



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

Euro 10,000,000,000

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

Under the Euro Medium Term Note Programme (the “**Programme**”) described in this base prospectus (the “**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 aggregate principal amount of Notes outstanding will not at any time exceed Euro 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 11 May 2015 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**”). 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 12 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 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. 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 Senior Notes may be eligible as ECB collateral. The Programme has been rated A- in respect of Senior Notes with a maturity of one year or more, A-2 in respect of Senior Notes with a maturity of less than one year, and BBB- in respect of Subordinated Notes by Standard & Poor’s Credit Market Services France SAS (“**Standard & Poor’s**”), and Baa1 in respect of Senior Notes and Ba2 in respect of 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 7 May 2015). 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.

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

Banco Bilbao Vizcaya Argentaria, S.A.
Belfius Bank
Citigroup
Crédit Agricole CIB
HSBC
Landesbank Baden-Württemberg
Nomura
The Royal Bank of Scotland
UniCredit Bank

Barclays
BNP PARIBAS
Commerzbank
Credit Suisse
J.P. Morgan
Morgan Stanley
Société Générale Corporate & Investment Banking
UBS Investment Bank

Base Prospectus dated 11 May 2015

Responsibility Statement

Belfius Bank accepts responsibility for the information contained in this Base Prospectus. 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.

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 (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

This 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.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the 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 (2003/71/EC), the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

The distribution of this 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. 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. For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see “Subscription and Sale”.

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

To the fullest extent permitted by law, none of the Dealers or the Arranger accept any responsibility for the contents of this 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.

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, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Managers) in accordance with all applicable laws and rules.

In this 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 financial condition and the results of its operations, 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, results of operations, financial condition or future prospectus 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 also read the detailed information set out elsewhere in this Base Prospectus (including any documents deemed to be incorporated in it by reference) and reach their own views prior to making any investment decision.

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, operational risk and market risk (including liquidity risk).

Risks related to the business of banks in general, including Belfius Bank

1. Credit risk

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

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

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

In order to control the general credit risk profile and to limit risk concentrations, credit risk limits are defined for each counterparty, fixing the maximum exposure to credit risk deemed acceptable for a given counterparty. Limits may also be imposed per economic sector and per product. The risk management department proactively monitors these limits, in relation to the evolution of the perception of risks run by Belfius Bank. In order to take more recent events into consideration, specific limits may be frozen at any time by the risk management department. Nonetheless, no assurance can be given that the strategy and framework to control the general credit risk profile and to limit risk concentrations will be effective and will not have an adverse effect on Belfius Bank's results of operations, financial conditions or prospects.

2. *Market risk*

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

3. *Operational risk*

Belfius Bank defines "operational risk" as the risk of financial or non-financial impact resulting from inadequate or failed internal processes, people and systems, or from external events. The definition includes legal, 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" (Bank for International Settlements, June 2011).

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

The operational risk management includes the collection of operational events (loss data), the organisation of yearly risk and control self-assessments, 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*

The liquidity risk at Belfius Bank is mainly affected by the following factors:

- the amounts of commercial funding 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 commercial loans;
- the volatility of the collateral that is frozen with counterparties as part of the framework of derivative and repo transactions (so called cash & securities collateral);
- the value of the liquid reserves by virtue of which Belfius Bank can collect funding on the repo market and/or from the European Central Bank;
- the capacity to obtain interbank and institutional funding.

Liquidity and Capital Management (LCM) within the Finance department of Belfius Bank is the front-line manager for the liquidity and capital requirements of Belfius Bank. It identifies, analyses, and reports, on current and future liquidity positions and risk, and then defines and coordinates the action needed to keep them in the right direction, under the operational responsibility of the Chief Financial Officer (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 balance sheet via the Asset and Liability Management direction and the Asset and Liability Committee, meaning that total balance sheet management comes under its operational responsibility.

LCM holds committee meetings each week attended by the CFO, the Risk Department, the Treasury department and the Retail and Commercial Business and Public and Wholesale Business lines. This committee implements the decisions taken by LCM in relation to obtaining short-term and long-term funding on the institutional market and in the commercial franchise.

LCM also monitors the funding plan to guarantee that Belfius Bank complies with its internal and regulatory liquidity ratios.

LCM reports on a daily and weekly basis to the Management Board 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 Guideline.

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.

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 European Central Bank (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**").
- The European Parliament and the Council of the European Union adopted on respectively 15 April 2014 and 6 May 2014 Directive 2014/59/EU 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 and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (the "**Bank Recovery and Resolution Directive**" or "**BRRD**"). The aim of the BRRD is to provide supervisory and resolution authorities, including the resolution college of the NBB within the meaning of Article 21ter of the Law of 22 February 1998 establishing the organic statute of the National Bank of Belgium, or any successor body or authority of the resolution college (including the SRB (as defined below)) (the "**National Resolution Authority**" and, together with the national resolution authorities of other participating Member States, the "**NRAs**"), with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses. Regulation (EU) No 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 Resolution Fund entered into force on 19 August 2014. From that moment, a centralised power of resolution has been established and entrusted to the Single Resolution Board (the "**SRB**"). Once operational, the SRB will work in close cooperation with the NRAs.

- 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 European Central Bank concerning policies relating to the prudential supervision of credit institutions. Under the SSM, the European Central Bank (ECB) will assume 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.
- 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 (including in respect of its resolution regime), into force on 7 May 2014.

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.

7. **Belgian banking law**

The Belgian Banking Law is based on the existing regulatory framework and implements into Belgian law (i) the CRD, as defined and explained in paragraph 8 (*Effective capital management and capital adequacy and liquidity requirements*) below, and (ii) the BRRD, as defined and explained in paragraph 9 (*European Resolution Regime*) below, other than insofar as it relates to the bail-in regime (which is scheduled to enter into force on 1 January 2016, subject to adoption of the relevant implementing rules).

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

In addition, the Lead Regulator (as defined in the Conditions) 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 National Bank of Belgium, (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 European Central Bank of certain supervisory responsibilities which were previously handled by the National Bank of Belgium and, in general, by the allocation of responsibilities between the European Central Bank and the National Bank of Belgium.

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.

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. Among other things, 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 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 per cent. 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. 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) applies 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 European Central Bank 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 National Bank of Belgium. 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 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 may result in existing Tier 1 and Tier 2 securities issued by Belfius Bank ceasing to count towards Belfius Bank's regulatory capital, either at the same level as present or at all. The requirement to raise additional 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.

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 BRRD) (including 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 financial institution and/or to convert certain debt claims (which could be 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.

10. *Belgian bank recovery and resolution regime*

BRRD had been transposed into Belgian law as from 3 March 2015. Under the Belgian bank recovery and resolution regime, the supervisory and resolution authorities, which includes the National Resolution Authority, are able to take a number of measures in respect of any credit institution it supervises 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 allows the National Resolution Authority to take resolution actions (in which respect please 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 impaired or problem assets to a bridge institution or one or more asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down.

In addition, the Belgian Banking Law grants a “bail in” power to the National Resolution Authority as set out in paragraph 9 (*European Resolution Regime*) above). These bail-in powers will, at the earliest, enter into force on 1 January 2016.

Subject to certain exceptions, as soon as any of these proposed proceedings have been initiated by the National 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 new law 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 National 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. Note that 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 that, 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. 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 business 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;
- A continued market downturn or further worsening of the economy could cause Belfius Bank to incur mark-to-market losses in some of its portfolios; and

- A continued market downturn would be likely to lead to a decline in the volume of transactions that Belfius Bank executes for its customers and, therefore, lead to a decline in the income it receives from fees and commissions and interest.

All of the above could in turn affect Belfius Bank's ability to meet its payments under the Notes.

2. *Current market conditions and recent developments*

Sustained actions by the monetary authorities in both the United States and the Eurozone have created the conditions necessary to achieve stability in the financial system and to permit the start of an economic recovery. By injecting money into the economy and by creating proper financing systems, substitutes for the interbank market have been created and confidence within the banking system is being restored. The creation of a banking union in the European Union and the subsequent requirements imposed upon financial institutions by that banking union is expected to further strengthen the confidence in the stability of the financial systems. However, financial institutions can still be forced to seek additional capital, merge with larger and stronger institutions and, in some cases, be resolved in an organised manner.

The capital and credit markets have experienced a reduction in the volatility and disruption it has experienced over past years. In some cases, this has resulted in upward pressure on stock prices and bonds, and has also resulted in increased business and consumer confidence. Subsequently, the economy has left a period of distress and entered a phase of low economic growth and low interest rates. However, should the economy fall back into recession then it cannot be excluded that a lack of confidence, increased volatility in the financial markets and reduced business activity may materially and adversely affect the Issuer's business, financial condition and operational results, which could in turn 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 and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other countries. There can be no assurance that current events in Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have any other adverse effect. The profitability of Belfius Bank's businesses could, therefore, be adversely affected by a worsening of general economic conditions in its markets, as well as by foreign and domestic trading market conditions and/or related factors, including governmental policies and initiatives. An economic downturn or significantly higher interest rates could increase the risk that a greater number of Belfius Bank's customers would default on their loans or other obligations to Belfius Bank, or would refrain from seeking additional borrowing. As Belfius Bank currently conducts the majority of its business in Belgium, its performance is influenced by the level and cyclical nature of business activity in this country, which is in turn affected by both domestic and international economic and political events. There can be no assurance that a lasting weakening in the Belgian economy will not have a material adverse effect on Belfius Bank's future results.

4. *A downgrade in the credit rating*

The rating agencies, Standard & Poor's, Moody's and Fitch Ratings, use ratings to assess whether a potential borrower will be able in the future to meet its credit commitments as agreed. A major element in the rating for this purpose is an appraisal of the company's net assets, financial position and earnings

performance. 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 the most important subsidiaries. A downgrading or the mere possibility of a downgrading of the rating of Belfius Bank or one of its subsidiaries might have adverse effects on the relationship with customers and on the sales of the products and services of the company in question. In this way, new business could suffer, Belfius Bank's competitiveness in the market might be reduced, and its funding costs would increase substantially. A downgrading of the rating would also have adverse effects on the costs to Belfius Bank of raising equity and borrowed funds and might lead to new liabilities arising or to existing liabilities being called that are dependent upon a given rating being maintained. It could also happen that, after a downgrading, Belfius Bank would have to provide additional collateral for derivative transactions in connection with rating-based collateral arrangements. If the rating of Belfius Bank were to fall within reach of the non-investment grade category, it would suffer considerably. In turn, this would have an adverse effect on Belfius Bank's ability to be active in certain business areas.

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**").

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.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016. The FTT, as initially implemented on this basis, may not apply to dealings in the Notes.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such taxation is uncertain. Additional EU Member States may decide to

participate. Given the lack of certainty surrounding the proposals and their implementation, it is not possible to predict what effect the proposed FTT might have on the business of Belfius Bank; it could materially adversely affect the business of Belfius Bank.

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

7. *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 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 per cent. 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, need 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. These general liens entered into force on 3 March 2015. 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 Notes and (ii) ahead of the claims of the holders of 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 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 BRRD and the Belgian Banking Law, the National 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 National 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 National 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 National 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 National 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 National Resolution Authority determines that unless the write-down or conversion power is exercised in relation to the Subordinated Notes, Belfius Bank 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 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 National 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*

Following 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 National Resolution Authority of the “bail-in” resolution tool.

The bail-in regime is expected to enter into force in Belgium on 1 January 2016, subject to adoption of the relevant implementing rules. Accordingly, it is not yet possible to assess the full scope and impact of the bail-in regime.

However, based on BRRD, the National Resolution Authority is expected (as from the entry into force of the bail-in regime) to have the power to bail-in (i.e. write down or convert) more senior 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 will enable the National 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. 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), it is expected that the National Resolution Authority will be 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.

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

To the extent the Subordinated Notes are converted or the Senior Notes are converted or bailed-in pursuant to the BRRD or otherwise, the Issuer does not expect any securities issued upon conversion or bail-in 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 conversion or bail-in 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 conversion or bail-in power. As a result, there may not be an active market for any securities Noteholders may hold after the exercise of the conversion or bail-in 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 occurrence of a Tax Event*)).

If Condition 3(e) (*Redemption upon 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.

In addition, if Condition 3(g) (*Redemption upon Target Early Redemption Event*) is specified as being applicable in the applicable Final Terms, Senior 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 Notes upon the occurrence of a Target Early Redemption Event, the redemption of the Subordinated Notes upon the occurrence of a Capital Disqualification Event, or the (perceived) prospect of such redemption, could have a material adverse effect on the value of the Senior 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 (1) depositors and all other unsubordinated creditors and (2) 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 (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 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 defaults (other than in the event of a dissolution or liquidation of the Issuer) allowing acceleration of the Subordinated Notes if certain events occur*

The Terms and Conditions of the Notes in relation to 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) (*Events of Default – Subordinated Notes*)) allowing acceleration of the Subordinated Notes if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Subordinated 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 Subordinated Notes will be the institution of proceedings for the dissolution or liquidation of the Issuer in Belgium.

