes may also affect Belfius Bank's regulatory capital position and regulatory ratios by requiring the recognition of additional provisions for loss on certain assets. Belfius Bank monitors potential accounting changes and when these are finalised, it determines the potential impact and discloses significant future changes in its financial statements. Currently, there are a number of issued but not yet effective IFRS changes, as well as potential IFRS changes, some of which could be expected to impact Belfius Bank's reported results of operations, financial position and regulatory capital in the future. Where the application of IFRS requires a large element of judgment, the risk of incorrect judgments being made may be heightened where the IFRS standard concerned is recently introduced as there is an absence of a developed practice in its application.

Since 1 January 2018, Belfius applies the International Financial Reporting Standard (IFRS) 9 "Financial Instruments" replacing the International Accounting Standard 39 ("**IAS 39**"). IFRS 9 "Financial Instruments" was published in 2014 and combines all aspects of accounting for financial instruments: classification and measurement, impairment and micro hedge accounting. Belfius will apply this new standard for the consolidated accounts of Belfius Bank and Belfius Insurance.

According to IFRS 9, the classification and measurement of financial assets is based on both the entity's business model for managing the financial assets and the financial assets' contractual cash flow characteristics (the so-called SPPI-test, SPPI standing for "solely payments of principal and interest"). Belfius Bank and Belfius Insurance have opted for a "hold to collect" business model for the loans that comply with the SPPI test. Please note that within Belfius' current stock of loans, only certain structured loans to Public & Corporate Banking (PCB) clients do not comply with the SPPI criteria test and will thus be measured at fair value through P&L. Regarding the bond portfolio, Belfius Bank has opted, for the majority of the bonds, for a "hold to collect" business model, while Belfius Insurance will apply a mixed approach where part of the portfolio will be "hold to collect" and the other part "hold to collect and sale". Please note that only a limited number of bonds within Belfius' current stock do not comply with the SPPI criteria, and thus need to be measured at fair value through P&L.

New impairment rules under IFRS 9 replaces the current incurred loss model of IAS 39 by an expected credit loss model. The IFRS 9 impairment rules requires an impairment allowance for all financial assets that are measured at amortised cost and fair value through other comprehensive income, for all loan commitments, for all financial guarantees not recognised at fair value and for all lease receivables. The changes in these allowances are reported in profit and loss. For most such assets, the impairment allowance is measured as the expected credit losses projected over the next twelve months. The allowance remains based on the expected losses over the next twelve months unless there is a significant increase in credit risk. If there is a significant increase in credit risk, the allowance is measured as the expected credit losses projected for the instrument over its full lifetime. If the credit risk significantly recovers, the allowance can once again be limited to the projected credit losses over the next twelve months. Belfius has identified all the necessary elements to adjust the current impairment methodology/calculation engine to the new requirements of IFRS 9, and the Board of Directors of 16 November 2017 has validated all material aspects of the new impairment rules which are applicable since 1 January 2018 onwards.

Hedge accounting under IFRS 9 aligns more to the risk management policies of entities than under IAS 39. It expands the definition for non-derivative financial instruments and can now also include non-

financial assets as hedging instruments. IFRS 9 does not address macro hedge accounting, and allows entities to continue with IAS 39 for such hedges. Belfius will continue to apply the requirements of IAS 39, as most of the hedges held by Belfius are qualified as macro hedges.

The implementation of IFRS 9 as of 1 January 2018 had a negative impact on the net asset value of EUR 67 million, mainly stemming from the impact of the new impairment calculation methodology which was, however, partially offset by the reversal of the net negative available-for-sale reserve for those bonds which will be within a "hold to collect" business model. Furthermore, the implementation has a slightly positive impact (around 30 basis points) on Belfius' solvency ratios. The impacts of the first time application of IFRS 9 are recognised in equity which impacts the regulatory capital. Other impact can also be noted on risk exposures due to impacts on balance sheet exposure amounts from reclassifications.

The impact relates mainly to the reversal of the available-for-sale reserve and the frozen available-for-sale reserve as Belfius has opted for a "hold to collect" business model for the majority of debt instruments.

The impact on regulatory risk exposures is twofold:

- an increase on the portfolio hedge; and
- a decrease following lower exposures after reclassification and remeasurement on certain assets.

This increase of regulatory risk exposure was partially offset by lower exposures on certain assets. As the majority of the debt instruments are held in a "hold to collect" business model, the exposure on which RWA is calculated decreased as the fair value revaluation is no longer taken into account.

8. A substantial part of Belfius Bank's assets are encumbered

Like every credit institution, a non-negligible part of the Issuer's assets are collateralised (by means of an outright pledge, repo transaction or otherwise). The amount of assets pledged is linked to the funding granted by external parties who demand collateral to mitigate the potential risk on the Issuer.

Belfius Bank established in November 2012 a Belgian Mortgage Pandbrieven Programme and in October 2014 a Belgian Public Pandbrieven Programme. Both programmes are licensed by the NBB and each can issue Belgian pandbrieven for a maximum amount of EUR 10,000,000,000. In accordance with the law of 3 August 2012 establishing a legal regime for Belgian covered bonds, the investors of pandbrieven benefit from a dual recourse, being an unsecured claim against the general estate of Belfius Bank and an exclusive claim against the relevant special estate of Belfius Bank: one special estate for the mortgage pandbrieven and another special estate for the public pandbrieven. With respect to the assets of the general estate of Belfius Bank, the holders of Senior Preferred Notes, as unsecured and unsubordinated creditors of Belfius Bank, will rank *pari passu* with the investors of pandbrieven and any other unsecured and unsubordinated creditors of Belfius Bank. However, the Noteholders may not exercise any rights against or attach any assets of the special estates as they are reserved for the holders of pandbrieven. A credit institution cannot issue any further Belgian covered bonds if the amount of cover assets exceeds 8% of the issuing credit institution's total assets.

The special estate in relation to the Belgian Mortgage Pandbrieven Programme is mainly composed of residential mortgage loans and the special estate in relation to the Belgian Public Pandbrieven Programme is mainly composed of loans to Belgian public sector entities. The value of the assets, contained in the relevant special estate, needs to be in proportion with the nominal amount of issued pandbrieven under such programme (in accordance with applicable law and issue conditions). Only pandbrieven investors and other creditors, which can be identified based on the pandbrieven issue conditions, have a claim on the relevant special estate.

Finally, it should be noted that the Belgian Banking Law introduced (i) a general lien on movable assets (*"algemeen voorrecht op roerende goederen"/"privilège général sur biens meubles"*) for the benefit of the deposit guarantee fund (*"garantiefonds voor financiële diensten"/"fonds de garantie pour les services financiers"*) as well as (ii) a general lien on moveable assets for the benefit of natural persons and SMEs for deposits exceeding EUR 100,000. Such general liens could have an impact on the recourse that any Noteholder would have on the general estate of Belfius Bank in the case of an insolvency as the claims which benefit from such general liens will rank (i) *pari passu* with the claims of the holders of Senior Preferred Notes and (ii) ahead of the claims of the holders of Senior Non-Preferred Notes and Subordinated Notes.

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 Issuer.

The following does not describe all the risks of an investment in the Notes. Prospective investors should consult their own financial and legal advisers about risks associated with investment in the Notes and the suitability of investing in the Notes in light of their particular circumstances.

1. 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.

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 the Notes are legal investments for it.

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 Base 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.

2. Holders of Subordinated Notes will be required to absorb losses in the event the Issuer becomes non-viable or if the conditions for the exercise of resolution powers are met

Holders of Subordinated Notes will lose some or all of their investment as a result of a statutory write-down or conversion of the Subordinated Notes if the Issuer or group fails or is likely to fail, becomes non-viable, requires extraordinary public support or if otherwise the conditions for the exercise of resolution powers are met.

Under the Belgian Banking Law, the Resolution Authority may decide to write-down the Subordinated Notes or to convert the Subordinated Notes into common equity tier 1 capital of the Issuer if one or more of the following circumstances apply:

(a) the Resolution Authority determines that Belfius Bank meets the conditions for resolution specified in Article 244, §1 of the Belgian Banking Law; i.e., if the Resolution Authority considers that all of the following conditions are met:

(i) the determination that Belfius Bank is failing or is likely to fail has been made by the Lead Regulator or the Resolution Authority (in each case, after consulting each other), which means that one or more of the following circumstances are present:

(A) Belfius Bank infringes or there are objective elements to support a determination that Belfius Bank will, in the near future, infringe the requirements for continuing authorisation in a way that would justify the withdrawal of the authorisation by the competent authority, including but not limited to because Belfius Bank has incurred or is likely to incur losses that will deplete all or a significant amount of its own funds;

(B) the assets of Belfius Bank are or there are objective elements to support a determination that the assets of Belfius Bank will, in the near future, be less than its liabilities;

(C) Belfius Bank is or there are objective elements to support a determination that Belfius Bank will, in the near future, be unable to pay its debts or other liabilities as they fall due;

(D) Belfius Bank requests extraordinary public financial support.

(ii) having regard to timing and other relevant circumstances, there is no reasonable prospect that any alternative private sector measures or supervisory action taken in respect of Belfius Bank would prevent its failure within a reasonable timeframe; and

(iii) a resolution action is necessary in the public interest. A resolution action will be deemed necessary in the public interest if it is necessary to meet one or more objectives referred to in Article 243, §1 of the Belgian Banking Law and a liquidation of the credit institution would not allow such objectives to be met in the same measure,

in which case the Resolution Authority shall, in any event, exercise its write-down and conversion powers before taking any resolution action (including the use of the bail-in tool);

(b) the Resolution Authority determines that unless the write-down or conversion power is exercised in relation to the Subordinated Notes, Belfius Bank or its group will no longer be viable; or

(c) Belfius Bank requests extraordinary public financial support.

The purpose of the statutory write-down and conversion powers is to ensure that the Tier 1 and Tier 2 capital instruments of the Issuer (including the Subordinated Notes) fully absorb losses if one or more of the above circumstances apply and before any resolution action (including the use of the bail-in tool) is taken.

The exercise by the Resolution Authority of its write down or conversion powers in relation to the Subordinated Notes, or the (perceived) prospect of such exercise, could have a material adverse effect on the value of the Subordinated Notes and could lead to the holders of Subordinated Notes losing some or all of their investment in the Subordinated Notes.

3. Bail-in of senior debt and other eligible liabilities, including the Senior Notes

Given the entry into force of the bail-in regime, holders of Senior Notes may lose some or all of their investment (including outstanding principal and accrued but unpaid interest) as a result of the exercise by the Resolution Authority of the "bail-in" resolution tool.

Following the transposition of the BRRD bail-in regime into Belgian law as of 1 January 2016, the Resolution Authority has the power to bail-in (i.e. write down or convert) more subordinated debt, if any (such as the claims of Eligible Creditors of the Issuer) and senior debt (such as the Senior Notes), after having written down or converted Tier 1 capital instruments and Tier 2 capital instruments (such as the Subordinated Notes). The bail-in power enables the Resolution Authority to recapitalise a failed institution by allocating losses to its shareholders and unsecured creditors (including holders of Senior Notes) in a manner which is consistent with the hierarchy of claims in an insolvency of a relevant financial institution. Under such hierarchy, the Senior Non-Preferred Notes would be written down or converted before the Senior Preferred Notes. The bail-in power includes the power to cancel a liability or modify the terms of contracts for the purposes of deferring the liabilities of the relevant financial institution and the power to convert a liability from one form to another.

In summary (and subject to the implementing rules), the Resolution Authority is able to exercise its bail-in powers if the following (cumulative) conditions are met:

(a) the determination that Belfius Bank is failing or is likely to fail has been made by the relevant regulator, which means that one or more of the following circumstances are present:

  (i) Belfius Bank infringes or there are objective elements to support a determination that Belfius Bank will, in the near future, infringe the requirements for continuing authorisation in a way that would justify the withdrawal of the authorisation by the competent authority, including but not limited to because Belfius Bank has incurred or is likely to incur losses that will deplete all or a significant amount of its own funds;

  (ii) the assets of Belfius Bank are or there are objective elements to support a determination that the assets of Belfius Bank will, in the near future, be less than its liabilities;

  (iii) Belfius Bank is or there are objective elements to support a determination that Belfius Bank will, in the near future, be unable to pay its debts or other liabilities as they fall due;

  (iv) Belfius Bank requests extraordinary public financial support,

(b) having regard to timing and other relevant circumstances, there is no reasonable prospect that any alternative private sector measures or supervisory action taken in respect of Belfius Bank would prevent the failure of Belfius Bank within a reasonable timeframe; and

(c) a resolution action is necessary in the public interest.

The BRRD specifies that governments will only be entitled to use public money to rescue credit institutions if a minimum of 8% of the own funds and total liabilities have been written down, converted or bailed in or, by way of derogation, if the contribution to loss absorption and recapitalisation is equal to an amount not less than 20% of risk-weighted assets and certain additional conditions are met.

The exercise by the Resolution Authority of its bail-in powers in relation to the Senior Notes, or the (perceived) prospect of such exercise, could have a material adverse effect on the value of the Senior Notes and could lead to the holders of Senior Notes losing some or all of their investment in the Senior Notes.

4. Impact of conversion and bail-in powers on listings

To the extent the Subordinated Notes are written-down or converted, or the Senior Notes are bailed-in or converted pursuant to the BRRD or otherwise, the Issuer does not expect any securities issued upon write-down, bail-in or conversion of the Notes to meet the listing requirements of any securities exchange, and the Issuer expects outstanding listed securities to be delisted from the securities exchanges on which they are listed. It is likely that any securities the Noteholders will receive upon the exercise of the write-down, bail-in or conversion power will not be listed for at least an extended period of time, if at all. Additionally, there may be limited, if any, disclosure with respect to the business, operations or financial statements of the Issuer at the time any securities are issued upon conversion of the Subordinated Notes, or the disclosure may not be current to reflect changes in the business, operations or financial statements as a result of the exercise of the write-down, bail-in or conversion power. As a result, there may not be an active market for any securities Noteholders may hold after the exercise of the write-down, bail-in or conversion powers.

5. The Notes may be redeemed prior to maturity in certain circumstances

Subject to certain conditions being met, the Notes may be redeemed prior to their maturity date, in whole but not in part, at the Tax Event Redemption Amount together with accrued interest, at the option of the Issuer, upon the occurrence of a Tax Event (see Condition 3(f) (*Redemption upon the occurrence of a Tax Event*)).

If Condition 3(e) (*Redemption upon the occurrence of a Capital Disqualification Event*) is specified as being applicable in the applicable Final Terms, subject to certain conditions being met, the Subordinated Notes may be redeemed prior to their maturity date, in whole but not in part, at the Capital Disqualification Event Early Redemption Price together with accrued interest, at the option of the Issuer, upon the occurrence of a Capital Disqualification Event.

Further, if Condition 3(g) (*Redemption of Senior Non-Preferred Notes upon the occurrence of a MREL/TLAC Disqualification Event*) is specified as being applicable in the applicable Final Terms, the Senior Non-Preferred Notes may be redeemed prior to their maturity date, in whole but not in part, at the MREL/TLAC Disqualification Event Early Redemption Price together with accrued interest, at the option of the Issuer, upon the occurrence of a MREL/TLAC Disqualification Event, subject to such redemption being permitted by the Applicable MREL/TLAC Regulations, and subject to the prior consent of the relevant regulator and/or the Relevant Resolution Authority if required.

In addition, if Condition 3(h) (*Redemption upon the occurrence of a Target Early Redemption Event*) is specified as being applicable in the applicable Final Terms, Senior Preferred Notes may be redeemed if the cumulative amount of interest paid exceeds a predetermined level set out in the applicable Final Terms.

The redemption of the Notes upon the occurrence of a Tax Event, the redemption of the Senior Preferred Notes upon the occurrence of a Target Early Redemption Event, the redemption of the Subordinated Notes upon the occurrence of a Capital Disqualification Event, the redemption of the Senior Non-

Preferred Notes upon the occurrence of a MREL/TLAC Disqualification Event, or the (perceived) prospect of such redemption, could have a material adverse effect on the value of the Senior Preferred Notes, the Senior Non-Preferred Notes or the Subordinated Notes (as the case may be).

If the Issuer redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which case Noteholders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider the reinvestment risk in light of other investments available at that time.

6. The Issuer's obligations under the Subordinated Notes will be subordinated

As more fully described in the Terms and Conditions of the Notes, the Issuer's obligations under the Subordinated Notes will be unsecured and subordinated and will rank:

(a) (subject to any obligations which are mandatorily preferred by law) junior to the claims of (i) depositors and all other unsubordinated creditors and (ii) all Eligible Creditors of the Issuer (i.e., creditors holding claims that, in accordance with their terms, rank or are expressed to rank senior to the Subordinated Notes);

(b) *pari passu* without any preference among themselves and *pari passu* with any other obligations or instruments of the Issuer that rank or are expressed to rank equally with the Subordinated Notes; and

(c) senior and in priority to (i) the claims of holders of all classes of share or other equity capital (including preference shares) of the Issuer, (ii) the claims of holders of all obligations or instruments of the Issuer which, upon issue, constitute or constituted Tier 1 capital of the Issuer, and (iii) the claims of holders of any other obligations or instruments of the Issuer that rank or are expressed to rank junior to the Subordinated Notes.

The Subordinated Notes will generally pay a higher rate of interest than comparable securities that are not subordinated. However, there is an increased risk that an investor in the Subordinated Notes will lose all or some of his investment should the Issuer become insolvent.

7. The Issuer is not prohibited from issuing further debt, which may rank pari passu with or senior to the Notes

There is no restriction on the amount of debt that the Issuer may issue that ranks senior to, or pari passu with, the Notes. The issue of any such debt or securities may reduce the amount recoverable by investors upon the Issuer's insolvency. If the Issuer's financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including reduction of interest and principal and, if the Issuer were to be liquidated (whether voluntarily or involuntarily), the Noteholders could suffer loss of their entire investment.

8. There are no events of default (other than in the event of a dissolution or liquidation of the Issuer) allowing acceleration of the Senior Non-Preferred Notes and of the Subordinated Notes if certain events occur

The Terms and Conditions of the Notes in relation to the Senior Non-Preferred Notes and the Subordinated Notes do not provide for events of default (other than in the event of a dissolution or liquidation of the Issuer as provided in Condition 11(a) (*Subordinated Notes and Senior Non-Preferred Notes – Events of Default*)) allowing acceleration of the Senior Non-Preferred Notes or of the Subordinated Notes if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Subordinated Notes or, as the case may be, the Senior Non-Preferred Notes, including the payment of any interest, investors will not have the right of acceleration of principal. Upon a payment default, the

sole remedy available to Noteholders for recovery of amounts owing in respect of any payment of principal or interest on the Senior Non-Preferred Notes or the Subordinated Notes will be the institution of proceedings for the dissolution or liquidation of the Issuer in Belgium.

9. The Issuer has the option to specify in the Final Terms that no events of default for Senior Preferred Notes (other than in the event of a dissolution or liquidation of the Issuer) apply allowing acceleration of the Senior Preferred Notes

The Issuer has the option to specify in the Final Terms in relation to Senior Preferred Notes that Senior Preferred Notes do not provide for any events of default allowing for acceleration of the Senior Preferred Notes if certain events occur. In such cases, the Noteholders will not be able to accelerate the maturity of such Senior Preferred Notes. Accordingly, if the Issuer fails to meet any obligations under the Senior Preferred Notes (including any failure to pay interests when due), investors will not have the right of acceleration of principal (other than in the event of the Issuer's dissolution or liquidation). Upon a payment default, the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment of principal or interest on the Senior Preferred Notes will be the institution of proceedings for the dissolution or liquidation of the Issuer in Belgium. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

If the applicable Final Terms provide that the Senior Preferred Notes contain events of default, a holder of any such Senior Preferred Notes may only give notice that such Senior Preferred Notes is immediately due and repayable in a limited number of events. See. Condition 11(b) (*Senior Preferred Notes – Events of Default*).

10. Substitution and variation relating to Senior Non-Preferred Notes and to Subordinated Notes

If specified as being applicable in the relevant Final Terms, then following a MREL/TLAC Disqualification Event (as defined in the Terms and Conditions of the Notes) (in case of Senior Non-Preferred Notes) or following a Capital Disqualification Event (as defined in the Terms and Conditions of the Notes) (in case of Subordinated Notes) or in order to ensure the effectiveness and enforceability of Condition 15(d), the Issuer may, at its sole discretion and without the consent of the Noteholders, either substitute the relevant Senior Non-Preferred Notes or relevant Subordinated Notes or vary their terms, so that they become or remain Qualifying Securities (see Condition 6(d) (*Senior Non-Preferred Notes and Subordinated Notes: Substitution and Variation*)). If the Issuer has not opted to substitute or vary the Senior Non-Preferred Notes or as the case may be the Subordinated Notes in accordance with the Terms and Conditions of the Notes following a MREL/TLAC Disqualification Event (in case of Senior Non-Preferred Notes) or a Capital Disqualification Event (in case of Subordinated Notes) (if specified as being applicable in the relevant Final Terms), the relevant Senior Non-Preferred Notes or the relevant Subordinated Notes may be redeemed early (in whole but not in part) at the Issuer's sole option at a price that can be lower than the price at which the Senior Non-Preferred Notes and the Subordinated Notes were purchased.

The exercise of these rights by the Issuer may have an adverse effect on the position of holders of the Senior Non-Preferred Notes or as the case may be, the holders of the Subordinated Notes, but Qualifying Securities will be securities issued by the Issuer that have terms not materially less favourable than the terms of the Senior Non-Preferred Notes or of the Subordinated Notes (provided that the Issuer shall have delivered to the Agent a certificate to that effect signed by two directors of the Issuer). While the substitution or variation of the Senior Non-Preferred Notes or the Subordinated Notes, if any, will be the same for all holders of Senior Non-Preferred Notes or Subordinated Notes, some holders may be more impacted than others. In addition, the tax and stamp duty consequences of holding any such substituted

notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding Senior Non-Preferred Notes or Subordinated Notes prior to such substitution.

11. Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect, or in case of an actual or perceived increased likelihood that the 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.

The Issuer may be expected to redeem Notes among others 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.

12. 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.

Moreover, the reference rate could be zero or even negative. Even if the relevant reference rate becomes negative, it will still remain the basis for the calculation of the interest rate, and a margin, if applicable, will be added to such negative interest rate.

13. Investors will not be able to calculate in advance their rate of return on Floating Rate Notes, CMS-Linked Interest Notes or Range Accrual Notes

A key difference between Floating Rate Notes, CMS-Linked Interest Notes or Range Accrual Notes, on the one hand, and Fixed Rate Notes, on the other, is that interest income on Floating Rate Notes, CMS-Linked Interest Notes or Range Accrual Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield for Floating Rate Notes, CMS-Linked Interest Notes or Range Accrual Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments bearing fixed interest rate. Furthermore, in a declining interest rates environment, if the Terms and Conditions of the Notes provide for frequent interest payment dates, investors are exposed to the reinvestment risk as they may reinvest the interest income paid to them at a then prevailing lower interest rate.

14. 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.

15. Risks relating to Range Accrual Notes

Range Accrual Notes provide that the amount of interest that an investor receives is linked to the performance of the Reference Rate specified in the applicable Final Terms and on how many actual days during the relevant Interest Period the level or value of the Reference Rate remains within a certain range, (the upper barrier and lower barrier of which is specified in the applicable Final Terms). If the level or value of the Reference Rate is below the lower barrier or higher than the upper barrier on some or all of the days in an Interest Period, the investor may receive low or even zero interest payments,

respectively, for the relevant Interest Period. Noteholders should note that no interest accrues on days when the level or value of the Reference Rate is outside of the range specified. Interest payable on the Range Accrual Notes is therefore also linked to the volatility of the level or value of the Reference Rate. Range Accrual Notes may not be suitable for investors who require regular income payments.

16. Risks relating to Fixed to Floating Rate Notes or Floating to Fixed Rate Notes

Notes which are "Fixed to Floating Rate Notes" or "Floating to Fixed Rate Notes" may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes, since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed to Floating Rate Notes may be less favourable than the 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 the then prevailing rates on its Notes.

17. Risks relating to Resettable Notes

In the case of any Series of Resettable Notes, the rate of interest on such Resettable Notes will be reset by reference to the then prevailing Mid-Swap Rate, as adjusted for any applicable margin, on the reset dates specified in the applicable Final Terms. This is more particularly described in Condition 2(b) (*Rate of Interest on Resettable Notes*). The reset of the rate of interest in accordance with such provisions may affect the secondary market for and the market value of such Resettable Notes. Following any such reset of the rate of interest applicable to the Notes, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest on the relevant Resettable Notes may be lower than the Initial Rate of Interest, the First Reset Rate of Interest and/or any previous Subsequent Reset Rate of Interest.

18. 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.

19. 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 the Issuer or the type of Note being issued.

20. 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.

21. 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 and/or in other jurisdictions in which it is required to pay taxes. This Base Prospectus includes general summaries of certain Belgian tax considerations relating to an investment in the Notes issued by the Issuer (see the section headed "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. The Issuer advises all investors to contact their own tax advisers for advice on the tax impact of an investment in the Notes.

22. There is no active trading market for the Notes

Any Series of Notes will be new securities which may not be widely distributed and for which there is currently no active trading market (even where, in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application may be made for Notes issued under the Programme to be admitted to the Official List of the Luxembourg Stock Exchange and to trading on the regulated market of the CSSF, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted, that an active trading market will develop or that any listing or admission to trading will be maintained. Notes may also be issued on an unlisted basis. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes, nor that such application for any listing or admission to trading will be maintained in respect of every Tranche of Notes.

23. 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 the 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.

In addition, pursuant to Condition 2(p) (*Benchmark replacement*), if a Benchmark Event occurs, certain changes may be made to the interest calculation and related provisions of the Resettable Notes, Floating Rate Notes and CMS-Linked Interest Notes as well as the Agency Agreement in the circumstances and as otherwise set out in such Condition, without the requirement for the consent of the Noteholders.

24. Common Reporting Standard – Exchange of information

The exchange of information is to be governed by the Common Reporting Standard ("**CRS**"). On 15 January 2018, 98 jurisdictions signed the multilateral competent authority agreement ("**MCAA**"), which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications. More than 50 jurisdictions have committed to a specific and ambitious timetable leading to the first automatic information exchanges in 2017 (early adopters).

Under CRS, financial institutions resident in a CRS country are required to report, according to a due diligence standard, financial information with respect to reportable accounts, which includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

On 9 December 2014, EU Member States adopted Directive 2014/107/EU on administrative cooperation in direct taxation ("**DAC2**"), which provides for mandatory automatic exchange of financial information as foreseen in CRS. DAC2 amends the previous Directive on administrative cooperation in direct taxation, Directive 2011/16/EU.

On 10 November 2015, the Council of the European Union adopted a Directive which repealed the EU Savings Directive with effect from 1 January 2016 (1 January 2017 in the case of Austria) (in each case subject to transitional arrangements). This is to prevent overlap between the EU Savings Directive and the new automatic exchange of information regime provided under DAC2.

On 27 May 2015, Switzerland signed an agreement with the European Union in order to implement, as from 1 January 2017, an automatic exchange of financial information based on the CRS. This new agreement replaces the agreement on the taxation of savings that entered into force in 2005. If a payment were to be made or collected through a paying agent in certain third countries or dependent associated territories of certain Member States, and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Subordinated Note as a result of the imposition of such withholding tax.

The Belgian government has implemented DAC2, respectively the Common Reporting Standard, pursuant to the law of 16 December 2015 regarding the exchange of information on financial accounts by Belgian financial institutions and by the Belgian tax administration, in the context of an automatic exchange of information on an international level and for tax purposes (the "**Law of 16 December 2015**").

As a result of the Law of 16 December 2015, the mandatory automatic exchange of information applies in Belgium (i) as of financial year 2016 (first information exchange in 2017) towards the EU Member States (including Austria, irrespective of the fact that the automatic exchange of information by Austria towards other EU Member States is only foreseen as of income year 2017), (ii) as of financial year 2014 (first information exchange in 2016) towards the US and (iii) with respect to any other jurisdictions that have signed the MCAA, as of a date to be further determined by Royal Decree. In a Royal Decree of 14 June 2017, it was determined that the automatic provision of information has to be provided as from 2017 (for the 2016 financial year) for a first list of eighteen jurisdictions, and as from 2018 (for the 2017 financial year) for a second list of 44 jurisdictions.

Investors who are in any doubt as to their position should consult their professional advisers.

25. U.S. withholding tax under FATCA

With respect to (i) Notes issued after the date that is six months after the date the term "foreign passthru payment" is defined in regulations filed with the U.S. Federal Register (the "**Grandfather Date**") or (ii) Notes issued on or before the Grandfather Date that are materially modified after the Grandfather Date, the Issuer may, under certain circumstances, be required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder ("**FATCA**") to withhold U.S. tax at a rate of 30% on all or a portion of payments of principal and interest

which are treated as "foreign passthru payments" made on or after January 1, 2019, at the earliest, to (i) an investor that does not provide information sufficient to determine whether it is a United States person or should otherwise be treated as holding a "United States Account" of the Issuer or (ii) any non-U.S. financial institution through which payment on the Notes is made that is not in compliance with FATCA.

As of the date of this Base Prospectus, regulations defining the term "foreign passthru payment" have not yet been published. If the Issuer issues further Notes on or after the Grandfather Date pursuant to a reopening of a Series of Notes that was created on or before the Grandfather Date (the "**original Notes**") and such further Notes are not fungible with the original Notes for U.S. federal income tax purposes, payments on such further Notes may be subject to withholding under FATCA. Moreover, should the original Notes and the further Notes be indistinguishable for non-tax purposes, payments on the original Notes may also become subject to withholding under the above rules. The FATCA withholding tax generally may be triggered if: (i) the Issuer is a foreign financial institution (an "**FFI**," as defined in FATCA), and (ii) the Issuer, or any paying agent through which payments on the Notes are made, has agreed, or is required, to provide the U.S. Internal Revenue Service (the "**IRS**") or other applicable authority with certain information on its account holders (making the Issuer or such paying agent a "**Participating FFI**," as defined in FATCA) and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI that is making the payment to determine whether the investor is a U.S. person or should otherwise be treated as holding a "**United States Account**" of such FFI, or (b) any FFI through or to which payments on the Notes are made is not a Participating FFI.

The United States has concluded many intergovernmental agreements with other jurisdictions in respect of FATCA. On April 23, 2014, the governments of Belgium and the United States signed an Agreement to Improve International Tax Compliance and to Implement FATCA (the "**Belgium IGA**"). Under the Belgium IGA, an entity classified as an FFI that is treated as resident in Belgium is required to provide the Belgian tax authorities with certain information on its U.S. accountholders, which may include holders of certain of its securities. Information on U.S. holders will be automatically exchanged with the IRS. The Issuer will be treated as an FFI and, provided it complies with the requirements of the Belgium IGA and the Belgian legislation implementing the Belgium IGA, it should not be subject to FATCA withholding on any payments it receives. It is also not expected to be required to withhold tax on any "foreign passthru payments" (explained above) that it makes. Although the Issuer may not be required to withhold FATCA taxes in respect of any foreign passthru payments it makes under the Belgium IGA, FATCA withholding may still apply in respect of any payments made on the Notes by any paying agent.

If any amount of deduction or withholding from principal or other payments on the Notes were required under FATCA, laws enacted pursuant to the Belgium IGA or laws enacted pursuant to an IGA entered into with another jurisdiction, the Issuer will have no obligation to pay additional amounts or otherwise indemnify a holder for any such withholding or deduction by the Issuer, a paying agent or any other party. As a result, investors may receive less principal or other payments on the Notes than expected. Investors should consult their own tax advisers to obtain a more detailed explanation of FATCA and how FATCA may affect them.

26. Change of law

The Terms and Conditions of the Notes are, save to the extent referred to Condition 15(a) (*Governing Law*) in the Terms and Conditions, 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 Base 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).

Such changes in law may include, but are not limited to, the introduction of a variety of statutory resolution and loss absorption tools which may affect the rights of holders of notes issued by the Issuer, including 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 favourable than otherwise expected by such Noteholder.

27. Reliance on the procedures of the Securities Settlement System, Euroclear, Clearstream, Luxembourg, SIX SIS and Monte Titoli for transfer, payment and communication with the Issuer

Notes will be issued in dematerialised form under the Belgian Companies Code and cannot be physically delivered. The Notes will be represented exclusively by book entries in the records of the Securities Settlement System. Access to the Securities Settlement System is available through the Securities Settlement System participants whose membership extends to securities such as the Notes. The Securities Settlement System participants include certain banks, stockbrokers ("*beursvennootschappen*"/"*sociétés de bourse*"), and Euroclear, Clearstream, Luxembourg, SIX SIS and Monte Titoli.

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

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

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

28. No Agent is required to segregate amounts received by it in respect of Notes cleared through the Securities Settlement System

The Agency Agreement (as defined in the Terms and Conditions) provides that an Agent will debit the relevant account of the Issuer and use such funds to make payment to the Noteholders.

The Agency Agreement also provides that an Agent will, upon receipt by it of the relevant amounts pay to the Noteholder, directly or through the NBB, any amounts due in respect of the relevant Notes. However, no Agent is required to segregate any such amounts received by it in respect of the Notes, and in the event that such Agent were subject to insolvency proceedings at any time when it held any such amounts, Noteholders would be required to claim such amounts from such Agent in accordance with applicable Belgian insolvency laws.

29. No Agent assumes any fiduciary or other obligations to the Noteholders

Each Agent appointed in respect of Notes will act in its respective capacity in accordance with the Terms and Conditions and the Agency Agreement in good faith. However, Noteholders should be aware that no Agent assumes any fiduciary or other obligations to the Noteholders and, in particular, is not obliged to make determinations which protect or further strengthen the interests of the Noteholders.

Each Agent may rely on any information to which it should properly have regard that is reasonably believed by it to be genuine and to have been originated by the proper parties.

30. Potential Conflicts of Interest

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

31. Exchange rate risks and exchange controls

The 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 or the Specified 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.

32. Interest rate risks

Depending on the characteristics of the Notes, certain types of Notes involve a risk that subsequent changes in market interest rates may adversely affect the value of such Notes.

33. Credit ratings may not reflect all risks

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

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

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

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

34. The qualification of the Senior Non-Preferred Notes as MREL/TLAC-Eligible Instruments is subject to uncertainty

The Senior Non-Preferred Notes are intended to be MREL/TLAC-Eligible Instruments under the Applicable MREL/TLAC Regulations (each as defined in Condition 3(g) (*Redemption of Senior Non-Preferred Notes upon the occurrence of a MREL/TLAC Disqualification Event*)). However, there is uncertainty regarding the final substance of the Applicable MREL/TLAC Regulations, and the Issuer cannot provide any assurance that the Senior Non-Preferred Notes will be or remain MREL/TLAC-Eligible Instruments. Please refer to risk factor 10 in case of MREL/TLAC Disqualification Event.

"**MREL**" means the "minimum requirement for own funds and eligible liabilities" for banking institutions under the Directive 2014/59/EU of the European Parliament and of the Council, establishing an EU-wide framework for the recovery and resolution of credit institutions and investment firms, as set in accordance with Article 45 of such Directive (as transposed in article 459 of the Belgian Banking Law) and Commission Delegated Regulation (C(2016) 2976 final) of 23 May 2016, or any successor requirement.

"**TLAC**" refers to "total loss-absorbing capacity," a concept under which global systemically important banks ("**G-SIBs**"), are expected to be required to maintain a minimum amount of TLAC-eligible instruments that rank junior to certain priority liabilities (including deposits and derivatives).

The purpose of the TLAC concept is to increase the chances that a G-SIB's operations can continue after it enters into resolution, in order to minimize any impact on financial stability and the risk of the G-SIB requiring extraordinary public support, ensure the continuity of critical functions and avoid exposing taxpayers to loss. The TLAC requirements are stated to apply from January 1, 2019.

There currently are no European laws or regulations implementing the TLAC concept, which is set forth in a term sheet published by the Financial Stability Board on 9 November 2015 (the "**FSB TLAC Term Sheet**"). The European Commission has recently proposed directives and regulations intended to give effect to the FSB TLAC Term Sheet and to modify the requirements for MREL eligibility. While the Issuer believes that the terms and conditions of the Senior Non-Preferred Notes are consistent with the European Commission's proposals, these proposals have not yet been interpreted and when finally adopted the final Applicable MREL/TLAC Regulations may be different from those set forth in these proposals.

Because of the uncertainty surrounding the substance of the final regulations implementing the TLAC requirements and any potential changes to the regulations giving effect to MREL, the Issuer cannot provide any assurance that the Senior Non-Preferred Notes will ultimately be MREL/TLAC-Eligible Instruments. If they are not MREL/TLAC-Eligible Instruments (or if they initially are MREL/TLAC-Eligible Instruments and subsequently become ineligible due to a change in Applicable MREL/TLAC Regulations), then a MREL/TLAC Disqualification Event may occur.

35. Additional Risks relating to Senior Non-Preferred Notes

The Senior Non-Preferred Notes are complex instruments that may not be suitable for certain investors.

Senior Non-Preferred Notes are novel and complex financial instruments and may not be a suitable investment for certain investors. Each potential investor in the Senior Non-Preferred Notes should determine the suitability of such investment in light of its own circumstances and have sufficient financial resources and liquidity to bear the risks of an investment in the Senior Non-Preferred Notes, including the possibility that the entire principal amount of the Senior Non-Preferred Notes could be lost. A potential investor should not invest in the Senior Non-Preferred Notes unless it has the knowledge and expertise (either alone or with a financial advisor) to evaluate how the Senior Non-Preferred Notes will perform under changing conditions, the resulting effects on the market value of the Senior Non-Preferred Notes, and the impact of this investment on the potential investor's overall investment portfolio.