9. *Substitution and variation relating to Subordinated Notes*

If specified as being applicable in the relevant Final Terms, then following a Capital Disqualification Event (as defined in the Conditions of the Notes), the Issuer may, at its sole discretion and without the consent of the Noteholders, either substitute the relevant Subordinated Notes or vary their terms, so that they become or remain Qualifying Securities (see Condition 6(c) (*Subordinated Notes: Substitution and Variation*)). If the Issuer has not opted to substitute or vary the Subordinated Notes in accordance with the Conditions following a Capital Disqualification Event (if specified as being applicable in the relevant Final Terms), the relevant Subordinated Notes may be redeemed early (in whole but not in part) at the Issuer's sole option.

The exercise of these rights by the Issuer may have an adverse effect on the position of 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 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 Subordinated Notes, if any, will be the same for all holders of 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 Subordinated Notes prior to such substitution.

10. 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 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 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.

11. 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.

12. 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 of 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 having fixed interest periods. If the Terms and Conditions of the Notes provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline, because investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

13. 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.

14. Risks relating to Range Accrual Notes

Range Accrual Notes provide that the amount of interest that an investor receives on Range Accrual Notes 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.

15. *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.

16. *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) (*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.

17. *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.

18. *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.

19. *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.

20. *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.

21. *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.

22. *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.

23. *EU Savings Directive – Common Reporting Standard*

The EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (the "EU Savings Directive") requires each Member State as from 1 July 2005 to provide to the tax authorities of another Member State details of payments of interest and other similar income (within the meaning of the EU Savings Directive) made by a paying agent (within the meaning of the EU Savings Directive) within its jurisdiction to, or collected by such paying agent for, an individual resident or certain types of entity (as defined in the article 4.2 of the EU Savings Directive) established in that other Member State. However, for a transitional period, Austria may instead (unless during that period they elect otherwise) operate a withholding system in relation to such payments subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld (the ending of such transitional period being

dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories, including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland).

According to the Luxembourg law dated 25 November 2014, the Luxembourg government has abolished the withholding tax system with effect from 1 January 2015 in favour of automatic information exchange under the EU Savings Directive. Furthermore, in October 2014, Austria reportedly agreed to a proposal amending Directive 2011/16/EU which aims at reinforcing the current EU legislation in the field of automatic exchange of information and which may ultimately lead to Austria abolishing the withholding system provided for in the EU Savings Directive. This proposal was finally adopted on 9 December 2014 as Directive 2014/107/EU on administrative cooperation in direct taxation which is further described in the section “EU Directive on the taxation of savings income – Exchange of information” hereinafter.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

On 24 March 2014, the Council of the European Union adopted EU Council Directive 2014/48/EU amending and broadening the scope of the requirements described above. The changes will expand the range of payments covered by the EU Savings Directive, in particular to include additional types of income payable on securities. The EU Savings Directive will also apply a “look through approach” to certain payments where an individual resident in a Member State is regarded as the beneficial owner of that payment for the purposes of the EU Savings Directive. This approach may apply to payments made to or by, or secured for or by, persons, entities or legal arrangements (including trusts), where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union. Member States are required to adopt and publish by 1 January 2016, laws and regulations necessary to comply with this Directive and apply these new requirements from 1 January 2017.

On 18 March 2015, the European Commission has however proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on administrative cooperation in the field of taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Council Directive 2014/48/EU amending and broadening the scope of the EU Savings Directive.

The exchange of information is, in the near future, expected to be governed by the broader Common Reporting Standard (“CRS”). At present, more than 40 countries, including Belgium, have committed to implement the information reporting according to CRS as from 2017. For further information regarding the CRS, please refer to the section “EU Directive on the taxation of savings income – Exchange of information” below.

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

24. *Payments on the Notes may be subject to U.S. withholding tax under FATCA*

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

It is expected that FATCA would affect the amount of any payment received by the Securities Settlement System, Euroclear and Clearstream Luxembourg (together, the “**ICSDs**”) in only the most remote circumstances. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding.

If any amount of deduction or withholding from principal or other payments on the Notes were required under FATCA, laws enacted pursuant to the IGA entered into between the United States and Belgium 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 review the discussion under “U.S. Withholding Tax Under FATCA” below and consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them.

25. *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.

26. *Reliance on the procedures of the Securities Settlement System, Euroclear and Clearstream, Luxembourg 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 and Clearstream, Luxembourg.

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 and Clearstream, Luxembourg 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.

27. *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.

28. *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 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.

29. *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, 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.

30. *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 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.

31. *Interest rate risks*

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

32. *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.

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 ”)
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
Information relating to the Programme	
Size	Euro 10,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time.
Arranger	Société Générale
Dealers	Banco Bilbao Vizcaya Argentaria, S.A. 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 HSBC Bank plc J.P. Morgan Securities plc Landesbank Baden-Württemberg Morgan Stanley & Co. International plc Nomura International plc Société Générale The Royal Bank of Scotland plc 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 the 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 the 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 the Notes, in which case a different Listing Agent may be specified in the applicable Final Terms.
Agency Agreement	Means the amended and restated agency agreement between the Issuer, the Fiscal Agent and the Paying Agent dated on or about the date of this Base Prospectus.
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 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 (<i>beursvennootschappen / sociétés de bourse</i>), Euroclear Bank SA/NV (“ Euroclear ”) and Clearstream Banking, société anonyme, (“ Clearstream, Luxembourg ”). Accordingly, the Notes will be eligible to clear through, and therefore accepted

	by, Euroclear and Clearstream, Luxembourg, and investors can hold their interests in the Notes within securities accounts in Euroclear and Clearstream, Luxembourg.
Initial Delivery of Notes	Notes will be credited to the accounts held with the Securities Settlement System by Euroclear, Clearstream, Luxembourg 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	<p>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</p> <p>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.</p>
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 €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	<p>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.</p> <p>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.</p>
Resetable 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 cent. 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 cent. 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 – Taxation”. If specified in the applicable Final Terms, Notes may be (i) 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.

Status of Notes

Senior Notes: The Senior Notes will be direct, unconditional and unsecured obligations of the Issuer and rank at all times *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors’ rights.

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 “*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 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.

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 Notes with a maturity of one year or more, A-2 in respect of Senior Notes with a maturity of less than one year, and BBB- in respect of Subordinated Notes by Standard & Poor's Credit Market Services France SAS ("**Standard & Poor's**") and Baa1 in respect of Senior Notes and Ba2 in respect of 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 11 May 2015). 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”, “EU Directive on the Taxation of Savings Income – 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 and 10 in respect of all Notes and, in addition in relation to the Subordinated Notes, Conditions 6 and 11, shall be governed by, and construed in accordance with, Belgian law.

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 2004/39/EC on markets in financial instruments, 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.

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 40 to 71 (both inclusive) of the Base Prospectus dated 7 May 2014 relating to Belfius Bank's Euro 10,000,000,000 Euro Medium Term Note Programme and (ii) the audited consolidated accounts of Belfius Bank for the years ended 31 December 2013 and 31 December 2014, including the reports of the statutory auditors in respect thereof which are incorporated by reference in this Base Prospectus. Such documents shall be incorporated in and form part of this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of all documents incorporated by reference in this Base Prospectus may be obtained without charge from the offices of the Issuer, and 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 cash flow statement, (iv) audit report on the consolidated accounts, (v) notes to the consolidated financial statements, (vi) non-consolidated balance sheet, (vii) non-consolidated statement of income and (viii) audit report on the non-consolidated accounts of Belfius Bank as set out in the 2013 and 2014 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 can also be found in the section headed "Description of the Issuer" on page 72 of this Base Prospectus.

	Belfius Bank SA/NV	
	Annual Report 2013	Annual Report 2014
	(English Version)	(English Version)
consolidated balance sheet	92	76
consolidated statement of income	94	78
consolidated cash flow statement	100	85
audit report on the consolidated accounts	204	188
notes to the consolidated financial statements.....	101	86
non-consolidated balance sheet.....	208	192
non-consolidated statement of income	211	195
audit report on the non-consolidated accounts	214	198

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 Euro 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 11 May 2015 (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 €100,000 and integral multiples of €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 (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and “**2010 PD Amending Directive**” means Directive 2010/73/EU.

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 Code of Companies and will be credited to the accounts held with the Securities Settlement System by Euroclear Bank SA/NV (“**Euroclear**”), Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) or other Securities Settlement System participants for credit by Euroclear, Clearstream, Luxembourg 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 and Clearstream, Luxembourg or other Securities Settlement System participants and in accordance with the applicable procedures of the Securities Settlement System, Euroclear and Clearstream, Luxembourg 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*

- (A) **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).
- (B) **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)(A) 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 Resetable Notes*

Each Resetable Note bears interest on its outstanding principal amount:

- (A) from and including the Interest Commencement Date to but excluding the First Resetable Note Reset Date at the rate per annum (expressed as a percentage) equal to the Initial Rate of Interest;
- (B) at the First Reset Rate of Interest from and including the First Resetable Note Reset Date, to but excluding:
 - (i) the Second Resetable Note Reset Date, if such a Second Resetable Note Reset Date is specified in the applicable Final Terms; or
 - (ii) the Maturity Date, if no such Second Resetable Note Reset Date is specified in the applicable Final Terms; and
- (C) 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*

- (A) **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).
- (B) **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 (B), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option is as specified in the applicable Final Terms;
 - (ii) the Designated Maturity is as specified in the applicable Final Terms; and
 - (iii) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the applicable Final Terms.

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

- (C) **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) below, be either:
- (1) the offered quotation; or
 - (2) the arithmetic mean of the offered quotations,
- (expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 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 (C)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (C)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Eurozone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
 - (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).
- (D) **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 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:

- (1) 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:

$$CMS Rate + Margin$$

- (2) 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:

$$Leverage \times CMS Rate + Margin$$

- (3) 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:

$$CMS Rate 1 - CMS Rate 2 + Margin$$

- (4) 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:

$$[Leverage \times (CMS Rate 1 - CMS Rate 2)] + Margin$$

- (E) **Margin, Minimum Rate of Interest, Maximum Rate of Interest.** The determination of the Rate of Interest pursuant to Conditions 2(b)(B) or 2(b)(C) above shall be subject to the following:

- (1) 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.
- (2) 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)(B) or 2(c)(C), as applicable, and the absolute value of such Leverage.
- (3) 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)(A), 2(c)(B), 2(c)(C) or 2(c)(D), as applicable, *and* (ii) such Maximum Rate of Interest.
- (4) 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)(A), 2(c)(B), 2(c)(C) or 2(c)(D), 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*

(A) **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:

- (1) 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
- (2) with respect to each Interest Period thereafter, at a floating Rate of Interest in accordance with Condition 2(c) and the applicable Final Terms.

(B) **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:

- (1) 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
- (2) 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(a)).

(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:

- (A) the “**Following Business Day Convention**”, such date shall be postponed to the next day that is a Business Day; or
- (B) 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 (i) except in the case of the Maturity Date, such date shall be brought forward to the immediately preceding Business Day, and (ii) in the case of the Maturity Date, such date shall be the next date on which the X/N 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), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Japanese yen, which shall be rounded down to the nearest Japanese yen. For these purposes “**unit**” means, the lowest amount of such currency that is available as legal tender in the country of such currency.

(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 Resetable 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 Resetable 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, 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 per cent. (0.0005 per cent. 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 to be the rate of interest as at the last preceding Resetable Note Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest.

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

“**CMS-Linked Interest Note**” 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:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D₁** will be 30; and

“**D₂**” 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 **D₁** is greater than 29, in which case **D₂** 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:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D₁** will be 30; and

“**D₂**” 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 **D₂** 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:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case **D₂** will be 30;

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

where:

“**Determination Period**” means the period from and including 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) (*Fallback Provision for Resettable Notes*) 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 Note**” 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) (*Fallback Provision for Resetable Notes*) below, either:

- (i) if Single Mid-Swap Rate is specified in the applicable Final Terms, the rate for swaps in the Specified Currency:
 - (aa) with a term equal to the relevant Reset Period; and
 - (bb) commencing on the relevant Resetable 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 per cent. (0.0005 per cent. being rounded upwards) of the bid and offered swap rate quotations for swaps in the Specified Currency:
 - (aa) with a term equal to the relevant Reset Period; and
 - (bb) commencing on the relevant Resetable 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 Resetable 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 CMS Rate.

“**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 Resetable Note Reset Date, (ii) in respect of the first Subsequent Reset Period, the second Business Day prior to the Second Resetable 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.

“Resetable Note Interest Payment Date” means each date specified as such in the applicable Final Terms.

“Resetable Note Reset Date” means the First Resetable Note Reset Date, the Second Resetable Note Reset Date and every Subsequent Resetable 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 Resetable 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 Resetable Note Reset Date to (but excluding) the next Resetable Note Reset Date, and each successive period from (and including) a Resetable Note Reset Date to (but excluding) the next succeeding Resetable Note Reset Date.

“Subsequent Resetable 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) (*Fallback Provision for Resetable Notes*) below, 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 Resetable 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 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.

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, (i) 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 per cent., or (ii) if “**Par Redemption**” is specified in the applicable Final Terms, an amount per Calculation Amount equal to 100 per cent. 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 per cent.

(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 (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 per cent., (ii) if “**Par Redemption**” is specified in the applicable Final Terms, an amount per Calculation Amount equal to 100 per cent. per Calculation Amount, or (iii) 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 only to the conditions set out in Condition 3(i), 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).

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 per cent. or (ii) if “**Par Redemption**” is specified in the applicable Final Terms, an amount per Calculation Amount equal to 100 per cent. per Calculation Amount.

(d) *Redemption at the Option of Noteholders*

In relation to all Notes other than Subordinated 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 per cent. or (ii) if “**Par Redemption**” is specified in the applicable Final Terms, an amount per Calculation Amount equal to 100 per cent. per Calculation Amount.

(e) *Redemption upon 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(c) (*Subordinated Notes: Substitution and Variation*), the Issuer may, subject to the conditions set out in Condition 3(i), within 90 days of the occurrence of the relevant Capital Disqualification Event and on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 8 (*Notices*) (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 (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 per cent. or (ii) if “**Par Redemption**” is specified in the applicable Final Terms, an amount per Calculation Amount equal to 100 per cent. 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 occurrence of a Tax Event*

Subject in respect of Subordinated Notes only to the conditions set out in Condition 3(i), 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 (*Notices*) (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:

- (a) in making payments under the Notes, 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

- (b) 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 (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 per cent., (ii) if “**Par Redemption**” is specified in the applicable Final Terms, an amount per Calculation Amount equal to 100 per cent. 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 upon 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 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 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 per cent. or (ii) if “**Par Redemption**” is specified in the applicable Final Terms, an amount per Calculation Amount equal to 100 per cent. 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.

(h) *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(h) shall apply in the case of Subordinated Notes to the extent repurchases of Subordinated Notes are not prohibited by the Applicable Banking Regulation and subject to the conditions set out in Condition 3(i).

(i) *Conditions to redemption*

Any optional redemption or repurchase 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):

- (a) compliance with any conditions prescribed under the Applicable Banking Regulation, including the prior approval of the Lead Regulator (if required);
- (b) (i) in the case of redemption following the occurrence of a Tax Event, the Issuer having demonstrated to the satisfaction of the Lead Regulator that (A) the Tax Law Change was not foreseeable by the Issuer as at the Issue Date and (B) the Tax Event is material, or (ii) in the case of redemption following the occurrence of a Capital Disqualification Event, the Issuer having demonstrated to the satisfaction of the Lead Regulator that the relevant change was not foreseeable by the Issuer as at the Issue Date; and
- (c) compliance by the Issuer with any alternative or additional pre-conditions to the redemption of Subordinated Notes to the extent set out in the Applicable Banking Regulation and required by the Lead Regulator.

(j) *Cancellation*

Subject in respect of Subordinated Notes only to the conditions set out in Condition 3(i), 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 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 and Clearstream, Luxembourg will constitute good discharge for the Issuer. Upon receipt of any payment in respect of Notes, the Securities Settlement System, Euroclear, Clearstream, Luxembourg and any other Securities Settlement System participant, shall immediately credit the accounts of the relevant account holders with the payment.

(b) *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 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:

- (1) *Other connection*: to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with Belgium other than the mere holding of the Note; or
- (2) *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
- (3) *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;
- (4) *Payment to individuals*: where such withholding or deduction is required to be made pursuant to European Council Directive 2003/48/EC (as amended by European Council Directive 2014/48 adopted by the European Council on 24 March 2014) or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of saving income or any other law implementing or complying with, or introduced in order to conform to, such Directives; or
- (5) *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 (x) the date on which such payment first becomes due and (y), (if any amount of the money payable is improperly withheld or refused) the date on which the full amount of such moneys outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that 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

(a) Status of Senior Notes

The Senior Notes (being those Notes in respect of which the status is specified in the applicable Final Terms as “**Senior Notes**”) relating to them are direct, unconditional and unsecured obligations of the Issuer and rank at all times *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors’ rights and save for such obligations as may be preferred by laws of general application.

(b) Status and Subordination 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 “*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 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.

(ii) *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.

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

(c) *Subordinated Notes: Substitution and Variation*

In the case of Subordinated Notes in relation to which this Condition 6(c) is specified in the applicable Final Terms as applying, then, following a Capital Disqualification Event, 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 (*Notices*) substitute or vary the terms of all, but not some only, 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(c) 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:

- (A) rank equally with the ranking of the Subordinated Notes;
- (B) have terms not materially less favourable to Noteholders than the terms of 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:
 - (1) contain terms such that they comply with the then Applicable Banking Regulation in relation to Tier 2 capital;
 - (2) do not contain terms which would cause a Capital Disqualification Event or a Tax Event to occur as a result of such substitution or variation;
 - (3) 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 Subordinated Notes;
 - (4) shall preserve any existing right under the Conditions to any accrued interest, principal and/ or premium which has not been satisfied;
 - (5) not contain terms providing for the mandatory or voluntary deferral of payments of principal and/ or interest; and
 - (6) not contain terms providing for loss absorption through principal write-down, write-off or conversion to ordinary shares;

- (C) are listed on (i) the regulated market of Luxembourg Stock Exchange or (ii) such other regulated market in the European Economic Area as selected by the Issuer; and
- (D) where the Subordinated Notes which have been substituted or varied had a published 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 Subordinated Notes as so substituted or varied.

“**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

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:

- (1) the Lead Regulator approves the substitution;
- (2) 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;
- (3) no payment of principal of, or interest on, the Notes is at the time of such substitution overdue;
- (4) 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 basis (in the case of Senior 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;
- (5) 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;
- (6) 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;
- (7) 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;
- (8) 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-Clause (3) above;

- (9) 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;
- (10) following the substitution, the Notes will continue to be represented by book-entry in the records of the Securities Settlement System;
- (11) 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
- (12) 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 Article 570 of the Belgian Companies Code, by an announcement to be inserted 15 days prior to the meeting, in the Belgian State Gazette ("*Moniteur belge/Belgisch Staatsblad*") and in one Belgian newspaper with national coverage. Resolutions to be submitted to the meeting must be described in the convening notice. In addition, the convening notice shall specify the procedures in respect of voting on resolutions to be decided by the meeting.

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

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Terms and Conditions.

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 these Terms and Conditions and the Belgian Companies Code by a majority of at least 75 per cent. of the votes cast.

All meetings of Noteholders will be held in accordance with the provisions of Article 568 et seq. of the Belgian Companies Code with respect to bondholders' meetings. Such a meeting may be convened by the Issuer and shall be convened by the Issuer upon the request in writing of Noteholders holding not less than one fifth of the aggregate principal amount of the outstanding Notes. A meeting of Noteholders will be entitled (subject to the consent of the Issuer) to exercise the powers set out in Article 568 of the Belgian Companies Code and generally to modify or waive any provision of the 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 Article 574 of the Belgian Companies Code, and if required thereunder subject to validation by the court of appeal. Resolutions duly passed in accordance with these provisions shall be binding on all Noteholders, whether or not they are present at the meeting and whether or not they vote in favour of such a resolution.

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

(b) Modification of Agency Agreement

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 per cent. in nominal amount of the Notes outstanding shall take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be

contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

11 Events of Default

If any of the following events (“**Events of Default**”) occurs (and, in the case of Senior Notes, is continuing), the holder of any Note may give written notice specifying the Event of Default to the 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 Notes, such Event of Default shall have been remedied prior to the receipt of such notice by the Fiscal Agent):

(A) Subordinated Notes:

If default is made in the payment of any principal or interest due in respect of the Subordinated Notes or any of them and such default continues for a period of 30 days or more after the due date, any holder of Subordinated 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 may give written notice to the Agent at its specified office that its Subordinated Note(s) is (are) immediately repayable, whereupon the Event of Default Redemption Amount of such Subordinated 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, whether for recovery of amounts owing in respect of the Subordinated Notes or in respect of any breach by the Issuer of any of its obligations under or in respect of the Subordinated Notes.

For the avoidance of doubt, the holders of Subordinated 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/resolution*”) of, the Subordinated Notes and (ii) to the extent applicable, all their rights whatsoever in respect of the Subordinated Notes pursuant to Article 487 of the Belgian Companies Code.

(B) Senior Notes: In the case of Senior Notes

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

- (c) *Winding-Up*: the Issuer shall be dissolved or wound up or otherwise shall cease to exist prior to the redemption of all outstanding Senior Notes (except for the purpose of a reconstruction, merger or amalgamation where the continuing corporation assumes all the liabilities of the Issuer); or
- (d) *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
- (e) *Illegality*: it becomes unlawful for the Issuer to perform any of its obligations under the Senior Notes or any of its obligations thereunder ceases to be valid, binding or enforceable.

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 per cent., (ii) if “**Par Redemption**” is specified in the applicable Final Terms, an amount per Calculation Amount equal to 100 per cent. 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 and 10 in respect of all Notes and, in addition in relation to the Subordinated Notes, Conditions 6 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 Dexia Management Services Ltd of 200 Aldersgate Street, 13th Floor, London EC1A 4HD, 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.

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 and Clearstream, Luxembourg, and through other financial intermediaries which in turn hold the Notes through Euroclear, Clearstream, Luxembourg 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 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 and Clearstream, Luxembourg will constitute good discharge for the Issuer. Upon receipt of any payment in respect of Notes, the Securities Settlement System, Euroclear, Clearstream, Luxembourg and any other Securities Settlement System participant, shall immediately credit the accounts of the relevant account holders with the payment. 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, 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 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.

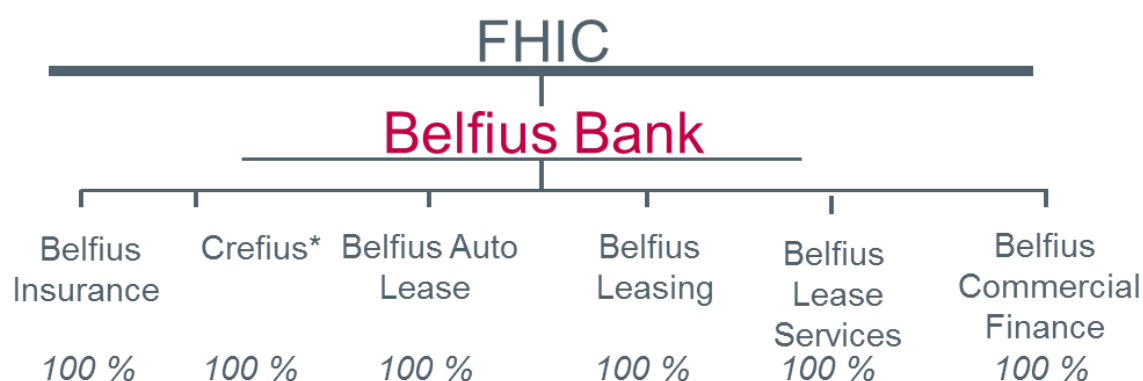
DESCRIPTION OF THE ISSUER

Belfius Bank profile

Belfius Bank SA/NV (the “**Issuer**” or “**Belfius Bank**”) is a public limited company (naamloze vennootschap/société anonyme) of unlimited duration incorporated under the Belgian law of 23 October 1962 which collects savings from the public. It is registered with the Crossroads Bank for Enterprises under business identification number 0403.201.185 and has its registered office at 1000 Brussels, Boulevard Pachéco 44, Belgium, telephone +32 22 22 11 11.

Belfius Bank is wholly owned by the Belgian federal state through the Federal Holding and Investment Company (FHIC). Belfius Bank shares are not listed. At the end of 2014, total consolidated balance sheet amounted to EUR 194 billion.

Simplified Group structure as at the date of this Base Prospectus



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 31 December 2014, total consolidated balance sheet of Belfius Insurance amounted to EUR 27 billion.

Crefius

Company granting and managing mortgage loans. At 31 December 2014, total balance sheet of Crefius amounted to EUR 35 million¹.