The Senior Non-Preferred Notes are senior non-preferred obligations and are junior to certain obligations

The Issuer's obligations under the Senior Non-Preferred Notes constitute senior non-preferred obligations within the meaning of Article 389/1, 2° of the Belgian Banking Law (the "**Senior Non-Preferred Law**"). While the Notes by their terms are expressed to be direct, unconditional, senior (*chirographaires*) and unsecured obligations of the Issuer, they nonetheless rank junior in priority of payment to senior preferred obligations of the Issuer in the case of liquidation. The Issuer's senior preferred obligations include all of its deposit obligations, its obligations in respect of derivatives and other financial contracts, its unsubordinated debt securities (including the Senior Notes outstanding as of the date of entry into force of the Senior Non-Preferred Law and after the entry into force of the Senior Non-Preferred Law, the Senior Preferred Notes) and all unsubordinated or senior debt securities issued thereafter that are not expressed to be senior non-preferred obligations (including the Senior Preferred Notes).

There is no restriction on the incurrence by the Issuer of additional senior preferred obligations. As a consequence, if the Issuer enters into liquidation proceedings, it will be required to pay substantial amounts of senior preferred obligations before any payment is made in respect of the Senior Non-Preferred Notes.

In addition, if the Issuer enters into resolution, its eligible liabilities (including the Senior Non-Preferred Notes) will be subject to bail-in, meaning potential write-down or conversion into equity securities or other instruments, in the order of priority that would apply in liquidation proceedings. Because senior non-preferred obligations such as the Senior Non-Preferred Notes rank junior to senior preferred obligations, the Senior Non-Preferred Notes would be written down or converted in full before any of the Issuer's senior preferred obligations were written down or converted. See "Bail-in of senior debt and other eligible liabilities, including the Senior Notes".

As a consequence, holders of Senior Non-Preferred Notes bear significantly more risk than holders of senior preferred obligations, and could lose all or a significant part of their investments if the Issuer were to enter into resolution or liquidation proceedings.

Senior non-preferred securities are new types of instruments for which there is no trading history

Prior to the entry into force of the Senior Non-Preferred Law, Belgian issuers were not able to issue securities with a senior non-preferred ranking. Accordingly, there is no trading history for securities of Belgian banks with this ranking. Market participants, including credit rating agencies, are in the initial stages of evaluating the risks associated with senior non-preferred obligations. The credit ratings assigned to senior non-preferred securities such as the Senior Non-Preferred Notes may change as the

rating agencies refine their approaches, and the value of such securities may be particularly volatile as the market becomes more familiar with them. It is possible that, over time, the credit ratings and value of senior non-preferred securities such as the Senior Non-Preferred Notes will be lower than those expected by investors at the time of issuance of the Senior Non-Preferred Notes. If so, investors may incur losses in respect of their investments in the Senior Non-Preferred Notes.

The terms of the Senior Non-Preferred Notes contain very limited covenants

The Terms and Conditions of the Notes place no restrictions on the amount of debt that the Issuer may issue that ranks senior to the Senior Non-Preferred Notes, or on the amount of securities it may issue that rank *pari passu* with the Senior Non-Preferred Notes. The issue of any such debt or securities may impact the amount recoverable by Noteholders upon liquidation of the Issuer. In addition, the Senior Non-Preferred Notes do not require the Issuer to comply with financial ratios or otherwise limit its ability or that of its subsidiaries to incur additional debt, nor do they limit the Issuer's ability to use cash to make investments or acquisitions, or the ability of the Issuer or its subsidiaries to pay dividends, repurchase shares or otherwise distribute cash to shareholders. Such actions could potentially affect the Issuer's ability to service its debt obligations, including those of the Senior Non-Preferred Notes.

The Issuer will not be required to redeem the Senior Non-Preferred Notes if it is prohibited by Belgian law from paying additional amounts

In the event that the Issuer is required to withhold amounts in respect of taxes from payments of interest on the Senior Non-Preferred Notes, the Terms and Conditions of the Notes provide that, subject to certain exceptions, the Issuer will pay additional amounts so that the holders of the Senior Non-Preferred Notes will receive the amount they would have received in the absence of such withholding. Under Belgian tax law, there is some uncertainty as to whether the Issuer may pay such additional amounts. Belgian debt instruments typically provide that, if an issuer is required to pay additional amounts but is prohibited by Belgian law from doing so, the issuer must redeem the debt instruments in full. However, the above-mentioned European Commission's proposals for the implementation of the FSB TLAC Term Sheet include redemption restrictions that limit the ability of the Issuer to implement such mandatory redemption. Accordingly, the Terms and Conditions of the Senior Non-Preferred Notes do not provide for mandatory redemption in the case where the Issuer is required to pay additional amounts but is prohibited by Belgian law from doing so. As a consequence, in such a case, holders will receive less than the full amount due under the Senior Non-Preferred Notes, and the market value of the Senior Non-Preferred Notes will be adversely affected, unless the Issuer is able and willing to redeem the Senior Non-Preferred Notes pursuant to one of the early redemption or repurchase options provided for in Condition 3 (*Redemption, Purchase and Options*).

36. Risks related to the structure of a particular issue of Notes with a floating rate of interest

Reference Rates and indices, including interest rate benchmarks, such as the Euro Interbank Offered Rate ("**EURIBOR**") and the London Interbank Offered Rate ("**LIBOR**"), which are used to determine the amounts payable under financial instruments or the value of such financial instruments ("**Benchmarks**"), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated.

Regulation (EU) 2016/1011 (the "**Benchmark Regulation**"), which applies as of 1 January 2018, applies to the provision of Benchmarks, the contribution of input data to a Benchmark and the use of a Benchmark within the European Union. Among other things, the Benchmark Regulation (i) requires Benchmark administrators to be authorised or registered (or, if based outside the European Union, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of Benchmarks of administrators that are not authorised or registered (or, if based

outside the European Union, not deemed equivalent or recognised or endorsed). Pursuant to the Benchmark Regulation, an index provider needs to apply for authorisation or registration by 1 January 2020. It may, however, continue to provide an existing Benchmark (i.e., a Benchmark existing on or before 1 January 2018) until 1 January 2020 or, where an application for authorisation or registration is submitted, unless and until the authorisation or registration is refused. The Benchmark Regulation could adversely affect any Notes referencing a Benchmark, in particular if the methodology or other terms of the relevant Benchmark are changed in order to comply with the requirements of the Benchmark Regulation or in case of the discontinuation of a Benchmark as a result of the failure by a Benchmark administrator to be authorised or registered (or, if based outside the European Union, to be deemed equivalent or recognised or otherwise endorsed).

In March 2017, the European Money Markets Institute ("**EMMI**") published a position paper setting out the legal grounds for certain proposed reforms to EURIBOR. The proposed reforms seek to clarify the EURIBOR specification, to align the current methodology with the Benchmark Regulation, the IOSCO Principles (i.e., nineteen principles which are to apply to Benchmarks used in financial markets as published by the Board of the International Organisation of Securities Commissions in July 2013) and other regulatory recommendations and to adapt the methodology to better reflect current market conditions. EMMI is more specifically aiming to evolve the current quote based methodology to a transaction based methodology in order to better reflect the underlying interest that it intends to measure and adapt to the prevailing market conditions. In particular, it is contemplated that it will be anchored on actual market transaction input data whenever available, and on other funding sources if transaction data are insufficient. In a statement published in January 2018, EMMI indicated that it aims to launch the hybrid methodology for EURIBOR by the fourth quarter of 2019 at the latest, in accordance with the transitional period provided for by the Benchmark Regulation. On 29 March 2018, EMMI launched its first stakeholder consultation on the hybrid methodology. The consultation will close on 15 May 2018 and will be followed by an in-depth testing of the proposed methodology under live conditions from May to August 2018.

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards.

On 21 September 2017, the ECB, the European Commission, ESMA and the Belgian Financial Services and Markets Authority announced that they would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current Benchmarks used in a variety of financial instruments and contracts in the euro area. Once it has made a recommendation, it will also explore possible approaches for ensuring a smooth transition to this rate. Furthermore, the ECB announced that it will start providing an overnight unsecured index before 2020.

The reforms described above or any other changes may cause a Benchmark to perform differently than in the past or to be discontinued, may create disincentives for market participants to continue to administer or participate in certain Benchmarks or may have other consequences which cannot be predicted.

Following the implementation of any such potential reforms, the manner of administration of Benchmarks may change, with the result that they may perform differently than in the past, or the Benchmark could be eliminated entirely, or there could be other consequences that cannot be predicted. The elimination of LIBOR or any other Benchmark, changes in the manner of administration of any

Benchmark, or any other Benchmark Event could require or result in an adjustment to the interest calculation and related provisions of the Terms and Conditions as well as the Agency Agreement (as further described in Condition 2(p) (*Benchmark replacement*)), or result in adverse consequences to holders of any Notes linked to such Benchmark (including Resettable Notes, Floating Rate Notes and CMS-Linked Interest Notes whose interest rates are linked to LIBOR or any other Benchmark that is or may become the subject of reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to a Benchmark may adversely affect such Benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities based on the same Benchmark.

The Terms and Conditions of the Notes provide for certain fall-back arrangements in the event that a published Benchmark, such as LIBOR, (including any page on which such Benchmark may be published (or any successor service)) becomes unavailable, including the possibility that the Rate of Interest could be set by the Issuer (without a requirement for the consent or approval of the Noteholders) by reference to a Successor Rate or an Alternative Reference Rate and that such Successor Rate or Alternative Reference Rate may be adjusted (if required) in order to reduce or eliminate, to the extent reasonably practicable in the relevant circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant Benchmark. In certain circumstances, the ultimate fall-back of interest for a particular Interest Period or Reset Period (as applicable) may result in the Rate of Interest for the last preceding Interest Period or Reset Period (as applicable) being used. This may result in the effective application of a fixed rate for Resettable Notes, Floating Rate Notes and CMS-Linked Interest Notes (as applicable) based on the Rate of Interest which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates and the involvement of an Independent Adviser (if applicable), the relevant fall-back provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of, and return on, any Notes to which the fall-back arrangements are applicable. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could adversely affect the ability of the Issuer to meet its obligations under the Resettable Notes, Floating Rate Notes and CMS-Linked Interest Notes (as applicable) or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Resettable Notes, Floating Rate Notes and CMS-Linked Interest Notes (as applicable).

Investors should consider these matters when making their investment decision with respect to the relevant Resettable Notes, Floating Rate Notes and CMS-Linked Interest Notes.

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 Base Prospectus (including any documents incorporated by reference) 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.

Issuer	Belfius Bank SA/NV ("**Belfius Bank**" and the "**Issuer**").
Information relating to the Issuer	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. As from 28 May 2018, the registered office will be transferred to 1210 Brussels, Place Charles Rogier 11, Belgium.
Information relating to the Programme	
Size	EUR 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.
Arranger	Société Générale
Dealers	Barclays Bank PLC Belfius Bank SA/NV BNP Paribas Citigroup Global Markets Limited Commerzbank Aktiengesellschaft Crédit Agricole Corporate and Investment Bank Crédit Suisse Securities (Europe) Limited J.P. Morgan Securities plc Landesbank Baden-Württemberg Morgan Stanley & Co. International plc NatWest Markets Plc Nomura International plc Société Générale UBS Limited UniCredit Bank AG The Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional Dealers either in respect of one or more Tranches or in respect of the whole Programme.
Fiscal Agent	Belfius Bank, or any other entity appointed from time to time by the Issuer as the Fiscal Agent pursuant to the terms of the Agency Agreement either in respect of the Programme, generally, or in

	respect of a particular issuance of Notes, in which case a different Fiscal Agent may be specified in the applicable Final Terms.
Paying Agent	Belfius Bank, or any other entity appointed from time to time by the Issuer as the Paying Agent or an additional Paying Agent pursuant to the terms of the Agency Agreement, either in respect of the Programme, generally, or in respect of a particular issuance of Notes, in which case a different Paying Agent may be specified in the applicable Final Terms.
Listing Agent	Banque Internationale à Luxembourg SA, or any other entity appointed from time to time by the Issuer as a Listing Agent, either in respect of the Programme, generally, or in respect of a particular issuance of Notes, in which case a different Listing Agent may be specified in the applicable Final Terms.
Agency Agreement	The amended and restated agency agreement between the Issuer, the Fiscal Agent and the Paying Agent dated 14 May 2018.
Method of Issue	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), 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.
Form of Notes	Notes will be issued in dematerialised form in accordance with Article 468 et seq. of the Belgian Companies Code via the book-entry system maintained in the records of the National Bank of Belgium as operator of the Securities Settlement System.
Clearing Systems	The settlement system operated by the National Bank of Belgium or any successor thereto (the "**Securities Settlement System**"). Access to the Securities Settlement System is available through those of the participants in the Securities Settlement System whose membership extends to securities such as the Notes. Participants in the Securities Settlement System include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), Euroclear Bank SA/NV ("**Euroclear**"), Clearstream Banking, société anonyme, ("**Clearstream, Luxembourg**"), SIX SIS AG ("**SIX SIS**") and Monte Titoli S.p.A. ("**Monte Titoli**"). Accordingly, the Notes will be eligible to clear through, and therefore accepted by, Euroclear, Clearstream, Luxembourg, SIX SIS and Monte Titoli and investors can hold their interests in the

	Notes within securities accounts in Euroclear, Clearstream, Luxembourg, SIX SIS and Monte Titoli.
Initial Delivery of Notes	Notes will be credited to the accounts held with the Securities Settlement System by Euroclear, Clearstream, Luxembourg, SIX SIS, Monte Titoli or any other Securities Settlement System participants.
Currencies	Subject to compliance with all relevant laws, regulations and directives (including the rules of the Securities Settlement System), Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.
Maturities	Subject to compliance with all relevant laws, regulations and directives, any maturity from one month from the date of original issue. Notes may be issued which have no specified maturity. Under the Luxembourg Law on Prospectuses, 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	Notes will be in such denominations as may be specified in the applicable Final Terms, save that (i) in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area ("**EEA**") or offered to the public in an EEA Member State in circumstances which would otherwise require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be EUR 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) 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 the Issuer in the United Kingdom or whose issue would otherwise constitute 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 Rate Notes	Fixed Rate Notes will bear interest at a fixed rate payable in arrear on the date or dates in each year specified in the applicable Final Terms. If an indication of yield is included in the applicable Final Terms, the yield of each Tranche of Fixed Rate Notes will be calculated on the basis of the relevant issue price at the relevant issue date. It is not an indication of future yield.
Resettable Notes	Interest will be payable in arrear on the dates specified in the Final Terms at the initial rate specified in the Final Terms, and thereafter the rate may be reset with respect to a specified time period by reference to the prevailing Mid-Swap Rate. The rate of interest may be reset on more than one occasion.

Step-Up Notes	Fixed Rate Notes may also be issued as Step-Up Notes, in which case the fixed interest payable on the Notes will increase in respect of each successive date on which interest is to be paid, as specified in the applicable 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.; or (ii) by reference to EURIBOR or LIBOR (or such other benchmark as may be specified in the applicable Final Terms) as adjusted for any applicable margin as specified in the applicable Final Terms. Interest Periods will be specified in the applicable Final Terms.
CMS-Linked Interest Notes:	CMS-Linked Interest Notes will bear interest set separately for each Series by reference to a Constant Maturity Swap Rate, or the spread between two such rates, as may be specified in the applicable Final Terms, as adjusted for any applicable margin and/or leverage as specified in the applicable Final Terms. Interest Periods will be specified in the applicable Final Terms.
Maximum or Minimum Rates of Interest	Floating Rate Notes, CMS-Linked Interest Notes and Range Accrual Notes may specify a Maximum Rate of Interest or a Minimum Rate of Interest, or both, as being applicable in the applicable Final Terms. If a Maximum Rate of Interest is specified, then the interest payable will in no case be higher than such rate and if a Minimum Rate of Interest is specified, then the interest payable will in no case be lower than such rate.
Fixed to Floating Rate Notes and Floating to Fixed Rate Notes	Notes may be issued under the Programme which bear a fixed rate of interest in respect of certain Interest Periods and a floating rate of interest in respect of other Interest Periods, as specified in the applicable Final Terms.
Range Accrual Notes	Range Accrual Notes will bear interest calculated by reference to the number of business days during the relevant Interest Accrual Period on which a reference rate is greater than or equal to a specified minimum rate of interest and/or lesser than or equal to a specified maximum rate of interest.
Zero Coupon Notes	Zero Coupon Notes will be issued at a price which is at a discount to their principal amount, and will not bear interest.
Redemption	Notes will be redeemed either (i) at 100% per Calculation Amount, or (ii) at an amount per Calculation Amount specified in the applicable Final Terms, **provided that** the amount so specified shall be at least 100% per Calculation Amount.
Optional Redemption	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed (either in whole or in

part) prior to their stated maturity at the option of the Issuer or, if applicable, at the option of the Noteholder, and if so, the terms applicable to such redemption shall be as set out in the Terms and Conditions of such Notes, in accordance with the elections made in the applicable Final Terms.

Early Redemption

Except as provided in "Optional Redemption" above, Notes will be redeemable at the option of the Issuer prior to maturity for tax reasons. See "Terms and Conditions of the Notes – Condition 3(f)". If specified in the applicable Final Terms, Notes may be (i) in respect of Senior Preferred Notes, subject to a mandatory early redemption in case the cumulative amount of interest paid in respect of such Notes reaches a level set out in the applicable Final Terms or (ii) in respect of Subordinated Notes, upon the occurrence of a Capital Disqualification Event, or (iii) in respect of Senior Non-Preferred Notes, upon the occurrence of a MREL/TLAC Disqualification Event.

Status of Notes

The Notes may be either senior notes (the "**Senior Notes**") or subordinated notes (the "**Subordinated Notes**") and the Senior Notes may be either senior preferred notes (the "**Senior Preferred Notes**") or senior non-preferred notes ("**Senior Non-Preferred Notes**"), in each case as specified in the relevant Final Terms. The existing Senior Notes whose Final Terms do not specify whether they constitute Senior Preferred Notes or Senior Non-Preferred Notes are *pari passu* with the Senior Preferred Notes.

***Senior Preferred Notes**:*

The Senior Preferred Notes will be direct, unconditional and unsecured obligations of the Issuer and rank at all times (i) *pari passu*, without any preference among themselves, and with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, which will fall or be expressed to fall within the category of obligations described in article 389/1, 1° of the Belgian Banking Law, but, in the event of insolvency, only to the extent permitted by laws relating to creditors' rights, (ii) senior to Senior Non-Preferred Obligations of the Issuer and any obligations ranking junior to Senior Non-Preferred Obligations and (iii) junior to all present and future claims benefitting from legal or statutory preferences.

Where:

"**Senior Non-Preferred Obligations**" means any obligations or other instruments issued by the Issuer which fall or are expressed to fall within the category of obligations described in article 389/1, 2° of the Belgian Banking Law.

***Senior Non-Preferred Notes**:*

The Senior Non-Preferred Notes are issued pursuant to the provisions of article 389/1, 2° of the Belgian Banking Law. The Senior Non-Preferred Notes will be direct, unconditional and unsecured obligations of the Issuer and rank at all times (i) *pari passu*, without any preference among themselves, and with other

Senior Non-Preferred Obligations of the Issuer, (ii) senior to Subordinated Notes and Eligible Creditors of the Issuer and (iii) junior to Senior Preferred Notes of the Issuer and all present and future claims benefiting from legal or statutory preferences.

Subject to applicable law, if any judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, the Noteholders will have a right to payment under the Senior Non-Preferred Notes (i) only after, and subject to, payment in full of holders of Senior Preferred Notes and other present and future claims benefiting from legal or statutory preferences or otherwise ranking in priority to Senior Non-Preferred Obligations and (ii) subject to such payment in full, in priority to holders of Subordinated Notes and Eligible Creditors of the Issuer and other present and future claims otherwise ranking junior to Senior Non-Preferred Obligations.

It is the intention of the Issuer that the Senior Non-Preferred Notes shall be treated, for regulatory purposes, as MREL/TLAC Eligible Instruments under the Applicable MREL/TLAC Regulations.

Where:

"**Applicable MREL/TLAC Regulations**" means, at any time, the laws, regulations, requirements, guidelines and policies giving effect to (i) MREL and (ii) the principles set forth in the FSB TLAC Term Sheet or any successor principles. If there are separate laws, regulations, requirements, guidelines and policies giving effect to the principles described in (i) and (ii), then "Applicable MREL/TLAC Regulations" means all such regulations, requirements, guidelines and policies.

"**FSB TLAC Term Sheet**" means the Total Loss Absorbing Capacity (TLAC) term sheet set forth in the document dated 9 November 2015 published by the Financial Stability Board, entitled "Principles on Loss-absorbing and Recapitalisation Capacity of G-SIBs in Resolution," as amended from time to time. For the time being, Belfius Bank is not a G-SIB as defined under the FSB TLAC term Sheet and is therefore currently not subject to the FSB TLAC Term Sheet.

"**MREL**" means the "minimum requirement for own funds and eligible liabilities" for banking institutions under the Directive 2014/59/EU of the European Parliament and of the Council, establishing an EU-wide framework for the recovery and resolution of credit institutions and investment firms, as set in accordance with Article 45 of such Directive (as transposed in article 459 of the Belgian Banking Law) and Commission Delegated Regulation (C(2016) 2976 final) of 23 May 2016, or any successor requirement.

"**MREL/TLAC-Eligible Instrument**" means an instrument that is eligible to be counted towards the MREL of the Issuer or that constitutes a TLAC-eligible instrument of the Issuer (within the

meaning of the FSB TLAC Term Sheet, and to the extent applicable to the Issuer), in each case in accordance with Applicable MREL/TLAC Regulations.

Subordinated Notes:

The Subordinated Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari* passu and without any preference among themselves. In the event of dissolution or liquidation of the Issuer (including the following events creating a competition between creditors (*"samenloop van schuldeisers/concours de créanciers"*): bankruptcy (*"faillissement/faillite"*), 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 the Issuer)), the rights and claims of the holders of Subordinated Notes against the Issuer shall be for an amount equal to the principal amount of each Subordinated Note together with any amounts attributable to such Subordinated Notes and shall rank:

(a) subject to any obligations which are mandatorily preferred by law, junior to the claims of (1) depositors and all other unsubordinated creditors and (2) all Eligible Creditors of the Issuer;

(b) *pari passu* without any preference among themselves and *pari passu* with any other obligations or instruments of the Issuer that rank or are expressed to rank equally with the Subordinated Notes; and

(c) senior and in priority to (1) the claims of holders of all classes of share or other equity capital (including preference shares) of the Issuer, (2) the claims of holders of all obligations or instruments of the Issuer which, upon issue, constitute or constituted Tier 1 capital of the Issuer, and (3) the claims of holders of any other obligations or instruments of the Issuer that rank or are expressed to rank junior to the Subordinated Notes.

Subject to applicable law, no Noteholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Senior Non-Preferred Notes and the Subordinated Notes and each Noteholder shall, by virtue of his subscription, purchase or holding of a Senior Non-Preferred Note or a Subordinated Note, be deemed to have waived all such rights of set-off.

Cross Default None.

Negative Pledge None.

Ratings The following ratings have been assigned to Notes to be issued under the Programme:

	The Programme has been rated A- in respect of Senior Preferred Notes with a maturity of one year or more, A-2 in respect of Senior Preferred Notes with a maturity of less than one year, BBB in respect of Senior Non-Preferred Notes and BBB- in respect of the Subordinated Notes by Standard & Poor's Credit Market Services France SAS ("**Standard & Poor's**") and A2 in respect of Senior Preferred Notes with a maturity of one year or more, Prime-1 in respect of Senior Preferred Notes with a maturity of less than one year, Baa3 in respect of Senior Non-Preferred Notes and Baa3 in respect of the Subordinated Notes 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 the CRA Regulation published on the European Securities and Markets Authority's ("**ESMA**") website (http://www.esma.europa.eu/) (on or about the date of this Base Prospectus). Where a Tranche of Notes is to be rated, such rating will be specified in the applicable 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 applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Withholding Tax	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of Belgium unless the withholding is required by law. In such event, the Issuer shall, subject to certain exceptions, pay such additional amounts as shall result in receipt by the Noteholder of such amounts as would have been received by it had no such withholding been required, all as described in "Terms and Conditions of the Notes – Taxation", "Common reporting Standard – Exchange of information"" and "Belgian Taxation on the Notes".
Governing Law	English law save that (i) any matter relating to title to, and the dematerialised form of, Notes, and any non-contractual obligations arising out of or in connection with title to, and any matter relating to the dematerialised form of, Notes, and (ii) Conditions 1, 6, 10 and 11 shall be governed by, and construed in accordance with, Belgian law. Each Noteholder (which includes any current or future holder of a beneficial interest in the Notes) acknowledges and accepts that any liability arising under the Notes may be subject to the Bail-in Power by the Resolution Authority and acknowledges and accepts to be bound by (i) the variation of the terms and

	conditions of the Notes, as deemed necessary by the Resolution Authority, to give effect to the exercise of any Bail-in Power by the Resolution Authority and (ii) the effect of the exercise of the Bail-in Power by the relevant Resolution Authority.
Listing and Admission to Trading	Application will be made, where specified in the applicable 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, which is a regulated market ("**Regulated Market**") for the purposes of Directive 2014/65/EU on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast), or the Series of Notes may remain unlisted. The CSSF, in its capacity as the competent authority under the Luxembourg Law on Prospectuses, has approved this Base Prospectus as a base prospectus for the purposes of the Prospectus Directive. Such approval relates only to 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.
Selling Restrictions	United States, European Economic Area, United Kingdom, Belgium, and Japan. See "Subscription and Sale". The debt securities of Belfius Bank are eligible for Category 2 for the purposes of Regulation S under the Securities Act. The Notes may not be addressed to EEA Retail Investors. See "Subscription and Sale". The Notes are not intended to be offered sold, or otherwise made available to, and will not be offered, sold or otherwise made available, in Belgium, to "consumers" (*consommateurs/ consumenten*) within the meaning of the Belgian Code of Economic Law (*Code de droit économique/Wetboek van Economisch Recht*).
Use of Proceeds	The net proceeds of the issue of the Notes will be used by Belfius Bank for its general corporate purposes.

DOCUMENTS INCORPORATED BY REFERENCE

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

(i) the Terms and Conditions of the Notes set out at pages 52 to 92 (both inclusive) of the Base Prospectus dated 18 May 2017 relating to Belfius Bank's EUR 10,000,000,000 Euro Medium Term Note Programme; and

(ii) the audited consolidated accounts of Belfius Bank for the years ended 31 December 2016 and 31 December 2017, including the reports of the statutory auditors in respect thereof.

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

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

The tables below set out the relevant page references for the (i) consolidated balance sheet, (ii) consolidated statement of income, (iii) consolidated statement of comprehensive income, (iv) consolidated statement of change in equity, (v) consolidated cash flow statement, (vi) audit report on the consolidated accounts, (vii) notes to the consolidated financial statements, (viii) non-consolidated balance sheet, (ix) non-consolidated statement of income, (x) audit report on the non-consolidated accounts and (xi) alternative performance measures (APMs) of Belfius Bank, as set out in the 2016 and 2017 Annual Reports of Belfius Bank.

Information contained in the documents incorporated by reference other than information listed in the table below does not form part of this Base Prospectus. The non-incorporated parts of such documents are not relevant for the investor or are covered elsewhere in this Base Prospectus.

The consolidated balance sheet and consolidated statement of income of Belfius Bank for the years 2016 and 2017 can also be found in the section headed "Selected Financial Information" on pages 137 to 139 of this Base Prospectus.

	Belfius Bank SA/NV	
	Annual Report 2016 (English Version)	**Annual Report 2017 (English Version)**
consolidated balance sheet	96	132
consolidated statement of income	98	134
consolidated statement of comprehensive income	99	135
consolidated statement of change in equity	100	136
consolidated cash flow statement	104	141
audit report on the consolidated accounts	222	278
notes to the consolidated financial statements	105	142
non-consolidated balance sheet	226	288
non-consolidated statement of income	229	291
audit report on the non-consolidated accounts	232	294

	Belfius Bank SA/NV	
	Annual Report 2016 (English Version)	**Annual Report 2017 (English Version)**
alternative performance measures – APM	236	296

PROSPECTUS SUPPLEMENT

If at any time the Issuer shall be required to prepare a supplement in accordance with Article 13 of the Luxembourg law of 10 July 2005 (as amended by the Luxembourg law of 3 July 2012) relating to prospectuses for securities (the "**Luxembourg Law on Prospectuses**"), the Issuer will prepare and make available an appropriate supplement to this Base Prospectus which, once approved by the CSSF in its capacity as the competent authority under the Luxembourg Law on Prospectuses, 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.

The Issuer 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 Base Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Base 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 Issuer, and the rights attaching to the Notes, the Issuer shall prepare a supplement (in accordance with Article 13 of the Luxembourg Law on Prospectuses) to this Base 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 of the Notes, save for the paragraphs in italics that shall not form part of the Terms and Conditions of the Notes. In the case of any Series of Notes which are admitted to trading on a regulated market in a Member State, the applicable Final Terms shall not amend or replace any information in this Base Prospectus. Subject to this, to the extent permitted by applicable law and/or regulation, the Final Terms in respect of any Series of Notes may complete any information in this Base Prospectus.

References in these terms and conditions (the "**Terms and Conditions**") to "**Notes**" are to the Notes of one Series only, not to all Notes that may be issued under Belfius Bank's EUR 10,000,000,000 Euro Medium Term Note Programme (the "**Programme**"). All capitalised terms which are not defined in these Terms and Conditions will have the meanings given to them or refer to information specified in Part A of the applicable Final Terms.

The Notes are issued pursuant to an Amended and Restated Agency Agreement dated on or about 14 May 2018 (as amended or supplemented as at the date of issue of the Notes (the "**Issue Date**"), the "**Agency Agreement**") between Belfius Bank SA/NV ("**Belfius Bank**" or the "**Issuer**") and Belfius Bank SA/NV in its capacity as fiscal agent for Notes (in such capacity, the "**Fiscal Agent**", which term shall include such other entity appointed as the Fiscal Agent from time to time pursuant to the terms of the Agency Agreement), and the other agents named in it or appointed from time to time pursuant to the terms thereof. The paying agents, and the calculation agent(s) for the time being (if any) are referred to below, respectively, as the "**Paying Agents**" (which expression shall, unless the context requires otherwise, include the Fiscal Agent), and the "**Calculation Agent(s)**". The Noteholders (as defined below) 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 (or in all respects except for the date for and amount of the first payment of interest).

Copies of the Agency Agreement are available for inspection free of charge at the specified offices of each of the Paying Agents.

1 Form, Denomination and Title

The Notes are issued in dematerialised form in the Specified Denomination(s) set out in the applicable Final Terms **provided that** 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 would otherwise require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be EUR 100,000 and integral multiples of EUR 100,000 (or, in each case, its equivalent in any other currency as at the date of issue of the relevant Notes).

In these Terms and Conditions, "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

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

In these Terms and Conditions, "**Securities Settlement System**" means the settlement system operated by the NBB or any successor thereto.

Transfers of Notes will be effected only through records maintained by the Securities Settlement System, Euroclear, Clearstream, Luxembourg, SIX SIS and Monte Titoli or other Securities Settlement System participants and in accordance with the applicable procedures of the Securities Settlement System, Euroclear, Clearstream, Luxembourg, SIX SIS and Monte Titoli or other Securities Settlement System participants. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note 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 and no person shall be liable for so treating the holder.

In these Terms and Conditions and the applicable Final Terms, "**Noteholder**" means and "**holder**" means in respect of a Note, the person evidenced as holding the Note by the book-entry system maintained in the records of the NBB.

If, at any time, the Notes are transferred to any other clearing system which is not exclusively operated by the NBB (such clearing system an "**Alternative Clearing System**"), these Terms and Conditions shall apply *mutatis mutandis* in respect of such Notes.

2 Interest and Other Calculations

(a) Rate of Interest on Fixed Rate Notes

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

(ii) **Step-Up Notes.** If, in relation to any Fixed Rate Note, the applicable Final Terms specify such Notes as being "**Step-Up Notes**", the Issuer shall on each Interest Payment Date pay interest on such Notes in accordance with Condition 2(a)(i) at a Rate of Interest specified in the applicable Final Terms, **provided that** such Rate of Interest shall be specified in the applicable Final Terms in respect of each Interest Period and shall increase on successive Interest Periods as specified in the applicable Final Terms.

(b) Rate of Interest on Resettable Notes

Each Resettable Note bears interest on its outstanding principal amount:

(i) from and including the Interest Commencement Date to but excluding the First Resettable Note Reset Date at the rate per annum (expressed as a percentage) equal to the Initial Rate of Interest;

(ii) at the First Reset Rate of Interest from and including the First Resettable Note Reset Date, to but excluding:

(A) the Second Resettable Note Reset Date, if such a Second Resettable Note Reset Date is specified in the applicable Final Terms; or

(B) the Maturity Date, if no such Second Resettable Note Reset Date is specified in the applicable Final Terms; and

(iii) for each Subsequent Reset Period (if any), at the relevant Subsequent Reset Rate of Interest in respect of such Subsequent Reset Period as specified in the applicable Final Terms,

such interest being payable in arrear on each Resettable Note Interest Payment Date.

The amount of interest payable shall, in each case, be determined in accordance with Condition 2(i).

(c) Rate of Interest on Floating Rate Notes or CMS-Linked Interest Notes

(i) **General.** Each Floating Rate Note and CMS-Linked Interest 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 Reference Rate in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in accordance with the provisions below relating to either ISDA Determination or Screen Rate Determination, as specified in the applicable Final Terms. The CMS Rate, the CMS Rate 1 and the CMS Rate 2, as the case may be, in respect of CMS-Linked Interest Notes shall be determined as set out in the definition of CMS Rate, CMS Rate 1 and CMS Rate 2, respectively, in Condition 2(n) below. In each case, the Rate of Interest shall be determined in accordance with the applicable provisions of this Condition 2(c) and the amount of interest payable shall be determined in accordance with Condition 2(i).

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

(A) the Floating Rate Option is as specified in the applicable Final Terms;

(B) the Designated Maturity is as specified in the applicable Final Terms; and

(C) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the applicable Final Terms.

For the purposes of this sub-paragraph (ii), "**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.

(iii) **Screen Rate Determination (Notes other than CMS-Linked Interest Notes).** In relation to Notes other than CMS-Linked Interest Notes, where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided in Condition 2(h) and Condition 2(p) below, be either:

(A) the offered quotation; or

(B) 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 Relevant Time 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(i).

For the purposes of the foregoing (other than for Resettable Notes):

(x) if the Relevant Screen Page is not available or if sub-paragraph (iii)(A) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (iii)(B) 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

(y) if paragraph (x) 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).

(iv) **CMS-Linked Interest Notes.** Where the Notes are specified in the applicable Final Terms to be CMS-Linked Interest Notes, the Rate of Interest for each Interest Period will, subject as provided in Condition 2(p) below, be determined as set out below according to which of the following Reference Rates is specified in the applicable Final Terms as being applicable and:

(A) where "**CMS Reference Rate**" is specified as the Reference Rate in the applicable Final Terms, the Rate of Interest shall be determined by the Calculation Agent by reference to the following formula:

CMS Rate + Margin

(B) where "**Leveraged CMS Reference Rate**" is specified as the Reference Rate in the applicable Final Terms, the Rate of Interest shall be determined by the Calculation Agent by reference to the following formula:

Leverage x CMS Rate + Margin

(C) where "**CMS Reference Rate Spread**" is specified as the Reference Rate in the applicable Final Terms, the Rate of Interest shall be determined by the Calculation Agent by reference to the following formula:

CMS Rate 1 – CMS Rate 2 + Margin

(D) where "**Leveraged CMS Reference Rate Spread**" is specified as the Reference Rate in the applicable Final Terms, the Rate of Interest shall be determined by the Calculation Agent by reference to the following formula:

[Leverage x (CMS Rate 1 – CMS Rate 2)] + Margin

(v) **Margin, Minimum Rate of Interest, Maximum Rate of Interest.** The determination of the Rate of Interest pursuant to Conditions 2(b)(ii) or 2(b)(iii) above shall be subject to the following:

(A) In relation to Notes other than CMS-Linked Interest Notes, if any Margin is specified in the applicable Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rate of Interest for the specified Interest Accrual Periods, in the case of (y), by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin.

(B) In relation to Notes other than CMS-Linked Interest Notes, if any Leverage is specified in the applicable Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rate of Interest for the specified Interest Accrual Periods, in the case of (y), by multiplying the rate determined pursuant to Condition 2(c)(ii) or 2(c)(iii), as applicable, and the absolute value of such Leverage.

(C) If any Maximum Rate of Interest is specified, the Rate of Interest shall be the *lesser of* (i) the rate determined in accordance with Condition 2(c)(i), 2(c)(ii), 2(c)(iii) or 2(c)(iv), as applicable, *and* (ii) such Maximum Rate of Interest.

(D) If any Minimum Rate of Interest is specified, the Rate of Interest shall be the *greater of* (i) the rate determined in accordance with Condition 2(c)(i), 2(c)(ii), 2(c)(iii) or 2(c)(iv), as applicable, *and* (ii) such Minimum Rate of Interest.