Belfius Auto Lease

Company for operational vehicle leasing and car fleet management, maintenance and claims management services. At 31 December 2014, total balance sheet of Belfius Auto Lease amounted to EUR 234 million².

¹ Total IFRS balance sheet before consolidation adjustments.

² Total IFRS balance sheet before consolidation adjustments.

Belfius Lease

Company for financial leasing and renting of professional capital goods to the public sector. At 31 December 2014, total balance sheet of Belfius Lease amounted to EUR 615 million³.

Belfius Lease Services

Financial leasing and renting of professional capital goods to the self-employed companies and liberal professions. At 31 December 2014, total balance sheet of Belfius Lease Services amounted to EUR 1.699 million⁴.

Belfius Commercial Finance

Company for financing commercial loans to debtors, debtor insolvency risk cover and debt recovery from debtors. At 31 December 2014, total balance sheet of Belfius Commercial Finance amounted to EUR 665 million⁵.

Mission and ambitions

As the only integrated, 100% Belgian bank and insurance company, Belfius focuses on establishing a strong, local relationship with customers and creating added value for the community, together with our customers and partners.

Partner of society

Belfius seeks to excel in its community involvement by investing in key areas such as housing, retirement homes and hospitals, public infrastructure, education, energy, mobility and the local economy.

Focus on customer satisfaction

Belfius aims to develop in line with and based on the needs of its customers so that it can provide them with the appropriate, innovative tailor-made solutions, at the right time and through the right channels.

Committed, proud staff

Belfius wants to become an attractive employer by giving people opportunities and responsibilities – and by putting their passion and expertise in finding solutions to work for the benefit of customers and society alike.

Financially sound

Belfius aims to establish an ongoing healthy financial profile, as well as a strong position in terms of liquidity and solvency. For this reason, Belfius conducts a prudent policy on risk.

Operationally efficient

Belfius is making every effort to boost efficiency by simplifying its structures and processes and by enabling the departments to work together to optimum effect.

³ Total IFRS balance sheet before consolidation adjustments.

⁴ Total IFRS balance sheet before consolidation adjustments.

⁵ Total IFRS balance sheet before consolidation adjustments.

Our activities

Commercial activities are essentially organised around two client markets: (A) retail and commercial business, and (B) public and wholesale business.

A. Retail and Commercial Business

One of the four main banks in Belgium

The customer is the focal point for Belfius Bank & Insurance. The objective of Belfius Bank is continue to offer an optimum service to the customers of tomorrow so that they remain fully satisfied. This is the objective we put first every minute of every day. The undertaking made by Belfius to its customers in 2014 was that 95% of them would be well satisfied. All Belfius staff are 100% committed to achieve that goal.

Satisfied customers are in fact the most sustainable and most robust basis for commercial activity in Retail and Commercial Business. Satisfied customers are more loyal to the brand and subscribe to a larger variety of products and services.

Belfius has a unique DNA. Firstly, it is involved more than you would imagine in all of our everyday lives, through its historic leadership in the public and social sector and the social projects which Belfius contributes to funding every single day. Secondly, it is specifically a 100% Belgian bank-insurer, with a vast network of points of sale combining personalised advice and robust digital and mobile services.

This means straight away that the range of products and services, the internal organisation, the operational efficiency and the investments within Belfius Bank are from now on even more closely focused on the added value they represent for the customer.

In view of the diversity of the 3.5 million Belfius customers, certain needs have been identified and classified in different customer segments. In the banking sector, customer needs are closely associated with their financial situation. The extremely comprehensive range of products, channels and services offered by Belfius responds perfectly to the requirements of retail customers. For the “Privilege Banking” segment, there are additional needs, including the customer’s own account manager at a local level. For wealthier customers, Belfius provides an extended range of services under the “Private Banking” label.

Business Banking, a segment consisting of the self-employed, liberal professions and SMEs with a turnover or balance sheet total of less than EUR 10 million, is not only a key segment for Belfius growth in Retail and Commercial Business, but above all the driving force behind the operation of the Belgian economy and society. At Belfius, Business customers can rely on systematic financial assistance tailored specifically to their professional and private requirements during the total life cycle, thanks to services of their local and personal Business Banker who will conduct an annual review. In addition, Belfius Bank is the only bank on the Belgian market to collaborate with the European Investment Fund (EIF) to support start-ups. This partnership provides Belfius the opportunity to offer EUR 360 million of loans for a maximum period of three years with the guarantee of the European Investment Fund. Thanks to the intervention of the EIF for half of the guarantee, start-ups get easier access to funding.

Deliberate choice of an integrated omni-channel approach

Customers are increasingly considering and adopting an omni-channel approach to contact Belfius. Belfius wants to respond to this trend with a consistent quality service whatever the channel chosen.

The customer can contact Belfius seven days a week through digital and mobile channels. Mobile channels above all receive great acclaim from customers. Belfius Direct Net, the bank’s Internet portal, has 0.9 million active users. The new card reader distributed in 2014 is setting the tone in terms of user-friendliness and security and is the only bankcard reader in Belgium which can also be used for e-ID. With almost 350,000 active users at the end of 2014, Belfius Direct Mobile and Belfius Direct Tablet have achieved exponential

growth. The Belfius apps for smartphone and tablet are also gaining the highest satisfaction scores in the banking sector. To reinforce this position as high-tech bank, Belfius launches an R&D programme for Digital Banking. Furthermore, the Contact Centre, which receives close to 30,000 calls a month, plays a supporting role.

All Belfius customers can also rely on the personal service provided by a nearby branch. In fact the branch remains the ideal place in which customers can take full advantage of specialised and personalised advice at key times in their life. At the end of 2014, Belfius Bank's distribution networks extended to 746 branches. This means that on average there is a point of sale within seven kilometres, 500 of them operating on the open branch concept. These open branches are divided into three zones: self-service zone where the ATM's are located, the area for information and services as well as the zone for advice. A key feature of this branch design is the absence of teller windows. Most transactions in cash are conducted in the automated self-service space within the branch. The design is all about providing maximum ease of access and personalised contacts with customers.

The bank is also developing long-term relationships with customers who find it more difficult to get to a Belfius branch. It has indeed developed the Mobile Banker, by which relationship managers have the necessary technological support via tablet and related software, enabling them to perform banking operations at home, even outside normal banking hours. At the beginning of 2015, 500 relationship managers already had Mobile Banker and 4600 customers have used this service.

Belfius Insurance is also accessible via various distribution channels

Belfius Insurance holds fifth position on the Belgian insurance market.

Through the Belfius Bank channel, Belfius Insurance addresses individuals, the self-employed and SMEs in search of solutions (for life and for non-life insurance products) via the 746 Belfius Bank points of sale. In the future, Belfius Insurance aims to make even more of the growth potential of the bank-insurance channel and to work more through the concept of "one stop shopping".

DVV insurance has been a benchmark for more than 80 years, both for life and for non-life insurance. Through its 332 points of sale, each with exclusive advisers, DVV insurance offers households – individuals, the self-employed and small enterprises – a complete range of insurances, mortgage loans and a widely renowned and first-class tailored service.

Corona Direct is a fast growing direct insurer. It offers its 181,812 customers directly (e-commerce, phone or mailing) or via its "affinity" partners⁶ family, car, home, funeral and other insurances. The strength of Corona Direct rests in its strong customer service and ability to innovate, for instance with its kilometre-linked vehicle insurance.

Since 2012, this multi-channel approach has also involved the Elantis brand, which offers mortgage loans through independent brokers.

Strong commercial performances in 2014

Despite a persistently difficult macroeconomic climate, the commercial arm of the business performed well, enabling total customer assets in 2014 to rise by 2.8% to EUR 96.3 billion.

Total deposits ended 2014 at EUR 60.6 billion, which was a slight fall (-1.5%) compared with the end of 2013. The historically low interest rates tended to make customers less willing to make deposits, which had the result of less capital flowing into long-term investments (down by 25.0% for savings bonds and 11.2% for

⁶ Affinity partners are external parties with which Corona collaborates and which offer Corona insurance products. For instance, these are car dealers (for motor insurance) and undertakers (for funeral insurance).

bonds issued by Belfius). But there was good growth in the funds deposited in current and savings accounts, which reached EUR 7.9 billion (+14.5%) and EUR 35.5 billion (+4.9%) respectively at the end of 2014.

However, this small decline in deposits was amply made up for by the strong performance of off-balance sheet investments, which rose by 17.1% in comparison with the end of 2013 to EUR 24.6 billion. This was due to greater customer preference for products with potential higher yields (mutual investment funds and mandates).

Technical life insurance reserves sold through the bank channel were EUR 11.1 billion, which was a slight fall of 0.9% compared with the end of 2013. Investments in Branch 21 life insurance products were placed under pressure by the lower interest rates and the increase in taxes on premiums to 2%. However, this fall was partly offset by the successful new Branch 44 product, Belfius Invest Top Funds Selection.

Total loans to customers rose to EUR 34.3 billion at the end of 2014. This increase was in mortgages (+2.9%) and business loans (+2.0%). Mortgage loans, which represent almost two-thirds of all loans granted, amounted to EUR 21.6 billion at the end of 2014, while consumer loans and business loans ended the year at EUR 1.6 billion and EUR 10.1 billion respectively. In 2014 new loans to retail clients amounted to EUR 4.7 billion of which three fourth were mortgage loans. Also EUR 3.3 billion new business loans were granted in 2014.

In 2014, gross production for insurance products sold to customers of the Retail and Commercial Business line was EUR 1.839 million, compared with EUR 1.812 million in 2013, corresponding to an increase of 1.5%. This evolution was generated mainly by the own channel of Belfius Insurance, which saw an increase of 4.0%. The gross production for insurance products in the bank channel decreased slightly with 0.7%.

Life insurance premiums reached EUR 1,375 million, compared with EUR 1,362 million in 2013. This increase of 1.0% was driven mainly by the success of Classical Life products such as balance due insurance. In 2014, premiums received amounted to EUR 986 million in Belgium and EUR 389 million in Luxembourg via International Wealth Insurer (IWI).

Non-life insurance premiums ended the year at EUR 464 million, a rise of 3.1% compared with the end of 2013. This increase stemmed mainly from higher sales of fire and family policies within the banking and insurance channel.

As a result of the active support from sales of policies related to mortgage loans, there was an increase in the cross-sell ratios. Both the ratio for fire insurance and balance due insurance increased, rising respectively from 66% and 127% in 2013 to 77% and 140% in 2014.

Total life insurance reserves for the Retail and Commercial Business line remained virtually stable, at EUR 17.9 billion at the end of 2014, despite the difficult trading conditions caused by low interest rates and unfavourable taxation. There was a slight shift in the reserves for each product. Branch 23 reserves rose by 11.1%, whereas Branch 21 and 26 reserves fell by 2.8%.

Estimated at 13% for savings accounts and 12% for mortgage loans, the Belfius Bank market share remains stable overall. Belfius Insurance has a market share of almost 7% on the Belgian market (8% for life and 5% for non-life insurances)⁷.

B. Public and Wholesale Business

Preferred partner of the public and social sectors and Corporate Banking challenger

In its Public and Wholesale Business commercial activities, Belfius offers a comprehensive range of banking and insurance products and services aimed essentially at two complementary groups of customers: entities in

⁷ Data for 2013 – Assuralia – Data for 2014 are not yet available.

the public and social sectors (Public and Social Banking), and medium-sized and large companies (Corporate Banking).

The Public and Social Banking segment, which has a total of some 12,000 customers, works on behalf of local public authorities (municipalities, provinces, police zones, Public Centres for Social Welfare, etc.), supra-local public entities (inter-municipal companies, etc.) and entities working at a community, regional or federal level, as well as a wide range of other organisations linked to the public sector. Also part of this segment are entities linked to healthcare (hospitals, retirement homes), education (universities, schools) and housing, as well as other customers such as foundations, social secretariats and pension funds.

Belfius aims to remain a leading provider in the public and social sector in Belgium and to provide answers for societal challenges such as the funding of sustainable projects through its unique projects and services like the Smart Cities & Sustainable Development project, which is designed to support official bodies in Belgium in the context of intelligent projects focusing in particular on energy efficiency, mobility and urban development. This initiative is based on an exclusive partnership with the European Investment Bank (EIB). Through this programme, local authorities in Belgium are able to benefit from loans at preferential rates, totalling EUR 400 million, half of which is provided by the EIB and half of which is provided by Belfius Bank. More than 50 files have already been treated and 10 cities have been nominated for the “Smart City Award”. In December 2015, the most innovative, environmental friendly and integrated in the public life will be designated by a jury of experts.

Providing customers with guidance in their budget-related challenges (European and regional standards) is also an important part of the work in which Belfius invests a great deal of resources for its clients.