(d) Change of Interest Basis - Rate of Interest on Fixed to Floating Rate Notes or Floating to Fixed Rate Notes

(i) **Fixed to Floating Rate Notes.** If the Notes are specified as "**Fixed to Floating Rate Notes**" in the applicable Final Terms, interest shall accrue and be payable on such Notes:

(A) with respect to the first Interest Period and such subsequent Interest Periods as are specified for this purpose in the applicable Final Terms at a fixed Rate of Interest in accordance with Condition 2(a) and the applicable Final Terms; and

(B) with respect to each Interest Period thereafter, at a floating Rate of Interest in accordance with Condition 2(c) and the applicable Final Terms.

(ii) **Floating to Fixed Rate Notes.** If the Notes are specified as "**Floating to Fixed Rate Notes**" in the applicable Final Terms, interest shall accrue and be payable on such Notes:

(A) with respect to the first Interest Period and such subsequent Interest Periods as are specified for this purpose in the applicable Final Terms at a floating Rate of Interest in accordance with Condition 2(c) and the applicable Final Terms; and

(B) with respect to each Interest Period thereafter, at a fixed Rate of Interest in accordance with Condition 2(a) and the applicable Final Terms.

(e) 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 Zero Coupon Note Redemption Amount (as defined in Condition 3(b)). 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 described in Condition 3(b)).

(f) Accrual of Interest

Interest shall cease to accrue on each Note on the due date for redemption, unless payment of principal is improperly withheld or refused on the due date thereof, in which event interest shall continue to accrue (both before and after judgement) at the Rate of Interest (or, in the case of Resettable Notes, at the First Reset Rate of Interest or at the relevant Subsequent Reset Rate of Interest, as applicable) in the manner provided in this Condition 2 to the Relevant Date (as defined in Condition 5).

(g) 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 "**Following Business Day Convention**", such date shall be postponed to the next day that is a Business Day; or

(ii) the "**Modified Following Business Day Convention**", such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (A) except in the case of the Maturity Date, such date shall be brought forward to the immediately preceding Business Day, and (B) in the case of the Maturity Date, such date shall be the next date on which the Securities Settlement System is open, without adjustment of the Calculation Period.

In relation to Fixed Rate Notes, the Business Day Convention applicable shall always be the Following Business Day Convention.

(h) Rounding

For the purposes of any calculations required pursuant to these Terms and Conditions (unless otherwise specified), (i) 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), (ii) all figures shall be rounded to seven significant figures (with halves being rounded up) and (iii) 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.

(i) Calculations for Notes other than Range Accrual Notes

The amount of interest payable per Calculation Amount in respect of any Note (other than Notes in respect of which "Range Accrual Notes" is specified as being applicable in the applicable Final Terms) for any Interest Accrual Period shall be equal to the product of the Rate of Interest (or, in the case of Resettable Notes, the Initial Rate of Interest, the First Reset Rate of Interest or any Subsequent Reset Rate of Interest), the Calculation Amount specified in the applicable Final Terms, and the Day Count Fraction for such Interest Accrual Period, unless a Fixed Coupon Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such 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.

(j) Rate of Interest in respect of Range Accrual Notes

If "**Range Accrual Notes**" is specified as applicable in the applicable Final Terms, the Issuer will pay interest in respect of the Notes on each Interest Payment Date, in an amount determined by the Calculation Agent in respect of the applicable Interest Accrual Period and being an amount per Calculation Amount equal to the Calculation Amount multiplied by the Rate of Interest determined in accordance with the following formula:

Rate of Interest = Specified Rate × Relevant Proportion × Day Count Fraction,

provided that: (i) if any Maximum Rate of Interest is specified, the Rate of Interest shall be the *lesser* of the rate determined in accordance with the above formula, and such Maximum Rate of Interest, and (ii) if any Minimum Rate of Interest is specified, the Rate of Interest shall be the *greater* of the rate determined in accordance with the above formula and such Minimum Rate of Interest.

(k) Fallback Provision for Resettable Notes

If on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page (other than in circumstances provided for in Condition 2(p)), the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001% (0.0005% being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date only one or none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 2(k), the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined in accordance with the relevant Mid-Swap Rate applicable on the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be calculated on the basis of the relevant Mid-Swap Rate that was published on the second Business Day prior to the Interest Commencement Date.

For the purposes of this Condition 2(k), "**Reference Banks**" means the principal office in the principal financial centre of the Specified Currency of four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute.

(l) Linear interpolation

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

For the purposes of this Condition 2(l), "**Designated Maturity**" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(m) Determination and Publication of Rates of Interest, Interest Amounts and Redemption Amounts

The Calculation Agent shall, as soon as practicable on each date as the Calculation Agent may be required to calculate any rate or amount, obtain any quote or make any determination or calculation (and, in the case of Resettable Notes, each Reset Determination Date), determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period or Reset Period, calculate the Redemption Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Rate of Interest, the Reset Rate of Interest and the Interest Amounts for each Interest Accrual Period or Reset Period and the relevant Interest Payment Date or Resettable Note Interest Payment Date and, if required to be calculated, the Redemption Amount to be notified to the Fiscal Agent, the Issuer, 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 and/or Reset Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest, Reset Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date, Resettable Note Interest Payment Date, Reset Date or Interest Period Date is subject to adjustment pursuant to Condition 2(g), the Interest Amounts and the Interest Payment Date or Resettable Note 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 or Reset Period. If the Notes become due and payable under Condition 11, the accrued interest and the Rate of Interest or Reset 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, Reset Rate of Interest or the Interest Amount so calculated need be made. The determination of each Rate of Interest, Interest Amount and Redemption Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(n) Definitions

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

"**Business Centres**" means the cities specified as such in the applicable Final Terms.

"**Business Day**" means (i) in relation to all Notes other than those denominated in euro, a day (other than a Saturday or Sunday) on which (A) commercial banks and foreign exchange markets settle payments in Belgium and (B) commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the currency in which the relevant Notes are denominated and (ii) in relation to Notes denominated in euro, a day (other than a Saturday or Sunday) (A) on which banks and forex markets are open for general business in Belgium and (B) on which the Securities Settlement System is operating and (C) (if a payment in euro is to be made on that day) which is a day on which the TARGET 2 System is operating (a "**TARGET Business Day**"), and in relation to both (i) and (ii) above, such other day as may be agreed between the Issuer and the relevant Dealer(s) or the Lead Manager on behalf of the relevant Dealers (as the case may be) and specified in the Final Terms.

"**CMS-Linked Interest Notes**" means Notes in respect of which the "Floating Rate Note / CMS-Linked Interest Note Provisions" of Part A of the Final Terms are specified as being applicable in the applicable Final Terms, and which are specified as being CMS-Linked Interest Notes in the applicable Final Terms.

"**CMS Rate**" shall mean the Relevant Swap Rate for swap transactions, specified as the CMS Rate in the applicable Final Terms, in the Reference Currency with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page in respect of the CMS Rate as at the Specified Time on the Interest Determination Date in question, all as determined by the Calculation Agent. If the Relevant Screen Page is not available, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its quotation for the Relevant Swap Rate (expressed as a percentage rate per annum) at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent such quotations, the CMS Rate for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the quotations, eliminating, where there are more than two quotations available, the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined by the Calculation Agent in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice.

"**CMS Rate 1**" shall mean the Relevant Swap Rate for swap transactions, specified as the CMS Rate 1 in the applicable Final Terms, in the Reference Currency with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page in respect of the CMS Rate 1 as at the Specified Time on the Interest Determination Date in question, all as determined by the Calculation Agent. If the Relevant Screen Page is not available, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its quotation for the Relevant

Swap Rate (expressed as a percentage rate per annum) at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent such quotations, the CMS Rate for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the quotations, eliminating, where there are more than two quotations available, the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined by the Calculation Agent in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice.

"**CMS Rate 2**" shall mean the Relevant Swap Rate for swap transactions, specified as the CMS Rate 2 in the applicable Final Terms, in the Reference Currency with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page in respect of the CMS Rate 2 as at the Specified Time on the Interest Determination Date in question, all as determined by the Calculation Agent. If the Relevant Screen Page is not available, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its quotation for the Relevant Swap Rate (expressed as a percentage rate per annum) at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent such quotations, the CMS Rate for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the quotations, eliminating, where there are more than two quotations available, the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined by the Calculation Agent in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice.

"**CMS Rates**" means any CMS Rate, CMS Rate 1 and/or CMS Rate 2, as the case may be.

"**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**") (and **provided that** (x) the Day Count Fraction for any Floating Rate Notes denominated in Euro shall be Actual/360 (as defined below) and (y) the Day Count Fraction for any Notes denominated in Euro with a maturity of one year or less shall be Actual/360 (as defined below)):

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

(ii) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;

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

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

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" 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_1, is greater than 29, in which case D_2 will be 30;

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

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

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" 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_2 will be 30;

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

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

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (A) that day is the last day of February or (B) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (A) that day is the last day of February but not the Maturity Date or (B) such number would be 31, in which case D_2 will be 30;

(vii) if "**Actual/Actual-ICMA**" is specified in the applicable Final Terms,

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

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

"**Determination Dates**" means the dates specified in the applicable Final Terms or, if none is so specified, the Interest Payment Date or the Resettable Note Interest Payment Date (as the case may be) and, assuming no Broken Amounts are payable, the Interest Commencement Date.

"**Designated Maturities**" means the time period specified as such in the applicable Final Terms.

"**EURIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Eurozone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor).

"**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.

"**First Margin**" means the margin specified as such in the applicable Final Terms.

"**First Reset Period**" means the period from (and including) the First Resettable Note Reset Date until (but excluding) the Second Resettable Note Reset Date, or if no such Second Resettable Note Reset Date is specified in the applicable Final Terms, the Maturity Date.

"**First Reset Rate of Interest**" means, subject to Condition 2(k) above, the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date (being the date that is the second Business Day prior to the First Resettable Note Reset Date) as the sum of the relevant Mid-Swap Rate plus the First Margin.

"**First Resettable Note Reset Date**" means the date specified as such in the applicable Final Terms.

"**Fixed Rate Notes**" means Notes in respect of which the "Fixed Rate Note Provisions" in Part A of the Final Terms are specified as being applicable in the applicable Final Terms.

"**Floating Rate Notes**" means Notes in respect of which the "Floating Rate Note / CMS-Linked Interest Note Provisions" of Part A of the Final Terms are specified as being applicable in the applicable Final Terms, and which are specified as being Floating Rate Notes in the applicable Final Terms.

"**Initial Rate of Interest**" means the rate of interest per annum specified as such in the applicable Final Terms.

"**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 or Resettable Notes, shall mean the amount calculated in accordance with Condition 2(i) or the Fixed Coupon Amount or Broken Amount (if any) specified in the applicable Final Terms as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

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

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

"**Interest Payment Date**" means each date specified as an Interest Payment Date(s) in the applicable Final Terms (each such date a "**Specified Interest Payment Date**") or, if no Specified Interest Payment Date(s) is/are set out in the applicable Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period set out in these Terms and Conditions or the applicable Final Terms 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.

"**Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date or Resettable Note Interest Payment Date (as

the case may be) and each successive period beginning on (and including) an Interest Payment Date or Resettable Note Interest Payment Date (as the case may be) and ending on (but excluding) the next succeeding Interest Payment Date or Resettable Note Interest Payment Date (as the case may be).

"**Interest Period Date**" means each Interest Payment Date or Resettable Note Interest Payment Date unless otherwise specified in the applicable Final Terms.

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.

"**LIBOR**" means, in respect of any specified currency and any specified period, the London interbank offered rate for that currency and period displayed on the appropriate Reuters Screen page (being currently Reuters Screen page LIBOR01 or LIBOR02 or LIBOR3750) on the information service which publishes that rate.

"**Leverage**" means the value or number specified as such in the applicable Final Terms.

"**Lower Barrier**" has the value specified as such in the applicable Final Terms.

"**Margin**" means the percentage rate specified as such in the applicable Final Terms, **provided that** (A) the Margin may be specified either (x) generally, or (y) in relation to one or more Interest Accrual Periods, (B) the Margin may be zero, and (C) if a Margin is specified, an adjustment shall be made (to all Rates of Interest, in the case of sub-paragraph (x) of paragraph (A), or the Rate of Interest for the specified Interest Accrual Periods, in the case of sub-paragraph (y) of paragraph (A)), by adding (if the Margin is a positive number) or subtracting (if the Margin is a negative number) the absolute value of such Margin.

"**Maximum Rate of Interest**" means a percentage value specified as such in the applicable Final Terms.

"**Mid-Market Swap Rate**" means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the basis of the Day Count Fraction specified in the applicable Final Terms as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Resettable Note Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the applicable Final Terms) (calculated on the basis of the Day Count Fraction specified in the applicable Final Terms as determined by the Calculation Agent).

"**Mid-Market Swap Rate Quotation**" means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate.

"**Mid-Swap Floating Leg Benchmark Rate**" means:

(i) where the Specified Currency is a currency other than euro, LIBOR; and

(ii) where the Specified Currency is euro, EURIBOR.

"**Mid-Swap Maturity**" means as specified in the applicable Final Terms.

"**Mid-Swap Rate**" means, in relation to a Reset Determination Date and subject to Condition 2(k) above, either:

(i) if Single Mid-Swap Rate is specified in the applicable Final Terms, the rate for swaps in the Specified Currency:

(A) with a term equal to the relevant Reset Period; and

(B) commencing on the relevant Resettable Note Reset Date,

which appears on the Relevant Screen Page; or

(ii) if Mean Mid-Swap Rate is specified in the applicable Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001% (0.0005% being rounded upwards) of the bid and offered swap rate quotations for swaps in the Specified Currency:

(A) with a term equal to the relevant Reset Period; and

(B) commencing on the relevant Resettable Note Reset Date,

which appear on the Relevant Screen Page,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent.

"**Minimum Rate of Interest**" means a percentage value specified as such in the applicable Final Terms.

"**Rate of Interest**" means the rate of interest payable from time to time in respect of any Note and (i) in respect of Fixed Rate Notes, shall be the percentage rate specified in the applicable Final Terms or (ii) in respect of Notes other than Fixed Rate Notes, shall be the rate calculated in accordance with the applicable provisions of this Condition 2.

"**Redemption Amount**" means (i) Zero Coupon Note Redemption Amount, (ii) Final Redemption Amount, (iii) Redemption Amount (Call), (iv) Redemption Amount (Put), (v) Capital Disqualification Event Early Redemption Price, (vi) Tax Event Redemption Amount, (vii) Target Early Redemption Amount, or (viii) Event of Default Redemption Amount.

"**Reference Banks**" means (i) in relation to Notes other than CMS-Linked Interest Notes and Resettable Notes and (A) in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and (B) 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 in the applicable Final Terms, and (ii) in relation to CMS Rates, means (A) where the Reference Currency is Euro, the principal Eurozone office of five leading swap dealers in the inter-bank market, (B) where the Reference Currency is Sterling, the principal London office of five leading swap dealers in the London inter-bank market, (C) where the Reference Currency is United States dollars, the principal New York City office of five leading swap dealers in the New York City inter-bank market, or (D) in the case of any other Reference Currency, the principal Relevant Financial Centre office of five leading swap dealers in the Relevant Financial Centre inter-bank market, in each case as selected by the Calculation Agent.

"**Reference Currency**" means each currency specified as such in the applicable Final Terms.

"**Reference Rate**" means, in relation to any Notes other than CMS-Linked Interest Notes, the rate specified as such in the applicable Final Terms in respect of the currency and period specified in the applicable Final Terms, and in relation to any CMS-Linked Interest Notes, the relevant CMS Rate(s).

"**Relevant Proportion**" shall be calculated by *dividing* (i) the number of days during the relevant Interest Accrual Period on which the Reference Rate is less than or equal to Upper Barrier and greater than or equal to the Lower Barrier, *by* (ii) the total number of days during the applicable Interest Accrual Period.

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

"**Relevant Swap Rate**" means:

(i) where the Reference Currency is euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating Euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR-EURIBOR-Reuters (as defined in the ISDA Definitions) with a Designated Maturity determined by the Calculation Agent by reference to standard market practice and/or the ISDA Definitions;

(ii) where the Reference Currency is Sterling, the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed-for-floating Sterling interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/365 (Fixed) day count basis, is equivalent (A) if the Designated Maturity is greater than one year, to GBP-LIBOR-BBA (as defined in the ISDA Definitions) with a Designated Maturity of six months or (B) if the Designated Maturity is one year or less, to GBP-LIBOR-BBA with a Designated Maturity of three months;

(iii) where the Reference Currency is United States dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating United States dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA (as defined in the ISDA Definitions) with a Designated Maturity of three months; and

(iv) where the Reference Currency is any other currency, the mid-market swap rate as determined by the Calculation Agent in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice.

"**Relevant Time**" means the time as of which any rate is to be determined as specified in the applicable Final Terms or, if none is specified, at which it is customary to determine such rate, and for these purposes, the Relevant Time in the case of LIBOR shall be 11:00 a.m. London time and in the case of EURIBOR shall be 11:00 a.m. Brussels time.

"**Representative Amount**" means an amount that is representative for a single transaction in the relevant market at the relevant time.

"**Reset Determination Date**" means, (i) in respect of the First Reset Period, the second Business Day prior to the First Resettable Note Reset Date, (ii) in respect of the first Subsequent Reset Period, the second Business Day prior to the Second Resettable Note Reset Date and, (iii) in respect of each Reset Period thereafter, the second Business Day prior to the first day of each such Reset Period.

"**Reset Period**" means the First Reset Period or a Subsequent Reset Period.

"**Reset Rate of Interest**" means the Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest, as applicable.

"**Resettable Note Interest Payment Date**" means each date specified as such in the applicable Final Terms.

"**Resettable Note Reset Date**" means the First Resettable Note Reset Date, the Second Resettable Note Reset Date and every Subsequent Resettable Note Reset Date as may be specified as such in the applicable Final Terms.

"**Reuters Screen**" means, when used in connection with a designated page and any designated information, the display page so designated on the Reuter Monitor Money Rates Service (or such other page as may replace that page on that service for the purpose of displaying such information).

"**Second Resettable Note Reset Date**" means the date specified as such in the applicable Final Terms.

"**Specified Currency**" means the currency specified as such in the applicable Final Terms.

"**Specified Rate**" shall be the percentage rate specified as such in the applicable Final Terms.

"**Subsequent Margin**" means the margin(s) specified as such in the applicable Final Terms.

"**Subsequent Reset Period**" means the period from (and including) the Second Resettable Note Reset Date to (but excluding) the next Resettable Note Reset Date, and each successive period from (and including) a Resettable Note Reset Date to (but excluding) the next succeeding Resettable Note Reset Date.

"**Subsequent Resettable Note Reset Date**" means the date or dates specified as such in the applicable Final Terms.

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period and subject to Condition 2(k) above, the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date (being, in respect of the first Subsequent Reset Period, the second Business Day prior to the Second Resettable Note Reset Date and, in respect of each Subsequent Reset Period thereafter, the second Business Day prior to the first day of such Subsequent Reset Period) as the sum of the relevant Mid-Swap Rate plus the applicable Subsequent Margin.

"**TARGET 2 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.

"**Upper Barrier**" has the value specified as such in the applicable Final Terms.

"**Zero Coupon Notes**" means Notes which do not bear any interest (but which are issued at a discount to the principal amount of the Notes), and in respect of which the "Zero Coupon Note" provisions in Part A of the Final Terms are specified as being applicable in the applicable Final Terms.

(o) Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agents 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 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.

(p) Benchmark replacement

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

(i) the Issuer shall use reasonable endeavours, as soon as reasonably practicable, to appoint and consult with an Independent Adviser with a view to the Issuer determining (without any requirement for the consent or approval of the Noteholders) (A) a Successor Rate (as defined below) or, failing which, an Alternative Reference Rate (as defined below), for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes and (B) in either case, an Adjustment Spread (as defined below);

(ii) if the Issuer is unable to appoint an Independent Adviser prior to the IA Determination Cut-Off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may still determine (A) a Successor Rate or, failing which, an Alternative Reference Rate and (B) in either case, an Adjustment Spread in accordance with this Condition 2(p);

(iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with paragraphs (i) or (ii) above, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate or Mid-Swap Rate (as applicable) for each of the future Interest Periods or Reset Periods (as applicable) (subject to the subsequent operation of, and to adjustment as provided in, this Condition 2(p));

(iv) if the Issuer, following consultation with the Independent Adviser (if any) and acting in good faith, determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Issuer may (without any requirement for the consent or approval of the Noteholders) also specify changes to these Terms and Conditions, including but not limited to (A) the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date, Reset Determination Date and/or the definition of Reference Rate or Mid-Swap Rate applicable to the Notes and (B) the method for determining the fall-back rate in relation to the Notes, in any such case in order to ensure the proper operation of such Successor Rate or Alternative Reference Rate or any Adjustment Spread (as applicable). If the Issuer, following consultation with the Independent Adviser (if any) and acting in good faith, determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Issuer is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the Fiscal Agent and any other agents party to the Agency Agreement shall, at the direction and expense of the Issuer, effect such consequential amendments to the Agency Agreement and these Terms and Conditions as may be required in order to give effect to the application of this Condition 2(p). No consent shall be required from the Noteholders in connection with determining or giving effect to the Successor Rate or Alternative Reference Rate (as applicable) or such other changes, including for the

execution of any documents or other steps to be taken by the Fiscal Agent and any other agents party to the Agency Agreement (if required or useful); and

(v) the Issuer shall promptly, following the determination of any Successor Rate, Alternative Reference Rate or Adjustment Spread (as applicable), give notice thereof to the Calculation Agent, the Fiscal Agent and, in accordance with Condition 8, the Noteholders. Such notice shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any consequential changes made to the Agency Agreement and these Terms and Conditions (if any),

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

An Independent Adviser appointed pursuant to this Condition 2(p) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Calculation Agent, the Fiscal Agent or the Noteholders for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 2(p).

Notwithstanding any other provision in this Condition 2(p), no Successor Rate, Alternative Reference Rate or Adjustment Spread (as applicable) will be adopted, and no other amendments to the Terms and Conditions of the Notes will be made pursuant to this Condition 2(p), if, and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in (i) a change in the regulatory classification of the Notes giving rise to a Capital Disqualification Event (in the case of Subordinated Notes) or a MREL/TLAC Disqualification Event (in the case of Senior Non-Preferred Notes) and/or (ii) (in the case of Senior Non-Preferred Notes) the Relevant Resolution Authority and/or the Lead Regulator treating the next reset date as the effective maturity of the Notes, rather than the relevant Maturity Date.

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

For the purposes of this Condition 2(p):

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

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate or Mid-Swap Rate (as applicable) with the Successor Rate by any Relevant Nominating Body; or

(ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Issuer, following consultation with the Independent Adviser (if any) and acting in good faith, determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference

Rate or Mid-Swap Rate (as applicable), where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or

(iii) if no such customary market usage is recognised or acknowledged, the Issuer, following consultation with the Independent Adviser (if any) and acting in good faith, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate or Mid-Swap Rate (as applicable), where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or

(iv) if no such industry standard is recognised or acknowledged, the Issuer, in its discretion, following consultation with the Independent Adviser (if any) and acting in good faith, determines to be appropriate.

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

"**Benchmark Event**" means:

(i) the relevant Reference Rate or Mid-Swap Rate (as applicable) ceasing to be published for a period of at least five Business Days or ceasing to exist; or

(ii) a public statement by the administrator of the relevant Reference Rate or Mid-Swap Rate (as applicable) stating that it will, by a specified date within the following six months, cease to publish the relevant Reference Rate or Mid-Swap Rate (as applicable), permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate or Mid-Swap Rate (as applicable)); or

(iii) a public statement by the supervisor of the administrator of the relevant Reference Rate or Mid-Swap Rate (as applicable) stating that the relevant Reference Rate or Mid-Swap Rate (as applicable) has been or will be, by a specified date within the following six months, permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor or the administrator of the relevant Reference Rate or Mid-Swap Rate (as applicable) that means that the relevant Reference Rate or Mid-Swap Rate (as applicable) will be prohibited from being used within the following six months; or

(v) it has become unlawful for the Calculation Agent, the Fiscal Agent or any other agents party to the Agency Agreement to calculate any payments due to be made to any Noteholders using the relevant Reference Rate or Mid-Swap Rate (as applicable).

"**IA Determination Cut-Off Date**" means no later than five Business Days prior to the relevant Interest Determination Date or Reset Determination Date (as applicable) relating to the next succeeding Interest Period or Reset Period (as applicable).

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case selected and appointed by the Issuer at its own expense.

"**Relevant Nominating Body**" means, in respect of a Reference Rate or Mid-Swap Rate:

(i) the central bank for the currency to which the Reference Rate or Mid-Swap Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate or Mid-Swap Rate; or

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

"**Successor Rate**" means the rate that the Issuer determines is a successor to, or replacement of, the Reference Rate or Mid-Swap Rate (as applicable) which is formally recommended by any Relevant Nominating Body.

3 Redemption, Purchase and Options

(a) Final Redemption

(i) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date (if any) specified in the applicable Final Terms at its Final Redemption Amount.

(ii) In these Terms and Conditions:

"**Final Redemption Amount**" means, (A) if "**Specified Redemption Amount**" is specified as being applicable in the applicable Final Terms, an amount per Calculation Amount equal to the product of the Specified Fixed Percentage Rate and the Calculation Amount, **provided that** the Specified Fixed Percentage Rate will not, in any case, be less than 100%, or (B) if "**Par Redemption**" is specified in the applicable Final Terms, an amount per Calculation Amount equal to 100% per Calculation Amount.

"**Specified Fixed Percentage Rate**" means the percentage specified as such in the applicable Final Terms, which shall be determined by the Issuer at the time of issue on the basis of market conditions, **provided that** if no such rate is specified, the Specified Fixed Percentage Rate shall be 100%.

(b) Early Redemption of Zero Coupon Notes and certain other Notes

(i) The Zero Coupon Note Redemption Amount payable in respect of (A) any Zero Coupon Note prior to the Maturity Date, or (B) any Note in respect of which the applicable Final Terms specify "Amortised Face Amount" as the applicable option for determination of the Redemption Amount, in each case upon redemption of such Note pursuant to Condition 3(f) or upon it becoming due and payable as provided in Condition 11 shall be the Amortised Face Amount (calculated as provided below) of such Note.

In these Terms and Conditions, "**Zero Coupon Note Redemption Amount**" means (A) if "**Specified Redemption Amount**" is specified in the applicable Final Terms, an amount per Calculation Amount being the product of the Specified Fixed Percentage Rate and the Calculation Amount **provided that** the Specified Fixed Percentage Rate will not, in any case, be less than 100%, (B) if "**Par Redemption**" is specified in the applicable Final Terms, an amount per Calculation Amount equal to 100% per Calculation Amount, or (C) if "**Amortised Face Amount**" is specified in the applicable Final Terms, an amount calculated in accordance with this Condition 3(b).

(ii) Subject to sub-paragraph (iii) below, the "**Amortised Face Amount**" of any such Note shall be the scheduled Zero Coupon Note Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield compounded annually.

(iii) If the Redemption Amount payable in respect of any such Zero Coupon Note upon its redemption pursuant to Condition 3(f) or upon it becoming due and payable as provided in Condition 11 is not paid when due, the 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 Maturity Date 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 3(f).

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 set out in the applicable Final Terms.

(c) Redemption at the Option of the Issuer

If so provided in the applicable Final Terms, subject in respect of Subordinated Notes and Senior Non-Preferred Notes only to the conditions set out in Condition 3(j), the Issuer may on giving such period of irrevocable notice to the Noteholders as may be specified in the applicable Final Terms (which shall be not less than seven days) redeem all or, if so provided, some of the Notes in the principal amount of the Specified Denomination(s) or integral multiples thereof on the Optional Redemption Date (the first such Optional Redemption Date, in the case of the Subordinated Notes, falling not earlier than the fifth anniversary of the Issue Date, and in case of the Senior Non-Preferred Notes, falling not earlier than the first anniversary of the Issue Date).

Any such redemption of Notes shall be at their Redemption Amount (Call) 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 Nominal Redemption Amount to be redeemed specified in the applicable Final Terms and no greater than the Maximum Nominal Redemption Amount to be redeemed specified in the applicable Final Terms.

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 of the Notes, the relevant Notes will be selected in accordance with the rules of the Securities Settlement System.

For these purposes, "**Redemption Amount (Call)**" means (i) if "**Specified Redemption Amount**" is specified in the applicable Final Terms, an amount per Calculation Amount being the product of the Specified Fixed Percentage Rate and the Calculation Amount **provided that** the Specified Fixed Percentage Rate will not, in any case, be less than 100% or (ii) if "**Par Redemption**" is specified in the applicable Final Terms, an amount per Calculation Amount equal to 100% per Calculation Amount.

(d) Redemption at the Option of Noteholders

In relation to all Notes other than Subordinated Notes and Senior Non-Preferred Notes, if "**Put Option**" is specified as being applicable in the applicable Final Terms, the Issuer shall, 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 as may be specified in the

applicable Final Terms (which shall be not less than seven days) to the Issuer at such address as may be specified in the applicable Final Terms, redeem such Note on the date or dates so provided at its Redemption Amount (Put) 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 Nominal Redemption Amount to be redeemed specified in the applicable Final Terms and no greater than the Maximum Nominal Redemption Amount to be redeemed specified in the applicable Final Terms.

For these purposes, "**Redemption Amount (Put)**" means (i) if "**Specified Redemption Amount**" is specified in the applicable Final Terms, an amount per Calculation Amount being the product of the Specified Fixed Percentage Rate and the Calculation Amount **provided that** the Specified Fixed Percentage Rate will not, in any case, be less than 100% or (ii) if "**Par Redemption**" is specified in the applicable Final Terms, an amount per Calculation Amount equal to 100% per Calculation Amount.

(e) Redemption upon the occurrence of a Capital Disqualification Event

If this Condition 3(e) is specified as being applicable in the applicable Final Terms, then, if a Capital Disqualification Event has occurred and is continuing, and to the extent that the Issuer, at its sole discretion, has not opted to substitute or vary the Subordinated Notes in accordance with Condition 6(d), the Issuer may, subject to the conditions set out in Condition 3(j), on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 8 (with a copy to the Fiscal Agent), at its option, redeem all, but not some only, of the Subordinated Notes, on any Interest Payment Date or Resettable Note Interest Payment Date (as the case may be) or, if so specified in the applicable Final Terms, at any time, at the Capital Disqualification Event Early Redemption Price, together with interest accrued and unpaid, if any, to (but excluding) the date fixed for redemption.

The notice given to the Noteholders (which notice shall be irrevocable) pursuant to this Condition shall (i) contain a confirmation by the Issuer stating that a Capital Disqualification Event has occurred and is continuing and (ii) set out the date fixed for redemption, and such confirmation shall (in the absence of manifest error) be conclusive and binding on the Noteholders.

In these Terms and Conditions:

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

"**Capital Disqualification Event**" means an event that shall be deemed to have occurred if the Issuer determines, in good faith, and after consultation with the Lead Regulator, that by reason of a change (or a prospective change which the Lead Regulator considers to be sufficiently certain) to the regulatory classification of the Subordinated Notes, at any time after the Issue Date, the Subordinated Notes cease (or would cease) to be included, in whole or in part, in or count towards the Tier 2 capital of the Issuer on a solo and/or consolidated basis (having done so before the Capital Disqualification Event occurring) (excluding, for these purposes, any non-recognition as a result of applicable regulatory amortisation in the five years immediately preceding maturity).

"**Capital Disqualification Event Early Redemption Price**" means (i) if "**Specified Redemption Amount**" is specified in the applicable Final Terms, an amount per Calculation Amount being the product of the Specified Fixed Percentage Rate and the Calculation Amount **provided that** the Specified Fixed Percentage Rate will not, in any case, be less than 100% or (ii) if "**Par Redemption**" is specified in the applicable Final Terms, an amount per Calculation Amount equal to 100% per Calculation Amount.

"**CRD**" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions on prudential requirements for credit institutions and investment firms.

"**CRR**" means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

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

"**Tier 2 capital**" has the meaning given to it under the Applicable Banking Regulation as applied by the Lead Regulator from time to time.

(f) Redemption upon the occurrence of a Tax Event

Subject in respect of Senior Non-Preferred Notes or Subordinated Notes only to the conditions set out in Condition 3(j), the Issuer may, at its option (subject to giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 8 (with a copy to the Fiscal Agent), which notice shall be irrevocable) redeem all, but not some only, of the Notes outstanding on any Interest Payment Date or Resettable Note Interest Payment Date (as the case may be), or, if so specified in the applicable Final Terms, at any time, at the Tax Event Redemption Amount, together with interest accrued and unpaid, if any, to (but excluding) the date fixed for redemption (as set out in the notice to the Noteholders), if, at any time, a Tax Event has occurred and is continuing, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which (i) the Issuer would be obliged to pay any additional amounts in case of a Tax Gross-up Event, or (ii) a payment in respect of the Notes would not be deductible in case of a Tax Deductibility Event, in each case, were a payment in respect of the Notes then due. The Issuer shall obtain an opinion of an independent legal adviser of recognised standing to the effect that a Tax Event exists.

In these Terms and Conditions:

A "**Tax Event**" shall be deemed to have occurred if as a result of a Tax Law Change:

(i) in making payments under the Notes (in case of Subordinated Notes and Senior Non-Preferred notes, in making interest payments only), the Issuer has or will on or before the next Interest Payment Date or Resettable Note Interest Payment Date (as the case may be) or the Maturity Date (as applicable) become obliged to pay additional amounts as provided or referred to in Condition 5 (and such obligation cannot be avoided by the Issuer taking reasonable measures available to it) (a "**Tax Gross-up Event**"); or

(ii) on the next Interest Payment Date or Resettable Note Interest Payment Date (as the case may be) or the Maturity Date (as applicable) any payment by the Issuer in respect of the Notes ceases (or will cease) to be deductible by the Issuer for Belgian corporate income tax purposes or such deductibility is reduced (and such obligation cannot be avoided by the Issuer taking reasonable measures available to it) (a "**Tax Deductibility Event**").

"**Tax Event Redemption Amount**" means (i) if "**Specified Redemption Amount**" is specified in the applicable Final Terms, an amount per Calculation Amount being the product of the Specified Fixed Percentage Rate and the Calculation Amount **provided that** the Specified Fixed Percentage Rate will not, in any case, be less than 100%, (ii) if "**Par Redemption**" is specified in the applicable Final Terms, an amount per Calculation Amount equal to 100% per Calculation Amount, or (iii) if "**Amortised Face Amount**" is specified in the applicable Final Terms, an amount calculated in accordance with Condition 3(b) above.

"**Tax Law Change**" means any change in, or amendment to, the laws or regulations of Belgium, including any treaty to which Belgium is a party, or any change in the application or official interpretation thereof, which change or amendment (i) (subject to (ii)) becomes effective on or after the Issue Date, or (ii) in the case of a change in law, if such change is enacted on or after the Issue Date.

(g) Redemption of Senior Non-Preferred Notes upon the occurrence of a MREL/TLAC Disqualification Event

If the Notes are Senior Non-Preferred Notes, and "MREL/TLAC Disqualification Event" is specified as applicable in the relevant Final Terms, then upon the occurrence of a MREL/TLAC Disqualification Event, the Issuer may, at its option, at any time and having given not more than 60 nor less than 30 calendar days' notice to the holders of the Senior Non-Preferred Notes, in accordance with Condition 8 (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Senior Non-Preferred Notes at the MREL/TLAC Disqualification Event Early Redemption Price, together with accrued interest (if any) thereon subject to such redemption being permitted by the Applicable MREL/TLAC Regulations, and subject to Condition 3(j).

"**Applicable MREL/TLAC Regulations**" means, at any time, the laws, regulations, requirements, guidelines and policies giving effect to (i) MREL and (ii) the principles set forth in the FSB TLAC Term Sheet or any successor principles. If there are separate laws, regulations, requirements, guidelines and policies giving effect to the principles described in (i) and (ii), then "Applicable MREL/TLAC Regulations" means all such regulations, requirements, guidelines and policies.

"**FSB TLAC Term Sheet**" means the Total Loss Absorbing Capacity (TLAC) term sheet set forth in the document dated 9 November 2015 published by the Financial Stability Board, entitled "Principles on Loss-absorbing and Recapitalisation Capacity of G-SIBs in Resolution," as amended from time to time.

"**MREL**" means the "minimum requirement for own funds and eligible liabilities" for banking institutions under the Directive 2014/59/EU of the European Parliament and of the Council, establishing an EU-wide framework for the recovery and resolution of credit institutions and investment firms, as set in accordance with Article 45 of such Directive (as transposed in article 459 of the Belgian Banking Law) and Commission Delegated Regulation (C(2016) 2976 final) of 23 May 2016, or any successor requirement.

"**MREL/TLAC Disqualification Event**" means at any time that all or part of the outstanding nominal amount of the Senior Non-Preferred Notes of a Series does not or will not qualify as MREL/TLAC-Eligible Instruments under Applicable MREL/TLAC Regulations, either by reason of a change or such regulations becoming effective (or the application or official interpretation of such regulations), except where such non-qualification was reasonably foreseeable at the Issue Date or is due to the remaining maturity of such Notes being less than any period prescribed by the Applicable MREL/TLAC Regulations.

"**MREL/TLAC-Eligible Instrument**" means an instrument that is eligible to be counted towards the MREL of the Issuer, or that constitutes a TLAC-eligible instrument of the Issuer (within the meaning of the FSB TLAC Term Sheet, and to the extent applicable to the Issuer), in each case in accordance with Applicable MREL/TLAC Regulations.

"**MREL/TLAC Disqualification Event Early Redemption Price**" means (i) if "**Specified Redemption Amount**" is specified in the applicable Final Terms, an amount per Calculation Amount being the product of the Specified Fixed Percentage Rate and the Calculation Amount **provided that** the Specified Fixed Percentage Rate will not, in any case, be less than 100% or (ii) if "**Par Redemption**" is specified in the applicable Final Terms, an amount per Calculation Amount equal to 100% per Calculation Amount.

"**Relevant Resolution Authority**" means the Single Resolution Board established by Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 and/or any other authority entitled to exercise or participate in the exercise of the bail-in power from time to time (including the Council of the European Union and the European Commission when acting pursuant to Article 18 of the Single Resolution Mechanism Regulation).

(h) Redemption upon the occurrence of a Target Early Redemption Event

If "**Target Early Redemption Event**" is specified as being applicable in the applicable Final Terms in respect of a Series of Senior Preferred Notes, and if the Calculation Agent determines, as of the Target Determination Time on any relevant Target Determination Date, that a Target Early Redemption Event has occurred, the Senior Preferred Notes of that Series shall be redeemed on the immediately following Target Mandatory Early Redemption Date at the Target Early Redemption Amount.

As soon as practicable and no more than two Business Days after the Calculation Agent has determined that a Target Early Redemption Event has happened, the Calculation Agent shall notify the Fiscal Agent and the Issuer thereof, whereupon the Fiscal Agent shall notify the Noteholders of the relevant Notes in accordance with Condition 8 below.

In these Terms and Conditions:

"**Cumulative Interest Amount**" shall mean with respect to any Target Mandatory Early Redemption Date, the sum, per Calculation Amount, as calculated by the Calculation Agent in its sole and absolute discretion, of (i) all Interest Amounts paid up to and including the Interest Payment Date preceding the relevant Target Mandatory Early Redemption Date plus (ii) the Interest Amount due to be paid on the Interest Payment Date falling on the relevant Target Mandatory Early Redemption Date.

"**Target Determination Date**" means each date specified as such in the applicable Final Terms.

"**Target Determination Time**" means the time specified as such in the applicable Final Terms.

"**Target Early Redemption Amount**" means (i) if "**Specified Redemption Amount**" is specified in the applicable Final Terms, an amount per Calculation Amount being the product of the Specified Fixed Percentage Rate and the Calculation Amount **provided that** the Specified Fixed Percentage Rate will not, in any case, be less than 100% or (ii) if "**Par Redemption**" is specified in the applicable Final Terms, an amount per Calculation Amount equal to 100% per Calculation Amount.

A "**Target Early Redemption Event**" shall have occurred if the Calculation Agent determines that the Cumulative Interest Amount is equal to or greater than the Target Level.

"**Target Level**" means an amount of interest, expressed as either a fixed amount per Calculation Amount or a percentage rate, specified as such in the applicable Final Terms.

"**Target Mandatory Early Redemption Date**" means each date specified as such in the applicable Final Terms.

(i) Repurchases

The Issuer and any of its subsidiaries may at any time repurchase Notes in the open market or otherwise at any price. This Condition 3(i) shall apply in the case of Senior Non-Preferred Notes or Subordinated Notes to the extent repurchases of Senior Non-Preferred Notes or Subordinated Notes are not prohibited by the Applicable Banking Regulation and subject to the conditions set out in Condition 3(j).

(j) Conditions to redemption

Any optional redemption or repurchase of the Senior Non-Preferred Notes or of the Subordinated Notes pursuant to this Condition 3 is subject to the following conditions (in each case, if and to the extent then required by the Applicable Banking Regulation):

(i) compliance with any conditions prescribed under the Applicable Banking Regulation, including the prior approval of the Lead Regulator or the Relevant Resolution Authority (if required);

(ii) in respect of Subordinated Notes only, (A) in the case of redemption following the occurrence of a Tax Event, the Issuer having demonstrated to the satisfaction of the Lead Regulator or Relevant Resolution Authority that (x) the Tax Law Change was not foreseeable by the Issuer as at the Issue Date and (y) the Tax Event is material, or (B) in the case of redemption following the occurrence of a Capital Disqualification Event, the Issuer having demonstrated to the satisfaction of the Lead Regulator or the Relevant Resolution Authority that the relevant change is sufficiently certain and was not foreseeable by the Issuer as at the Issue Date; and

(iii) compliance by the Issuer with any alternative or additional pre-conditions to the redemption of Senior Non-Preferred Notes or Subordinated Notes to the extent set out in the Applicable Banking Regulation and required by the Lead Regulator or the Relevant Resolution Authority.

(k) Cancellation

Subject in respect of Senior Non-Preferred Notes or Subordinated Notes only to the conditions set out in Condition 3(j), all Notes repurchased by or on behalf of the Issuer or any of its subsidiaries may be, and all Notes redeemed by the Issuer will be, cancelled. Any Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

4 Payments

(a) Principal and interest

Payment of principal and interest in respect of Notes will be made in accordance with the applicable rules and procedures of the Securities Settlement System, Euroclear, Clearstream, Luxembourg, SIX SIS, Monte Titoli and any other Securities Settlement System participant holding interest in the relevant Notes, and any payment made by the Issuer to the Securities Settlement System or, in the case of payments in any currency other than euro, to Euroclear, Clearstream, Luxembourg, SIX SIS and Monte Titoli will constitute good discharge for the Issuer. Upon receipt of any payment in respect of Notes, the Securities Settlement System, Euroclear, Clearstream, Luxembourg, SIX SIS, Monte Titoli and any other Securities Settlement System participant, shall immediately credit the accounts of the relevant account holders with the payment.

(b) 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 or its agents) and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 5. No commission or expenses shall be charged to the Noteholders in respect of such payments.

(c) Appointment of Agents

The Fiscal Agent, the Paying Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents and the Calculation Agent (together the "**Agents**") act solely as agents of the Issuer and do not assume any obligation or

relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent or the Calculation Agent and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Terms and Conditions so require, (iii) a Paying Agent having its specified offices in a major European city, (iv) such other agents as may be required by the rules of any stock exchange on which the Notes may be listed and (v) 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.

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

(d) Non-Business Days

If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day, or as may be otherwise specified in the applicable Final Terms, nor to any interest or other sum in respect of such postponed payment. 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 payment, in such jurisdictions as shall be specified as "**Business Day Jurisdictions**" in the applicable Final Terms and:

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

(ii) (in the case of a payment in euro) which is a TARGET Business Day.

5 Taxation

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

In that event, or if a clearing system or any participant in a clearing system withholds or deducts for, or on account of, any present or future taxes, duties, assessments or other charges of whatever nature imposed or levied by or on behalf of the Kingdom of Belgium, the Issuer shall pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall be not less than the respective amounts of principal and interest, or interest only in case of Subordinated Notes and Senior Non-Preferred Notes, which would have been receivable in respect of the Notes 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:

(i) *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 by reason of his having some connection with Belgium other than the mere holding of the Note; or

(ii) *Non-Eligible Investors*: 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 transactions with certain securities; or

(iii) *Other Paying Agent*: where the holder of such Notes would have been able to avoid such withholding or deduction by arranging to receive the relevant payment through another paying agent of the Issuer in a member state of the European Union; or

(iv) *Conversion into registered Notes*: to a holder who is liable to such withholding or deduction because the Notes were converted into registered Notes upon his/her request and could no longer be cleared through the Securities Settlement System.

Notwithstanding any other provision in these Terms and Conditions, any amounts paid by or on behalf of the Issuer in respect of the Notes will be paid net of any deduction or withholding imposed or required by Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**Code**") (or any regulations thereunder or official interpretations thereof), or otherwise imposed pursuant to any intergovernmental agreement, or implementing legislation adopted by another jurisdiction, in connection with these provisions, or pursuant to any agreement with the US Internal Revenue Service ("**FATCA withholding**"). Neither the Issuer nor any other person will have an obligation to pay additional amounts or otherwise indemnify a holder for any FATCA withholding.

As used in these Terms and Conditions, the "**Relevant Date**" in respect of any payment means whichever is the later of (i) the date on which such payment first becomes due and (ii), (if any amount of the money payable is improperly withheld or refused) the date on which the full amount of such moneys outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that such payment will be made.

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

6 Status and subordination

The Notes may be either senior Notes ("**Senior Notes**") or subordinated Notes ("**Subordinated Notes**") and the Senior Notes may be either senior preferred Notes ("**Senior Preferred Notes**") or senior non-preferred Notes ("**Senior Non-Preferred Notes**"), in each case as specified in the relevant Final Terms. The existing Senior Notes whose Final Terms do not specify whether they constitute Senior Preferred Notes or Senior Non-Preferred Notes are *pari passu* with the Senior Preferred Notes.

(a) Status of Senior Preferred Notes

The Senior Preferred Notes (being those Notes in respect of which the status is specified in the applicable Final Terms as "Senior Preferred Notes") relating to them are direct, unconditional, senior (*chirografaire/chirographaires*) and unsecured obligations of the Issuer and rank at all times:

(i) *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, which will fall or be expressed to fall within the category of obligations described in article 389/1, 1° of the Belgian Banking Law, but, in the event of insolvency, only to the extent permitted by laws relating to creditors' rights,

(ii) senior to Senior Non-Preferred Obligations of the Issuer and any obligations ranking *pari passu* with or junior to Senior Non-Preferred Obligations; and

(iii) junior to all present and future claims as may be preferred by laws of general application.

Subject to applicable law, if any judgment is rendered by any competent court declaring the judicial liquidation (*gerechtelijke vereffening/procédure de liquidation*) of the Issuer or if the Issuer is liquidated for any other reason, the Noteholders will have a right to payment under the Senior Preferred Notes:

(i) only after, and subject to, payment in full of holders of present and future claims as may be preferred by laws of general application or otherwise ranking in priority to Senior Preferred Notes; and

(ii) subject to such payment in full, in priority to holders of Senior Non-Preferred Obligations and other present and future claims otherwise ranking junior to Senior Preferred Notes.

"**Senior Non-Preferred Obligations**" means any obligations or other instruments issued by the Issuer which fall or are expressed to fall within the category of obligations described in article 389/1, 2° of the Belgian Banking Law.

(b) Status of Senior Non-Preferred Notes

(i) *Status*

Senior Non-Preferred Notes (being those Notes which the applicable Final Terms specify as to be Senior Non-Preferred Notes) are issued pursuant to the provisions of article 389/1, 2° of the Belgian Banking Law and are direct, unconditional, senior (*chirografaire/chirographaires*) and unsecured obligations of the Issuer and rank at all times:

(A) *pari passu* among themselves and with other Senior Non-Preferred Obligations of the Issuer;

(B) senior to the Subordinated Notes of the Issuer and Eligible Creditors; and

(C) junior to Senior Preferred Notes of the Issuer and all present and future claims as may be preferred by laws of general application.

Subject to applicable law, if any judgment is rendered by any competent court declaring the judicial liquidation (*gerechtelijke vereffening/procédure de liquidation*) of the Issuer, the Noteholders will have a right to payment under the Senior Non-Preferred Notes:

(A) only after, and subject to, payment in full of holders of Senior Preferred Notes and other present and future claims benefiting from statutory preferences or otherwise ranking in priority to Senior Non-Preferred Obligations; and

(B) subject to such payment in full, in priority to holders of the Subordinated Notes of the Issuer and Eligible Creditors and other present and future claims otherwise ranking junior to Senior Non-Preferred Obligations.

(ii) *Waiver of set-off*

Subject to applicable law, no Noteholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Senior Non-Preferred Notes and each Noteholder shall, by virtue of his subscription, purchase or holding of a Senior Non-Preferred Note, be deemed to have waived all such rights of set-off.

(c) Status of Subordinated Notes

(i) *Status and Subordination*

Notes in respect of which the status is specified in the applicable Final Terms as "**Subordinated**" ("**Subordinated Notes**") constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves.

In the event of dissolution or liquidation of the Issuer (including the following events creating a competition between creditors (*"samenloop van schuldeisers/concours de créanciers"*): bankruptcy (*"faillissement/faillite"*), 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 the Issuer)), the rights and claims of the holders of Subordinated Notes against the Issuer shall be for an amount equal to the principal amount of each Subordinated Note together with any amounts attributable to such Subordinated Notes and shall rank:

(A) subject to any obligations which are mandatorily preferred by law, junior to the claims of (1) depositors and all other unsubordinated creditors and (2) all Eligible Creditors of the Issuer;

(B) *pari passu* without any preference among themselves and *pari passu* with any other obligations or instruments of the Issuer that rank or are expressed to rank equally with the Subordinated Notes; and

(C) senior and in priority to (1) the claims of holders of all classes of share or other equity capital (including preference shares) of the Issuer, (2) the claims of holders of all obligations or instruments of the Issuer which, upon issue, constitute or constituted Tier 1 capital of the Issuer, and (3) the claims of holders of any other obligations or instruments of the Issuer that rank or are expressed to rank junior to the Subordinated Notes.

(ii) *Waiver of set-off*

Subject to applicable law, no Noteholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Subordinated Notes and each Noteholder shall, by virtue of his subscription, purchase or holding of a Subordinated Note, be deemed to have waived all such rights of set-off.

(iii) *Defined Terms*

In this Condition:

"**Eligible Creditors**" means creditors holding claims that, in accordance with their terms, rank or are expressed to rank senior to the Subordinated Notes and Junior to Senior Notes.

"**Tier 1 capital**" has the meaning given to it under the Applicable Banking Regulation as applied by the Lead Regulator.

(d) Senior Non-Preferred Notes and Subordinated Notes: Substitution and Variation

In the case of Senior Non-Preferred Notes or Subordinated Notes in relation to which this Condition 6(d) is specified in the applicable Final Terms as applying, then, following a MREL/TLAC Disqualification Event (in case of Senior Non-Preferred Notes) or following a Capital Disqualification Event (in case of Subordinated Notes) or in order to ensure the effectiveness and enforceability of Condition 15(d), the

Issuer may, at its sole discretion and without the consent of the Noteholders, by giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 8 substitute or vary the terms of all, but not some only, of the Senior Non-Preferred Notes or, as the case may be, of the Subordinated Notes then outstanding so that they become or, as appropriate, remain, Qualifying Securities.

Any substitution or variation of the Securities pursuant to Condition 6(d) is subject to compliance with any conditions prescribed under the Applicable Banking Regulation, including the prior approval of the Lead Regulator (if required).

In these Terms and Conditions:

"**Moody's**" means Moody's France S.A.S. or any affiliate thereof.

"**Qualifying Securities**" means, at any time, any securities issued by the Issuer that:

(i) rank equally with the ranking of the Senior Non-Preferred Notes (in the case of Senior Non-Preferred Notes) or Subordinated Notes (in the case of Subordinated Notes);

(ii) other than in respect of the effectiveness and enforceability of Condition 15(d), have terms not materially less favourable to Noteholders than the terms of the Senior Non-Preferred Notes or, as the case may be, the Subordinated Notes (as reasonably determined by the Issuer in consultation with an independent investment bank of international standing, and provided that a certification of two members of the management board of the Issuer shall have been delivered to the Fiscal Agent prior to the issue or variation of the relevant securities), provided that such securities shall in any event:

(A) contain terms such that they comply with the then Applicable Banking Regulation in relation to Tier 2 capital (in case of Subordinated Notes) or that they comply with the then Applicable MREL/TLAC Regulations (in case of Senior Non-Preferred Notes);

(B) do not contain terms which would cause a MREL/TLAC Disqualification Event (in case of Senior Non-Preferred Notes) or a Capital Disqualification Event (in case of Subordinated Notes) or a Tax Event to occur as a result of such substitution or variation;

(C) include terms which provide for the same (or, from a Noteholder's perspective, a more favourable) Rate of Interest from time to time, Interest Payment Dates or Resettable Note Interest Payment Date (as the case may be), Maturity Date, and, if applicable optional redemption dates, as apply to the Senior Non-Preferred Notes or the Subordinated Notes;

(D) shall preserve any existing right under the Conditions to any accrued interest, principal and/ or premium which has not been satisfied; and

(E) not contain terms providing for the mandatory or voluntary deferral of payments of principal and/ or interest;

(iii) are listed on (A) the regulated market of Luxembourg Stock Exchange or (B) such other regulated market in the European Economic Area as selected by the Issuer (to the extent the Senior Non-Preferred Notes and Subordinated Notes were listed on the regulated market of Luxembourg Stock Exchange or such other regulated market in the European Economic Area prior to their substitution or variation); and

(iv) where the Senior Non-Preferred Notes or, as the case may be, the Subordinated Notes which have been substituted or varied had a solicited rating from a Rating Agency immediately prior to their substitution or variation each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the Senior Non-Preferred Notes or, as the case may

be, Subordinated Notes as so substituted or varied, unless any downgrade is solely attributable to the effectiveness and enforceability of Condition 15(d).

"**Rating Agency**" means each of Moody's and S&P or their respective successors.

"**S&P**" means Standard & Poor's Credit Market Services France S.A.S. or any affiliate thereof.

7 Substitution of the Issuer

Subject to this Condition 7 being specified as applicable in the Final Terms, then, the Issuer or any previous substituted company, may at any time, without the consent of the Noteholders, substitute for itself as principal debtor under the Notes, any company (the "**Substitute**") provided that:

(a) the Lead Regulator approves the substitution;

(b) the substitution is made by a deed poll or by execution of such other documentation as the Issuer determines is appropriate to give effect to such substitution;

(c) no payment of principal of, or interest on, the Notes is at the time of such substitution overdue;

(d) 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 substitution is subject to Belfius Bank irrevocably and unconditionally guaranteeing on a senior preferred basis (in the case of Senior Preferred Notes), on a senior non-preferred basis (in case of Senior Non-Preferred Notes) or on a subordinated basis (in the case of Subordinated Notes) corresponding to the ranking of the Subordinated Notes, the obligations of the Substitute;

(e) 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;

(f) the Substitute shall, by means of the deed poll or by execution of such other documentation as the Issuer determines is appropriate, agree to indemnify the holder of each Note 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 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;

(g) 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 or other document executed to give effect to the substitution and the Notes represent valid, legally binding and enforceable obligations of the Substitute;

(h) the Substitute shall cause legal opinions to be delivered to the Noteholders (care of the Fiscal Agent) from lawyers with a leading securities practice in 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-paragraph (c) above;

(i) each stock exchange which the Notes are listed on or the relevant competent authority relating thereto shall have confirmed that following the proposed substitution of the Issuer, such Notes would continue to be listed on such stock exchange;

(j) following the substitution, the Notes will continue to be represented by book-entry in the records of the Securities Settlement System;

(k) where the Notes had a published rating from a Rating Agency immediately prior to the substitution of the Issuer, the Notes shall continue to be rated by such Rating Agency immediately following such substitution and the published ratings assigned to the Notes by such Rating Agency immediately following such substitution will be no less than those assigned to the Notes immediately prior thereto; and

(l) 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 Fiscal Agent and each of the other Paying Agents.

References in Condition 11 to obligations under the Notes shall be deemed to include obligations of the Substitute under the deed poll or other documentation executed in order to give effect to the substitution.

8 Notices

All notices to holders of Notes shall be validly given if (i) delivered by or on behalf of the Issuer to the NBB for communication by it to the participants of the Securities Settlement System, (ii) in the case of Notes held in a securities account, through a direct notification through the applicable clearing system, and (iii) in the case of Notes held in a securities account with Belfius Bank, 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 also 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.

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 the Belgian Companies Code, which now provides that an announcement will be published, fifteen 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.

9 Prescription

Claims for principal and interest shall become void ten or five years, respectively, after the Relevant Date thereof, unless application to a court of law for such payment has been initiated on or before such respective time.

10 Meeting of Noteholders and Modification to Agency Agreement

(a) Meetings of Noteholders

(i) Subject to paragraph (ii) below, Schedule 1 (*Provisions on meetings of Noteholders*) of these Conditions contains provisions for convening meetings of Noteholders (the "**Meeting Provisions**") to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined therein) of a modification of any of these Terms and Conditions.

Meetings of Noteholders may be convened to consider matters relating to Notes, including the modification or waiver of any provision of the Terms and 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 the Meeting Provisions by a majority of at least 75% of the votes cast.

All meetings of Noteholders will be held in accordance with the Meeting Provisions. 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 modify or waive any provision of the Terms and 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 the Meeting Provisions. 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 the Meeting Provisions.

(ii) For so long as the relevant provisions relating to meetings of bondholders of the Belgian companies code of 7 May 1999, as is in effect on the date of this Base Prospectus (the "**Existing Code**"), cannot be derogated from, where any provision of the Meeting Provisions would conflict with the relevant provisions of the Existing Code, the provisions of the Existing Code will apply.

(b) Modification of Agency Agreement

Without prejudice to Condition 2(p), the Issuer 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% 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.

11 Events of Default

If any of the following events ("**Events of Default**") occurs (and, in the case of Senior Preferred Notes, is continuing), the holder of any Note may give written notice specifying the Event of Default to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Event of Default 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 Preferred Notes, such Event of Default shall have been remedied prior to the receipt of such notice by the Fiscal Agent):

(a) Subordinated Notes and Senior Non-Preferred Notes – Events of Default:

If default is made in the payment of any principal or interest due in respect of the Subordinated Notes or the Senior Non-Preferred Notes or such principal or interest and such default continues for a period of 30 days or more after the due date, any holder of Subordinated Notes or Senior Non-Preferred Notes may institute proceedings for the dissolution or liquidation of the Issuer in Belgium.

In the event of a dissolution or liquidation of the Issuer (including, without limitation, the following events creating a *"samenloop van schuldeisers/concours de créanciers"*: bankruptcy (*"faillissement/faillite"*), judicial liquidation (*"gerechtelijke vereffening/liquidation forcée"*), 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 the Issuer), dissolution ("*ontbinding/liquidation*"), moratorium of payments (*"moratorium/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), each holder of Subordinated Notes or Senior Non-Preferred Notes may give written notice to the Agent at its specified office that its Subordinated Note(s) or Senior Non-Preferred Note(s) is (are) immediately repayable, whereupon the Event of Default Redemption Amount of such Subordinated Note or Senior Non-Preferred Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable.

No remedy against the Issuer other than as referred to in this Condition 11(a) shall be available to the holders of Subordinated Notes or Senior Non-Preferred Notes, whether for recovery of amounts owing in respect of the Subordinated Notes or Senior Non-Preferred Notes or in respect of any breach by the Issuer of any of its obligations under or in respect of the Subordinated Notes or Senior Non-Preferred Notes.

For the avoidance of doubt, the holders of Subordinated Notes or Senior Non-Preferred Notes waive, to the fullest extent permitted by law (i) all their rights whatsoever pursuant to Article 1184 of the Belgian Civil Code to rescind (*"ontbinden/résoudre"*), or to demand legal proceedings for the rescission (*"ontbinding/résolution"*) of, the Subordinated Notes or Senior Non-Preferred Notes and (ii) to the extent applicable, all their rights whatsoever in respect of the Subordinated Notes or Senior Non-Preferred Notes pursuant to Article 487 of the Belgian Companies Code.

(b) Senior Preferred Notes – Events of Default: in the case of Senior Preferred Notes, subject to this Condition 11(B) being specified as applicable in the Final Terms,

(i) *Non-Payment:* default is made for a period of more than 15 days in the payment of principal or in the payment of interest in respect of any of the Senior Preferred Notes; or

(ii) *Breach of other obligations*: default by the Issuer in the due performance or observance of any obligation, condition or other provisions under or in relation to the Senior Preferred Notes, if such default is not cured within 60 days of receipt by the Fiscal Agent of written notice of default given by the holder of any Senior Preferred Note; or

(iii) *Winding-Up*: the Issuer shall be dissolved or wound up or otherwise shall cease to exist prior to the redemption of all outstanding Senior Preferred Notes (except for the purpose of a reconstruction, merger or amalgamation where the continuing corporation assumes all the liabilities of the Issuer); or

(iv) *Insolvency*: the Issuer becomes insolvent, is unable to pay its debts generally or as they fall due, is in "*cessation de paiements*/*staking van betaling*" 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 if Belfius Bank applies for a *"sursis de paiements/uitstel van betaling", "liquidation volontaire/vrijwillige vereffening"* (other than a *"liquidation volontaire/vrijwillige vereffening"* in connection with a reconstruction, merger or amalgamation where the continuing corporation assumes all the liabilities of the Issuer), *"liquidation forcée/gerechtelijke vereffening", "faillite/faillissement"* or any similar procedures shall have been initiated in respect of the Issuer (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

(v) *Illegality*: it becomes unlawful for the Issuer to perform any of its obligations under the Senior Preferred Notes or any of its obligations thereunder ceases to be valid, binding or enforceable.

(c) Senior Preferred Notes – Enforcement:

Subject to this Condition 11(c) being specified as applicable in the relevant Final Terms, if default is made in the payment of any principal or interest due in respect of the Senior Preferred Notes or such principal or interest and such default continues for a period of 30 days or more after the due date, any holder of Senior Preferred Notes may institute proceedings for the dissolution or liquidation of the Issuer in Belgium.

In the event of a dissolution or liquidation of the Issuer (including, without limitation, the following events creating a *"samenloop van schuldeisers/concours de créanciers"*: bankruptcy (*"faillissement/faillite"*), judicial liquidation (*"gerechtelijke vereffening/liquidation forcée"*), 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 the Issuer), dissolution ("*ontbinding/liquidation*"), moratorium of payments (*"moratorium/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), each holder of Senior Preferred Notes may give written notice to the Agent at its specified office that its Senior Preferred Note(s) is (are) immediately repayable, whereupon the Event of Default Redemption Amount of such Senior Preferred Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable.

No remedy against the Issuer other than as referred to in this Condition 11(c) shall be available to the holders of Senior Preferred Notes, whether for recovery of amounts owing in respect of the Senior Preferred Notes or in respect of any breach by the Issuer of any of its obligations under or in respect of the Senior Preferred Notes.

For the avoidance of doubt, the holders of Senior Preferred Notes waive, to the fullest extent permitted by law (i) all their rights whatsoever pursuant to Article 1184 of the Belgian Civil Code to rescind (*"ontbinden/résoudre"*), or to demand legal proceedings for the rescission (*"ontbinding/résolution"*) of,

the Senior Preferred Notes and (ii) to the extent applicable, all their rights whatsoever in respect of the Senior Preferred Notes pursuant to Article 487 of the Belgian Companies Code.

In these Terms and Conditions, "**Event of Default Redemption Amount**" means (i) if "**Specified Redemption Amount**" is specified in the applicable Final Terms, an amount per Calculation Amount being the product of the Specified Fixed Percentage Rate and the Calculation Amount **provided that** the Specified Fixed Percentage Rate will not, in any case, be less than 100%, (ii) if "**Par Redemption**" is specified in the applicable Final Terms, an amount per Calculation Amount equal to 100% per Calculation Amount, or (iii) if "**Amortised Face Amount**" is specified in the applicable Final Terms, an amount calculated in accordance with Condition 3(b) above.

12 Further Issues

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the date for and amount of the first payment of interest) so that, for the avoidance of doubt, references in these Terms and 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.

13 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note 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 otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer, to the extent of the amount in the currency of payment under the relevant Note 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, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 13, it shall be sufficient for the Noteholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

14 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.

15 Governing Law and Jurisdiction

(a) Governing Law

The Notes, 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 (i) 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, and (ii) Conditions 1, 6, 10 and 11 shall 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 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 including any disputes relating to any non-contractual obligations arising therefrom ("**Proceedings**") may be brought in such courts. 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 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

The Issuer irrevocably appoints Belgian Luxembourg Chamber of Commerce, currently situated at 8 Northumberland Avenue, London, WC2N 5BY, United Kingdom 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). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 8. Nothing shall affect the right to serve process in any manner permitted by law.

(d) Acknowledgment and Consent of the Bail-in Power

Each Noteholder (which includes any current or future holder of a beneficial interest in the Notes) acknowledges and accepts that any liability arising under the Notes may be subject to the Bail-in Power by the Resolution Authority and acknowledges and accepts to be bound by (i) the variation of the terms and conditions of the Notes, as deemed necessary by the Resolution Authority, to give effect to the exercise of any Bail-in Power by the Resolution Authority and (ii) the effect of the exercise of the Bail-in Power by the relevant Resolution Authority. Such exercise may, among others, include and result in any of the following, or a combination thereof:

(i) all, or part of the Relevant Amounts in respect of the Notes being reduced or cancelled;

(ii) all or part of the Relevant Amounts in respect of the Notes being converted into shares, other securities or other obligations of the Issuer or another person and such shares, securities or obligations being issued to or conferred on the Noteholder, including by means of a variation, modification or amendment of the terms and conditions of the Notes;

(iii) the Notes or the Relevant Amounts in respect of the Notes being cancelled; and

(iv) the maturity of the Notes being amended or altered, or the amount of interest payable on the Notes, or date on which interest becomes payable; including by suspending payment for a temporary period being amended.

In this Condition,

"**Bail-in Power**" means any statutory write-down and/or conversion power existing from time to time under any laws, regulations (including delegated or implementing measures such regulatory technical standards), requirements, guidelines, rules, standards and policies relating to the resolution of credit institutions, investment firms and their parent undertakings, and minimum requirements for own funds

and eligible liabilities and/or loss absorbing capacity instruments of the Kingdom of Belgium, the NBB (or any successor or replacement entity having primary responsibility for the prudential oversight and supervision of the Issuer), the Resolution Authority, the Financial Stability Board and/or of the European Parliament or of the Council of the European Union then in effect in the Kingdom of Belgium, pursuant to which obligations of the Issuer can be cancelled, written down and/ or converted into shares, securities or obligations of the Issuer or any other person;

"**Relevant Amounts**" means the principal amount of, and/or interest on, the Notes. These amounts include amounts that have become due and payable but which have prior to the exercise of the Bail-in Power by the Resolution Authority not yet been paid.

SCHEDULE 1
PROVISIONS ON MEETINGS OF NOTEHOLDERS

Interpretation

1. In this Schedule:

1.1 references to a "**meeting**" are to a meeting of Noteholders of a single Series of Notes and include, unless the context otherwise requires, any adjournment;

1.2 references to "**Notes**" and "**Noteholders**" are only to the Notes of the Series and in respect of which a meeting has been, or is to be, called and to the holders of those Notes, respectively;

1.3 "**agent**" means a holder of a Voting Certificate or a proxy for, or representative of, a Noteholder;

1.4 "**Block Voting Instruction**" means a document issued by a Recognised Accountholder or the Securities Settlement System in accordance with paragraph 9;

1.5 "**Electronic Consent**" has the meaning set out in paragraph 31;

1.6 "**Extraordinary Resolution**" means a resolution passed (a) at a meeting of Noteholders duly convened and held in accordance with this Schedule 1 (*Provisions on meetings of Noteholders*) by a majority of at least 75 per cent. of the votes cast, (b) by a Written Resolution or (c) by an Electronic Consent;

1.7 "**Ordinary Resolution**" means a resolution with regard to any of the matters listed in paragraph 4 and passed or proposed to be passed by a majority of at least 50 per cent. of the votes cast;

1.8 "**Recognised Accountholder**" means an entity recognised as account holder in accordance with article 468 of the Belgian Companies Code;

1.9 "**Securities Settlement System**" means the securities settlement system operated by the NBB or any successor thereto;

1.10 "**Voting Certificate**" means a certificate issued by a Recognised Accountholder or the Securities Settlement System in accordance with paragraph 8;

1.11 "**Written Resolution**" means a resolution in writing signed by the holders of not less than 75 per cent. in principal amount of the Notes outstanding; and

1.12 references to persons representing a proportion of the Notes are to Noteholders, proxies or representatives of such Noteholders holding or representing in the aggregate at least that proportion in nominal amount of the Notes for the time being outstanding.

General

2. All meetings of Noteholders will be held in accordance with the provisions set out in this Schedule.

2.1 For so long as the relevant provisions relating to meetings of bondholders of the Belgian companies code of 7 May 1999, as is in effect on the date of the Base Prospectus (the **Existing Code**), cannot be derogated from, where any provision of this Schedule would conflict with the relevant provisions of the Existing Code, the provisions of the Existing Code will apply.

2.2 Where any of the provisions of this Schedule would be illegal, invalid or unenforceable, that will not affect the legality, validity and enforceability of the other provisions of this Schedule.

Powers of meetings

3. A meeting shall, subject to the Conditions and (except in the case of sub-paragraph 3.5) only with the consent of the Issuer and, where applicable, the Lead Regulator, and without prejudice to any powers conferred on other persons by this Schedule, have power by Extraordinary Resolution:

3.1 to sanction any proposal by the Issuer for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer (other than in accordance with the Conditions or pursuant to applicable law);

3.2 to assent to any modification of the Conditions, the Notes or this Schedule proposed by the Issuer or the Agent;

3.3 to authorise anyone to concur in and do anything necessary to carry out and give effect to an Extraordinary Resolution;

3.4 to give any authority, direction or sanction required to be given by Extraordinary Resolution;

3.5 to appoint any persons (whether Noteholders or not) as a committee or committees to represent the Noteholders' interests and to confer on them any powers (or discretions which the Noteholders could themselves exercise by Extraordinary Resolution;

3.6 to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the Notes in circumstances not provided for in the Conditions or in applicable law; and

3.7 to accept any security interests established in favour of the Noteholders or a modification to the nature or scope of any existing security interest or a modification to the release mechanics of any existing security interests.

provided that the special quorum provisions in paragraph 18 shall apply to any Extraordinary Resolution (a "**special quorum resolution**") for the purpose of sub-paragraph 3.6 or for the purpose of making a modification to the Conditions, the Notes or this Schedule which would have the effect of (other than in accordance with the Conditions or pursuant to applicable law):

(i) to assent to an extension of an interest period, a reduction of the applicable interest rate or a modification of the conditions applicable to the payment of interest;

(ii) to assent to a reduction of the nominal amount of the Notes or a modification of the conditions under which any redemption, substitution or variation may be made;

(iii) to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment;

(iv) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes;

(v) to change the currency of payment of the Notes;

(vi) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution; or

(vii) to amend this proviso.

Ordinary Resolution

4. Notwithstanding any of the foregoing and without prejudice to any powers otherwise conferred on other persons by this Schedule, a meeting of Noteholders shall have power by Ordinary Resolution:

4.1 to assent to any decision to take any conservatory measures in the general interest of the Noteholders; or

4.2 to assent to the appointment of any representative to implement any Ordinary Resolution.

5. No amendment to the Conditions, the Notes or this Schedule which in the opinion of the Issuer relates to any of the matters listed in paragraph 4 above shall be effective unless approved at a meeting of Noteholders complying in all respect with the requirements of Belgian law, the provisions set out in this Schedule and the articles of association of the Issuer.

Convening a meeting

6. The Issuer may at any time convene a meeting. A meeting shall be convened by the Issuer upon the request in writing of Noteholders holding at least 20 per cent. in principal amount of the Notes for the time being outstanding. Every meeting shall be held at a time and place approved by the Agent.

7. Convening notices for meetings of Noteholders shall be given to the Noteholders in accordance with Condition 11 (*Notices*) not less than fifteen days prior to the relevant meeting. The notice shall specify the day, time and place of the meeting and the nature of the resolutions to be proposed and shall explain how Noteholders may appoint proxies or representatives obtain Voting Certificates and use Block Voting Instructions and the details of the time limits applicable.

Arrangements for voting

8. A Voting Certificate shall:

8.1 be issued by a Recognised Accountholder or the Securities Settlement System;

8.2 state that on the date thereof (i) the Notes (not being Notes in respect of which a Block Voting Instruction has been issued which is outstanding in respect of the meeting specified in such Voting Certificate and any such adjourned meeting) of a specified principal amount outstanding were (to the satisfaction of such Recognised Accountholder or the Securities Settlement System) held to its order or under its control and blocked by it and (ii) that no such Notes will cease to be so held and blocked until the first to occur of:

(i) the conclusion of the meeting specified in such certificate or, if applicable, any such adjourned meeting; and

(ii) the surrender of the Voting Certificate to the Recognised Accountholder or the Securities Settlement System who issued the same; and

8.3 further state that until the release of the Notes represented thereby the bearer of such certificate is entitled to attend and vote at such meeting and any such adjourned meeting in respect of the Notes represented by such certificate.

9. A Block Voting Instruction shall:

9.1 be issued by a Recognised Accountholder or the Securities Settlement System;

9.2 certify that the Notes (not being Notes in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction and any such adjourned meeting) of a specified principal amount outstanding were (to the satisfaction of such Recognised Accountholder or the Securities Settlement System) held to its order or under its control and blocked by it and that no such Notes will cease to be so held and blocked until the first to occur of:

(i) the conclusion of the meeting specified in such document or, if applicable, any such adjourned meeting; and

(ii) the giving of notice by the Recognised Accountholder or the Securities Settlement System to the Issuer, stating that certain of such Notes cease to be held with it or under its control and blocked and setting out the necessary amendment to the Block Voting Instruction;

9.3 certify that each holder of such Notes has instructed such Recognised Accountholder or the Securities Settlement System that the vote(s) attributable to the Note or Notes so held and blocked should be cast in a particular way in relation to the resolution or resolutions which will be put to such meeting or any such adjourned meeting and that all such instructions cannot be revoked or amended during the period commencing three (3) Business Days prior to the time for which such meeting or any such adjourned meeting is convened and ending at the conclusion or adjournment thereof;

9.4 state the principal amount of the Notes so held and blocked, distinguishing with regard to each resolution between (i) those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution, (ii) those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution and (iii) those in respect of which instructions have been so given to abstain from voting; and

9.5 naming one or more persons (each hereinafter called a "**proxy**") as being authorised and instructed to cast the votes attributable to the Notes so listed in accordance with the instructions referred to in 9.4 above as set out in such document.