The segment Corporate Banking works on behalf of approximately 6,000 medium-sized and large companies (representing some 2,700 separate commercial groups) with an annual turnover or balance sheet total exceeding EUR 10 million.

In the Corporate sector, Belfius is well positioned with a presence in 4 out of every 10 companies in Belgium in that category. Indeed, its unique and in-depth knowledge of public institutions enables it to be the preferred partner of companies that work with public authorities by offering them a range of products and services geared to this Business-to-Government (B2G) market. In addition, through its range of total, integrated banking solutions, Belfius continues to innovate in order to meet the needs of its customers. For example, there is Xpenditure⁸, a European first which uses a mobile application and online platform to digitise and process out-of-pocket expense claims automatically. Then there's Twikey⁹, the first product on the Belgian market to provide an electronic solution for managing mandates, helping to manage European direct debits and enabling mandates to be created, signed and stored online in total security. Belfius also offers solutions that provide assistance for Belgian companies in developing their international business, such as cash management and trade finance.

Finally, the development of the sale of insurance products provides a further growth factor for Belfius. This leads to even greater satisfaction, both for public and social customers through the wide range of non-life insurance products, as well as for corporate customers, with products such as group insurance policies.

A “hub-and-spokes” distribution network for customers

The commercial network of the Public and Social Business includes 38 relationship managers spread across three regions. Customers in this segment demanding a local service are handled by the network of Belfius Bank branches. The commercial network of Corporate Banking includes 45 Corporate Bankers, spread across six regions.

⁸ In collaboration with Cardwise SA

⁹ In collaboration with Twikey SA

In these two segments of the business, the relationship manager acts as the central point of contact or “hub” in the commercial relationship with the customer. He or she is the sole contact and maintains a relationship of trust with the customer throughout the relationship. Corporate Bankers can also at any time call on in-house experts, known as “spokes”, for the various product lines. This might be for matters of investments, loans, insurance, leasing, electronic banking or cash management. This “hub-and-spokes” approach is at the heart of our Public and Social Business customer service model.

Financial partner to entities in the public and social sectors, as well as to Belgian businesses

In 2014, Belfius remained committed to its main mission of being a bank “that belongs to the community and works on behalf of the community”, continuing more than ever to play its role as financier to the Belgian economy. This commercial dynamic saw Belfius Bank sign new funding agreements to the public and social sectors totalling EUR 2.7 billion, as well as granting EUR 5.5 billion of new loans to companies in 2014 and the implementation of many local initiatives. Through its debt capital markets business, Belfius participates in 80% of the issuance programmes of issuers of the public & semi-public sector in Belgium (a list of these programmes is available on <https://www.nbb.be/doc/ti/issuanceprograms.pdf>).

Despite the continuing difficult economic environment, Belfius continued to support local authorities. It can also claim to be the only bank that responded systematically to all of their applications for finance. Working in this way, the bank fully plays its role as their partner by reinvesting the savings deposited by Belgians in numerous projects delivering significant added value for the community (public buildings, schools, crèches, hospitals, road network, etc.).

Commercial performance 2014

At 31 December 2014, total customer assets were EUR 27.3 billion, an increase of 5% compared with the end of 2013. Deposits rose by 10.6%, from EUR 18 billion to EUR 19.9 billion. The decline in off-balance sheet assets reflects a move to balance sheet products for a more attractive risk-return ratio, according to the analysis made by clients in collaboration with their Belfius Banker.

Total outstanding loans were down slightly (-2.5%), to EUR 42.2 billion. This decline was due to increased competition encountered on the Public and Social Banking market. Outstanding loans to the Corporate Banking segment were up slightly to EUR 8.8 billion at the end of December 2014. Off-balance sheet commitments fell by EUR 1.3 billion over the year to EUR 15 billion at the end of December 2014, reflecting the active management, in partnership with customers, of unused lines of credit.

In the area of insurance, the Public and Wholesale Business segment recorded good results, in particular for non-life insurance products.

Non-life insurance premiums increased by 8.1%, to EUR 102 million. This demonstrates the success of the strategy developed for IARD products, i.e. sales via specialised brokers, and is reflected in the increase in premium revenues for occupational accident cover (+19.8%) and property damage cover (+13.4%) products.

Gross premiums received in the Life segment were EUR 253 million, an increase of 1.1% compared with the end of 2013. This is explained by the strong position and expertise enjoyed by Belfius in its niche market.

2014 results

In 2014, Belfius posted a net income group share of EUR 462 million, against EUR 445 million in 2013. Belfius Bank’s contribution to consolidated net income amounted to EUR 245 million and Belfius Insurance’s contribution to consolidated net income amounted to EUR 217 million. The profit, mainly resulting from a good commercial activity and strict cost control, will serve to further strengthen the equity base of Belfius.

Net income from the commercial businesses at Belfius rose by 25% to EUR 580 million in 2014. Of that figure, Belfius Bank itself was responsible for EUR 363 million, a strong rise of 47% compared to 2013. With EUR 217 million, Belfius Insurance equalled its highest-ever contribution to the overall net income generated by the commercial businesses – and this was achieved despite the negative impact of last year’s hailstorms.

The main reasons for the strong increase of net income from the commercial businesses are:

- The increase in revenue up to EUR 2,221 million (+13%). This rise was driven in particular by the growth in net interest income (+7%) and net fee and commission income (+20%). This latter stems from the shift in customer preferences towards off-balance sheet products and the broad range that Belfius has to offer in this area. This includes the unique branch 44 product, which attracted EUR 0.5 billion of investments last year.
- The fall in underlying operating costs (-5%) for these commercial businesses. This reduction was achieved through the continued disciplined implementation of the cost-cutting plan launched in 2013. This firm hand on costs remains in place today in view of the low interest rate environment and rapid digital developments in the financial sector.

The “Side” portfolio (which is composed of (i) a bond part of the historical investment portfolio, (ii) credit guarantees part of the historical investment portfolio and (iii) the funding to the Dexia Group, as detailed below) continued its controlled rollback (de-risking programme) and this had a negative effect of EUR 118 million on the net profit at Belfius in 2014. The income stood at EUR -150 million and was impacted by the balance sheet decrease (lower outstanding volumes) under the tactical de-risking programme and by other reported items (non-underlying) such as fair value adjustments in line with refined market evolutions. Expenses (EUR 14 million) decreased with EUR 3 million. Cost of risk was positive (EUR +9 million) due to reversals of provisions. The tax expenses amounted EUR 37 million, as a consequence the net income of the side portfolio was EUR -118 million.

The Basel III CET 1 ratio¹⁰ (Phased-in) was 14.7% at 31 December 2014 (compared with 13.8% (pro forma) at the end of 2013). The Basel III CET 1 ratio (Fully Loaded) was 13.2% at 31 December 2014 compared with 11.5% (pro forma) at the end of 2013.

The total capital ratio (Phased-in) amounted to 16.1% at the end of 2014 against 15.1% (pro forma Basel – III calculation) end 2013. The total capital ratio (Fully Loaded) stood at 14.3% at the end of 2014 against 12.5% (pro forma) end 2013.

Risk Management

Introduction

The environment in which banks have to work continued to be very challenging in 2014. The economic recovery that began in the spring of 2013 was still very fragile, both in Belgium and in the Eurozone, resulting in the economy all but stagnating during the course of 2014. One striking feature of this was that in general the downturn affected the so-called core countries. In fact, the economy in both Germany and France even contracted slightly. By contrast, in many of the peripheral countries, with the exception of Italy and Greece, where business also shrank, the rate of growth picked up. The growth figures in Spain, Portugal and Ireland were even strikingly high. These countries have also had to implement the most radical economic adjustment programmes in order to crank up their competitive edge – and these measures now seem to be bearing their first fruit. In parallel with the weak economic growth, the recovery in the European employment

¹⁰ For the determination of the Common Equity Tier 1 capital under Basel III, the regulatory authority asks Belfius to apply a prudential deconsolidation of Belfius Insurance and to apply a risk weighting of 370% on the participation. This is commonly known as “Danish compromise - pro forma figures for 31/12/2013

market has also been modest. Expectations are that unemployment in the Eurozone over the coming years will only fall slightly and will still be above its pre-crisis levels in 2016. Although there continue to be significant differences between the member states, the gap is closing as the result of an improvement in the situation in the countries' most seriously affected.

Globally though, the recovery continues. Although global growth during the first half of the year was placed under pressure by a number of specific factors that weighed down on private consumption, the pace of business picked up again in the second half of the year. All in all, global growth achieved the same level of growth in 2014 as it did in 2013. Developments tended to occur at different rates in various parts of the globe. Once again, the emerging countries as a whole continued to record the highest growth figures, although several countries had to contend with a steady and sometimes even sharp slowdown in their economy. For example, in the second half of the year, China slumped to its lowest level since the big recession. The economy in Russia appears to have stagnated completely, partly as the result of worsening relations with EU countries in particular, leading among other things to mutual economic sanctions.

Risk Management Model

The development process to create a risk management model tailored to Belfius Bank was continued in 2014 and, since the beginning of the year, risk management operates according to a new organisation structure. Risk management is no longer organised by risk type (market risk, credit risk, operational risk, etc.), but by business segment. This means that there is now a single point of contact for each type of risk per business segment. This enables the Risk Department to fulfil its ambition to challenge the individual business segments by being close to the business itself, by detecting risks proactively and in time, by identifying opportunities that may lower the cost of risk and, if necessary, by making adjustments to Belfius Bank's commercial strategy.

During a substantial part of the year, this new organisation model demonstrated its value in the context of the European Central Bank's (ECB) Comprehensive Assessment – Asset Quality Review (AQR) and the stress test associated with it. On 26 October 2014, exactly one year after this exercise was announced, the ECB announced the final results of this Comprehensive Assessment. The outcome was positive across the board for Belfius Bank, which passed both the AQR and stress test (see below for more details). This outstanding result aptly illustrated the relevance of Belfius Bank's strategy. The focus on expanding the commercial franchise caused the operating result to rise and hence also equity capital. The implementation of a tactical de-risking programme also meant that the "Side" portfolios weighed Belfius Bank down less heavily.

Since it was first established, Belfius Bank has made considerable efforts in a difficult business climate to reduce its "Side" portfolio commitments – consisting of a portfolio with various types of bonds, a portfolio of off-balance sheet loans and exposure to the former parent company and its subsidiaries – so that the risk related to the Side portfolios could also be reduced tactically and effectively (see below for more details).

In the context of a difficult macroeconomic situation, Belfius Bank nevertheless remains alert for a number of challenges, including the continuing low interest rate which among others leads to a greater need of liquidity for cash collateral and an important refinancing wave of mortgage loans, the new bank taxes and a further strengthening of the regulatory framework.

Comprehensive Assessment – Asset Quality Review (AQR)

On 26 October 2014, the ECB and the national supervisory bodies (including the NBB), rounded off a large-scale exercise – the so-called "Comprehensive Assessment" – which took the form of a far-reaching assessment of the financial strength of the major banks in the euro zone. The aim of this exercise was threefold: (i) increase transparency by improving the quality of the information available about the banks' situation; (ii) remedy banking methods by identifying the measures required to improve solvency; and (iii) reinforce trust in European credit institutions.

This exercise was conducted along two main, complementary, lines. While the Asset Quality Review (AQR) focused mainly on auditing the value of assets in the accounts at 31 December 2013, the main aim of the stress tests consisted of determining the ability of credit institutions to absorb economic and macroeconomic shocks over a period of three years. Two main scenarios were used for the stress tests. The first, called the “baseline scenario”, was based on the economic outlook drawn up under the direction of the European Commission at the end of 2013. This scenario equated to a difficult situation for the banks, taking account of the gloomy outlook in terms of economic growth, as well as other shocks. The second scenario, so-called “adverse scenario”, simulated a serious deterioration in the economic situation and in no way constituted a forecast as to future events. In order to determine whether the institutions subjected to the Comprehensive Assessment should implement corrective measures, a minimum threshold for the solvency ratio, calculated in terms of base capital (Common Equity Tier 1, or CET 1), was set at 8%, both for the quality assessment of the assets and for the baseline scenario of the stress test, and at 5.5% for the adverse stress test scenario.

As reported in its press release dated 26 October 2014, Belfius Bank satisfied the ECB's Comprehensive Assessment:

- After the AQR on the balance sheet at 31 December 2013, the CET 1 capital ratio of Belfius was 13.5%. This was based on a thorough examination of the books with an analysis of more than 50% of the weighted risk volume. The adjustments required by the ECB were restricted to 0.35% of the CET 1 capital ratio and were attributed virtually in their entirety to minor adjustments to the valuation models for financial instruments. The regulatory adjustments for credit risks on a total portfolio in excess of EUR 100 billion amounted to only EUR 15 million.
- After application of a highly unfavourable stress scenario, the CET 1 ratio in 2016 in the context of these stress tests was still 7.30%, which was 1.80% above the 5.50% benchmark. This could be translated at the time into a capital buffer after stress test of EUR 1.13 billion.

Banking activities in Retail and Commercial Business

The macroeconomic climate continued to be uncertain in 2014. Against this background, lending to the Retail and Commercial Business business line – one of the core segments at Belfius Bank – remained at a high level as part of a stable lending policy, albeit added with some specific emphases.

Demand for consumer credit remained stable in 2014. The criteria used for allocating loans remained unchanged in the main and in line with the “Responsible Lending” charter that is part of the Belgian Financial Sector Federation (Febelfin).

As far as the production of mortgage loans is concerned, 2014 can be divided into 2 separate periods. During the first half of the year, the market for mortgage loans fell. In these difficult circumstances, Belfius was able to maintain its position in this market. The decision taken by the new Flemish government in the summer of 2014 to wind down quickly the housing bonus, resulted in a sharp increase in demand for housing loans in the second half of the year. In addition, the historically low interest rates also led to an unprecedented wave of early repayments. Belfius Bank succeeded in refinancing the vast majority of these loans internally and hence retained the customers.

In this exceptional market environment, the Risk Department of Belfius Bank conducted sustained internal monitoring on the potential risk segments of mortgage loans (combinations of longer repayment terms, higher financing ratios and higher charge-income ratios). Belfius Bank also took measures to keep production in these niches within limits. In the meantime the cost of risk remains under control despite a slight rise that originates from the market and loan allocation conditions in the years preceding the financial crisis. Since then, the allocation policy has been gradually adjusted to take account of the changing market circumstances.

The home loans portfolio was examined thoroughly part of the Asset Quality Review of the ECB. The results of this analysis indicate that the portfolio is being monitored and managed adequately.

Belfius Bank's project to have lending decisions for business loans taken by local teams working close to the customer was extended further in 2014. After all, this strategy also contributes towards gaining better knowledge of the customer and his situation. What's more, numerous tests indicate that the risk remains well under control. As a result, it can be seen that fine-tuning the decision-making logic and stronger monitoring by the Risk Department in exercising the delegation mentioned above is clearly bearing fruit.

Despite the fluctuations in the economy, the overall profitability and strength of Belgian SMEs are fairly good. Also – and for the first time since the beginning of the economic crisis in 2007, the annual increase in the number of bankruptcies came to a halt. In 2014, according to Graydon, 11,294 companies were forced to cease trading, which was 8.2% fewer than a year earlier. However, the reduction in the number of bankruptcies is no cause for celebration, because more businesses went bankrupt in December 2014 compared to December 2013. It was also interesting to note that more established and larger companies went bankrupt than before. Approximately 19% of bankruptcies were among companies existing for more than 20 years. Furthermore, an increase was noticed in the number of bankruptcies among firms employing over 100 employees. These trends were also visible in the portfolio of business lending at Belfius. However, taken overall, the cost of risk for business loans continues to be at an acceptable risk/return level and within the boundaries set. It should also be noted that the portfolio of business loans at Belfius was subjected to extensive screening by the ECB as part of the Asset Quality Review – passing with a positive assessment as a result.

Belfius Bank therefore intends to keep supporting the production of business loans, particularly in relation to start-ups and by encouraging short-term loans. At the same time, of course, the risks in this market segment must be kept under control. A continuous improvement of the process of warning lights will constantly receive our full attention.

Banking activities in Public and Wholesale Business

Once again in 2014, the Public and Wholesale Banking Business business line of Belfius Bank played a very important role in financing the Belgian economy.

As a locally-based relationship bank, Belfius Bank naturally continued to be a leading partner for local authorities and social profit organisations. As was the case for other participants operating in the economy, this sector struggled to cope with the weak economic situation in 2014. However, despite the continuing negative factors affecting the situation, the Public Business loans portfolio maintained its very low risk profile.

The legislative side of the sixth round of state reforms was completed at the beginning of 2014, continuing the re-arrangement of Belgium's institutional structure of past decades. As a result of this sixth state reform, various powers were also transferred amounting to approximately EUR 18.7 billion or 4.6% of GDP. The funding for regions and communities was also modified. Against this background, the government subsector should make a sound contribution to remedying Belgian public finances. As a result, this state reform has had a significant influence on public finance, more specifically on the distribution of receipts and expenditure across the various levels of government. In view of the contributions made towards sorting out public finance, a substantial budget consolidation was required in all of the regions and communities, except for the Brussels Capital Community, in order to achieve or maintain the well-balanced budget targets. The recent coalition agreements for the new legislative team expiring in 2019 take into account this budget context.

As for the other government levels, the municipalities were faced in 2014 with a number of structural developments that slowed down the growth dynamic of the majority of the funding sources, while also contributing to a speeding up of their spending. These included pension reform, the structural changes to the

fire-fighting services and the increasing demand for social aid. This meant that it was no easy task for the majority of the municipalities to get their budgets to balance for 2014. The limited rise in staffing and operating expenditure indicates that the municipalities are working hard to keep their spending under strict control. In fact the early years of the current term of office differs from the past because the number of employees active in the municipalities is falling for the first time – albeit in limited numbers. Local taxes have also risen, while investments have been reduced. The indebtedness of the municipalities remains stable and their financial charges have fallen as the result of the historically low interest rates. In the future, municipalities will have to look continuously for ways of delivering qualitative services while keeping their budget balanced at the same time. In the current uncertain situation, the quality of the way municipalities are managed – as well as their long-term strategic and financial view – will be of decisive importance for their ability to deal with this challenge successfully.

The economic and social importance of hospitals in Belgium remains significant, but the growth in employment in that area is decreasing under the pressure of cost-cuttings. Indeed, the wages bills grew faster than the increase in turnover, caused partly by a higher seniority, the continued implementation of the social accord and pension charges. As a result of this, the financial status of hospitals is under pressure. More and more of them are struggling with losses that are usually limited, although our in-depth analyses show that they still have sufficient financial leeway to accommodate these losses. This means that the consolidation, restructuring and “professionalization” that have been typical features in the Belgian hospital sector in recent years, have not been in vain. However, the hospital sector remains a focus of attention from a risk management point of view for Belfius that will monitor closely in particular the potential developments in the area of hospital funding.

In the corporate segment, Belfius Bank is a major challenger in the Belgian banking landscape.

The credit profile of the Corporate Banking lending portfolio remained fairly stable during 2014, which also meant that the cost of risk was contained at an acceptable level and within the limits set.

In 2014, the profitability of many companies was under pressure, particularly those that focus on manufacturing and/or international trade. The persistent overall problem of the cost competitiveness of Belgian companies was an important cause, although the negative effect of the political crisis in Ukraine and Russia also played a major role in a number of cases. The import ban on meat, vegetables and fruit imposed by Russia affects our food industry and the European sanctions on so-called “dual-use goods” is also hurting other sectors. However, so far no credit impact has been detected in the Belfius portfolio as a result of the sanctions that Russia has taken against Belgian companies.

Belfius Bank continued to monitor a number of vulnerable sectors particularly closely in 2014. For example, between 2012 and 2014, the sustainable energy sector in Belgium saw some 2,700 jobs lost as a result of the halt in green investments. Credit production in this segment came almost to a standstill in 2014. However, a change in the energy policy could potentially give new life to this sector. In the meantime, the problem files already identified are being monitored with the appropriate attention as part of the existing watch list process.

In the shipping industry, Belfius Bank continues to focus exclusively, as it has done in previous years, on shipping companies and other shipping-related businesses that have a commercial relationship with Belfius Bank and a clear link with the Belgian economy. Any connections with shipping companies that do not meet these criteria will be reduced further. Finally, the commercial property sector is also being watched closely, despite its usually good performance. Belfius Bank’s acceptance standards for these customers have been adjusted to enable any market corrections to be absorbed.

Insurance

Belfius Insurance controls the credit risk arising from investments of its reserves in collaboration with the Risk Department teams at Belfius Bank. An operational system of risk management and limits has been

defined within the Belfius Insurance Investment Framework. The risk management for Belfius Insurance is made up of the following elements:

- a strategic asset allocation setting limits for the credit asset portion in total assets;
- list defining authorised asset classes with global and specific limits in terms of concentration by country, sector, rating, term and counterparty;
- regular counterparty risk monitoring by Risk Department teams at Belfius Bank with internal rating;
- systematic establishment of collateral within the context of derivatives transactions, repo and other financial market activities; and
- a process for granting mortgage loans that meet specific allocation rules, from specialist mortgage loan analysis teams and an acceptance committee.

A significant part of the Belfius Insurance investment portfolio is invested in Belgium. Belfius Insurance has since completed its programme of structural de-risking and continued its risk management in line with the risk profile set by its board of directors.

As for the mortgage loan activity of Belfius Insurance, after two years of strong growth, the activity stabilised in 2014. Mortgage loan production by the DVV insurance agent network and the broker network via its credit subsidiary Elantis brought outstanding mortgage loans at Belfius Insurance to EUR 5,123 million at the end of 2014.

The credit portfolio was strictly monitored. There was no significant increase in mortgage payment arrears in 2014.

Outstanding government bonds

At the end of 2014, total outstanding maximum credit risk exposure (MCRE) to government bonds amounted to EUR 15.4 billion, against EUR 14.1 billion at the end of 2013. This increase can be explained by the evolution of the market value of these government bonds. More than half of the portfolio (57%) remains invested in Belgian government bonds. The relative proportion of Italian government bonds also remained stable at 34%. The relative proportion combined of Greece, Ireland, Portugal, and Spain, which was 13% in 2011, was not more than 1% at the end of 2014.

Bond part of the historical investment portfolio

Belfius has a significant investment portfolio of bonds. This portfolio is made up of three components:

- the historical investment portfolio, known as the Legacy bond portfolio, a portfolio in run-off;
- Belfius Bank's ALM portfolio in the context of Belfius Bank's liquidity management; and
- the insurance company ALM portfolio, necessary to manage the insurance company's technical reserves.

At the end of December 2014, the total investment portfolio was EUR 27.6 billion¹¹, of which EUR 9.5 billion for the Legacy bond portfolio, EUR 6.6 billion for Belfius Bank's ALM portfolio and EUR 11.5 billion for the insurer's ALM portfolio. Compared to the end of December 2013, the portfolio total fell by EUR 4.1 billion, or -13%. Since the end of 2011, the total investment portfolio fell by almost EUR 13.6 billion or 33%, as a result of tactical de-risking especially in the Legacy bond portfolio and the peripheral government bonds and the natural amortization of the portfolio.

¹¹ Notional amounts

At the end of December 2014, the positions of the total investment portfolio were above all concentrated in the European Union.

The investment portfolio had an average term of 11.6 years. With an average rating of A- the portfolio remained of very good credit quality: 97% of the portfolio was investment grade.

The intensive tactical de-risking of the past years gave rise to a reduction of the Legacy bond portfolio by almost one half (-48%) since 2011, the strongest falls being recorded in the segments financial institutions (-72%), asset backed & mortgage backed securities (-70%), government bonds and local public sector (-50%) and covered bonds (-37%). Exposure to project finance and bonds issued by public utilities hardly changed.

Credit guarantees part of the historical investment portfolio

At the end of 2014, the credit guarantees part of Belfius Bank's historical investment portfolio was EUR 6.5 billion, down 4% on the previous year. It related essentially to Credit Default Swaps and financial Guarantee issued on a corporate/public bond portfolio (64%), ABS (33%) and covered bonds (2%). The good quality of the underlying bond portfolio, additional protection against credit risk incorporated in the bond itself and hedged by Belfius and the protections purchased by Belfius from various monolines (US reinsurance companies, essentially Assured Guaranty) mean the portfolio is 96% investment grade. Since the end of 2011, the credit guarantees portfolio has been reduced by EUR 5.1 billion or 44%.

Reduction of funding to the Dexia group

The funding to the Dexia group was reduced to virtually zero during the course of 2014 and the first two months of 2015.

On 31 December 2013, Dexia funding was still EUR 13.5 billion, of which EUR 13.4 billion was in bonds issued by Dexia Crédit Local (“DCL”) with the guarantee from the Belgian, French and Luxemburg governments. In December 2014, EUR 2.9 billion was repaid. This means that at the end of 2014, funding to Dexia was still EUR 10.6 billion, of which EUR 10.5 billion was in government-guaranteed bonds.

Funding to Dexia fell further at the beginning of 2015, with EUR 5.25 billion maturing in both January and February 2015. As a result, funding to Dexia was reduced to an amount below EUR 100 million from mid-February 2015. It concerns a loan to Dexia Crediop (EUR 3.8 million) for which Dexia Crediop has made a deposit of the same amount with Belfius, the co-financing of a loan (EUR 55.6 million) granted by DCL to a very creditworthy British real estate company, that technically passes through the accounts of DCL, and EUR 0.5 million auto leasing financing for Dexia SA.