10. If a holder of Notes wishes the votes attributable to it to be included in a Block Voting Instruction for a meeting, he must block such Notes for that purpose at least three (3) Business Days before the time fixed for the meeting to the order of the Agent with a bank or other depositary nominated by the Agent for the purpose. The Agent shall then issue a Block Voting Instruction in respect of the votes attributable to all Notes so blocked.

11. No votes shall be validly cast at a meeting unless in accordance with a Voting Certificate or Block Voting Instruction.

12. The proxy appointed for purposes of the Block Voting Instruction or Voting Certificate does not need to be a Noteholder.

13. Votes can only be validly cast in accordance with Voting Certificates and Block Voting Instructions in respect of Notes held to the order or under the control and blocked by a Recognised Accountholder or the Securities Settlement System and which have been deposited at the registered office at the Issuer not less than three (3) and not more than six (6) Business Days before the time for which the meeting to which the relevant voting instructions and Block Voting Instructions relate, has been convened or called. The Voting Certificate and Block Voting Instructions shall be valid for as long as the relevant Notes continue to be so

held and blocked. During the validity thereof, the holder of any such Voting Certificate or (as the case may be) the proxies named in any such Block Voting Instruction shall, for all purposes in connection with the relevant meeting, be deemed to be the holder of the Notes to which such Voting Certificate or Block Voting Instruction relates.

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

Chairman

15. The chairman of a meeting shall be such person as the Issuer may nominate in writing, but if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting the Noteholders or agents present shall choose one of their number to be chairman, failing which the Issuer may appoint a chairman. The chairman need not be a Noteholder or agent. The chairman of an adjourned meeting need not be the same person as the chairman of the original meeting.

Attendance

16. The following may attend and speak at a meeting:

    16.1 Noteholders and their agents;

    16.2 the chairman and the secretary of the meeting;

    16.3 the Issuer and the Agent (through their respective representatives) and their respective financial and legal advisers.

    No one else may attend or speak.

Quorum and Adjournment

17. No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within 15 minutes from the time initially fixed for the meeting, it shall, if convened on the requisition of Noteholders, be dissolved. In any other case it shall be adjourned until such date, not less than 14 nor more than 42 days later, and time and place as the chairman may decide. If a quorum is not present within 15 minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.

18. One or more Noteholders or agents present in person shall be a quorum:

    18.1 in the cases marked "**No minimum proportion**" in the table below, whatever the proportion of the Notes which they represent

18.2 in any other case, only if they represent the proportion of the Notes shown by the table below.

Purpose of meeting	**Any meeting except for a meeting previously adjourned through want of a quorum**	**Meeting previously adjourned through want of a quorum**
	Required proportion	Required proportion
To pass a special quorum resolution	75 per cent.	25 per cent.
To pass any Extraordinary Resolution	A clear majority	No minimum proportion
To pass an Ordinary Resolution	A clear majority	No minimum proportion

19. The chairman may with the consent of (and shall if directed by) a meeting adjourn the meeting from time to time and from place to place. Only business which could have been transacted at the original meeting may be transacted at a meeting adjourned in accordance with this paragraph or paragraph 17.

20. At least ten days' notice of a meeting adjourned due to the quorum not being present shall be given in the same manner as for an original meeting and that notice shall state the quorum required at the adjourned meeting. Subject as aforesaid, it shall not be necessary to give any other notice of an adjourned general meeting.

Voting

21. Each question submitted to a meeting shall be decided by a show of hands, unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer or one or more persons representing 2 per cent. of the Notes.

22. Unless a poll is demanded, a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it.

23. If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded.

24. A poll demanded on the election of a chairman or on a question of adjournment shall be taken at once.

25. On a show of hands or a poll every person has one vote in respect of each Note so produced or represented by the voting certificate so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.

26. In case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

Effect and Publication of an Extraordinary Resolution

27. An Extraordinary Resolution and an Ordinary Resolution shall be binding on all the Noteholders, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed. The Issuer shall give notice of the passing of an Ordinary Resolution or an Extraordinary Resolution to Noteholders within fourteen days but failure to do so shall not invalidate the resolution.

Minutes

28. Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

29. The minutes must be published on the website of the Issuer within fifteen (15) days after they have been passed.

Written Resolutions and Electronic Consent

30. If authorised by the Issuer and to the extent Electronic Consent is not being sought in accordance with paragraph 32, a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution or an Ordinary Resolution passed at a meeting of Noteholders duly convened and held, provided that the terms of the proposed resolution have been notified in advance to the Noteholders through the relevant clearing system(s). 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.

31. Where the terms of the resolution proposed by the Issuer have been notified to the Noteholders through the relevant clearing system(s) as provided in sub-paragraphs 31.1 and/or 31.2 below, the Issuer shall be entitled to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) to the Agent or another specified agent in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (the "**Required Proportion**") by close of business on the Relevant Date ("**Electronic Consent**"). Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. The Issuer shall not be liable or responsible to anyone for such reliance.

    31.1 When a proposal for a resolution to be passed as an Electronic Consent has been made, at least fifteen days' notice (exclusive of the day on which the notice is given and of the day on which affirmative consents will be counted) shall be given to the Noteholders through the relevant clearing system(s). The notice shall specify, in sufficient detail to enable Noteholders to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant clearing system(s)) and the time and date (the "**Relevant Date**") by which they must be received in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant clearing system(s).

    31.2 If, on the Relevant Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the Required Proportion, the resolution shall be deemed to be defeated. Such determination shall be notified in writing to the Agent. Alternatively, the Issuer may give a further notice to Noteholders that the resolution will be proposed again on such date and for

such period as determined by the Issuer. Such notice must inform Noteholders that insufficient consents were received in relation to the original resolution and the information specified in sub-paragraph 31.1 above. For the purpose of such further notice, references to "**Relevant Date**" shall be construed accordingly.

For the avoidance of doubt, an Electronic Consent may only be used in relation to a resolution proposed by the Issuer which is not then the subject of a meeting that has been validly convened in accordance with paragraph 6 above, unless that meeting is or shall be cancelled or dissolved.

32. A Written Resolution or Electronic Consent shall take effect as an Extraordinary Resolution or an Ordinary Resolutions. A Written Resolution and/or Electronic Consent will be binding on all Noteholders whether or not they participated in such Written Resolution and/or Electronic Consent.

CLEARING

The Notes are in dematerialised form in accordance with Articles 468 et seq. of the Belgian Companies Code. The Notes will be represented by a book entry in the records of the settlement system operated by the National Bank of Belgium or any successor thereto (the "**Securities Settlement System**"). The Notes can be held by their holders through the participants in the Securities Settlement System, including Euroclear, Clearstream, Luxembourg, SIX SIS and Monte Titoli and through other financial intermediaries which in turn hold the Notes through Euroclear, Clearstream, Luxembourg, SIX SIS, Monte Titoli or other participants in the Securities Settlement System. Possession of the Notes will pass by account transfer.

Payment of principal and interest in respect of Notes will be made in accordance with the applicable rules and procedures of the Securities Settlement system, Euroclear, Clearstream, Luxembourg, SIX SIS, Monte Titoli and any other Securities Settlement System participant holding interest in the relevant Notes, and any payment made by the Issuer to the Securities Settlement System or, in the case of payments in any currency other than euro, to Euroclear, Clearstream, Luxembourg, SIX SIS and Monte Titoli will constitute good discharge for the Issuer. Upon receipt of any payment in respect of Notes, the Securities Settlement System, Euroclear, Clearstream, Luxembourg, SIX SIS, Monte Titoli and any other Securities Settlement System participant, shall immediately credit the accounts of the relevant account holders with the payment. Noteholders are entitled to exercise their voting rights and other associative rights (as defined for the purposes of Article 474 of the Belgian Companies Code) against the Issuer upon submission of an affidavit drawn up by the NBB, Euroclear, Clearstream, Luxembourg, SIX SIS, Monte Titoli or another participant duly licensed in Belgium to keep dematerialised securities accounts showing their position in the Notes (or the position held by the financial institution through which their Notes are held with the NBB, Euroclear, Clearstream, Luxembourg, SIX SIS, Monte Titoli or such other participant, in which case an affidavit drawn up by that financial institution will also be required).

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used by Belfius Bank for its general corporate purposes.

DESCRIPTION OF THE ISSUER

1 Belfius Bank profile

Belfius Bank SA/NV (the "**Issuer**" or "**Belfius Bank**") is a public limited company (*naamloze vennootschap/société anonyme*) established on 23 October 1962 for an unlimited duration and incorporated under Belgian law which collects savings from the public. The Issuer is licensed as a credit institution in accordance with the Belgian Banking Law. 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 Pachécolaan 44, Belgium, telephone +32 22 22 11 11. As from 28 May 2018, the registered office of Belfius Bank will be transferred to 1210 Brussels, Place Charles Rogier 11, Belgium. Belfius Bank's LEI code is A5GWLFH3KM7YV2SFQL84.

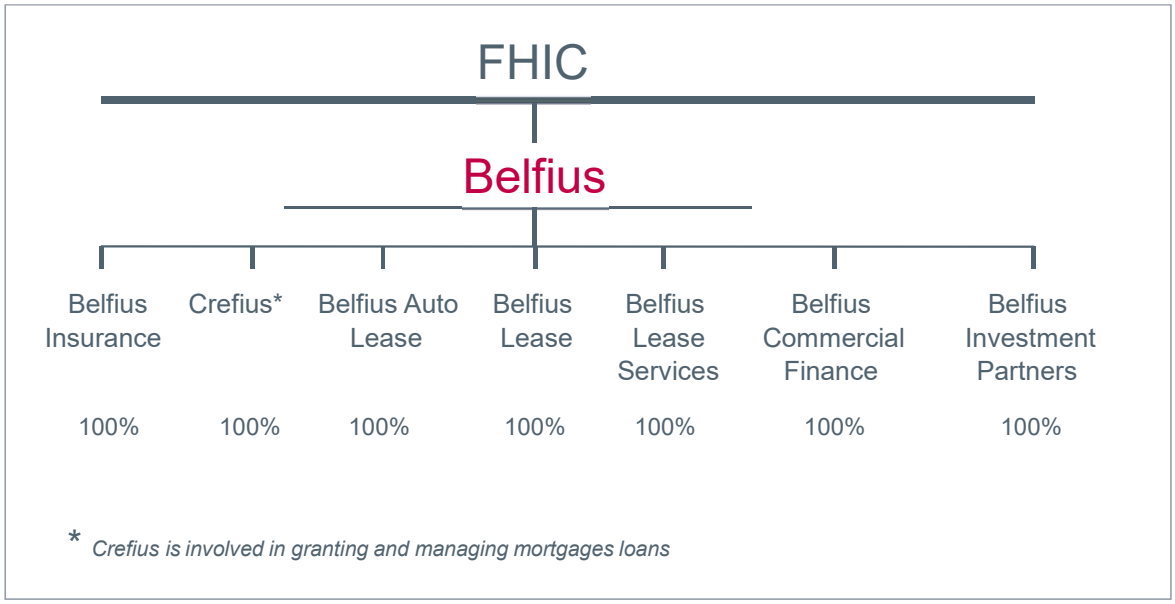
The share capital of Belfius Bank as at 31 December 2017 was three billion, four hundred and fifty-eight million, sixty-six thousand, two hundred and twenty-seven euros and forty-one cents (EUR 3,458,066,227.41) and is represented by 359,412,616 registered shares. The shareholding of Belfius Bank is as follows: 359,407,616 registered shares are held by the public limited company of public interest Federal Holding and Investment Company (FHIC), in its own name, but on behalf of the Belgian State, and 5,000 registered shares are held by the public limited company Certi-Fed. Certi-Fed is a fully-owned subsidiary of FHIC. Belfius Bank shares are not listed.

Within the framework of the governmental agreement announced in July 2017, the Federal Government has given Belfius the green light to prepare a partial privatisation of Belfius by way of an initial public offering (IPO) of a minority stake of the bank (up to 49%). The effective 'execution' of the IPO, following the 'preparation' phase, will, however, be subject to official green light that needs to be given by the Belgian State.

At the end of 2017, total consolidated balance sheet amounted to EUR 168 billion.

With an essentially Belgian balance sheet for its commercial activities and customers from all segments, Belfius Bank is in a position to act as a universal bank "of and for Belgian society". Belfius Bank is committed to maximal customer satisfaction and added social value by offering products and providing services with added value through a modern distribution model. Thanks to a prudent investment policy and a carefully managed risk profile, Belfius Bank aspires to a sound financial profile that results in a solid liquidity and solvency position.

2 Simplified Group structure as at the date of this Base Prospectus



Belfius and its consolidated subsidiaries are referred to herein as "**Belfius**".

3 Main commercial subsidiaries

Belfius Insurance

Insurance company marketing life and non-life insurance products, savings products and investments for individuals, the self-employed, liberal professions, companies and the public and social sector. At the end of 2017, total consolidated balance sheet of Belfius Insurance amounted to EUR 22 billion[1].

Crefius

Company servicing and managing mortgage loans. At the end of 2017, total balance sheet of Crefius amounted to EUR 42 million[2].

Belfius Auto Lease

Company for operational vehicle leasing and car fleet management, maintenance and claims management services. At the end of 2017, total balance sheet of Belfius Auto Lease amounted to EUR 311 million[3].

Belfius Lease

Company for financial leasing and renting of professional capital goods. At the end of 2017, total balance sheet of Belfius Lease amounted to EUR 773 million[4].

Belfius Lease Services

Financial leasing and renting of professional capital goods to the self-employed, companies and liberal professions. At the end of 2017, total balance sheet of Belfius Lease Services amounted to EUR 1,943 million[5].

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1 For more details, see the annual report 2017 of Belfius Insurance.

2 Total IFRS balance sheet before consolidation adjustments

3 Total IFRS balance sheet before consolidation adjustments

4 Total IFRS balance sheet before consolidation adjustments

5 Total IFRS balance sheet before consolidation adjustments

Belfius Commercial Finance

Company for financing commercial loans to debtors, debtor in-solvency risk cover and debt recovery from debtors (factoring). At the end of 2017, total balance sheet of Belfius Commercial Finance amounted to EUR 907 million[6].

Belfius Investment Partners

Company for administration and management of funds. At the end of 2017, total balance sheet of Belfius Investment Partners amounted to EUR 144 million [7] and assets under management amounted to EUR 17.7 billion.

4 Results 2017

In 2017, Belfius recorded a net income group share of EUR 606 million, against EUR 535 million in 2016, up 13.1%. The bank's contribution to the consolidated net income 2017 amounted to EUR 435 million (compared to EUR 335 million in 2016) and the insurance group's contribution to EUR 171 million (compared to EUR 201 million in 2016).

In a challenging interest rate environment, Belfius continues to realise very good performances. The excellent result reflects the continued successful implementation of the bank-insurance model and the strong growth of commercial volumes despite significant deferred tax reassessment (EUR -106 million) due to the decrease of the corporate income tax rate as from 2018 onwards.

The result also benefitted from efficient financial management and strict cost containment, despite important investments in innovation and strategic priorities like digitalisation. Higher income (+4%) and stable costs (+0.2%) lead to a cost to income ratio that further improved to 58.1%, compared to 60.5% at year-end 2016. Cost of risk amounted to EUR 33 million in 2017 against EUR 116 million in 2016.

Net income before tax stood at EUR 963 million, up EUR 183 million or 23.5% compared to 2016. Tax expense, including deferred taxes, amounted to EUR 357 million in 2017 compared to EUR 244 million in 2016. This increase is mainly driven by the reassessment of (net) deferred tax assets following the Belgian corporate income tax reform enacted before year-end 2017, whereby the nominal corporate income tax rate will gradually decrease from 33.9% to 25% by 2020. This resulted in an additional tax expense for the banking group of EUR 64 million and EUR 42 million for the insurance group.

As a result, Belfius net income group share amounted to EUR 606 million following the Belgian corporate income tax reform for 2017, compared to EUR 535 million in 2016.

At the end of December 2017, total equity amounted to EUR 9.5 billion, against EUR 9.0 billion as of 31 December 2016

The CET1 ratio (phased in) was 16.1% at 31 December 2017 compared to 16.6% at 31 December 2016. The CET1 ratio (fully loaded) was 15.9% at 31 December 2017 compared to 16.1% at 31 December 2016.

The total capital ratio (phased in) amounted to 18.6% at the end of 2017 against 19.4% at the end of 2016. The total capital ratio (fully loaded) amounted to 18.1% at the end of 2017 against 18.4% at the end of 2016.

At the end of 2017, regulatory risk exposure (phased in) of Belfius amounted to EUR 50,620 million, an increase of EUR 3,890 million compared to EUR 46,730 million at the end of 2016. Risk-weighted exposure also stems from the Danish Compromise, whereby the capital instruments issued by Belfius Insurance and held by Belfius Bank are included in the regulatory risk exposure via a weighting of 370%.

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[6] Total IFRS balance sheet before consolidation adjustments

[7] Total IFRS balance sheet before consolidation adjustments

At the end of 2017, the Belfius leverage ratio (phased in) – based on the current CRR/CRD IV legislation – stood at 5.6%. The leverage ratio (fully loaded) stood at 5.5%.

5 Minimum CET1 requirements (SREP)

Based on the most recent "Supervisory Review and Evaluation Process" (SREP), Belfius must comply for 2018 with a minimum CET 1 ratio (phased in) of 10.125%, which is composed of:

- a Pillar 1 minimum of 4.5%;
- a Pillar 2 Requirement (P2R) of 2.25%;
- a capital conservation buffer (CCB) of 1.875%; and
- a O-SII buffer of 1.5%.

Note that the ECB has also notified Belfius of a Pillar 2 Guidance (P2G) of 1% CET 1 ratio for 2018.

Based upon the phasing in of the Capital Conservation Buffer which will increase from 1.875% in 2018 to 2.5% in 2019 and all other things remaining equal (including, for the avoidance of doubt, Belfius' P2R which may or may not remain the same), this will lead to a 10.75% fully loaded minimum CET1 requirement for 2019.

In addition, Belfius Bank must take into account a 0.5% shortfall in Additional Tier 1 instruments, which brings the effective fully loaded minimum CET1 ratio requirement to 11.25%.

Further to these regulatory requirements, Belfius has set, under current market conditions and applying the current legislation, a minimum operational CET 1 ratio of 13.5% on solo and consolidated levels. This ratio has as a purpose to safeguard the capacity of Belfius to pay a dividend and to decide independently a dividend policy under financial stress situations. Moreover, Belfius works currently with a CET1 ratio target that lies 2% higher than this minimum operational level to take into account unforeseen elements. Belfius wishes to manage its solvability in normal and stable circumstances in line with this target ratio, unless the buffer, as mentioned above, (partially or completely) has been used and on the condition that the legislations for consolidated and statutory solvency ratios do not change substantially.

6 Segment reporting

Analytically, Belfius splits its activities and accounts in three segments: Retail and Commercial (RC), Public and Corporate (PC) and Group Center (GC); with RC and PC containing the key commercial activities of Belfius.

- **Retail and Commercial (RC)**, managing the commercial relationships with individual customers and with small & medium sized enterprises both at bank and insurance level;
- **Public and Corporate (PC)**, managing the commercial relationships with public sector, social sector and corporate clients both at bank and insurance level;
- **Group Center (GC)**, containing the residual results not allocated to the two commercial segments. This mainly consists of results from bond and derivative portfolio management. Note that as from 1 January 2017, Belfius integrated the former Side segment[8] into Group Center.

Retail and Commercial (RC)

Belfius Bank is the number two bank-insurer in Belgium with approximately 3.5 million retail and commercial customers served through 671 branches, the new 'remote' advice and sales centre "Belfius Connect", and a large number of automatic self-banking machines. Belfius Bank is also a leader in the mobile banking space,

[8] Until the end of 2016, the Side segment incorporated the Legacy portfolios, which were inherited from the Dexia-era.

with over 1 million active mobile users, the highest mobile banking penetration amongst Belgian banks. Belfius Bank offers individuals, self-employed persons, the liberal professions and small and medium-sized enterprises ("**SMEs**") a comprehensive range of retail, commercial and private banking and insurance products and services. Its ambition is to offer all basic banking and insurance products through the mobile, paperless, end-to-end and real-time channels by 2020.

Belfius Insurance offers insurance products to retail and commercial customers through the Belfius Bank branch network, as well as through the tied agents network of DVV insurance. It also offers insurance products through Corona Direct Insurance, a direct insurer active via the Internet and "affinity partners", which are external parties with which Corona collaborates and which offer Corona insurance products. Belfius Insurance's business model is increasingly focused on bank-assurance, with Belfius Bank branches being the channel with the highest growth. Belfius Insurance has also integrated the Elantis brand, which offers mortgage loans and consumer loans through independent brokers, for the balance sheet of Belfius Insurance, Belfius Bank and a third party bank.

Belfius Insurance is the sixth largest insurer[9] in Belgium, focusing mainly on the retail market.

Strategy

In 2015, Belfius launched its Belfius 2020 strategy for Retail and Commercial, which is focused on achieving four ambitions by 2020:

- to progress from customer satisfaction (95% for 2017) to customer recommendation (i.e., committed customers who are prepared to recommend Belfius);
- to further develop a differentiated and digitally supported business model, with an ideal balance between qualitative relationship management on the one hand and efficient, user-friendly direct channels on the other. Two complementary omni-channel approaches are being developed for that purpose:
    - an approach with a digital and remote-access focus geared towards retail customers combined with value-added branch interactions at key life moments for customers; and
    - an approach with account management focus geared towards privileged, private and business customers supported by convenient digital and remote-access tools;
- to increase the dynamic market share in core products to a minimum of 15%; and
- to further implement Belfius' continued focus on processes with value added for Belfius' customers, with a reduction in the cost to income ratio.

In order to achieve these aims, Belfius is implementing several initiatives across Retail and Commercial:

- a more granular sub-segmentation of the customer base with appropriately designed value propositions for each of them;
- an accelerated digital transformation to enable client convenient direct sales of the ten most important bank and insurance products, supported by in-depth customer knowledge via data analysis, the principle of mobile first and paperless sales transactions supported by digital tools and services for the account manager;
- an innovative distribution strategy with a customer oriented approach which is becoming more omni-channel in every aspect. In the future, branches will concentrate even more on proactive

[9] 2016: data from Assuralia; 2017: data not yet available.

advice for the privileged, private and business customer segments. Information, service and sales for retail customers will increasingly be conducted through digital and remote-access channels. Belfius Connect, a new "remote" advice and sales centre, ensures better commercial accessibility for customers by satisfying their needs from early in the morning to late into the evening; and

- the further development of an all-in property offer (via Belfius Immo, a subsidiary of Belfius) and the development of Belfius Investment Partners, a specialised subsidiary of Belfius that manages investment funds for the purpose of completing the investment products offering of Belfius for Retail and Commercial customers.

The management of Belfius believes that this strategy enables Belfius to continue its revenue diversification and expansion, driven by the momentum in fee and commission income, through increased cross-selling. By more effectively cross-selling its banking and insurance products, resulting in a higher customer equipment rate, Belfius also targets an increased sales productivity and increasing direct sales of value-adding products.

RC results in 2017

The commercial activity remained solid. At 31 December 2017, total savings and investments amounted to EUR 105.9 billion, an increase of 3.3% compared with the end of 2016. The organic growth in 2017 remains stable at EUR 2.4 billion. This is an undisputed proof of the ever increasing confidence Belfius is inspiring to its customers. EUR 36.6 billion (+7%) came from the investments of 110,000 private customers, who called on more than 251 local private bankers with a certification. This underlines the position held by Belfius as a first-class private bank. The amount of investments entrusted to Belfius via mandates and service contracts rose by 10% in 2017 to reach EUR 11.2 billion.

On-balance sheet deposits totalled EUR 63.6 billion at 31 December 2017, slightly up (+2.6%) from the end of 2016. Customers adopted a rather wait-and-see attitude for deposits because of the historically low interest rates. There was very good growth in the funds deposited in current and savings accounts, which reached EUR 11.6 billion (+12%) and EUR 41.5 billion (+3.7%) respectively. Less capital found its way to long-term fixed rate investments (a drop of 17% for savings certificates and a decrease of 6.4% for bonds issued by Belfius).

Off-balance sheet investments went up by 7.8% compared to the end of 2016, to EUR 31.9 billion, and this thanks to a more pronounced customers' preference for products with potentially higher yields (mutual funds, mandates). Strong net production in asset management and Branch 23 and Branch 44 insurances, supported by the successful development of new products (My Portfolio, multi-manager funds and Belfius Invest).

Life insurance reserves for investment products amounted to EUR 10.4 billion, down 5.1% compared to the end of 2016. Investments in Branch 21 life insurance guaranteed products decreased because of the low interest rates, but that drop was partially offset by Branch 23 and Branch 44 products.

Total loans to customers rose strongly to EUR 45 billion at 31 December 2017. The increase occurred mainly in mortgage loans (+6.2%) and business loans (+9.3%). Mortgage loans, which account for two thirds of all loans, amounted to EUR 30.6 billion at the end 2017, while consumer loans and business loans stood at EUR 1.5 billion and EUR 12.5 billion respectively.

New long-term loans granted to retail clients during 2017 amounted to EUR 9.6 billion compared to EUR 9.3 billion in 2016. In 2017, the new production of mortgage loans remained stable at EUR 5.5 billion. During the same period, EUR 3.3 billion in new long-term business loans were granted, up 13.4% compared to 2016. In 2017, Belfius assisted 12,466 new start-ups, an increase of 7% on 2016.

The total insurance production from customers in the Retail and Commercial segment amounted to EUR 1,692 million in 2017, compared with EUR 1,419 million in 2016, an increase of 19%.

Life insurance production stood at EUR 1,153 million in 2017[10], up 26% compared to 2016[11]. Unit-linked (Branch 23) premiums went up strongly (+52.4%) thanks to growing product suite and customer demand. Traditional Life (Branch 21/26) production progressed solidly (+10.5%) despite the low guaranteed yields.

Non-Life insurance production in 2017 stood at EUR 539 million, up 6.9% compared to 2016, thanks to the bank-insurance strategy and good performance in all other strategic distribution channels (e.g. Corona Direct Insurance, DVV).

Indeed, thanks to the "one-stop-shopping" concept of Belfius, the mortgage loan cross-sell ratio for fire insurance increased from 83% at the end of 2016 to 85% at the end of 2017. The mortgage loan cross-sell ratio for credit balance insurance remained stable at 144% compared to the end of 2016.

Total insurance reserves, in the Retail and Commercial segment amounted to EUR 13.9 billion. Life insurance reserves dropped since the end of 2016 by 3.7% to EUR 12.9 billion at the end of 2017 as a result of a context characterised by historically low interest rates. Unit-linked reserves (Branch 23) increased by 18.6%, while traditional guaranteed life reserves (Life Branch 21/26) decreased by 7.9%, demonstrating the life product mix transformation from guaranteed products to unit-linked products. Non-life reserves remained stable at EUR 1 billion.

Belfius continues to set the pace in mobile banking in Belgium and further developed its digitally supported business model. At the end of 2017, Belfius' apps for smartphones and tablets had 1,071,000 users (+26%) and were consulted by customers on average once a day. The extremely high satisfaction figures show that continuous innovation, focused on user-friendliness and utility for the customer is profitable.

Belfius continues to extend the functionalities of its apps. In 2017, 41% of the new pension saving contracts, 31% of the new credit cards and 29% of the new savings accounts were subscribed via direct channels.

RC net income after tax decreased from EUR 459 million in 2016 to EUR 443 million in 2017.

Public and Corporate (PC)

Belfius offers a comprehensive range of banking and insurance products and services to approximately 12,000 public and social institutions and 10,600 corporates. In 2017, it had the market leading position in the public and social sector anchored by its over 150-year involvement in the sector, as well as being the fourth-largest bank for corporates by loans. Belfius has successfully developed its corporate offering, expanding its market share of loans to medium and large-sized corporates from 8.7% in 2013 to 12.2%[12] in 2017. Belfius estimates that it serves approximately 50% of Belgian corporate clients (representing approximately 60% penetration of corporates and mid-corporates and 25% of large Belgian corporates).

Strategy

Within the Public and Corporate market, Belfius intends to maintain its position as the leader in the public and social market and to continue its growth strategy in the Belgian corporate market.

Customer satisfaction is one of Belfius' top priorities, with Public and Corporate clients reporting 98% customer satisfaction in 2017. Belfius has established a focused strategy to maintain this high standard. First, Belfius offers a wide range of classic banking and insurance products meeting all basic financial needs as effectively as possible. In addition to these traditional products, Belfius also looks to add value to its client relationships by leveraging its deep client and market understanding and offering tailor-made products and services to meet the needs of public, social and corporate clients.

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[10] Of which EUR 782 million gross written premiums and EUR 371 million transfers/renewals.

[11] Of which EUR 626 million gross written premiums and EUR 289 million transfers/renewals.

[12] Estimated figure.

In light of the challenges faced by public institutions in Belgium, Belfius continues to pursue its Smart Belgium programme, through which Belfius, together with partners from the public sector, the private sector and academic institutions, has created a forum in which smart solutions for a sustainable society can be developed. Through the Smart Belgium programme, Belfius acts as a financial partner and contact for local governments, intermunicipal authorities, start-ups, businesses, hospitals, schools, rest homes, care centres, academics and citizens, supporting these partners with their smart projects which can fall under eight areas: mobility, the circular economy, the environment, ecosystems, urban development, healthcare, education and energy.

In the corporate sector, Belfius builds on mutual trust and respect in order to develop sustainable and long-term client relationships. This aspiration for client intimacy means that Belfius does not focus on only selling products, but also on advising, servicing and consulting with clients. To realise these objectives Belfius took a series of actions over the past few years, including:

- partnering with subsidy consultants in order to help clients with their applications for potential government subsidies;
- connecting wealth management and corporate banking to create a two-way flow between private and professional aspects of the client-bank relationship;
- developing employee benefit products with a focus on mobility solutions (e.g. car leases), wage improvements (e.g. warrants and bonuses) and risk protection (e.g. hospitalisation, group insurance and collective pension plans);
- supporting international trade and mitigating related risks through trade finance (e.g. documentary credits, warranties and standby letters of credit), international payment solutions and cash pooling; and
- assisting clients with working capital management through the development of sound strategies and in-depth analyses of inventory management, credit management, and cash and treasury management.

Belfius is of the opinion that its local proximity to corporate customers and accessible decentralised decision centres provide a key competitive advantage over Belgian banking subsidiaries of international banks, enabling it to respond to customer needs quickly.

To further build its service offering towards corporate clients and to replicate in equity capital markets the success achieved in debt capital markets, Belfius entered into a strategic partnership with Kepler Cheuvreux in 2017. The partnership will create a new equity franchise with a strong local presence in Belgium, offering clients services in equity capital markets transactions, equity research, institutional sales and brokerage. This partnership is expected to further deepen Belfius' integrated customer offering and provide access to key corporate customer insight.

Belfius is of the opinion that the successful implementation of its Public and Corporate strategy will continue and enhance the segment's solid growth since 2015, enabling Belfius to reach a (loan) market share above 15% in the Belgian corporate sector, evidencing its place as one of the major corporate sector servicing banks in Belgium.

PC results in 2017

At 31 December 2017, total savings and investments stood at EUR 32.1 billion, an increase of 1.3% compared with the end of 2016. On-balance sheet deposits increased by EUR 0.3 billion (+1.3%) to EUR 23.2 billion.

The off-balance sheet investments registered an increase of 1.6% to reach EUR 8.3 billion. Life insurance reserves for investment products amounted to EUR 0.6 billion.

Total outstanding loans remained stable at EUR 38.3 billion. Outstanding loans in Public and Social banking decreased mainly due to lower demand, increased competition on the Public and Social Sector market, and the structural shift to more alternative financing sources through (debt) capital markets. Belfius' intensified commercial strategy towards Belgian corporates results in an increase of 13.8% (compared to 31 December 2016) of outstanding loans to EUR 10.8 billion as of 31 December 2017. Off-balance sheet commitments increased with 4.2% to EUR 20.9 billion.

Belfius granted EUR 5.9 billion (+3%) of new long-term loans in the Belgian economy for corporate customers and the public sector. Long-term loan production for corporate customers increased by 12% to EUR 3.8 billion. Belfius is thus one of the four largest Belgian banks in the corporate sector, with an estimated market share in terms of assets up from 9% to 12.2% between the end of 2015 and the end of 2017. This increase is, among other things, the result of Belfius' growth ambition in this segment and a pertinent and clear positioning as a "Business to Government" market specialist.

Despite poor market demand in 2017, Belfius still granted EUR 2.1 billion in new long-term funding to the public sector. Belfius is and remains uncontested market leader, and replies to every funding tender from public sector entities, at sustainable pricing terms. It manages the treasury of practically all local authorities and was attributed 73% of tendered loan files in 2017. Moreover, in December, Belfius was once again chosen as the exclusive cashier of the Brussels-Capital Region, a role the bank has played without interruption since 1991.

Belfius also confirmed its position as leader in debt capital markets (DCM) issues for (semi-)public and corporate customers by taking part in 86% and 58% respectively of available mandates on the Belgian market. In 2017, Belfius issued EUR 5.4 billion in innovative means of funding in the form of short-term issues (average outstanding on commercial papers) and long-term issues (medium term notes and bonds). For the fifth consecutive year, Euronext crowned Belfius "No. 1 Bond Finance House of the Year". This prestigious award again confirms the strategic role played by the bank in bond issues for Belgian issuers.

With regard to insurance activities, the Public and Corporate segment recorded solid underwriting volumes, in particular for life insurance products.

Non-life insurance production amounted to EUR 135 million, up 1.7% compared to 2016.

Gross production in the life segment amounted to EUR 273 million, an increase of 4.3%, and this despite the historically low interest environment.

PC net income after tax rose from EUR 152 million in 2016 to EUR 193 million in 2017.

Group Center (GC)

Since the separation from Dexia Group at the end of 2011, and until the end of 2016, Belfius presented its financial accounts in two segments:

- Franchise, i.e., Belfius' core business lines; and
- Side, i.e., Belfius' non-core assets and exposures inherited from the Dexia era. Since the end of 2011, Belfius actively executed a tactical de-risking programme with respect to its Side portfolios, resulting in a strong decrease of outstanding volumes and a positive evolution of the portfolios' key risk indicators. Thanks to these continued efforts, the risk profile of Side was brought in line with the targeted risk profile. Hence, as from 1 January 2017 onwards, Belfius integrated the remainder of Side into Franchise (i.e., in Group Center) and no longer separates its financial reporting into the segments Franchise and Side.

From 1 January 2017, Group Center operates through two sub-segments:

- Run-off portfolios, which are mainly comprised of:
    - a portfolio of bonds issued by international issuers, especially active in the public and regulated utilities sector (which includes the UK inflation-linked bonds), covered bonds and ABS[13]/RMBS[14], the so-called ALM[15] Yield bond portfolio;
    - a portfolio of credit guarantees, comprising credit default swaps and financial guarantees written on underlying bonds issued by international issuers, and partially hedged by Belfius with monoline insurers (mostly Assured Guaranty); and
    - a portfolio of derivatives with Dexia entities as counterparty and with other foreign counterparties;
- ALM liquidity and rate management and other group Center activities, composed of liquidity and rate management of Belfius (including its ALM Liquidity bond portfolio, derivatives used for ALM management and the management of central assets) and other activities not allocated to commercial activities, such as corporate and financial market support services (e.g. treasury), the management of two former specific loan files inherited from the Dexia era (loans to *Gemeentelijke Holding/Holding Communal* and Arco entities), and the Group Center of Belfius Insurance.

These portfolios and activities are further described below:

ALM Yield bond portfolio

The ALM Yield bond portfolio of Belfius Bank is used to manage excess liquidity (after optimal commercial use in the business lines) and consists mainly of high quality bonds of international issuers.

At the end of 2017, the ALM Yield bond portfolio stood at EUR 3.7 billion[16], down 17% compared to the end of 2016. This decrease results mainly from the sale of US RMBS (conditionally US government guaranteed reverse mortgages) for which a specific impairment was taken in 2016, the natural amortisation of the portfolio as well as foreign exchange impacts. At the end of 2017, the portfolio was composed of corporates (70%), sovereign and public sector (12%), asset-backed securities (11%), and financial institutions (7%). 80% of the corporate bonds, mainly composed of long-term inflation linked bonds, are issued by highly-regulated UK utilities and infrastructure companies such as water and electricity distribution companies. These bonds are of satisfactory credit quality, and the majority of these bonds are covered with an issuer credit protection by a credit insurer (monoline insurer) that is independent from the bond issuer.

At the end of 2017, the ALM Yield bond portfolio had an average life of 20.8 years. Following the sale of the above mentioned US RMBS the average rating has increased from of A- in 2016 to A in 2017. 95% of the portfolio is investment grade, versus 93% in 2016.

Derivatives with Dexia-entities and foreign counterparties

During the period it was part of the Dexia Group, former Dexia Bank Belgium (now Belfius Bank) was Dexia Group's "competence centre" for derivatives (mainly interest rate swaps). This meant that all Dexia entities were able to cover their market risks with derivatives with Dexia Bank Belgium, mainly under standard contractual terms related to cash collateral. Former Dexia Bank Belgium systematically re-hedged these derivative positions externally, as a result of which these derivatives broadly appear twice in Belfius accounts:

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[13] Asset-Backed Securities.

[14] Residential Mortgage-Backed Securities.

[15] Asset-Liability Management.

[16] Nominal amount.

once in relation to Dexia-entities and once for hedging. The remaining outstanding notional amount of derivatives with Dexia-entities and non-collateralised interest rate derivatives with international non-financial counterparties decreased further with EUR 11.3 billion (or -25%) since the end of 2016 and amounted to EUR 34.3 billion[17] at the end of 2017, of which EUR 29.2 billion with Dexia entities. The fair value of those Dexia derivatives amounts to EUR 4.9 billion.

At the end of 2017, the average rating of the portfolio remained at A- and the average residual life of the portfolio stood at 14.4 years[18].

Credit guarantees

At the end of 2017, the credit guarantees portfolio amounted to EUR 3.9 billion[19], down EUR 1.1 billion, or -21%, compared to the end of 2016, mainly due to amortisations. It relates essentially to financial guarantees, and credit default swaps issued on corporate/public issuer bonds (84%), ABS (13%) and covered bonds (3%). The good credit quality of the underlying reference bond portfolio, additional protection against credit risk incorporated in the bond itself and the protections purchased by Belfius mainly from various monoline insurers (US reinsurance companies, essentially Assured Guaranty) result in a portfolio that is 100% investment grade in terms of credit risk profile. This portfolio also contains total return swaps for an amount of EUR 0.4 billion.

At the end of 2017, the average rating of the portfolio remained at A- and the average residual life of the portfolio stood at 10.3 years.

ALM Liquidity bond portfolio

The ALM Liquidity bond portfolio is part of Belfius Bank's total liquidity coverage ratio ("**LCR**") liquidity buffer and is a well-diversified, high credit and liquidity quality portfolio.

At the end of 2017, the ALM Liquidity bond portfolio stood at EUR 8.1 billion[20], down 2% compared to the end of 2016, mainly due to the natural amortisation of the portfolio. At the end of 2017, the portfolio was composed of sovereign and public sector (70%), covered bonds (22%), asset-backed securities (5%) and corporates (3%). The Italian government bonds in the ALM Liquidity bond portfolio amounted to EUR 2.2 billion as of 31 December 2017. In January 2018, EUR 0.8 billion thereof has been sold, reducing the Italian government bonds in this portfolio by one third to EUR 1.5 billion.

At the end of 2017, the ALM Liquidity bond portfolio had an average life of 9.0 years, and an average rating of BBB+ (100% of the portfolio being investment grade). In 2017, the average rating has been reduced from A to BBB+, following the internal downgrade of the sovereign rating of Italy.

Other Group Center activities

The other activities allocated to Group Center include:

- the interest rate and liquidity transformation activity performed within ALM, after internal transfer pricing with commercial business lines, including the use of derivatives for global ALM management;
- the management of two legacy loan files inherited from the Dexia era, i.e., the investment loans to two groups in liquidation, namely *Gemeentelijke Holding/Holding Communal* and some Arco entities;

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[17] Nominal amount.

[18] Calculated on exposure at default.

[19] Nominal amount.

[20] Nominal amount.

- the results from hedging solutions implemented for clients (so-called financial markets client flow management activities);
- the results of treasury activities (money market); and
- the results including revenues and costs on assets and liabilities not allocated to a specific business line.

The Group Center of Belfius Insurance is also fully allocated to these other Group Center activities. The Belfius Insurance Group Center contains income from assets not allocated to a specific business line, the cost of Belfius Insurance's subordinated debt, the results of certain of its subsidiaries and costs that are not allocated to a specific business line.

Financial results GC

GC net income after tax stood at EUR -30 million in 2017, compared to EUR -75 million in 2016.

7 Post-balance sheet events

Auxipar acquisition

At the end of 2016, an agreement was concluded between Belfius and the liquidators of the Arco companies under liquidation (Arcopar, Arcofin, Arcoplus and Arcosyn) with the objective to advance towards finalisation of the liquidation in the interest of all stakeholders. This agreement lists a number of actions to finalise towards the end of the liquidation, including the potential takeover of the Auxipar shares held by the Arco companies by Belfius.

As a result of these actions moving forward, Belfius will acquire part of the Auxipar shares in the near term, resulting in increasing its stake in Auxipar from 39.7% to 74.99%. This transaction qualifies as a business combination achieved in stages, which should be accounted for in accordance with the acquisition method under IFRS. More specifically, for business combinations achieved in stages (from equity method to full consolidation), IFRS requires that any previously held interest of an acquirer in an acquiree is adjusted to its fair value as of the acquisition date with any resulting gain (or loss) reported in the consolidated income statement.

Additional Tier 1 (AT1) Securities

On 1 February 2018, Belfius issued EUR 500 million subordinated equity instruments which qualify as AT1 instruments under CRR/CRD IV. The AT1 security has been analysed in respect with IAS 32 and should be considered as an equity instrument. This inaugural AT1 issue was executed in the context of further diversification of funding sources and investor base. Furthermore, the AT1 securities increase the going concern loss absorption capital and contribute to the expected Minimum Requirement for own funds and Eligible Liabilities ("**MREL**") level, as well as to the leverage ratio of Belfius. In general, this transaction increases Belfius' financial and regulatory flexibility, accessing a new layer of instruments within its capital structure.

The issuance was done in the form of a euro denominated perpetual AT1 securities. The securities are callable in year seven and every interest payment date thereafter. A CET1 trigger of 5.125% is applicable on a consolidated and statutory level, with a principal temporary write-down loss absorption mechanism. The coupons of the issued AT1 securities are fully discretionary, semi-annual and non-cumulative. There is also a mandatory cancellation of the coupon upon insufficient distributable items, or when the coupon exceeds the maximum distributable amount.

Changes in issued subordinated debts and activities in the Tier 2 market

The Governing Council of the ECB decided to grant Belfius permission to reduce its own funds in the amount of EUR 191 million (value on 31 December 2017) through the call of three Tier 2 callable instruments issued

on 18 November 1997, 25 August 2000 and 21 September 2000. Belfius shall pay back the par amount of 50 million USD on 25 May 2018 (instruments issued on 25 August 2000), and paid back the par amount of 100 million USD on 21 March 2018 (instruments issued on 21 September 2000) and will pay back the par amount of 66 million EUR on 18 May 2018 (instruments issued on 18 November 1997).

Belfius has issued for EUR 200 million of fixed rate (resettable) Tier 2 subordinated notes (10 non-call 5) due 15 March 2028 with the aim to contribute to an optimal capital structure. The notes are admitted to the Luxembourg Stock Exchange and are rated Baa3 by Moody's.

Sale of EUR 1.1 billion exposure value of Italian government bonds (hedged for interest rate risk by swaps)

Belfius has sold part of its Italian government bond and swap package, for a notional amount of EUR 0.8 billion, which were classified in first time adoption IFRS 9 under a "hold-to-collect and sell" business model. The sale was in line with Belfius' objective to flexibly manage part of its concentration risk on Italian government bonds. The transaction value for the sale amounts to EUR 1.1 billion, with a positive impact on the net result of the first quarter of 2018 of EUR 21 million (after reversal of related impairment provision and net of tax).

Lease agreement building Galilee

On 21 February 2018, Belfius Insurance concluded a lease agreement with the National institute for disability and invalidity insurance (RIZIV/INAMI), to whom Belfius Insurance leases its building on Galileelaan 5, 1210 Brussels for a term of nineteen years starting on 1 April 2018.

Dividend

The general assembly of Belfius of 25 April 2018 approved an ordinary dividend of EUR 363 million in respect of the accounting year 2017 on the proposal of the Board of Directors held on 22 March 2018. EUR 75 million was already paid through an interim dividend in September 2017.

8 Risk Management

Fundamentals of credit risk in 2017

Banking activities in Retail and Commercial

Belgium experienced a robust economic growth throughout 2017, especially during the first half of the year. This growth was driven by an even stronger growth of the world economy and the increase of investments. As a result, job creation peaked. Against this background, lending to the Retail and Commercial business line remained at a high level, and this was based on a stable lending policy in general, albeit adjusted for some elements (see below).

Demand for consumer credit remained stable in 2017. The criteria used for granting consumer loans remained generally unchanged from the preceding years and in line with the "Responsible Lending" charter of the Belgian Financial Sector Federation (Febelfin). 2017 was the first year during which customers could apply for a consumer loan via mobile platforms, by using the Belfius App. Throughout 2017, approximately 10% of the consumer loan applications were introduced via mobile channels. The rules for evaluating mobile loan requests remained basically the same as for loans requested through traditional channels. Belfius remains, however, very vigilant on the risk profile of mobile loan requests, both in terms of credit risk and fraud risk.

The production of mortgage loans was very much sustained throughout 2017 and remained at almost the same level as in 2016. The early repayment wave (and the consecutive internal financing) which characterised 2015 and 2016, faded out in 2017. Nevertheless, Belfius' portfolio of mortgage loans substantially grew over 2017, due to the increased financing of new real estate projects, i.e. property acquisitions or constructions. The share of loans with a higher LTV combined with a longer maturity in the portfolio slightly increased, because of the evolution of the product mix (higher proportion of loans to younger borrowers for a first home acquisition).

Notwithstanding this evolution, the overall credit quality of the mortgage portfolio remained excellent, and even slightly improved (as illustrated by the average probability of default).

The historical low risk level of the mortgage portfolio is also reflected by the cost of risk that remains at a very low level. The Risk Department continued its reinforced monitoring of the potential higher risk segments of mortgage loans (combinations of longer repayment terms, higher loan-to-value financing ratios and higher debt service costs vs. income ratios, as well as buy-to-let transactions). The bank took measures to keep production in these niches within strict limits. This approach is in line with the concerns expressed by the National Bank of Belgium with regard to the evolution of the Belgian residential real estate and mortgage market.

Belfius has more than 275,000 self-employed workers, professionals and SMEs as customers. Each one of them can rely on the personal service of a business banker. Belfius Bank's approach to have lending decisions for business loans taken by local teams working close to the customer was further intensified in 2017. This strategy contributes to a better customer service, while numerous tests and realised statistics indicate that the risk remains under control. The continuous fine-tuning of the decision-making logic and the enhanced and quickly reactive monitoring on deteriorating risk profiles is bearing fruit. Through the new "Go4Credits" project, Belfius further enhanced in 2017 the efficiency of its credit approval process for the Commercial Business line.

The overall profitability and strength of Belgian SMEs remained good, although the latter are more and more confronted with a changing consumer pattern (e.g. e-commerce). In 2017, according to Graydon 10,831 companies were forced to cease business, which was 7.6% more than in 2016. The number of bankruptcies increased most in the Brussels-Capital Region, i.e., by 34.3% The increase in the Walloon Region remained limited to 7.2%, while Flanders showed a decrease of 1.9% At the sectoral level, the hotel and catering industry suffered 2,149 bankruptcies (+8.1%). More bankruptcies were also pronounced in sectors such as construction, business services, transport and car dealers. As a result, 21,297 jobs were put at risk, which is 2.8% more than a year before. Overall, the cost of business loans at Belfius Bank remained at a good risk/return level and within the target levels. Belfius therefore intends to keep supporting the production of business loans, also in relation to start-ups. At the same time, the Risk department continues the improvement of the process of early warning indicators in order to keep permanently the risks in this market segment well under control.

Banking activities in Public and Corporate

In 2017, Belfius kept providing the public and social sector, as well as mid & large companies, with an extensive and integrated range of dedicated products and services. It strengthened its partnership with the customers from the public and social sector by continuing to invest in having an in-depth knowledge of their needs and continuing to be able as such to offer them new and tailored solutions to fund their operations, manage their finances and meet their insurance requirements. The strategy to also become the reference partner for corporates that service this public and social sector (Business-to-Government) was further implemented.

The Public Sector loans portfolio maintained its very low risk profile. Since 2012, local authorities have nearly stabilized their global expenditures as a result of a decrease of interest charges (-6.6% per year) and of capital expenditures (-6.0% per year), which both compensated for the rise of their current expenditures (+1.2% per year). The evolution of these current expenditures remained under control as well, partly because of the low inflation and partly because of the decline in the number of local public servants. The investments of local authorities amounted to EUR 3 billion in 2016, compared to EUR 4 billion in 2012, a decline of almost 30%. This historically low level of investments worsened the already existing underinvestment for the whole Belgian public sector. During the same period, local authorities managed to improve their balance of payments with on average 2.5% per year. This balance even became positive in 2015 and 2016. In parallel, partly as a result of the moderate investment dynamics, the debt level of local authorities fell below the threshold of EUR 24 billion, which represents 5.13% of the total public debt in Belgium. 2017 generally confirmed these tendencies: expenditures were well kept under control, restraint investment dynamics and fiscal receipts were somewhat under pressure. Aside from the current budgetary limits, some other structural reforms will weigh on the

finances of municipalities in the coming years, such as the ongoing pension reform for their statutory staff, the contribution of local authorities to remedying Belgian public finance, the consequences of the tax shift (approved in 2016 by the Federal government) which gradually erodes the taxable basis of the municipal additional taxation, the challenges of the ageing population and finally the increasing costs of social aid and security. All these challenges brought about a lot of movement in the local landscape, especially in Flanders. Many activities of municipalities or provinces, in particular related to the management of public real estate and infrastructure (with respect to public utilities), have been transferred to autonomous companies. Public centres for social welfare increasingly create mutual associations, with the intention of developing closer collaboration around welfare and care. In many places, the activities of the municipality and the public centre for social welfare have been partially merged. This spontaneous trend precedes the already planned full integration of both. Meanwhile, there were also a lot of mergers between police zones looking for a scale-up, and the first mergers between municipalities have been announced.

From a risk management point of view, the hospital sector remains a focus of attention. The potential developments in the area of hospital funding are closely monitored. The indebtedness of Belgian hospitals has increased importantly the past 5 years. The operating profit of the sector - after a stabilization in 2015 – deteriorated again for the second consecutive year. As a consequence, some hospitals display a structural shortfall in repayment capacity. According to Belfius' studies, the Belgian hospital sector seems somewhat underfunded and an overcapacity regarding beds and infrastructure prevails. The Minister of Public Health has drafted the general outlines of a plan to address these challenges.

Belfius' corporate business is focused on Belgian companies with a turnover in excess of EUR 10 million. With 10,600 customers, Belfius is positioned as a challenger in this segment, but the growth strategy launched in 2015 was successfully pursued in 2017. Belfius has taken the necessary measures to ensure that this growth strategy goes hand in hand with a good creditworthiness and acceptable risk concentrations. The credit profile of the corporate lending remained fairly stable during 2017, which also meant that the cost of risk remained at an acceptable level and within the limits set. Real GDP growth in Belgium accelerated in 2017 to 1.7%, supported by low interest rates and a declining unemployment. The wage restraint, the 2015 index jump and the tax shift have made especially our bigger and exporting companies more competitive. The announced reduction of the corporation tax can give them a further boost. As a result, the general recovery of profitability of Belgian corporates - already started in 2014 - continued in 2017. However, the constitutional crisis in Catalonia and the Brexit may create difficulties. The planned Brexit could especially weight on Belgium's economic expansion: 8.8% of Belgian exports are directed to the UK, representing 7.7% of GDP, the largest share (as a projection of national output) amongst EU countries. A follow-up of global Brexit risks and impacts at portfolio level was put in place, but did not reveal critical problems.

Belfius monitors sector risks in a proactive way and defined specific measures with regard to a limited number of more vulnerable sectors. In the shipping industry, Belfius Bank continued to focus exclusively, as it has done in previous years, on shipping companies and other shipping-related businesses that have a commercial relationship with the bank and a clear link with the Belgian economy. Connections with companies that do not meet these criteria were further reduced. One year after excess capacity caused the sector's worst-ever crisis (e.g. in August 2016, the Korean based Hanjin shipping, the world's 7th largest shipping company, filed for bankruptcy), the market is more and more dominated by players with big ships. The growing use of mammoth ships is key in view of a possible turnaround. Companies who own them are able to deploy fewer vessels and move more cargo on one single journey. However, in general, market conditions remained difficult in 2017. Freight rates generally still remained below historical levels. The excess of shipping capacity kept putting pressure on freight rates, as new entrants expanded and old vessels still remained.

Real estate financing, related to both residential and commercial real estate, is an important business activity within Belfius. Also on industry level, the Bank's lending activity in the real estate sector continues to increase considerably. The evolution of real estate financing over the last years is to be evaluated in the context of the

following factors: the sustaining low interest rate environment, the fact that Belgian banks have a large deposit base and are confronted with a search for yield, the gross debt ratio of Belgian households that has increased and has recently slightly exceeded the average Euro area ratio. This combination of elements induces a concern at NBB level about an over evaluation of the Belgian (residential) property and about the threat of strong volume growth with potentially lower credit standards, lower margins and low provisioning levels. Belfius is aware of these potential pitfalls and has traditionally applied strict origination and acceptation criteria (LTV, maturity, collateral valuation) on new transactions and a solid monitoring of projects, in both residential and commercial real estate financing. Belfius real estate credit exposure is considered as being correctly diversified in terms of underlying asset types, individual name concentration and geographical spread.

Finally it is worth mentioning that Belfius further intensified its portfolio management in the course of 2017, in the first place through the gradual sale of higher risk exposures and/or exposures that are no longer considered as being core business (e.g. shipping-related business without a commercial relationship), but also by developing risk hedging and risk sharing programs.

Insurance

The management of the credit risk of Belfius Insurance is the responsibility of Belfius Insurance risk management team, albeit in collaboration with the credit risk teams of Belfius Bank and aligned with the risk management guidelines that are applicable for the whole Belfius group. As such, this implies that credit limits are defined on a consolidated basis and that transfers of limits between the bank and insurance are permitted, on the condition that both parties agree. The CROs of Belfius Bank and Belfius Insurance coordinate the requests among each other.

Exposure to credit risk

	Breakdown of credit risk by counterparty	
	31 December 2016	**31 December 2017**
(*Full exposure at default; in EUR billion*)		
Central governments	20.3	24.8
Of which government bonds	*13.4*	*12.9*
Public sector entities	50.3	47.4
Corporate	27.5	29.5
Monoline insurers	4.2	3.5
ABS/MBS	1.4	1.0
Project Finance	2.1	2.0
Individuals, self-employed and SME's	42.3	45.2
Financial institutions	23.6	19.7
Other	0.7	0.7
Total	**172.4**	**173.8**

As at 31 December 2017, the total credit risk exposure[21], within Belfius reached EUR 173.8 billion, an increase of EUR 1.4 billion or 0.8% compared to the end of 2016. At bank level the credit risk exposure slightly increased with 1.4% to EUR 157.7 billion. At the level of Belfius Insurance, the credit risk exposure went down by 4.8% to EUR 16.1 billion at the end of 2017.

The credit risk exposure on public sector entities and institutions that receive guarantees of these public sector entities (28% of the total) and on individuals, self-employed and SMEs (26% of the total) constitute the two main categories. The decrease of the credit risk exposure on public sector entities by EUR 2.9 billion was almost fully offset by an increase of EUR 2.9 billion of the credit risk exposure on individuals, self-employed and SMEs due to increasing commercial activities. The expansion of Belfius' corporate activities is also reflected in higher credit risk exposure (+ EUR 2.0 billion) for this segment leading to an increase of its relative proportion from 16% by the end of 2016 to 17% by the end of 2017.

The relative proportion of the segment central governments went up from 12% end 2016 to 14% at the end of 2017. This growth is a direct consequence of Belfius' increasing excess liquidities posted at the National Bank of Belgium. Inside this segment, the credit risk on government bonds decreased by 4% from EUR 13.4 billion at the end of 2016 to EUR 12.9 billion at the end of 2017. More than half (59%) of the government bonds portfolio is invested in Belgian government bonds. While at bank level the Belgian government bonds represents 37% of the total government bond portfolio, the relative proportion at Belfius Insurance stood at 73%.

The credit risk exposure on financial institutions further decreased in 2017 by EUR 3.9 billion and stood at 11% at the end of 2017 against 14% at the end of 2016. The credit risk on monoline insurers on bonds issued by issuers principally active in infrastructure and public utilities projects is predominantly an indirect risk arising from credit guarantees written by Belfius Bank and reinsured with monoline insurers. During 2017, the relative proportion of the monoline insurers went down from 2.4% at the end of 2016 to 2% at the end of 2017.

Belfius' positions are mainly concentrated in the European Union: 96% or EUR 151.2 billion at bank level and 98% or EUR 15.9 billion for Belfius Insurance. 71% of the total credit risk exposure is on counterparties categorised in Belgium country exposures, 6% in the United Kingdom, 5% in France, 3% in Italy and 2% in Spain and in the United States and Canada.

The credit risk exposure to counterparties in the United Kingdom amounted to EUR 11.3 billion. About half of this credit risk exposure concerns bonds, of which close to two-third are inflation-linked, issued by utilities and infrastructure companies in the United Kingdom that operate in regulated sectors such as water, gas and electricity distribution. These bonds are of satisfactory credit quality (100% investment grade), and moreover the majority of the outstanding bonds are covered with a credit protection issued by a credit insurer that is independent from the bond issuer. The remainder concerns the bond portfolio of Belfius Insurance, a short-term credit portfolio for treasury management of Belfius Bank and receivables on clearing houses. The credit risks on those portfolios are also of satisfactory credit quality.

The credit risk exposure of Belfius counterparties in Italy at the end of 2017 amounted to EUR 5.6 billion, of which EUR 3.7 billion of Italian government bonds. Following some sales in the first weeks of 2018, the outstanding amount of Italian government bonds has been reduced to EUR 2.6 billion by the end of January 2018.

At the end of December 2017, 83% of the total credit risk exposure had an internal credit rating investment grade.

[21] Full exposure at default (FEAD).

Asset quality

At the end of 2017, the amount of impaired loans and advances to customers was EUR 1,822 million, which is a decrease of 22% compared to 2016. This decrease results mainly from the sale of a US RMBS (conditionally US government guaranteed reverse mortgages) for which a specific impairment was taken in 2016.

Hence, in 2017, the specific impairments on loans and advances to customers decreased with 9%. As a consequence, the asset quality ratio improved from 2.54% at the end of 2016 to 1.99% at the end of 2017. During the same period, the coverage ratio increased from 54.4% to 63.3%.

In 2017, collective impairments on loans and advances to customers decreased by EUR 18 million to EUR 310 million.

Liquidity risk

Consolidation of the liquidity profile

During 2017, Belfius consolidated its diversified liquidity profile by:

- maintaining a funding surplus within the commercial balance sheet;
- continuing to obtain diversified long-term funding from institutional investors by issuing, amongst others, two first successful issuances of non-preferred senior bonds anticipating the future final MREL objectives;
- issuance of a retained RMBS (Penates VI); and
- collecting short and medium-term (CP/CD/EMTN) deposits from institutional investors.

In March 2017, Belfius Bank increased its participation in the Targeted Longer-Term Refinancing Operations ("**TLTRO**") II funding programme of the ECB with EUR 1.0 billion, amounting to EUR 4.0 billion at the end of 2017 with a purpose to finance investment needs of SMEs, social sector and retail clients (mortgage loans excluded).

The LCR, introduced within the framework of the Basel III reforms, has become a pillar I requirement for European banks on 1 October 2015 (at a level of 60%). Belfius Bank closed the year 2017 with a LCR of 130% (yearly average of 132%). The LCR of the bank has remained above 100% during the whole year 2017.

The Net Stable Funding Ratio (NSFR), based on Belfius Bank's current interpretation of current Basel III rules, stood at 116% at year-end 2017.

Minimum requirement for own funds and eligible liabilities

It is expected that a formal MREL level will be given to Belfius by the SRB in 2018. At this stage, no formal MREL target has been communicated to Belfius. Based on the recent disclosures on MREL published by the SRB on 20 December 2017, Belfius' estimated mechanical target would potentially amount to 27.25% of risk exposures (in fully loaded format). See the table below:

		For Belfius
Loss Absorption Amount	(Pillar 1 + Pillar 2 requirement) + Combined Buffer (CBR)	8% + 2.25% + 4%
+ Recapitalisation Amount	+ (Pillar 1 + Pillar 2 requirement)	8% + 2.25%
+ Market Confidence Buffer	+ CBR -1.25%	4% - 1.25%
= MREL requirement		= 27.25%

This target is surrounded by uncertainties as the European Commission published a revised legislative proposal related to MREL requirements on 23 November 2016 (BRRD). This proposal is still under negotiation at the European level at the time of the finalisation of the 2017 annual report.

As of today the SRB has not yet fully clarified which unsecured long term funding will be MREL-eligible. If (part of) Belfius' unsecured funding would no longer be MREL eligible, this can be rolled, at maturity during the coming years, into MREL-eligible instruments.

Liquidity reserves

At the end of 2017, Belfius Bank had quickly mobilisable liquidity reserves of EUR 34.3 billion. These reserves consisted of EUR 9.6 billion in cash, EUR 12.7 billion in ECB eligible bonds (of which EUR 8.2 billion are CCP-eligible[22]), EUR 10.1 billion in other assets also eligible at the ECB and EUR 1.8 billion in other liquid bonds.

Note that during 2017 Belfius created a retained Residential Mortgage Backed Security, Penates VI, for a total of EUR 6.0 billion. Penates IV was called and these transactions had a positive impact on the liquidity buffer of over EUR 3.6 billion.

These liquidity reserves represent 4.7 times Belfius' institutional funding outstanding at the end of 2017 and having a remaining maturity of less than one year.

Funding diversification at Belfius Bank

Belfius Bank has a historical stable volume of commercial funding that comes from its RC and PC customers. Seeing the reduction of wholesale funding, this source of funding represents an increasing part of total funding of Belfius Bank. RC and PC funding equals EUR 86.7 billion of which EUR 63.8 billion is from RC. The increase of EUR 1.6 billion commercial funding compared to 2016 is used to finance the increase of commercial loans.

The loan-to-deposit ratio, which indicates the proportion between assets and liabilities of the commercial balance sheet, was 92% at the end of 2017.

Belfius Bank also receives medium-to-long-term wholesale funding, including EUR 7.2 billion from covered bonds (EUR 4.9 billion backed by mortgage loans and EUR 2.3 billion by public sector loans), ABS issued for EUR 0.5 billion and EUR 4.0 billion in TLTRO[23] funding from the ECB as at 31 December 2017.

Note that during 2017 Belfius Bank issued its first non-preferred senior notes after Belgian law was voted. These non-preferred senior bonds of EUR 1.25 billion have enabled Belfius to further contribute to the new expected regulatory requirement of MREL.

The remainder of Belfius' funding requirements comes from institutional short-term deposits (treasury) mainly obtained through the placement of certificates of deposit and commercial paper.

Next to that, Belfius Bank also has a historical bond portfolio, including an ALM portfolio for liquidity management purposes, with highly liquid assets.

As a result of derivative contracts to cover interest rate risk of its activities, Belfius Bank has an outstanding position in derivatives for which collateral must be posted and is being received (cash and securities collateral). Against the background of historical low interest rates, in net terms, Belfius Bank posts more collateral than it receives.

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[22] CCP = central counterparties.

[23] Targeted Long-Term Refinancing Operations.

Encumbered assets

According to Belfius' current interpretation of the European Banking Authority guideline on the matter, the encumbered assets at Belfius Bank level amount to EUR 31.1 billion at the end of 2017 and represent 20.4% of total bank balance sheet and collateral received under securities format, which amounts to EUR 152.5 billion (EUR 148.9 billion assets and EUR 3.6 billion collateral received). This represents a decrease of the encumbrance ratio of 2.1% compared to the end of 2016.

Belfius is active on the covered bond market since the set-up of the first covered bond programme in 2012. At the end of 2017, the total amount issued was EUR 7.2 billion. An amount of EUR 1.25 billion matured during the last quarter of 2017 and has not been rolled. At the end of 2017, the assets encumbered for this funding source are composed of commercial loans (public sector and mortgage loans) and amount to EUR 9.1 billion (decrease of EUR 1.5 billion compared to the end of 2016).

Belfius is also collecting funding through repo markets for a limited amount and other collateralised deposits. At the end of 2017, the total amount of assets used as collateral for this activity amounts to EUR 5.6 billion, of which EUR 4.4 billion linked to the ECB funding. It is worth mentioning that, during the first quarter of 2017, the volume of assets encumbered for the ECB funding increased with EUR 1.1 billion. The TLTRO II funding increased with EUR 1.0 billion to 4.0 billion during the first quarter of 2017.

Since 2017 and in the context of the management of its liquidity buffer, Belfius is also active in securities lending transactions under agreed Global Master Securities Lending Agreements (GMSLA). This activity generates EUR 1.6 billion of encumbered assets.

The balance of encumbered assets is mainly linked to collateral pledged (gross of collateral received) for the derivatives exposures for EUR 13.6 billion (decrease of EUR 5 billion compared to the end of 2016), under the form of cash or securities. A significant part of collateral pledged is financed through collateral received from other counterparties with whom the Bank concluded derivatives in the opposite direction.

Regarding the "Other assets" (unencumbered) on balance sheet, they are mainly composed of assets not available for encumbrance such as derivatives value, fair value revaluation of portfolio hedge and tax assets.

9 Ratings

At 31 December 2017, Belfius Bank had the following ratings:

	Long-term rating	**Outlook**	**Short-term rating**
Fitch	A-	Stable	F2
Moody's	A2	Positive	Prime-1
Standard and Poor's	A-	Stable	A-2

10 Other information

The Issuer is not dependent on any of its subsidiaries, save for Belfius Insurance SA/NV. Belfius Insurance SA/NV holds the licenses required for insurance undertakings, and Belfius Bank consequently relies on it for the insurance activities carried out by it.

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

There are no arrangements known to Belfius Bank, the operation of which may at a subsequent date result in a change of control of Belfius Bank.

11 Litigation

Belfius (Belfius Bank and its consolidated subsidiaries) is involved as a party in a number of litigations in Belgium, arising in the ordinary course of its business activities, including those where it is acting as an insurer, capital and credit provider, employer, investor and tax payer.

In accordance with IFRS, Belfius makes provisions for such litigations when, in the opinion of its management, after analysis by its company lawyers and external legal advisors as the case may be, it is probable that Belfius will have to make a payment and when the amount of such payment can be reasonably determined.

With respect to certain other litigations against Belfius of which management is aware (and for which, according to the principles outlined above, no provision has been made), management is of the opinion, after due consideration of appropriate advice, that, while it is often not feasible to predict or determine the ultimate outcome of all pending litigations, such litigations are without legal merit, can be successfully defended or that the outcome of these actions is not expected to result in a significant loss.

The most important cases are listed below, regardless of whether a provision has been made or not. Their description does not deal with elements or evolutions that do not have an impact on the position of Belfius. If the cases listed below were to be successful for the opposite parties, they could eventually result in monetary consequences for Belfius. Such impact remains unquantifiable at this stage.

Housing Fund of the Brussels Capital Region

On 9 October 2012, the Housing Fund of the Brussels Capital Region (*Woningfonds van het Brussels Hoofdstedelijk Gewest/Fonds du Logement de la Région de Bruxelles-Capitale*) summoned Belfius Bank before the Brussels Commercial Court. The Housing Fund subscribed for a total amount of EUR 32,000,000 to four treasury notes issued by Municipal Holding (*Gemeentelijke Holding/Holding Communal*), placed by Belfius acting as dealer under the Municipal Holding commercial paper programme, between July and September 2011 (Commercial Paper programme). Due to severe financial difficulties encountered by the Municipal Holding, the Housing Fund granted a voluntary waiver to the Municipal Holding on 24 November 2011 and received repayment for EUR 16,000,000. The Municipal Holding entered into liquidation in December 2011. Due to the intervention of Belfius as dealer of the treasury notes, the Housing Fund demands the payment by Belfius Bank of the non-repaid capital. As the loss incurred on this investment is the result of a voluntary waiver of the claim by the Housing Fund, which matches half of the investment, Belfius Bank rejects the demand from the Housing Fund.

On 27 March 2014, the Brussels Commercial Court accepted the claim application by the Housing Fund, but declared it unfounded. The Housing Fund lodged an appeal against this judgement on 3 June 2014.

There was no significant evolution in this claim during 2016 and 2017. The date of the hearings is not yet known.

No provision has been made for this claim.

BBTK[24] and ACLVB[25]

On 8 May 2014, two trade unions within Belfius Bank, BBTK and ACLVB, summoned Belfius Bank before the Brussels Labour Court. They demanded the annulment of the collective bargaining agreements ("**CBA**") that Belfius Bank signed in 2013 with two other trade unions of the Bank.

On 8 June 2017, the Labour Court decided in an intermediary judgement that:

[24] Bond van bedienden, technici en kaders.

[25] Algemene Centrale der Liberale Vakbonden van België.

- the CBA may validly be signed by only one trade union, even though it modifies an older CBA concluded with other (more) trade unions;
- Belfius did not violate the unions' rights to collective bargaining; and
- the final registered CBA "Belfius 2016" (as opposed to the initial version of the CBA Belfius tried to register just before) did however not respect some formalities imposed by the legislation regarding CBA and for that reason, it was declared relatively null by the Labour Court.

On 4 July 2017, Belfius has registered the initial version of the CBA with the competent Federal Authority (FOD WASO/SPF ETCS) which contain the abovementioned legal formalities as decided by the Labour Court.

On 8 December 2017, the Labour Court decided in a final judgment that the unions' claims are not admissible. After this judgment, both unions BBTK and ACLVB have confirmed to Belfius that they will not appeal this Labour Court's final judgment. Given the relative nullity of the first registered CBA as stated in the judgment of 8 June 2017, it cannot be fully ruled out that current and/or former employees of Belfius Bank could still individually claim the application of the previous CBA in new court proceedings. Belfius is of the opinion that the chances of success and consequences for Belfius of such proceedings would not be material, given, among other, the registration of the initial version of the CBA on 4 July 2017.

Arco – Cooperative shareholders

Various parties, including Belfius Bank, have been summoned by Arco – Cooperative shareholders in two separate procedures, i.e., one procedure before the Dutch-speaking Commercial Court of Brussels and another procedure before the Court of First Instance of Antwerp, Section Turnhout.

On 30 September 2014, 737 shareholders from three companies of the Arco Group (Arcopar, Arcoplus and Arcofin) initiated proceedings against the Arco entities and Belfius Bank before the Dutch-speaking Commercial Court of Brussels (the "**Brussels Proceedings**"). On 19 December 2014, 1,027 additional shareholders of the Arco entities joined in the Brussels Proceedings. On 15 January 2016, 405 additional shareholders of the Arco entities joined the Brussels Proceedings, resulting in a total of 2,169 plaintiffs. The plaintiffs have requested that the Brussels Court rule, among other things, that:

- the agreements by virtue of which they became shareholders of the relevant Arco entities are null and void;
- the defendants should, jointly and severally, reimburse the plaintiffs for their financial contribution in these entities plus interest; and
- the defendants are liable for certain additional damages to the plaintiffs. The financial contribution of the 2,169 plaintiffs for which reimbursement is sought amounted to approximately EUR 6.5 million (in principal amount) as at the date of this Prospectus.

The plaintiffs' claims in the Brussels Proceedings are based on allegations of fraud and/or error on the part of the Arco entities and Belfius Bank. In the alternative, the plaintiffs have argued that Belfius Bank breached its general duty of care as a normal and prudent banker. In relation to Belfius Bank, the plaintiffs have referred to certain letters and brochures allegedly containing misleading information issued by the predecessors of Belfius Bank. The Belgian State and the Chairman of the Management Board of the Arco entities are also defendants in the proceedings before the Commercial Court of Brussels. Belfius Bank needs to submit its first legal briefs on 16 August 2018 and the case will normally be pleaded during several pleading sessions in June 2021.

Separately from the abovementioned proceedings before the Commercial Court of Brussels, on 24 October 2016, three shareholders in Arcopar initiated court proceedings (the "**Turnhout Proceedings**") against Belfius Bank before the Court of First Instance of Antwerp, section Turnhout. The plaintiffs in the Turnhout Proceedings request that Belfius Bank is to be held liable to pay an "undetermined provisional amount

of EUR 2,100" per plaintiff plus interest and costs, because they claim that Belfius Bank misled them in subscribing to shares of Arcopar. As at the date of this Prospectus, the aggregate amount of the claims of the plaintiffs in the Turnhout Proceedings amounted to approximately EUR 6,300 (in principal amount). The plaintiffs base their claims upon promotional material that was distributed by the predecessors of Belfius Bank as well as the Arco entities and the former Belgian Christian collective of workers' associations (ACW). On 27 February 2017, Belfius Bank summoned Arcopar to intervene in the Turnhout Proceedings and to indemnify Belfius Bank for any amount for which it would be held liable towards the plaintiffs. In subsidiary order, the plaintiffs have also filed a claim against Arcopar and Belfius Bank requesting that their subscription of Arcopar shares is to be declared null and void. Belfius Bank needs to submit its final legal briefs on 22 June 2018.

Furthermore, on 7 February 2018, two cooperative shareholders summoned the Belgian State before the court of first instance of Brussels because they state that the Belgian State has made a fault by promising and introducing a guarantee scheme for shareholders of financial cooperative companies (like the Arco cooperative shareholders) which has been considered illicit state aid by the European Commission. These two plaintiffs also summoned Belfius Bank on 7 February 2018 to intervene in this procedure on a voluntary basis and claim compensation from Belfius Bank because they consider that Belfius Bank has made errors in the sale of the Arco shares. Groups of Arco-shareholders have now organised themselves via social media to mobilise other Arco shareholders to become claimant in this procedure. No hearings are scheduled as of yet. As a consequence, the plaintiffs in the Turnhout Proceedings demand the referral to this procedure.

No provision has been made for these claims because Belfius Bank is of the opinion that it has sufficient valid arguments to result in these claims being declared inadmissible and/or without merit.