The former Dexia Bank (now Belfius Bank) was, during the period it was still part of the Dexia group, the “competence centre” of derivatives (mostly include interest rate swaps) of the Dexia Group: this meant that all Dexia entities through the former Dexia Bank covered their market risks with derivatives at Dexia Bank, and this largely under the standard contractual terms related to cash collateral. The former Dexia Bank hedged these derivative positions systematically externally with the result that these derivative transactions were broadly recorded twice: on the off-balance sheet (notional amount towards Dexia and towards the hedge counterparty), and on the balance sheet (fair value of the transactions towards Dexia and the fair value of the hedge derivatives). The outstanding notional amount of derivatives with Dexia amounted to about EUR 55 billion at the end of 2014, a decrease of EUR 11 billion compared to the end of 2013.

Consolidation of the liquidity profile

During 2014, Belfius Bank continued its efforts to improve and to diversify its liquidity profile by:

- stabilising its funding surplus within the commercial balance sheet;

- continuing to obtain long-term funding from institutionals with the issue, amongst other, of covered bonds backed by quality loans. In addition to the pandbrieven programme in place since 2012, in 2014 Belfius Bank introduced a programme also enabling it to use public sector loans as guarantee of covered bonds;
- collecting short and medium-term (CP/CD/EMTN) deposits from institutional customers; and
- continuing to downsize the “Side” portfolio.

Belfius Bank was able to reduce its dependency on the European Central Bank, with outstanding LTRO funding falling from EUR 13.5 billion at the end of 2013 to EUR 3.5 billion at the end of 2014. At the same time, Belfius participated in the new ECB T-LTRO funding programme in an amount of EUR 1.5 billion with the purpose to finance investments in projects from SME, etc.

The National Bank of Belgium (NBB) regulatory liquidity ratio at one month is broadly respected.

The Liquidity Coverage Ratio (LCR)¹² introduced within the framework of the Basel III reforms will become a mandatory ratio for European banks on 1 October 2015 (at a level of 60%). The NBB has already indicated that it has the intention for the Belgian banks to require a LCR ratio of 100% from that date.

The LCR ratio is calculated monthly by Belfius since end 2013 and from then is taken into account in the set-up of its funding plan, which integrates the strategy for diversification of funding sources. Belfius Bank closed the year 2014 with an LCR ratio at 122%.

Liquidity reserves

At the end of 2014 Belfius Bank had solid and rapidly available liquidity reserves of EUR 36.1 billion. These reserves consist of EUR 2.0 billion in cash, EUR 23.9 billion in ECB eligible bonds, EUR 8.7 billion in other assets also available from the ECB and EUR 1.5 billion in other liquid bonds. These assets represent almost five times Belfius Bank's unsecured (senior unsecured) institutional funding with a remaining maturity of less than one year.

Encumbered assets

According to the current Belfius' interpretation of the EBA guideline on the matter, the encumbered assets at Belfius Bank level amount to EUR 54 billion end 2014 and represent 31% of total bank group balance sheet and collateral received under securities format, which amounts to EUR 176 billion (EUR 172 billion balance sheet assets and EUR 4 billion collateral received).

The strategy for growth and diversification of wholesale funding sources has a direct impact on asset encumbrance of the bank.

Since the set-up of the first covered bond program in 2012 Belfius Bank has issued covered bonds for a total amount of EUR 6.3 billion (at the end of 2014). On 31 March 2015, EUR 7.3 billion pandbrieven are outstanding (of which EUR 5.55 billion Mortgage Pandbrieven and EUR 1.75 Public Pandbrieven). At the end of 2014, the loans encumbered for this funding source amount to EUR 8.5 billion. Belfius Bank also securitised loans through securitisation vehicles. The amount of assets encumbered for these structures depends on to which extent the bonds issued by the securitisation vehicles remain on the balance sheet of Belfius Bank, are placed with external investors or are used as collateral in secured funding transactions.

Belfius Bank is also collecting funding through repo markets and other collateralised deposits. Total assets used as collateral for this activity amounts to EUR 15.1 billion, of which EUR 6.6 billion is linked to the ECB funding of EUR 5.0 billion end 2014.

¹² The Liquidity Coverage Ratio (LCR) refers to the ratio between the stock of high quality liquid assets and the total net cash outflow over the month and is based on Belfius' current interpretation of the European regulation.

The balance of encumbered assets is mainly linked to collateral pledged for the derivatives exposures for EUR 23.6 billion, under the form of cash or securities.

Ratings

At 1 April 2015, Belfius Bank had the following ratings:

	Long-term rating	Outlook	Short-term rating
Fitch	A-	Negative	F1
Moody's	Baa1	Stable	Prime-2
Standard and Poor's	A-	Negative	A-2

Other information

The Issuer is not dependent on any of its subsidiaries, save for Belfius Insurance SA/NV. Belfius Insurance SA/NV holds the licences required for insurance undertakings, and Belfius Bank consequently relies on it for the insurance activities carried out by it.

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

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

Litigation

Belfius Bank (together with its consolidated subsidiaries) is involved as a defendant in a number of litigation actions in Belgium, arising in the ordinary course of its business activities, including such business activities where it is acting as an insurer, capital and credit provider, employer, investor and tax payer. In accordance with the IFRS rules, Belfius Bank makes provisions for these litigation actions 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 Bank (and/or its consolidated subsidiaries) will have to make a payment and when the amount of such payment can be reasonably determined. For litigation actions that do not fulfil these two conditions, no provision is made. Set out below is further information on important pending litigation actions, regardless of whether or not a provision has been made.

- *Housing Fund of the Brussels Capital Region*

The Housing Fund of the Brussels Capital Region (*Fonds du Logement de la Région de Bruxelles-Capitale/Woningfonds van het Brussels Hoofdstedelijk Gewest*) initiated legal action against Belfius Bank on 9 October 2012 before the commercial court of Brussels. The Housing Fund had subscribed for a total amount of EUR 32,000,000 to four treasury notes that were issued by the Holding Communal between July and September 2011. Following the liquidation of the Holding Communal, the Housing Fund could only receive repayment for EUR 16,000,000. It demands the repayment by Belfius Bank of the non-repaid capital. As the loss incurred on this investment is the result of a voluntary renouncement 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 commercial court of Brussels declared the claim of the Housing Fund admissible, but unfounded. The Housing Fund has filed an appeal against this judgment on 3 June 2014. No provision has been made for this claim.

- *2. BBTk and ACLVB*

Two trading unions within Belfius Bank, i.e. BBTk and ACLVB, have filed a legal action against Belfius Bank on 8 May 2014 before the labour court of Brussels. They demand the annulment of the collective labour agreements that Belfius Bank has signed with two other trading unions within the

bank. BBTK and ACLVB are of the opinion that these collective labour agreements amend, without their consent, previous collective labour agreements that Belfius Bank concluded with them. In addition, they are of the opinion that an employer can only sign a collective labour agreement with a few of the existing trade unions within the firm, if the said employer has not signed previous collective labour agreements with other trade unions. Belfius Bank rejects this claim as the previous collective labour agreements have not been amended and because the law provides in general that a collective labour agreement can be signed with only one trade union. No provision has been made for this claim.

- *3. Arco*

737 shareholders of three subsidiaries of the Arco Group (i.e. Arcopar, Arcoplus and Arcofin) have filed a legal action against Belfius Bank, together with the 3 aforementioned Arco companies, before the commercial court of Brussels on 30 September 2014. The plaintiffs demand in principle the annulment of their agreement to enter into the capital of these three companies as shareholders, based on deception or fallacy. They demand that the court condemns Belfius Bank jointly with each of the three above-mentioned Arco companies to repay their capital contributions, increased by interests and a remuneration. In subordinate order, they ask the commercial court to condemn Belfius Bank to the payment of compensation based on an alleged shortcoming in its information duty towards them. Because the action submitted by the plaintiffs lacks information with respect to proof and damage determination, Belfius Bank cannot evaluate the content of the claim and has to reject it. 1,027 other shareholders of the three above-mentioned Arco companies have joined the pending legal proceedings on 16 December 2014 on a voluntary basis. Belfius Bank has requested from the additional plaintiffs their exhibits, so that it can evaluate the content of their claim. No provision has been made for this claim.

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 has consisted 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	none
Johan Vankelecom.....	Member	none

The above members of the management board have their business address at 1210 Brussels, Place Charles Rogier 11, Belgium.

The 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 supervision of the management or business position of the bank, or to the setting of general policy, or to any other powers that are reserved under the law to the Board of Directors.

As a result, the Management Board is responsible for the effective management of the bank, directing and coordinating the activities of the various business lines and support departments within the context of the objectives and general policy that are determined by the Board of Directors.

The Management Board ensures that the bank's business activities are in line with the strategy, risk appetite 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 the proposals and opinions of the Board of Directors with a view to the definition or improvement of the bank's general policy and strategy.

The members of the Management Board are required to carry out their duties in complete objectivity and independence and to take care of the interests of the different stakeholders. This implies that the necessary conditions must be met in order to carry out the functions of a bank in a stable and continuous manner.

Working under the supervision of the Board of Directors, the Management Board takes the necessary measures to ensure that the bank has a robust structure suited to the bank's organisation, including surveillance measures, with a view to guaranteeing the effective and prudent management of the bank in accordance with 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 Belgian 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 executive members of the Board of Directors shall withdraw on the date of the General Shareholders' Meeting held in the year in which they reach the age of 65.

The non-executive members of the Board of Directors shall withdraw on the date of the General Shareholders' Meeting held in the year in which they reach the age of 70.

The Board of Directors has the right to make an exception to the aforementioned principles on a case-by-case basis if it considers it to be in the company's best interest.

The business address for the members of the Board of Directors is 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 13 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 the 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
Marc Raisière	Chairman of the Management Board of Belfius Bank	none
Johan Vankelecom.....	Member of the Management Board of Belfius Bank Chief Financial Officer Responsible for Financial Reporting, Research, Liquidity and Capital Management, Financial Communication & Participations, Asset and Liability Management, Tax & Legal	none
Dirk Gyselincx	Member of the Management Board of Belfius Bank Responsible for Public & Wholesale Business Treasury & Financial Markets	none
Dirk Vanderschrick.....	Member of the Management Board of Belfius Bank Responsible for Retail and Commercial Business	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 Operations Officer Responsible for IT, Facility Management and Organisation	none
Marie Gemma Dequae	Member of the Board of Directors of Belfius Bank (Independent Director)	Senior Advisor to the Federation of European Risk Management Associations

Name	Position	Significant other functions performed outside Belfius Bank
Wouter Devriendt	Member of the Board of Directors of Belfius Bank	Independent Advisor to the Federal Holding and Investment Company (FHIC)
Carine Doutrelepont.....	Member of the Board of Directors of Belfius Bank (Independent Director)	Lawyer and Professor at the Université Libre de Bruxelles (ULB)
Chris Sunt.....	Member of the Board of Directors of Belfius Bank	Lawyer
Lutgart Van Den Berghe.....	Member of the Board of Directors of Belfius Bank (Independent Director)	Executive Director at Guberna and Extraordinary Professor at the Vlerick Business School
Rudi Vander Vennet.....	Member of the Board of Directors of Belfius Bank (Independent Director)	Professor in Financial Economics and Banking at the University of Ghent (UG)

There are no potential conflicts of interest between any duties to Belfius Bank of the members of the Board of Directors and their private interests and other duties.

Advisory committees set up by the Board of Directors

The Board of Directors of Belfius Bank established various advisory committees to assist in its task, i.e. a Nomination Committee, a Remuneration Committee, an Audit Committee and a Risk Committee. These committees are exclusively composed of Non-Executive Directors. At least one member of each advisory committee is independent within the meaning of Article 526ter of the Companies Code. The members of these advisory committees sit at a maximum on two of these committees.

On 12 March 2014, the Nomination and Remuneration Committee was split into two separate committees in order to comply with the banking law (Law of 25 April 2014 on the status and control of credit institutions). Furthermore, the Strategy Committee was abolished on 17 December 2014. The tasks of the Strategy Committee were taken over by the Board of Directors.

There are no potential conflicts of interest between any duties to Belfius Bank of the members of any of the following advisory committees and their private interests and other duties.

1. Nomination Committee

As of the date of the Base Prospectus, the Nomination 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

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 opinion on the composition and operation of the 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 by the Shareholders Meeting or by the Board of Directors as the case may be, candidates suited to filling vacant seats 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.

The Nomination Committee:

- 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;
- 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 accordingly;
- 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;
- assess the governance memorandum each year 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 the 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 both Belfius Bank and Belfius Insurance.