Ethias

Belfius is party to a dispute with Ethias, the insurer of some of Belfius' pension plans. Ethias is currently managing one of Belfius' pension plans in a segregated fund, whereby 100% of the financial gains on the underlying assets are allocated to the plan according to a profit sharing agreement validly concluded between the parties. Ethias has claimed a significant increase in management costs which is not provided for in the existing agreements. Following Belfius' refusal to grant this increase, Ethias terminated the profit sharing agreement and threatened to transfer unilaterally the pension plan assets to Ethias' main fund. If that were to occur, the financial gains of the underlying assets would no longer be paid in full to the pension plan, and Belfius would be compelled to evaluate these assets based on Ethias' guaranteed rates (rather than at market value), which would have a negative impact of EUR 83 million on Belfius' other comprehensive income (OCI). In order to prevent this, Belfius summoned Ethias before the Court in Brussels in summary proceedings on 23 December 2016. Separately from the summary proceeding, Belfius also introduced a proceeding on the merit in the commercial court of Brussels on 12 January 2017.

On 18 January 2017, the Court in summary proceedings prohibited the transfer of the assets, subject to a penalty up to EUR 3 million, and ordered Ethias to continue allocating 100% of the financial gains to the segregated fund. Ethias appealed against the judgment before the Brussels Court of Appeal. On 20 June 2017, the Court again ruled against Ethias and maintained the prohibition on the transfer of the plan's assets. However, because summary proceedings do not allow an adjudication on the merit, the Court also ruled that Ethias was no longer required to allocate 100% of the financial gains to the pension plan, awaiting the judgment on the merit.

A first judgment on the merit is currently expected in the course of the first half of 2019. Based on clear and valid contractual stipulations, Belfius is of the opinion that Ethias may not:

- unilaterally increase the management costs;
- unilaterally de-segregate the pension plan; and
- terminate the profit sharing agreement.

Funding Loss

Belfius Bank is facing some legal actions regarding the issue of indemnities charged for funding losses incurred by Belfius Bank. The latter are charged to professional clients in the case of early repayment of professional credits. These indemnities are calculated in line with the current legal dispositions and the contractual framework of such loans to reflect the financial losses that are actually incurred by Belfius Bank in the case of early repayment of a professional credit. Belfius booked a provision to cover the potential adverse outcome of the active litigation proceedings for which it assesses to have a less strong case.

Investigation into Panama Papers

These paragraphs are mentioned for completeness only, although the matters below do not comprise a litigation. On 5 December 2017, a police search under the lead of an examining magistrate of Brussels (*onderzoeksrechter/ juge d'instruction*) took place at Belfius Bank's head office in the framework of the Belgian "Panama Papers" Parliamentary Commission. Belfius Bank was investigated as a witness and has not been accused of any wrongdoing. The scope of the investigation is to establish whether there are any violations of anti-money laundering obligations and to investigate the link between Belfius Bank (or its predecessors), and, amongst others, Experta and Dexia Banque International Luxembourg (i.e., former entities of the Dexia group).

To date, Belfius Bank did not receive any further information since the above mentioned police search.

12 Management and Supervision of Belfius Bank

Composition of the management board and the Board of Directors

1. Management Board

The Management Board currently has six members who have all acquired experience in the banking and financial sector. The members of the Management Board form a college.

As of the date of this Base Prospectus, the Management Board consists of the following six members:

Name	Position	Significant other functions performed outside Belfius Bank
Marc Raisière	Chairman	none
Dirk Gyselinck	Member	none
Eric Hermann	Member	none
Olivier Onclin	Member	none
Dirk Vanderschrick	Member	Chairman of the Management Board of Belfius Insurance
Johan Vankelecom	Member	none

The above members of the Management Board have their business address at 1210 Brussels, Place Charles Rogier 11, Belgium.

The Board of Directors has delegated all of its management powers to the Management Board set up from among its members. Such delegation of its powers does not extend to the determination of general policy, or to any other powers that are reserved pursuant to the Companies Code or to the Banking Law to the Board of Directors.

As a result, the Management Board is responsible for the effective management of Belfius Bank, directing and coordinating the activities of the various business lines and support departments within the framework of the objectives and general policy set by the Board of Directors.

The Management Board ensures that Belfius Bank's business activities are in line with the strategy, risk management and general policy set by the Board of Directors. It passes on relevant information to the Board of Directors to enable it to take informed decisions. It formulates proposals and advices to the Board of Directors with a view to define or improve Belfius Bank's general policy and strategy.

The members of the Management Board are required to carry out their duties in complete objectivity and independence.

Working under the supervision of the Board of Directors, the Management Board takes the necessary measures to ensure that Belfius Bank has a robust structure suited to Belfius Bank's organisation, including supervisory measures, with a view to guaranteeing the effective and prudent management of Belfius Bank in accordance with the Banking Law.

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

2. Board of Directors

Belfius Bank is managed by its Board of Directors, which is entitled to take any action the right to which is not expressly reserved to the General Meeting of Shareholders of Belfius Bank by law or the articles of association of Belfius Bank. In accordance with the Banking Law, the Board of Directors has delegated to the Management Board of Belfius Bank all such powers to the maximum extent permitted under Belgian law.

Pursuant to the articles of association of Belfius Bank, the Board of Directors of Belfius Bank is composed of a minimum of 5 members appointed for maximum terms of four years. The table below sets forth the names of the Directors, their position within Belfius Bank and the other significant functions they perform outside Belfius Bank.

The 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 Belfius Bank's best interest.

The business address for the members of the Board of Directors is 1210 Brussels, Place Charles Rogier 11, Belgium.

Composition as at the date of the Base Prospectus

As at the date of this Base Prospectus, the Board of Directors consists of 15 members, 6 of whom sit on the Management Board.

The Board of Directors, which is made up of professionals from a variety of industries, including the financial sector, has the expertise and experience required associated with Belfius Bank's various operating businesses.

Name	Position	Significant other functions performed outside Belfius Bank
Jozef Clijsters.....	Chairman of the Board of Directors of Belfius Bank	none

Name	Position	Significant other functions performed outside Belfius Bank
Marc Raisière	Chairman of the Management Board of Belfius Bank	none
Dirk Gyselinck	Member of the Management Board of Belfius Bank Responsible for Public & Corporate Banking, Financial Markets, Wealth Management	none
Eric Hermann	Member of the Management Board of Belfius Bank Chief Risk Officer	none
Olivier Onclin	Member of the Management Board of Belfius Bank Chief Operating Officer Responsible for Operations, IT, Purchasing & Facility Management and Organisation	none
Dirk Vanderschrick.....	Member of the Management Board of Belfius Bank Responsible for Retail and Commercial Banking	Chairman of the Management Board of Belfius Insurance
Johan Vankelecom.....	Member of the Management Board of Belfius Bank Chief Financial Officer Responsible for Financial Reporting, Research, Liquidity and Capital Management, Corporate Advisory, Asset and Liability Management, Legal and Tax	none
Paul Bodart.....	Member of the Board of Directors of Belfius Bank (Independent Director)	Professor in Financial Markets at the Solvay Business School
Jean-Pierre Delwart.....	Member of the Board of Directors of Belfius Bank (Independent Director)	Chairman of the Board of Directors of Solvac
Carine Doutrelepont.....	Member of the Board of Directors of Belfius Bank (Independent Director)	Lawyer and Full Professor at the Université Libre de Bruxelles (ULB)

Name	Position	Significant other functions performed outside Belfius Bank
Georges Hübner	Member of the Board of Directors of Belfius Bank (Independent Director)	Full Professor at HEC Liège and the Liège University and Associated Professor at the University of Maastricht, School of Business and Economics, Limburg Institute of Financial Economics
Diane Rosen	Member of the Board of Directors of Belfius Bank (Independent Director)	Finance Director of BAM Belgium SA
Chris Sunt.....	Member of the Board of Directors of Belfius Bank (Independent Director)	Lawyer
Lutgart Van Den Berghe.....	Member of the Board of Directors of Belfius Bank (Independent Director)	Executive Director at Guberna and Extraordinary Professor at the Vlerick Business School
Rudi Vander Vennet.....	Member of the Board of Directors of Belfius Bank (Independent Director)	Full Professor in Financial Economics and Banking at the University of Ghent (UG) and Lecturer Banking and Insurance at Solvay Business School (ULB)

There are no potential conflicts of interest between any duties to Belfius Bank of the members of the Board of Directors and their private interests and other duties.

Advisory committees set up by the Board of Directors

The Board of Directors of Belfius Bank has established various advisory committees to assist in its task, i.e., a Nomination Committee, a Remuneration Committee, an Audit Committee and a Risk Committee. These committees are exclusively composed of Non-Executive Directors. At least one member of each advisory committee, and the majority of the Audit Committee, is independent within the meaning of Article 526ter of the Companies Code. A Mediation Committee has also been established within the Belfius group.

There are no potential conflicts of interest between any duties to Belfius Bank of the members of any of the following advisory committees and their private interests and other duties.

3. Nomination committee

As of the date of this Base Prospectus, the Nomination Committee of Belfius Bank has the following membership:

Name	Position
Lutgart Van Den Berghe.....	Chairman – Director of Belfius Bank

Name	Position
Jozef Clijsters	Member – Chairman of the Board of Directors of Belfius Bank
Carine Doutrelepont	Member – Director of Belfius Bank
Johan Tack	Director of Belfius Insurance, invited as representative of Belfius Insurance

The members of the Nomination Committee have the required skills, on the basis of their education and professional experience, to give a competent and independent judgment on the composition and operation of Belfius Bank's management bodies, in particular on the individual and collective skills of their members and their integrity, reputation, independence of spirit and availability.

The Nomination Committee:

- identifies and recommends, for approval of the Shareholders Meeting or of the Board of Directors as the case may be, candidates suited to filling vacancies on the Board of Directors, evaluates the balance of knowledge, skills, diversity and experience within the Board of Directors, prepares a description of the roles and capabilities for a particular appointment and assesses the time commitment expected; the Nomination Committee also decides on a target for the representation of the underrepresented gender within the Board of Directors and prepares a policy on how to increase the number of underrepresented gender in order to meet that target;
- periodically, and at least annually, assesses the structure, size, composition and performance of the Board of Directors and makes recommendations to it with regard to any changes;
- periodically, and at least annually, assesses the knowledge, skills, experience, degree of involvement and in particular the attendance of members of the Board of Directors and advisory committees, both individually and collectively, and reports to the Board of Directors accordingly;
- periodically reviews the policies of the Board of Directors for selection and appointment of members of the Management Board, and makes recommendations to the Board of Directors;
- prepares proposals for the appointment or mandate renewal as the case may be of directors, members of the Management Board, the Chairman of the Board of Directors and the Chairman of the Management Board;
- assesses the aptitude of a director or a candidate director to meet the criteria set forth for being considered as an independent director;
- examines questions relating to problems with the succession of directors and members of the Management Board;
- establishes a general and specific profile for directors and members of the Management Board;
- ensures the application of provisions with regard to corporate governance;
- prepares proposals for amendments to the internal rules of the Board of Directors and the Management Board;
- assesses the governance memorandum and if necessary proposes amendments;
- checks observance of corporate values; and

- at least annually discusses and analyses the quantitative statement and qualitative analysis of communications regarding stress, burn-out and inappropriate behaviour at work and actions to be taken to remedy situations.

In performing its duties, the Nomination Committee ensures that decision-taking within the Board of Directors is not dominated by one person or a small group of persons, in a way which might be prejudicial to the interests of Belfius Bank as whole.

The Nomination Committee may use any type of resources that it considers to be appropriate to the performance of its task, including external advice, and receives appropriate funding to that end.

The Nomination Committee acts for Belfius Bank, Belfius Insurance, Corona and Belfius Investment Partners.

4. Remuneration committee

As of the date of this Base Prospectus, the Remuneration Committee of Belfius Bank has the following membership:

Name	**Position**
Lutgart Van Den Berghe.....	Chairman – Director of Belfius Bank
Jozef Clijsters.....	Member – Chairman of the Board of Directors of Belfius Bank
Carine Doutrelepont.....	Member – Director of Belfius Bank
Johan Tack	Director of Belfius Insurance, invited as representative of Belfius Insurance

The members of the Remuneration Committee have the required skills, on the basis of their education and professional experience, to give a competent and independent judgment on remuneration policies and practices and on the incentives created for managing risks, capital and liquidity of Belfius Bank.

In order to perform its tasks correctly, the Remuneration Committee interacts regularly with the Risk Committee and the Audit Committee.

The Risk Committee ensures that the Belfius group's risk management, capital requirements and liquidity position, as well as the probability and the spread in time of profit are correctly taken into consideration in decisions relating to remuneration policy.

The Audit Committee contributes to the establishment of objectives for the independent control function of the Auditor General.

The Remuneration Committee prepares the decisions of the Board of Directors by inter alia:

- Developing the remuneration policy, as well as making practical remuneration proposals for the chairman, the non-executive members of the Board of Directors and the members of the advisory committees under the Board of Directors. The Board of Directors submits these remuneration proposals to the General Meeting for approval.
- Developing the remuneration policy as well as making practical proposals for the remuneration of the chairman of the Management Board and, on his proposal, for the remuneration of the members of the Management Board. The Board of Directors then determines the remuneration of the chairman and the members of the Management Board.

- Providing advice about the proposals made by the chairman of the Management Board of Belfius Bank in relation to the severance remuneration for members of the Belfius Bank Management Board. On the proposal of the remuneration committee, the Board of Directors of Belfius Bank determines the severance remuneration of the chairman and members of the Belfius Bank Management Board.
- Advising the Board of Directors in relation to the remuneration policy for employees whose activity has a material impact on the risk profile of the Belfius group (known as "Identified Staff") and in relation to the compliance of the allocation of remuneration to Identified Staff with regard to the remuneration policy put in place for such people.
- Preparing the remuneration report approved by the Board of Directors and published in the annual report.
- Periodically checking to ensure that the remuneration programmes are achieving their objective and are in line with applicable conditions.
- Annually assessing the performance and objectives of the members of the Management Board.
- Providing an opinion of the elaboration of a global "Risk Gateway" in consultation with the Risk Committee, containing various levers applied at various points in the performance management cycle with an impact on determination of the variable remuneration.

The Remuneration Committee exercises direct supervision over the determination of objectives and remuneration of the individuals responsible for the independent control functions (Chief Risk Officer, General Auditor & the Compliance Officer).

The Remuneration Committee acts for both Belfius Bank, Belfius Insurance, Corona and Belfius Investment Partners.

5. Audit committee

As at the date of this Base Prospectus, the Audit Committee of Belfius Bank has the following membership:

Name	**Position**
Georges Hübner	Chairman Director of Belfius Bank
Paul Bodart.....	Member Director of Belfius Bank
Chris Sunt.....	Member Director of Belfius Bank

The majority of the members of the audit committee are independent within the meaning of Article 526ter of the Companies Code. Members of the audit committee have collective expertise in the field of the credit institution's operations as well as in the area of accounting and audit and at least one member of the audit committee is an expert in the field of accounting and/or audit.

The Audit Committee assists the Board of Directors in its task of carrying out prudential controls and exercising general supervision. The Audit Committee of Belfius Bank operates independently of the Audit Committee implemented at Belfius Insurance. However, the respective Audit Committees of Belfius Bank and Belfius Insurance meet jointly at least once a year. Additional joint meetings may be held at the request of the Chairman of the Audit Committee of Belfius Bank.

6. Risk Committee

As at the date of this Base Prospectus, the Risk Committee has the following membership:

Name	Position
Rudi Vander Vennet.....	Chairman Director of Belfius Bank
Georges Hübner	Member Director of Belfius Bank
Diane Rosen	Member Director of Belfius Bank
Chris Sunt.....	Member Director of Belfius Bank

The members of the Risk Committee have the individual expertise and professional experience required to define the strategy regarding risk and the level of risk appetite of Belfius Bank.

The Risk Committee has advisory powers and responsibilities with regard to the Board of Directors in the following areas:

- appetite and strategy regarding Belfius Bank's current and future risks, more particularly the effectiveness of the risk management function and the governance structure to support them;
- monitoring implementation of risk appetite and strategy by the Management Board;
- allocating the risk appetite to various categories of risks and defining the extent and limits of risk in order to manage and restrict major risks;
- considering the risks run by Belfius Bank with its customer tariffs.
- assessing activities which expose Belfius Bank to real risks;
- supervising requirements in terms of capital and liquidity, the capital base and Belfius Bank's liquidity situation;
- the guarantee that risks are proportional to Belfius Bank's capital;
- formulating an opinion with regard to major transactions and new proposals for strategy activities that have a significant impact on Belfius Bank's risk appetite;
- obtaining information and analysing management reports as to the extent and nature of the risks facing Belfius Bank; and
- monitoring the Internal Capital Adequacy Assessment Process (ICAAP) and the Recovery Plan.

The Risk Committee of Belfius Bank operates independently of the Risk and Underwriting Committee of Belfius Insurance. On the request of the Chairman of Belfius Bank's committee, a joint Risk Committee of Belfius Bank and Belfius Insurance may be held. To promote sound remuneration policy and practices, subject to the tasks of the Nomination Committee and the Remuneration Committee, the Risk Committee examines whether incentives in the remuneration system take proper account of the institution's risk management, equity requirements and liquidity position, as well as the probability and distribution of profit over time.

The Risk Committee and the Audit Committee periodically exchange information, in particular concerning the quarterly risk report, the management report on the assessment of internal control and the risk analyses performed by the Legal, Compliance and Audit Departments. The aim of this exchange of information is to enable the two committees to perform their tasks properly and to take the form of a joint meeting.

7. Mediation Committee

A Mediation Committee has been established within the Belfius group.

As at the date of this Base Prospectus, the Mediation Committee has the following membership:

Chairman	Jozef Clijsters Chairman of the Board of Directors of Belfius Bank and Belfius Insurance
Members	Jean-Pierre Delwart Independent Director Belfius Bank
	Johan Tack Independent Director Belfius Insurance

The Mediation Committee is responsible for passing opinions relating to material transactions or operations between, on the one hand, Belfius Bank and its subsidiaries and, on the other hand, Belfius Insurance and its subsidiaries, or between their respective subsidiaries. Such opinions are sent to the Board of Directors of the companies concerned, which will then take a definitive decision on the planned transaction or operation.

SELECTED FINANCIAL INFORMATION

1 Consolidated Balance Sheet

	Notes	31 December 2016	31 December 2017
Assets		*(in thousands of EUR)*	
Cash and balances with central banks	5.2.	5,111,050	10,236,669
Loans and advances due from banks	5.3.	22,002,553	14,121,427
Loans and advances to customers	5.4.	89,702,399	90,056,926
Investments held to maturity	5.5.	5,393,247	5,441,999
Financial assets available for sale	5.6.	18,819,789	17,982,597
Financial assets measured at fair value through profit or loss	5.7.	2,985,979	3,240,298
Derivatives	5.9.	25,307,222	20,303,034
Gain/loss on the hedged item in portfolio hedge of interest rate risk	5.9.	4,533,779	3,720,764
Investments in equity method companies	5.10.	97,044	31,481
Tangible fixed assets	5.11.	1,091,687	1,059,212
Intangible assets	5.12.	122,541	162,074
Goodwill	5.13.	103,966	103,966
Current tax assets		10,662	20,343
Deferred tax assets	5.14.	405,847	235,399
Other assets	5.15.	1,004,389	1,224,230
Non current assets (disposal group) held for sale and discontinued operations	5.16.	28,772	18,782
Total assets		**176,720,926**	**167,959,201**

	Notes	31 December 2016	31 December 2017
Liabilities		*(in thousands of EUR)*	
Due to banks	6.1.	12,581,830	11,109,893
Customer borrowings and deposits	6.2.	74,171,040	76,274,483
Debt securities	6.3.	23,981,430	22,027,063
Financial liabilities measured at fair value through profit or loss	6.4.	7,524,251	8,892,710
Technical provisions of insurance companies	6.5.	15,990,324	15,149,692
Derivatives	5.9.	29,572,521	21,264,032

	Notes	31 December 2016	31 December 2017
Gain/loss on the hedged item in portfolio hedge of interest rate risk	5.9.	207,474	105,017
Provisions and contingent liabilities	6.6.	412,243	425,300
Subordinated debts	6.7.	1,398,653	1,198,968
Current tax liabilities		60,609	51,351
Deferred tax liabilities	5.13.	272,877	176,964
Other liabilities	6.8.	1,535,952	1,762,321
Liabilities included in disposal group and discontinued operations		0	0
Total liabilities		**167,709,206**	**158,437,793**

	Notes	31 December 2016	31 December 2017
Equity		*(in thousands of EUR)*	
Subscribed capital		3,458,066	3,458,066
Additional paid-in capital		209,232	209,232
Treasury shares		0	0
Reserves and retained earnings		4,491,306	4,811,537
Net income for the period		535,229	605,502
Core shareholders' equity		**8,693,833**	**9,084,337**
Remeasurement available-for-sale reserve on securities		729,864	812,081
Frozen fair value of financial assets reclassified to loans and advances		(498,653)	(474,031)
Remeasurement defined benefit plan		86,990	112,998
Discretionary participation features of insurance contracts	6.5.	32,839	0
Other reserves		(33,326)	(14,147)
Gains and losses not recognised in the statement of income		**317,714**	**436,901**
Total shareholders' equity		**9,011,547**	**9,521,237**
Non-controlling interests		173	171
Total Equity		**9,011,720**	**9,521,408**
Total Liabilities and Equity		**176,720,926**	**167,959,201**

2 Consolidated Statement of Income

	Notes	31 December 2016	31 December 2017
		(in thousands of EUR)	
Interest income	7.1.	3,983,201	3,561,100
Interest expense	7.1.	(2,039,969)	(1,609,627)
Dividend income	7.2.	88,233	73,083
Net income from equity method companies	7.3.	5,018	4,195
Net income from financial instruments at fair value through profit or loss	7.4.	16,870	46,143
Net income on investments and liabilities	7.5.	115,710	173,958
Fee and commission income	7.6.	625,109	721,472
Fee and commission expense	7.6.	(117,639)	(168,809)
Technical result from insurance activities	7.7	(254,779)	(208,814)
Gross earned premiums		1,386,144	1,451,024
Other technical income and charges		(1,640,923)	(1,659,838)
Other income	7.8.	218,785	141,895
Other expense	7.9.	(381,267)	(379,913)
Income		**2,259,271**	**2,354,682**
Staff expense	7.10.	(580,201)	(562,324)
General and administrative expense	7.11.	(447,364)	(479,313)
Network costs		(265,994)	(243,300)
Depreciation and amortisation of fixed assets	7.12.	(72,722)	(83,672)
Expenses		**(1,366,281)**	**(1,368,608)**
Gross operating income		**892,990**	**986,074**
Impairments on financial instruments and provisions for credit commitments	7.13.	(115,969)	(33,013)
Impairments on tangible and intangible assets	7.14.	2,502	9,467
Impairments on goodwill	7.15.	0	0
Net income before tax		**779,524**	**962,528**
Current tax (expense) income	7.16.	(56,522)	(191,258)
Deferred tax (expense) income	7.16.	(187,750)	(165,749)
Net income after tax		**535,251**	**605,522**
Discontinued operations (net of tax)		0	0
Net income		**535,251**	**605,522**
Attributable to non-controlling interests		23	20
Attributable to equity holders of the parent		535,229	605,502

COMMON REPORTING STANDARD – EXCHANGE OF INFORMATION

Following recent international developments, the exchange of information is governed by the Common Reporting Standard ("**CRS**"). On 13 December 2017, the total of jurisdictions that have signed the multilateral competent authority agreement ("**MCAA**") amounts to 97. The MCAA is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications.

The MCAA entered into force in 2017 in 49 jurisdictions, including Belgium (the so-called early adopters). Income relating to income year 2016 were hence the first to be automatically exchanged by said early adopters. As of 2018, the MCAA will be applied by 53 additional jurisdictions.

Under CRS, financial institutions resident in a CRS country are required to report, according to a due diligence standard, financial information with respect to reportable accounts, which includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

On 9 December 2014, EU Member States adopted Directive 2014/107/EU on administrative cooperation in direct taxation ("**DAC2**"), which provides for mandatory automatic exchange of financial information as foreseen in CRS. DAC2 amends the previous Directive on administrative cooperation in direct taxation, Directive 2011/16/EU and replaces the EC Council Directive 2003/48EC on the taxation of savings income (commonly referred to as the "**Savings Directive**") as from 1 January 2016. Austria has been nonetheless allowed to exchange information under DAC2 as from 1 January 2017.

On 27 May 2015, Switzerland signed an agreement with the European Union in order to implement, as from 1 January 2017, an automatic exchange of information based on the CRS. This new agreement will replace the agreement on the taxation of savings that entered into force in 2005. The Belgian government has implemented DAC2 and the Common Reporting Standard, per the Law of 16 December 2015 regarding the exchange of information on financial accounts by Belgian financial institutions and by the Belgian tax administration, in the context of an automatic exchange of information on an international level and for tax purposes.

As a result of the Law of 16 December 2015, the mandatory automatic exchange of information applies in Belgium (i) as of income year 2016 (first information exchange in 2017) towards the EU Member States (including Austria, irrespective of the fact that the automatic exchange of information by Austria towards other EU Member States is only foreseen as of income year 2017), (ii) as of income year 2014 (first information exchange in 2016) towards the US and (iii), with respect to any other non-EU States that have signed the MCAA, as of income year 2016 (first information exchange in 2017) for a first list of 18 countries and as of income year 2017 (first information exchange in 2018) for a second list of 44 countries.

Investors who are in any doubt as to their position should consult their professional advisers.

THE PROPOSED EU FINANCIAL TRANSACTION TAX

Reference is made to the section entitled "Risk Factors" (in particular, see "*Investment Considerations relating to the business of Belfius Bank*") which includes information on the proposed EU Financial Transaction Tax (the "**FTT**") which, if adopted, could affect the taxation treatment of the Notes.

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 and is of a general nature based on the Issuer's understanding of current law and practice. This general description is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date. Investors should appreciate that, as a result of changing law or practice, the tax consequences may be otherwise than as stated below. Investors should consult their professional advisers on the possible tax consequences of subscribing for, purchasing, holding, selling or converting the Notes under the laws of their countries of citizenship, residence, ordinary residence or domicile.

1 Belgian Withholding tax

All payments by or on behalf of the Issuer of interest on the Notes are in principle subject to the 30% 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 Securities Settlement System operated by the National Bank of Belgium (the "**NBB**" and the "**Securities Settlement System**"). Euroclear, Clearstream, Luxembourg, SIX SIS and Monte Titoli are directly or indirectly Participants for this purpose.

Holding the Notes through the Securities Settlement 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 NBB 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 (i) and (iii) 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 paraétatiques"/"parastatalen*") for social security, or institutions which are assimilated therewith, provided for in article 105, 2º 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, 5º of the same decree;

(v) investment funds, recognised in the framework of pension savings, provided for in article 115 of the same decree;

(vi) taxpayers provided for in article 227, 2º 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 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 Securities Settlement 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 30% 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 ongoing declaration requirement to the Securities Settlement System as to the eligible status, save that they need to inform the Participant of any change in the information contained in the statement of their eligible status. However, Participants are requested to annually make declarations to the NBB as to the eligible status of each investor for whom they held Notes in an X-Account during the preceding calendar year.

An X Account may be opened with a Participant by an intermediary (an "**Intermediary**") in respect of 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 central securities depositaries, as defined by Article 2, §1, 1) of Regulation (EU) n° 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving

securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012, acting as Participants to the Securities Settlement System, provided that (i) they only hold X Accounts, (ii) they are able to identify the holders for whom they hold Notes in such account and (iii) the contractual rules agreed upon by these central securities depositaries acting as Participants include the contractual undertaking that their clients and account owners are all Eligible Investors.

Hence, these identification requirements do not apply to Notes held in Euroclear, Clearstream, Luxembourg, SIX SIS or Monte Titoli or any other central securities depository as Participants to the Securities Settlement System, provided that (i) Euroclear, Clearstream, Luxembourg, SIX SIS or Monte Titoli only hold X Accounts, (ii) they are able to identify the holders for whom they hold Notes in such account and (iii) the contractual rules agreed upon by these central securities depositaries include the contractual undertaking that their clients and account owners are all Eligible Investors.

In accordance with the Securities Settlement System, a Noteholder who is withdrawing Notes from an X 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 Securities Settlement System. As a condition of acceptance of the Notes into the Securities Settlement System, the Noteholders waive the right to claim such indemnity.

2 Belgian income tax and capital gains

2.1 Belgian resident individuals

Natural persons who are Belgian residents for tax purposes, i.e., who are subject to the Belgian personal income tax ("*personenbelasting"/"impôt des personnes physiques*") and who hold the Notes as a private investment, are subject to a withholding tax of 30% on interest payments. The withholding tax constitutes the final taxation; the interest on the Notes does not have to be declared in their personal income tax return, provided that the Belgian withholding tax of 30% has effectively been levied on the interest.

Nevertheless, Belgian resident individuals may elect to declare interest in respect of the Subordinated Notes in their personal income tax return. Interest income which is declared in this way will in principle be taxed at a flat rate of 30% (or at the relevant progressive personal income tax rate(s) taking into account the taxpayer's other declared income, whichever is more beneficial). The Belgian withholding tax levied may be credited.

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 (in which case the capital gain will be taxed at 33% plus local municipality surcharge) or unless (and to the extent that) the capital gains qualify as interest (as defined in section 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.

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 29%, plus a 2% crisis surcharge, i.e., 29.58%, as of assessment year 2019 linked to a taxable period starting at the earliest on 1 January 2018. Furthermore, small and medium-sized companies (as defined in Article 15, §§1-6 of the Belgian Companies Code) are taxable at the reduced

corporate income tax rate of 20.4% for the first EUR 100,000 of their taxable base. As of assessment year 2021 linked to a taxable period starting at the earliest on 1 January 2020, the corporate income tax rate will be reduced to 25%, and the reduced corporate income tax rate to 20%.

Capital losses realised upon the sale of the Notes are in principle tax deductible.

Other tax rules apply to investment companies within the meaning of Article 185bis of the Belgian Income Tax Code.

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 30% on interest payments. The withholding tax constitutes the final taxation.

Belgian legal entities which qualify as Eligible Investors (see section 1 entitled "Belgian Withholding Tax") and which consequently have received gross interest income are required to declare and pay the 30% 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 entitled "Belgian Withholding Tax"). Capital losses are in principle not tax deductible.

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, any Belgian withholding tax that has been levied can be credited against any corporate income tax due and any excess amount is in principle refundable.

2.5 Belgian non-residents

Noteholders who are not residents of Belgium for Belgian tax purposes, who are not holding the Notes through their permanent establishment in Belgium and who do not invest in the Notes in the context of their Belgian professional activity will not incur or 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.

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 if such transaction is either entered into or carried out in Belgium through a professional intermediary. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is 0.12% with a maximum amount of EUR 1,300 per transaction and per party and collected by the professional intermediary. The tax is due separately from each party to any such transaction, i.e. the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary.

The acquisition of Notes upon their issuance (primary market) is not subject to the tax on stock exchange transactions.

As from 1 January 2017, Belgian residents (individuals and legal entities) who undertake transactions via foreign intermediaries are also subject to the tax on stock exchange transactions. The Belgian resident must file a tax return and pay the tax due within two months after the transaction unless the foreign intermediary reported and paid the tax itself.

Following the Law of December 25, 2016, the scope of application of the tax on the stock exchange transactions has been extended as of January 1, 2017 to secondary market transactions of which the order is directly or indirectly made to a professional intermediary established outside of Belgium by (i) a private individual with habitual residence in Belgium or (ii) a legal entity for the account of its seat or establishment in Belgium (both referred to as a "**Belgian Investor**"). In such a scenario, the tax on the stock exchange transactions is due by the Belgian Investor, unless the Belgian Investor can demonstrate that the tax on the stock exchange transactions due has already been paid by the professional intermediary established outside of Belgium. In the latter case, the foreign professional intermediary also has to provide each client (which gives such intermediary an order) with a qualifying order statement (*bordereau/borderel*), at the latest on the business day after the day the transaction concerned was realised. The qualifying order statements must be numbered in series and a duplicate must be retained by the financial intermediary. The duplicate can be replaced by a qualifying agent day-today listing, numbered in series. Alternatively, professional intermediaries established outside of Belgium could appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities ("**Stock Exchange Tax Representative**"). Such Stock Exchange Tax Representative will then be liable toward the Belgian Treasury for the tax on stock exchange transactions on behalf of clients that fall within one of the aforementioned categories (provided that these clients do not qualify as exempt persons for stock exchange tax purposes – see below) and for complying with the reporting obligations and the obligations relating to the order statement *(bordereau/borderel*) in that respect. If such a Stock Exchange Tax Representative would have paid the tax on stock exchange transactions due, the Belgian Investor will, as per the above, no longer be the debtor of the tax on stock exchange transactions.

The tax referred to above will not 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.

As stated in the section entitled "Risk Factors" (in particular, see "*Investment Considerations relating to the business of Belfius Bank*"), on 14 February 2013 the EU Commission adopted the proposed FTT. The draft Directive currently stipulates that once the FTT enters into effect, the Participating Member States shall not maintain or introduce any taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into effect. The draft Directive is still subject to negotiation between the participating Member States and may, therefore, be further amended at any time.

4 Tax on securities accounts

Pursuant to the law of 7 February 2018 introducing a tax on securities accounts, a tax of 0.15% will be levied on the share of Belgian resident and non-resident individuals in the average value of the qualifying financial instruments (including but not limited to shares, notes and units of undertakings for collective investment) held on one or more securities accounts during a reference period of twelve consecutive months starting on 1 October and ending on 30 September of the subsequent year ("**Tax on Securities Accounts**"). The first reference period starts on the day of entry into effect of the Law (i.e., 10 March 2018) and ends on 30 September 2018.

No Tax on Securities Accounts will be due provided the holder's share in the average value of the qualifying financial instruments on those accounts amounts to less than EUR 500,000. If, however, the holder's share in the average value of the qualifying financial instruments on those accounts amounts to EUR 500,000 or more, the Tax on Securities Accounts will be due on the entire share of the holder in the average value of the qualifying financial instruments on those accounts (and, hence, not only on the part which exceeds the EUR 500,000 threshold).

Qualifying financial instruments held by non-resident individuals only fall within the scope of the Tax on Securities Accounts provided they are held on securities accounts with a financial intermediary established or located in Belgium. Note that pursuant to certain double tax treaties, Belgium has no right to tax capital. Hence, to the extent the Tax on Securities Accounts is viewed as a tax on capital within the meaning of these double tax treaties, treaty protection may, subject to certain conditions, be claimed.

A financial intermediary is defined as (i) a credit institution or a stockbroking firm as defined by Article 1, §2 and §3 of the Law of 25 April 2014 on the status and supervision of credit institutions and investment companies and (ii) the investment companies as defined by Article 3, §1 of the Law of 25 October 2016 on access to the activity of investment services and on the legal status and supervision of portfolio management and investment advice companies, which are, pursuant to national law, admitted to hold financial instruments for the account of customers.

The Tax on Securities Accounts is in principle due by the financial intermediary established or located in Belgium if (i) the holder's share in the average value of the qualifying financial instruments held on one or more securities accounts with said intermediary amounts to EUR 500,000 or more or (ii) the holder instructed the financial intermediary to levy the Tax on Securities Accounts due (e.g. in case such holder holds qualifying financial instruments on several securities accounts held with multiple intermediaries of which the average value does not amount to EUR 500,000 or more, but of which the holder's share in the total average value of these accounts amounts to at least EUR 500,000). Otherwise, the Tax on Securities Accounts would have to be declared and would be due by the holder itself unless the holder provides evidence that the Tax on Securities Accounts has already been withheld, declared and paid by an intermediary which is not established or located in Belgium. In that respect, intermediaries located or established outside of Belgium could appoint a Tax on the Securities Accounts representative in Belgium, subject to certain conditions and formalities ("**Tax on the Securities Accounts Representative**"). Such a Tax on the Securities Accounts Representative will then be liable towards the Belgian Treasury for the Tax on the Securities Accounts due and for complying with certain reporting obligations in that respect.

Belgian resident individuals will have to report in their annual income tax return various securities accounts held with one or more financial intermediaries of which they are considered as a holder within the meaning of the Tax on Securities Accounts. Non-resident individuals have to report in their annual Belgian non-resident income tax return various securities accounts held with one or more financial intermediaries established or located in Belgium of which they are considered as a holder within the meaning of the Tax on Securities Accounts.

Prospective investors are urged to consult their own tax advisors as to the tax consequences of the application of this new tax on their investment in Notes.

LUXEMBOURGIAN TAXATION ON THE NOTES

The comments below are intended as a basic summary of certain withholding 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.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature refers to Luxembourg tax law and/or concepts only.

A holder of the Notes may not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery and/or enforcement of the Notes.

Withholding tax and Self-Applied Tax

Under Luxembourg tax law currently in force and with the possible exception of interest paid to certain Luxembourg resident individual Noteholders, 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 Luxembourg resident individual Noteholders, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

In accordance with the law of 23 December 2005 as amended on the introduction of a withholding tax on certain interest payments on savings income (the "**Law**"), interest payments made by an economic operator located in Luxembourg that would qualify as a "paying agent", for the purposes of the law of 23 July 2016 repealing the Luxembourg law of 21 June 2005 transposing the Council Directive 2003/48/EC of 3 June 2003 (the **Savings Directive**) and amending the Law, as applicable as from 1st January 2016, to or for the benefit of Luxembourg resident individuals are subject to a 20% withholding tax.

Pursuant to the Law, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 20% tax (the "**Levy**") on interest payments made by paying agents 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 certain dependent or associated states or territories of certain EU Member States.

Such withholding tax as described above or the Levy is in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth who does not hold the Notes as business assets.

Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent.

SUBSCRIPTION AND SALE

Pursuant to an Amended and Restated Distribution Agreement dated on or about 14 May 2018 (the "**Distribution Agreement**") between Belfius Bank, the Dealers and the Arranger and subject to the conditions contained therein, the Dealers have agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase 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 Bank will pay each relevant Dealer a commission in respect of Notes subscribed by them. Belfius Bank has agreed to reimburse the Arranger for certain of its 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 applicable Final Terms.

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 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 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 its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. If any of the Dealers or their affiliates has a lending relationship with the Issuer, certain of the Dealers or their affiliates routinely hedge, and certain other of those Dealers or their affiliates may hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such 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

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any U.S. state securities laws and, unless so registered, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each of the Dealers and Belfius Bank has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Distribution Agreement, it

has not offered, 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 Issuer, by the Fiscal 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.

Prohibition of sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", the Issuer will request each Dealer to represent and agree, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(b) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(c) not a qualified investor as defined in the Prospectus Directive.

For the purposes of the provision above, the expression "offer" in relation to any Notes 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 any Notes.

Prohibition of sales to consumers in Belgium

The Notes are not intended to be offered, sold or otherwise made available, and will not be offered, sold or otherwise made available, in Belgium to "consumers" (*consommateurs/consumenten*) within the meaning of the Belgian Code of Economic Law (*Code de droit économique/Wetboek van economisch recht*), as amended.

Public Offer Selling Restriction under the Prospectus Directive

If the Final Terms in respect of any Notes specify "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the relevant Final Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such 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 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 Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of 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 Directive 2010/73/EU), and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each of the Dealers and Belfius Bank has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes 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**");

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an 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 apply to Belfius Bank; and

(c) 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 in this section (*Subscription and Sale*) will apply.

Neither the Base Prospectus nor any other offering material related to the Notes will have been or will be notified to, and neither the Base 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.

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 and Belfius Bank has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any 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 Bank and the Dealers. Any such modification will be set out in a supplement to this Base Prospectus.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has severally but not jointly 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 Base Prospectus, any other offering material or any Final Terms in all cases at its own expense.

FORM OF FINAL TERMS

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

[MiFID II PRODUCT GOVERNANCE – Solely for the purposes of the product approval process of each Manufacturer (i.e., each person deemed a manufacturer for purposes of the EU Delegated Directive 2017/593, hereinafter referred to as a Manufacturer), the target market assessment in respect of the EMTN Notes as of the date hereof has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients [and retail clients] each as defined in Directive 2014/65/EU (as amended, "MiFID II"); (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate; [and (iii) the following channels for distribution of the Notes to retail clients are appropriate – investment advice, portfolio management, non-advised sales and pure execution services – subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable.] Any person subsequently offering, selling or recommending the Notes (a "Distributor") should take into consideration each Manufacturer's target market assessment. A distributor subject to MiFID II is, however, responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining a Manufacturer's target market assessment) and determining appropriate distribution channels.]

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC, as amended. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.]

PROHIBITION OF SALES TO CONSUMERS – The Notes are not intended to be offered, sold or otherwise made available, and will not be offered, sold or otherwise made available, in Belgium to "consumers" (*consommateurs/consumenten*) within the meaning of the Belgian Code of Economic Law (*Code de droit économique/Wetboek van economisch recht*), as amended.

Final Terms dated [●]

Belfius Bank SA/NV

Issue of [Aggregate Nominal Amount of Tranche]
[Title of Notes]

under the EUR 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 Base Prospectus dated 14 May 2018 [and the Base Prospectus Supplement[s] dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (as

amended, including by Directive 2010/73/EU and 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 Base Prospectus [as so supplemented].

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 14 May 2018 [and the Base Prospectus Supplement[s] dated [●]]. The Base Prospectus dated 14 May 2018 [and the Base Prospectus Supplement[s] dated [●]] [is]/[are] available for viewing at *www.bourse.lu* and at *www.belfius.com.* The Base Prospectus [and the supplement(s) to the Base Prospectus] [is] [are] available for inspection during normal business hours at the office of the Fiscal Agent [and the office of the Issuer].]

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

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "**Terms and Conditions**") set forth in the Base Prospectus 18 May 2017. 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) (as amended, including by Directive 2010/73/EU and 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 Base Prospectus dated 14 May 2018 [and the Supplement[s] to the Base Prospectus dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Terms and Conditions which are extracted from the Base Prospectus dated 18 May 2017. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the terms and conditions set forth in the Base Prospectus dated 18 May 2017 and the Base Prospectus dated 14 May 2018. [The Base Prospectus dated 14 May 2018 [, the supplement[s] to the Base Prospectus dated [●]] and the terms and conditions set forth in the Base Prospectus dated 18 May 2017 are available for inspection during normal business hours at the office of the Fiscal Agent and [the office of the Issuer].]]

(Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.)

1	(I)	Series Number:	[ ]
	[(II)	Tranche Number:	[ ]] *(delete if not applicable)*
	(III)	Date on which Notes become fungible	[Not Applicable] / [The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [*insert description of Series*] (ISIN: [ ]) on [[ ]] / [the Issue Date]/[with effect from the date that is 40 days following the Issue Date]]
2	Specified Currency or Currencies:		[ ]
3	Aggregate Nominal Amount:		[ ]
	[(I)]	Series:	[ ]
	[(II)	Tranche:	[ ]] *(delete if not applicable)*

4	Issue Price:		[ ]% of the Aggregate Nominal Amount [plus accrued interest from [ ] (*insert if Notes are fungible with a previous issue*)]
5	(I)	Specified Denomination(s):	[ ] [and integral multiples of [ ] in excess thereof up to and including [●]]. *(Note: No Notes may be issued which have a minimum denomination of less than EUR 100,000* (*or nearly equivalent amount in other currencies.*)
	(II)	Calculation Amount:	[ ]
6	(I)	Issue Date:	[ ]
	(II)	Interest Commencement Date:	[ ] / [Issue Date] / [Not applicable]
7	Maturity Date:		[Fixed maturity date: [ ] / [Interest Payment Date falling on or nearest to [ ] (*specify in this format for Floating Rate Notes or CMS-Linked Interest Notes*)]] / [No fixed maturity date: perpetual] *(Note: Subordinated Notes that are included in or count towards the Tier 2 capital of the Issuer will have a minimum maturity of five years or such other minimum maturity as required by the Applicable Banking Regulation.)*
8	Interest Basis:		[Not Applicable. The Notes do not bear any interest] [[ ]% Fixed Rate (Further particulars specified in Paragraph 14 of Part A of the Final Terms below)] [[*EURIBOR/LIBOR*] [+/- [*Margin*]] Floating Rate, Further particulars specified below] [CMS-Linked Interest Note] [Zero Coupon] [Range Accrual Note] [Resettable Note (Further particulars specified in Paragraph 15 of Part A of the Final Terms below)] *(include all which are relevant)*
9	Redemption/Payment Basis:		[Par Redemption] / [Specified Redemption Amount].
10	Change of Interest Basis:		[Applicable. Notes are [Fixed to Floating Rate Notes / Floating to Fixed Rate Notes]] / [Not Applicable]
11	Put/Call Options:		
	(I)	Call Option: (Condition 3(c))	[Applicable. Further details specified in Paragraph 19 of Part A of the Final Terms below] / [Not Applicable].
	(II)	Put Option: (Condition 3(d))	[Applicable. Further details specified in Paragraph 20 of Part A of the Final Terms below] / [Not Applicable].
12	(I)	Status of the Notes:	[Senior Preferred] / [Senior Non-Preferred] / [Subordinated] Notes
	(II)	Subordinated Notes	[Applicable] / [Not applicable]

(if Not applicable, delete the sub-paragraphs under this paragraph)

	• Condition 3(e) (Redemption upon Capital Disqualification Event)	[Applicable. Further details specified in Paragraph 23 of Part A of the Final Terms below] / [Not applicable]
	• Condition 6(d): Substitution and Variation	[Applicable] / [Not applicable]
(III)	Senior Non-Preferred Notes	[Applicable] / [Not applicable] *(if Not applicable, delete the sub-paragraphs under this paragraph)*
	• Condition 3(g) (Redemption of Senior Non-Preferred Notes upon the occurrence of a MREL/TLAC Disqualification Event)	[Applicable. Further details specified in Paragraph 23 of Part A of the Final Terms below] / [Not applicable]
	• Condition 6(d): Substitution and Variation	[Applicable] / [Not applicable]
(IV)	Date of any additional [Board] approval for issuance of Notes obtained:	[ ] [and [ ], respectively]] / [Not Applicable] *(specify if Notes require separate / new authorisation. Otherwise specify "Not Applicable")*
13	Method of distribution:	[Syndicated][Non-syndicated]

Provisions Relating to Interest (if any) Payable

14	**Fixed Rate Note Provisions**	[Applicable] / [Applicable for the Interest Periods specified below] / [Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(I)	Interest Periods to which Fixed Rate Note Provisions are applicable:	[All] / [Notes are Fixed to Floating Rate Notes, and Fixed Rate Note Provisions shall apply for the following Interest Periods: From and including [the Interest Commencement Date] to but excluding [ ][, from and including [ ] to but excluding [ ]…. and from and including [ ] to but excluding [ ]] / [Notes are Floating to Fixed Rate Notes, and Fixed Rate Note Provisions shall apply for the following Interest Periods: From and including [ ] to but excluding [ ][, from and including [ ] to but excluding [ ]…. and from and including [ ] to but excluding [ ]]. *(delete as appropriate)*
(II)	Step-Up Notes:	[Applicable] / [Not Applicable]

	(III)	Rate[(s)] of Interest:	[ ]% per annum [payable [annually/semi-annually/quarterly/monthly] in arrear] [for the period from [ ] to [ ]… and [ ]% per annum [payable [annually/semi-annually/quarterly/monthly] in arrear] for the period from [ ] to [ ]]
	(IV)	Interest Payment Date(s):	[Each [ ] and [ ], from and including [ ] up to and including [ ]] / [[*date*][, [*date*]…. and [*date*]] [Subject to adjustment in accordance with the Business Day Convention.]
	(V)	Interest Period Dates	[Each [ ] and [ ], from and including [ ] up to and including [ ]] / [[*date*][, [*date*]…. and [*date*]] [Subject to adjustment in accordance with the Business Day Convention.] / [Not subject to adjustment in accordance with the Business Day Convention.]
	(VI)	Business Day Convention:	[Following Business Day Convention]
	(VII)	Fixed Coupon Amount[(s)]:	[[ ] per Calculation Amount] / [Not Applicable]
	(VIII)	Broken Amount(s):	[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]] / [Not Applicable]
	(IX)	Day Count Fraction:	[Actual/Actual][Actual/Actual-ISDA]/[Actual/365(fixed)][Actual/360][360/360][Bond Basis][30E/360][Eurobond Basis][30E/360 (ISDA)]/[Actual/Actual (ICMA)]
	(X)	Determination Dates:	[[ ] in each year][Not applicable]
	(XI)	Business Centre(s):	[ ] / [Not Applicable]
15	**Resettable Note Provisions**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(I)	Initial Rate of Interest:	[ ]% per annum payable in arrear on each Resettable Note Interest Payment Date
	(II)	Resettable Note Interest Payment Date(s):	[Each [ ] and [ ], from and including [ ] up to and including [ ]] / [[*date*][, [*date*]…. and [*date*]] [Subject to adjustment in accordance with the Business Day Convention.]
	(III)	Interest Period Date(s):	[Each [ ] and [ ], from and including [ ] up to and including [ ]] / [[*date*][, [*date*]…. and [*date*]] [Subject to adjustment in accordance with the Business Day Convention.] / [Not subject to adjustment in accordance with the Business Day Convention.]
	(IV)	Business Day Convention:	[Following Business Day Convention] / [Modified Following Business Day Convention]
	(V)	First Margin:	[+/-] [ ]% per annum
	(VI)	Subsequent Margin:	[+/-] [ ]% per annum

	(VII)	Day Count Fraction:	[Actual/Actual] [Actual/Actual-ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual-ICMA]
	(VIII)	Determination Dates	[ ]
	(IX)	First Resettable Note Reset Date:	[ ]
	(X)	Second Resettable Note Reset Date:	[ ]
	(XI)	Subsequent Resettable Note Reset Date[s]:	[[ ], [ ], [ ]] / [Not Applicable]
	(XII)	Reset Determination Date[s]:	[[ ], [ ], [ ]] / [Not Applicable]
	(XIII)	Relevant Screen Page:	[[ ], [ ], [ ]] / [Not Applicable]
	(XIV)	Mid-Swap Rate	[Single Mid-Swap Rate] [Mean Mid-Swap Rate]
	(XV)	Mid-Swap Maturity:	[ ] / [Not Applicable]
	(XVI)	Business Centre(s):	[ ] / [Not Applicable]
16	**Floating Rate Note / CMS-Linked Interest Note Provisions**		[Applicable. The Notes are [Floating Rate Notes] / [CMS-Linked Interest Notes]] / [Applicable for the Interest Periods specified below] / [Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(I)	Interest Periods to which Floating Rate Note Provisions are applicable:	[All] / [Notes are Floating to Fixed Rate Notes, and Floating Rate Note Provisions shall apply for the following Interest Periods: From and including [the Interest Commencement Date] to but excluding [ ][, from and including [ ] to but excluding [ ]…. and from and including [ ] to but excluding [ ]] / [Notes are Fixed to Floating Rate Notes, and Floating Rate Note Provisions shall apply for the following Interest Periods: From and including [ ] to but excluding [ ][, from and including [ ] to but excluding [ ]…. and from and including [ ] to but excluding [ ]] / [Not Applicable, the Notes are CMS-Linked Interest Notes]. *(delete as appropriate)*
	(II)	Specified Interest Payment Dates:	Each [ ] and [ ], from and including [ ] up to and including [ ][, subject to adjustment in accordance with the Business Day Convention] / Not subject to any adjustment as the Business Day Convention in (IV) below is specified as Not Applicable (*Specify "Not Applicable" if fallback in Condition 2(m) applies*)
	(III)	Interest Period Dates:	[Not applicable] / [Each [ ] and [ ], from and including [ ] up to and including [ ]] (*Specify "Not Applicable" if fallback in Condition 2(m) applies*)
	(IV)	Business Day Convention:	[Following Business Day Convention] / [Modified Following Business Day Convention] / [Not Applicable] (*delete as appropriate*)

(V)	Business Centre(s):	[ ] / [Not Applicable]
(VI)	Reference Banks:	[ ]
(VII)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination] / [ISDA Determination] / [CMS-Linked Interest Notes provisions in paragraph (XI) below apply]
(VIII)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s):	[Calculation Agent][*name*]
(IX)	Screen Rate Determination:	[Applicable] / [Not Applicable] (*if Not applicable, delete the sub-paragraphs under this paragraph*)
	– Reference Rate:	[ ] /
	– Interest Determination Date(s):	[[*date*][, [*date*]…. and [*date*]] / [As specified in Condition 2(m)]
	– Relevant Screen Page:	[ ]
	– Margin:	[Not Applicable] / [[+/-][ ]% per annum[in respect of Interest Period from and including [the Interest Commencement Date] to but excluding [ ][, [[+/-][ ]% per annum from and including [ ] to but excluding [ ]…. and [[+/-][ ]% per annum from and including [ ] to but excluding [ ]]
	– Leverage:	[ ] / [Not Applicable]
(X)	ISDA Determination:	[Applicable] / [Not Applicable] (*if Not applicable, delete the sub-paragraphs under this paragraph*)
	– Floating Rate Option:	[ ]
	– Designated Maturity:	[ ]
	– Reset Date:	[*date*][, [*date*]…. and [*date*]
	– Margin:	[Not Applicable] / [[+/-][ ]% per annum[in respect of Interest Period from and including [the Interest Commencement Date] to but excluding [ ][, [[+/-][ ]% per annum from and including [ ] to but excluding [ ]…. and [[+/-][ ]% per annum from and including [ ] to but excluding [ ]]
	– Leverage:	[ ] / [Not Applicable]
(XI)	Linear interpolation	[Not Applicable/ Applicable – the Rate of Interest for the [long/ short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
(XII)	CMS-Linked Interest Notes:	[Applicable] / [Not Applicable]

(*if Not applicable, delete the sub-paragraphs under this paragraph*)

–	Reference Rate: (Condition 2(c)(iv))	[CMS Reference Rate] / [Leveraged CMS Reference Rate] / [CMS Reference Rate Spread] / [Leveraged CMS Reference Rate Spread] applies. (*delete as appropriate*)
–	CMS Rate:	[ ] / [CMS Rate 1 and CMS Rate 2] (*specify if CMS Reference Rate or Leveraged CMS Reference Rate are applicable, otherwise specify "CMS Rate 1 and CMS Rate 2".*)
–	CMS Rate 1:	[ ] / [Not Applicable] (*specify if CMS Reference Rate Spread or Leveraged CMS Reference Rate Spread are applicable, otherwise specify as "Not Applicable"*)
–	CMS Rate 2:	[ ] / [Not Applicable] (*specify if CMS Reference Rate Spread or Leveraged CMS Reference Rate Spread are applicable, otherwise specify as "Not Applicable"*)
–	Designated Maturity:	[ ][For [CMS Rate 1: [ ] and for CMS Rate 2[ ]]
–	Reference Currency:	[ ][For [CMS Rate 1: [ ] and for CMS Rate 2[ ]]
–	Interest Determination Date(s):	[ ][For [CMS Rate 1: [ ] and for CMS Rate 2[ ]] [Subject to adjustment in accordance with the Business Day Convention.]
–	Business Day Convention:	[Following Business Day Convention] / [Not subject to adjustment in accordance with the Business Day Convention.] (*delete as appropriate*)
–	Specified time:	[ ][For [CMS Rate 1: [ ] and for CMS Rate 2[ ]]
–	Relevant Screen Page:	[ ][For [CMS Rate 1: [ ] and for CMS Rate 2[ ]]
–	Margin:	[Not Applicable] / [[+/-][ ]% per annum[in respect of Interest Period from and including [the Interest Commencement Date] to but excluding [ ][, [[+/-][ ]% per annum from and including [ ] to but excluding [ ]…. and [[+/-][ ]% per annum from and including [ ] to but excluding [ ]]
–	Leverage:	[ ] / [Not Applicable]
(XIII)	Minimum Rate of Interest:	[ ]% / [Not Applicable]
(XIV)	Maximum Rate of Interest:	[ ]% / [Not Applicable]
(XV)	Day Count Fraction:	[Actual/Actual][Actual/Actual-ISDA]/[Actual/365(fixed)][Actual/360][30/360][360/360][Bond

			Basis][30E/360][Eurobond Basis][30E/360 (ISDA)]/[Actual/ Actual (ICMA)]
	(XVI)	Determination Date	[ ]
17	**Zero Coupon Note Provisions**		[Applicable] / [Not Applicable] (*if Not applicable, delete the sub-paragraphs under this paragraph*)
	(I)	Amortisation Yield:	[__]% per annum
	(II)	Day Count Fraction	[Actual/Actual][Actual/Actual-ISDA]/[Actual/365(fixed)][Actual/360][30/360][360/360][Bond Basis][30E/360][Eurobond Basis][30E/360 (ISDA)]/[Actual/ Actual (ICMA)]
	(III)	Determination Date	[ ]
18	**Range Accrual Provisions**		[Applicable] / [Not Applicable] (*if Not applicable, delete the sub-paragraphs under this paragraph*)
	(I)	Reference Rate:	[ ]
	(II)	Specified Rate:	[[ ]%]
	(III)	Upper Barrier:	[ ]
	(IV)	Lower Barrier:	[ ]
	(V)	Maximum Rate of Interest:	[ ]% / [Not Applicable]
	(VI)	Minimum Rate of Interest:	[ ]% / [Not Applicable]
	(VII)	Day Count Fraction:	[Actual/Actual][Actual/Actual-ISDA]/[Actual/365(fixed)][Actual/360][30/360][360/360][Bond Basis][30E/360][Eurobond Basis][30E/360 (ISDA)]/[Actual/ Actual (ICMA)]
	(VIII)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s):	[Calculation Agent][*name*]
	(IX)	Specified Interest Payment Dates:	Each [ ] and [ ], from and including [ ] up to and including [ ][, subject to adjustment in accordance with the Business Day Convention] / Not Applicable (*Specify "Not Applicable" if fallback in Condition 2(m) applies*)
	(X)	Interest Period Dates:	[Not applicable] / [Each [ ] and [ ], from and including [ ] up to and including [ ]] (*Specify "Not Applicable" if fallback in Condition 2(m) applies*)
	(XI)	Business Day Convention:	[Following Business Day Convention] / [Modified Following Business Day Convention] (*delete as appropriate*)
	(XII)	Business Centre(s):	[ ] / [Not Applicable]

	Provisions Relating to Redemption		
19	**Call Option (Condition 3(c))**		[Applicable]/[Not Applicable] (*if Not applicable, delete the sub-paragraphs under this paragraph*)
	(I)	Optional Redemption Date(s):	[ ] [Subject to adjustment in accordance with the Business Day Convention.]
	(II)	Business Day Convention:	[Following Business Day Convention] / [Modified Following Business Day Convention] (*delete as appropriate*)
	(III)	Redemption Amount (Call) of each Note:	[Specified Redemption Amount] / [Par Redemption]
	(IV)	Specified Fixed Percentage Rate:	[[ ]%] / [ ]% in respect of the Optional Redemption Date falling on [ ], [ ]% in respect of the Optional Redemption Date falling on [ ] / [Not Applicable]] (*Specify only if "Specified Redemption Amount" is selected. Note: the Specified Fixed Percentage Rate must be at least 100%*)
	(V)	If redeemable in part:	[Applicable]/[Not Applicable]
		(a) Minimum Nominal Redemption Amount:	[ ] / [Not Applicable]
		(b) Maximum Nominal Redemption Amount:	[ ] / [Not Applicable]
	(VI)	Notice period:	[ ]
20	**Put Option (Condition 3(d))**		[Applicable][Not Applicable] (*if Not applicable, delete the sub-paragraphs under this paragraph*)
	(I)	Optional Redemption Date(s):	[ ] [Subject to adjustment in accordance with the Business Day Convention.]
	(II)	Business Day Convention:	[Following Business Day Convention] / [Modified Following Business Day Convention] (*delete as appropriate*)
	(III)	Redemption Amount (Put) of each Note:	[Specified Redemption Amount] / [Par Redemption]
	(IV)	Specified Fixed Percentage Rate:	[[ ]%] / [Not Applicable]] (*Specify only if "Specified Redemption Amount" is selected. Note: the Specified Fixed Percentage Rate must be at least 100%*)
	(V)	Notice period:	[ ]
	(VI)	Address for Notices:	[Belfius Bank SA/NV Long Term Funding RT 05/35 Place Charles Rogier 11 1210 Brussels

			Belgium Tel.: +32 2 250 70 64 or +32 2 222 70 28 Fax: +32 2 222 24 16 E-mail: ltfunding@belfius.be] / [●] With a copy to: **[Belfius Bank SA/NV** Transaction Services Securities (Transaction Release and Custody Management) RT 06/22 Place Charles Rogier 11 1210 Brussels Belgium Tel.: +32 2 222 14 80 or +32 2 222 14 08 Fax: +32 2 285 10 87 E-mail: cmtransrelease@belfius.be; cmcustodymgt@belfius.be] / [●]
	(VII)	If redeemable in part:	[Applicable]/[Not Applicable]
		(a) Minimum Nominal Redemption Amount:	[ ] / [Not Applicable]
		(b) Maximum Nominal Redemption Amount:	[ ] / [Not Applicable]
21	**Final Redemption Amount of each Note**		[Specified Redemption Amount] / [Par Redemption]
	(I)	Specified Fixed Percentage Rate:	[[ ]%] / [Not Applicable]] (*Specify only if "Specified Redemption Amount" is selected. Note: the Specified Fixed Percentage Rate must be at least 100%*)
22	**Zero Coupon Note Redemption Amount of each Zero Coupon Note**		[Specified Redemption Amount] / [Par Redemption] / [Amortised Face Amount]
	(I)	Specified Fixed Percentage Rate:	[[ ]%] / [Not Applicable]] (*Specify only if "Specified Redemption Amount" is selected. Note: the Specified Fixed Percentage Rate must be at least 100%*)
23	**Early Redemption**		
	(I)	Tax Event Redemption Amount (Condition 3(f))	[Specified Redemption Amount] / [Par Redemption] / [Amortised Face Amount] / [Not Applicable] (*Note: the Specified Fixed Percentage Rate must be at least 100%*)
		(a) Specified Fixed Percentage Rate:	[[ ]%] / [Not Applicable]] (*Specify only if "Specified Redemption Amount" is selected. Note: the Specified Fixed Percentage Rate must be at least 100%*)
		(b) Amortisation Yield:	[[ ]%] / [Not Applicable]] (*Specify only if "Amortised Face Amount" is selected.*)

		(c) Day Count Fraction:	[Actual/Actual][Actual/Actual-ISDA]/[Actual/365(fixed)][Actual/360][30/360][360/360][Bond Basis][30E/360][Eurobond Basis][30E/360 (ISDA)]/[Actual/ Actual (ICMA)] (*Specify only if "Amortised Face Amount" is selected.*)
	(II)	Redemption upon the occurrence of a Tax Event (Condition 3(f))	Redemption [on any Interest Payment Date] / [on any Resettable Note Interest Payment Date] / [at any time] after the occurrence of a Tax Event which is continuing
	(III)	Capital Disqualification Event Early Redemption Price (Condition 3(e))	[Specified Redemption Amount, and the Specified Fixed Percentage Rate is [ ]%] / [Par Redemption] / [Not applicable] (*Note: the Specified Fixed Percentage Rate must be at least 100%)*
	(IV)	Redemption upon Capital Disqualification Event	Redemption [on any Interest Payment Date] / [on any Resettable Note Interest Payment Date] / [at any time] after the occurrence of a Capital Disqualification Event which is continuing
	(V)	MREL/TLAC Disqualification Event Early Redemption Price (Condition 3(g)):	[Specified Redemption Amount, and the Specified Fixed Percentage Rate is [ ]%] / [Par Redemption] / [Not applicable] *(Note: the Specified Fixed Percentage Rate must be at least 100%)*
	(VI)	Events of Default in respect of Senior Preferred Notes	Condition 11(b): [Applicable] / [Not Applicable] Condition 11(c): [Applicable] / [Not Applicable]
	(VII)	Event of Default Redemption Amount (Condition 11):	[Specified Redemption Amount] / [Par Redemption] / [Amortised Face Amount] (*Note: the Specified Fixed Percentage Rate must be at least 100%*)
		(a) Specified Fixed Percentage Rate:	[[ ]%] / [Not Applicable]] (*Specify only if "Specified Redemption Amount" is selected. Note: the Specified Fixed Percentage Rate must be at least 100%*)
		(b) Amortisation Yield:	[[ ]%] / [Not Applicable]] (*Specify only if "Amortised Face Amount" is selected.*)
		(c) Day Count Fraction:	[Actual/Actual][Actual/Actual-ISDA]/[Actual/365(fixed)][Actual/360][30/360][360/360][Bond Basis][30E/360][Eurobond Basis][30E/360 (ISDA)]/[Actual/ Actual (ICMA)] (*Specify only if "Amortised Face Amount" is selected.*)
24	**Target Early Redemption Event (Condition 3(h))**		[Applicable] / [Not Applicable] (*if Not applicable, delete the sub-paragraphs under this paragraph*)
	(I)	Target Level:	[[ ] per Calculation Amount] / [[ ]%]
	(II)	Target Early Redemption Amount:	[Specified Redemption Amount] / [Par Redemption]
	(III)	Specified Fixed Percentage Rate:	[[ ]%] / [Not Applicable]]

			(*Specify only if "Specified Redemption Amount" is selected. Note: the Specified Fixed Percentage Rate must be at least 100%*)
	(IV)	Target Determination Date(s):	[*date*][, [*date*]…. and [*date*]
	(V)	Target Determination Time	[ ]
	(VI)	Target Mandatory Early Redemption Date	[The Interest Payment Date following the Interest Determination Date on which the Target Early Redemption Event occurred][ ]
25	**Substitution (Condition 7)**		[Applicable] / [Not Applicable]
General Provisions Applicable to the Notes			
26	Business Day Jurisdictions for payments		[ ]

Signed on behalf of the Issuer:

By: .....
Duly authorised

PART B – OTHER INFORMATION

1 LISTING AND ADMISSION TO TRADING

(i) Admission to trading:	[Application has been made for the 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]] / [other stock exchange] / [Not Applicable.] (*Where documenting a fungible issue need to indicate that the original notes are already admitted to trading*.)
(ii) Earliest day of admission to trading:	[Application has been made for the Notes to be admitted to trading with effect from [ ].] / [On or around [ ].] / [Not applicable.]
(iii) Estimate of total expenses related to admission to trading:	[ ]

2 RATINGS

Ratings:	[The Notes to be issued have been specifically rated: [S & P: [ ]] [Moody's: [ ]] [Other: [ ]] [The Notes to be issued have not been specifically rated, but Notes of the type being issued under the Programme generally have been rated: [S & P: [ ]] [Moody's: [ ]] [Other: [ ]] *Insert one (or more) of the following options, as applicable*:[1] [*[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.]

[1] A list of registered Credit Rating Agencies is published on the ESMA website (http://www.esma.europa.eu/).

[Insert legal name of particular credit rating agency entity providing rating] is established in the EU and is neither registered nor has it applied for registration under Regulation (EC) No 1060/2009, as amended 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.)

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.] / [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 other services for, the Issuer and its affiliates in the ordinary course of business.]

4	***Fixed Rate Notes only* - YIELD**	[Not Applicable] *(if Not applicable, delete the sub-paragraph under this paragraph)*
	Indication of yield:	[ ]
5	***Floating Rate Notes or CMS-Linked Interest Notes only* – Historic Interest Rates**	[Not Applicable] *(if Not applicable, delete the sub-paragraph under this paragraph)*
	Details of historic [LIBOR][EURIBOR][CMS Rate] rates can be obtained from [*Reuters page]*	
6	***Range Accrual Notes only – Historic Reference Rates***	[Not Applicable]

(if Not applicable, delete the sub-paragraph under this paragraph)

Details of historic [LIBOR][EURIBOR][CMS Rate] rates can be obtained from [*Reuters page]*

7 OPERATIONAL INFORMATION

Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes] / [No]
ISIN Code:	[ ]
[Temporary ISIN Code:]	[ ]
Common Code:	[ ]
[Temporary Common Code:]	[ ]
[CFI:	[Not Applicable/[●]]
[FISN:	[Not Applicable/[●]]
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any):	[ ]
Name and address of Calculation Agent (if any):	[ ]
[Name and address of the operator of the Alternative Clearing System]	[ ]
[Relevant Benchmark[s]:	[Not Applicable]/[[*specify benchmark*] is provided by [*administrator legal name*]. As at the date hereof, [*administrator legal name*][appears]/[does not appear] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation.]/[As far as the Issuer is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of the Benchmark Regulation.]

8 DISTRIBUTION

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated:	
	(A) Names and addresses of Dealers and underwriting commitments:	[Not Applicable/*give names, addresses and underwriting commitments*]
	(B) Date of [Subscription] Agreement:	[●]
	(C) Stabilising Manager(s) if any:	[Not Applicable/*give name*]
(iii)	If non-syndicated, name and address of Dealer:	[Not Applicable/*give name and address*]
(iv)	Additional Selling Restrictions:	[Not applicable] / [*include details*] / [For the purpose of this issuance, the U.S. Selling Restrictions are deleted and replaced by the following selling restriction wording: "The Notes have not been and

		will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. Each relevant Dealer/Manager under this issuance has agreed that it will not offer or sell any Notes within the United States, except as permitted by the Distribution Agreement. The Notes are being offered and sold outside the United States in reliance on Regulation S. In addition, until 40 days after the commencement of the offering, an offer or sale of the relevant Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act."] [*Text to be included where Reg. S. Compliance Category 1 is selected*]
(v)	US Selling Restrictions (Categories of potential investors to which the Notes are offered):	[Reg. S Compliance [Category 1/Category 2]; TEFRA not applicable
(vi)	Prohibition of Sales to EEA Retail Investors	[Applicable / Not Applicable] (*If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.*)

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 of the Luxembourg Stock Exchange and to be admitted to trading on the Luxembourg Stock Exchange's regulated market.

2. Belfius Bank has obtained all necessary consents, approvals and authorisations in Belgium in connection with the issue and performance of the Notes. The update of the Programme by Belfius Bank was authorised by a resolution of the Management Board of Belfius Bank passed on 11 April 2018.

3. Belfius Bank is an Authorised European Institution and is included on the Credit Institution Register of the EBA.

4. Save as disclosed in the section headed "Description of the Issuer" of this Base Prospectus, there has been no material adverse change in the prospects of Belfius Bank on a consolidated basis since 31 December 2017. In addition, there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the prospects of Belfius Bank for the current financial year.

5. Save as disclosed in the section "Description of the Issuer" of this Base Prospectus, there has been no significant change in the financial or trading position of Belfius Bank since 31 December 2017.

6. Save as disclosed under the section "Description of the Issuer – Litigation", 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 twelve months preceding the date of this Base Prospectus which may have or have had in the recent past significant effects, on the financial position or profitability of Belfius Bank or any of its subsidiaries.

7. The Notes have been accepted for clearance through the Securities Settlement System operated by the National Bank of Belgium. 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 applicable Final Terms.

8. As at the date of this Base Prospectus, the address of the National Bank of Belgium (i.e., the operator of the Securities Settlement System) is Boulevard de Berlaimont 14, B-1000 Brussels, Belgium and the address of the operator of any Alternative Clearing System will be specified in the applicable Final Terms.

9. As at the date of this Base Prospectus, there are no material contracts entered into other than in the ordinary course of Belfius Bank's business, which could result in Belfius Bank being under an obligation or entitlement that is material to Belfius Bank's ability to meet its obligations to Noteholders in respect of the Notes being issued.

10. The issue price and the amount of the relevant Notes will be determined before filing of the applicable Final Terms of each Tranche, based on then prevailing market conditions.

11. For so long as Notes may be issued pursuant to this Base Prospectus, copies of the following documents will be available, during normal business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of Belfius Bank and each Paying Agent:

    (i) the articles of association of Belfius Bank;

    (ii) this Base Prospectus and any supplements and each Final Terms;

    (iii) the Agency Agreement; and

(iv) the annual report and audited annual accounts of Belfius Bank for the years ended 31 December 2016 and 31 December 2017, including the reports of the statutory auditors in respect thereof,

Copies of such documents may also be requested at the e-mail address which will be specified on the Issuer's website (www.belfius.com).

12. The audit of Belfius Bank's financial statements was conducted by Deloitte Reviseurs d'Entreprises SC s.f.d. SCRL, represented by Bart Dewael and Philip Maeyaert, Gateway building, Luchthaven Nationaal 1 J, 1930 Zaventem (members of IBR – IRE *Instituut der Bedrijfsrevisoren/lnstitut des Réviseurs d'Entreprises*) in relation to the audit of the consolidated financial statements of Belfius for the financial year ended 31 December 2016 and represented by Bernard De Meulemeester and Bart Dewael (members of IBR – IRE *Instituut der Bedrijfsrevisoren/lnstitut des Réviseurs d'Entreprises*) in relation to the audit of the consolidated financial statements of Belfius for the financial year ended 31 December 2017. They have rendered unqualified audit reports on the financial statements of Belfius Bank for the years ended 31 December 2016 and 2017.

13. Eligible Investors do not include, *inter alia*, Belgian resident investors who are individuals or certain non-profit making organisations.

14. The Base 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).

REGISTERED OFFICE OF BELFIUS BANK SA/NV

Until 28 May 2018

Boulevard Pachéco 44
B-1000 Brussels
Belgium

As from 28 May 2018

Place Charles Rogier 11
B-1210 Brussels
Belgium

DEALERS

Barclays Bank PLC
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Canary Wharf
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United Kingdom

Belfius Bank SA/NV
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B-1000 Brussels
Belgium

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

Commerzbank Aktiengesellschaft
Kaiserstrasse 16 (Kaiserplatz)
60311 Frankfurt am Main
Germany

Crédit Agricole Corporate and Investment Bank
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One Cabot Square
London E14 4QJ
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Canary Wharf
London E14 5JP
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United Kingdom

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United Kingdom

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29, boulevard Haussmann
75009 Paris
France

UBS Limited
5 Broadgate
London EC2M 2QS
United Kingdom

UniCredit Bank AG
Arabellastrasse 12
D-81925 Munich
Federal Republic of Germany

CALCULATION AGENT

Belfius Bank SA/NV

Until 28 May 2018

Boulevard Pachéco 44
B-1000 Brussels
Belgium

As from 28 May 2018

Place Charles Rogier 11
B-1210 Brussels
Belgium

FISCAL AGENT

Belfius Bank SA/NV

Until 28 May 2018

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B-1000 Brussels
Belgium

As from 28 May 2018

Place Charles Rogier 11
B-1210 Brussels
Belgium

PRINCIPAL PAYING AGENT

Belfius Bank SA/NV

Until 28 May 2018

Boulevard Pachéco 44
B-1000 Brussels
Belgium

As from 28 May 2018

Place Charles Rogier 11
B-1210 Brussels
Belgium

PAYING AGENT

Belfius Bank SA/NV

Until 28 May 2018

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B-1000 Brussels
Belgium

As from 28 May 2018

Place Charles Rogier 11
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Belgium

ARRANGER

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75009 Paris
France

LUXEMBOURG LISTING AGENT

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L-1470 Luxembourg
Luxembourg

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