2. *Remuneration Committee*

As of the date of the Base Prospectus, the Remuneration Committee of Belfius Bank has the following membership:

<u>Name</u>	<u>Position</u>
Lutgart Van Den Berghe	Chairman - Director of Belfius Bank
Jozef Clijsters	Member - Chairman of the Board of Directors of Belfius Bank
Carine Doutrelepon	Member - Director of Belfius Bank

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 opinion on remuneration policies and practices and on the incentives created for managing risks, capital and liquidity of the bank in order to perform its tasks, since 2014 the Remuneration Committee has interacted 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 of future profits are correctly taken into consideration in decisions relating to remuneration policy. So for example, within Belfius Bank, the Risk divisions establish and annually assess Key Risk Indicators in collaboration with the human resources division.

For its part 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 that relate, amongst other things, to the following:

- Development of the remuneration policy, and making practical 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 will submit this remuneration to the General Meeting for approval.
- Development of the remuneration policy and practical proposals for the remuneration of the chairman of the Management Board and, at his proposal, the remuneration of 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. At 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 effect on the risk profile of the Belfius Group (known as "Identified Staff").
- Development of the remuneration policy and objectives of the individuals responsible for the independent audit functions:

- The Remuneration Committee exercises direct supervision of the remuneration of the individuals responsible for the independent audit functions (Chief Risk Officer, General Auditor & the Compliance Officer).
- The Remuneration Committee supervises the development of the objectives of these employees, as well as developing the remuneration policy.
- Preparation of the remuneration report approved by the Board of Directors and published in the annual report.
- Exercising periodic controls to ensure that the remuneration programmes are achieving their purpose and are in line with the conditions that apply.
- The annual assessment of the performance and objectives of the members of the Management Board.

The Remuneration Committee acts for both Belfius Bank and Belfius Insurance.

3. *Audit committee*

As at the date of the Base Prospectus, the Audit Committee of Belfius Bank has the following membership:

Name	Position
Chris Sunt	Chairman <i>ad interim</i> Director of Belfius Bank
Marie Gemma Dequae	Member Director of Belfius Bank

The Audit Committee assists the Board of Directors in its task of carrying out prudential 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.

4. *Risk Committee*

As at the date of the Base Prospectus, the Risk Committee has the following membership:

Name	Position
	Chairman
Rudi Vander Venet.....	Director of Belfius Bank
	Member
Wouter Devriendt	Director 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 the 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 the bank with its customer tariffs.
- assessing activities which expose the bank to real risks;
- supervising requirements in terms of capital and liquidity, the capital base and the bank's liquidity situation;
- the guarantee that risks are proportional to the bank's capital;
- formulating an opinion with regard to major transactions and new proposals for strategy activities that have a significant impact on the bank's risk appetite;
- obtaining information and analysing management reports as to the extent and nature of the risks facing the bank; and
- monitoring the Internal 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 the 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 specific report on operational risks, the effective management report relating to assessment of internal audit 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.

Audited Consolidated Financial Statements of Belfius Bank

Belfius Bank's Audited Consolidated Balance Sheet

	Note	31 December 2013	31 December 2014
Assets (EUR '000)			
Cash and balances with central banks	5.2.	1,445,716	2,412,855
Loans and advances due from banks	5.3.	30,123,709	31,058,774
Loans and advances to customers	5.4.	87,721,562	87,157,989
Investments held to maturity	5.5.	0	2,834,531
Financial assets measured at fair value through profit or loss	5.6.	5,512,233	6,100,168
Financial assets available for sale	5.7.	28,074,151	25,087,002
Derivatives	5.9.	23,190,180	31,130,082
Fair value revaluation of portfolio hedge (interest risk)		3,044,509	5,071,952
Investments in associates	5.10.	169,487	146,494
Tangible fixed assets	5.11.	1,391,707	1,297,180
Intangible assets and goodwill	5.12.	199,047	193,715
Tax assets	5.13.	958,827	694,928
Other assets	5.14.	923,135	1,196,572
Non-current assets held for sale	5.15.	23,159	24,932
Total Assets		182,777,422	194,407,174

	Note	31 December 2013	31 December 2014
Liabilities (EUR '000)			
Due to banks	6.1.	29,235,568	21,407,816
Customer borrowings and deposits	6.2.	61,625,312	66,513,874
Financial liabilities measured at fair value through profit or loss	6.3.	8,460,808	9,166,712
Derivatives	5.9.	28,602,043	38,165,388
Fair value revaluation of portfolio hedge (interest risk)		42,632	293,993

Debt securities	6.4.	27,184,180	29,112,916
Subordinated debts	6.5.	893,192	886,358
Technical provisions of insurance companies	6.6.	17,641,090	18,047,274
Provisions and other obligations	6.7.	462,146	477,169
Tax liabilities	6.8. & 5.13.	109,652	258,560
Other liabilities	6.9	1,899,853	2,150,517
Liabilities included in disposal groups held for sale	6.10	0	0
Total Liabilities		176,156,476	186,480,577

	Note	31 December 2013	31 December 2014
Equity (EUR '000)			
Subscribed capital	1.4.	3,458,066	3,458,066
Additional paid-in capital		209,232	209,232
Treasury shares		0	0
Reserves and retained earnings		3,230,926	3,675,506
Net income for the period		444,998	461,642
Core shareholders' equity		7,343,222	7,804,446
Remeasurement available-for-sale reserve on securities		(167,603)	604,176
Frozen fair value of financial assets reclassified to loans and advances		(701,877)	(585,455)
Remeasurement defined benefit plan		129,851	97,975
Discretionary participation features of insurance contracts	6.6.	0	12,346
Other reserves		1,457	(9,666)
Gains and losses not recognised in the statement of income		(738,172)	119,376
Total shareholders' equity		6,605,050	7,923,822
Non-controlling interests		15,896	2,775
Total Equity		6,620,946	7,926,597
Total Liabilities and Equity		182,777,422	194,407,174

Belfius Bank's Audited Consolidated Statement of Income

	Note	31 December 2013	31 December 2014
<i>(EUR '000)</i>			
Interest income	7.1.	6,270,012	5,558,955
Interest expense	7.1.	(4,353,139)	(3,507,773)
Dividend income	7.2.	50,753	49,418
Net income from associates	7.3.	4,672	1,980
Net income from financial instruments at fair value through profit or loss	7.4.	(188,180)	(221,734)
Net income on investments	7.5.	154,562	41,370
Fee and commission income	7.6.	490,945	544,637
Fee and commission expense	7.6.	(116,396)	(97,516)
Premiums and technical income from insurance activities	6.6.	1,910,832	1,736,252
Technical expense from insurance activities	6.6.	(2,314,952)	(2,031,966)
Other net income	7.7.	(74,774)	(2,637)
Income		1,834,335	2,070,986
Staff expense	7.8.	(560,411)	(637,295)
General and administrative expense	7.9.	(478,712)	(440,317)
Network costs		(293,000)	(284,594)
Depreciation and amortisation	7.10.	(92,049)	(85,581)
Expenses		(1,424,172)	(1,447,787)
Gross operating income		410,163	623,199
Impairments on loans and provisions for credit commitments	7.11.	108,558	(58,545)
Impairments on tangible and intangible assets	7.12.	(922)	(4,924)
Impairments on goodwill	7.13.	0	0
Provisions for legal litigations	7.14.	0	0
Net income before tax		517,799	559,730
Tax expense	7.15.	(72,703)	(99,849)
Net income after tax		445,096	459,881

Discontinued operations (net of tax)	0	0
Net income	445,096	459,881
Attributable to non-controlling interests	98	(1,761)
Attributable to equity holders of the parent	444,998	461,642

EU DIRECTIVE ON THE TAXATION OF SAVINGS INCOME – EXCHANGE OF INFORMATION

Under Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the “**EU Savings Directive**”), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or similar income (within the meaning of the EU Savings Directive) paid by a person located within their jurisdiction to, or collected by such a person for, an individual resident in that other Member State or to certain limited types of entities (as defined in the article 4.2 of the EU Savings Directive) established in that other Member State. However, for a transitional period, Austria may instead (unless during that period it elects for one of the two information exchange procedures available) operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories have adopted similar measures.

According to the Luxembourg law dated 25 November 2014, the Luxembourg government has abolished the withholding tax system with effect from 1 January 2015 in favour of the automatic information exchange mechanism under the EU Savings Directive. Furthermore, in October 2014, Austria reportedly agreed to a proposal amending Directive 2011/16/EU which aims at reinforcing the current EU legislation in the field of automatic exchange of information and which may ultimately lead to Austria abolishing the withholding system provided for in the EU Savings Directive. This proposal was finally adopted on 9 December 2014 as Directive 2014/107/EU on administrative cooperation in direct taxation which is further described below (see “Common Reporting Standard”).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

The Council of the European Union formally adopted Council Directive 2014/48/EU amending the EU Savings Directive on 24 March 2014 (the “**Amending Directive**”). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive and are required to apply these new requirements from 1 January 2017. The changes made under the Amending Directive include extending the scope of the EU Savings Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of “interest payment” to cover income that is equivalent to interest.

On 18 March 2015, the European Commission has however proposed the repeal of the EU Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the EU Savings Directive and the new automatic exchange of information under the Common Reporting Standard. The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

Common Reporting Standard

The exchange of information is, in the near future, expected to be governed by the broader Common Reporting Standard (“**CRS**”).

On 29 October 2014, 51 jurisdictions¹³ 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 40 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 would be 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.

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

¹³ Albania, Anguilla, Argentina, Aruba, Austria, Belgium, Bermuda, British Virgin Islands, Cayman Islands, Colombia, Croatia, Curaçao, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hungary, Iceland, Ireland, Isle of Man, Italy, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mauritius, Mexico, Montserrat, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Turks & Caicos Islands, United Kingdom.

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 25 per cent. Belgian withholding tax on the gross amount of the interest.

In this regard, “interest” means the periodic interest income, any amount paid by the Issuer in excess of the issue price (whether or not on the maturity date) and, in case of a realisation of the Notes between two interest payment dates, the pro rata of accrued interest corresponding to the detention period.

However, payments of interest and principal under the Notes by or on behalf of the Issuer may be made without deduction of withholding tax in respect of the Notes if and as long as at the moment of payment or attribution of interest they are held by certain eligible investors (the “**Eligible Investors**”, see hereinafter) in an exempt securities account (an “**X Account**”) that has been opened with a financial institution that is a direct or indirect participant (a “**Participant**”) in the X/N Clearing System operated by the National Bank of Belgium (the “**NBB**” and the “**Securities Settlement System**”). Euroclear and Clearstream, Luxembourg 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;
- (i) institutions, associations or companies specified in article 2, §3 of the law of 9 July 1975 on the control of insurance companies other than those referred to in 1° and 3° subject to the application of article 262, 1° and 5° of the Belgian code on income tax of 1992 (“*code des impôts sur les revenus 1992*”/“*wetboek van de inkomstenbelastingen 1992*”, the “**Income Tax Code of 1992**”);
- (ii) state regulated institutions (“*institutions paraétatiques*”/“*parastatalen*”) for social security, or institutions which are assimilated therewith, provided for in article 105, 2° of the royal decree implementing the Income Tax Code 1992 (“*arrêté royal d’exécution du code des impôts sur les revenus 1992*”/“*koninklijk besluit tot invoering van het wetboek inkomstenbelastingen 1992*”, the “**Royal Decree implementing the Tax Code 1992**”);

- (iii) non-resident investors provided for in article 105, 5° of the same decree;
- (iv) investment funds, recognised in the framework of pension savings, provided for in article 115 of the same decree;
- (v) tax payers provided for in article 227, 2° of the Income Tax Code 1992 which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident income tax pursuant to article 233 of the same code;
- (vi) the Belgian State in respect of investments which are exempt from withholding tax in accordance with a article 265 of the Income Tax Code 1992;
- (vii) 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
- (viii) 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 25 per cent. withholding tax. This withholding tax is withheld by the NBB and paid to the Belgian Treasury.

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

- A transfer from an N Account (to an X Account or N Account) gives rise to the payment by the transferor non-Eligible Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- A transfer (from an X Account or N Account) to an N Account gives rise to the refund by the NBB to the transferee non-Eligible Investor of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- Transfers of Notes between two X Accounts do not give rise to any adjustment on account of withholding tax.

Upon opening of an X Account for the holding of Notes, the Eligible Investor is required to provide the Participant with a statement of its eligible status on a form approved by the Minister of Finance. There is no on going declaration requirement to the Securities Settlement System as to the eligible status.

An Exempt Account may be opened with a Participant by an intermediary (an “**Intermediary**”) in respect of Notes that the Intermediary holds for the account of its clients (the “**Beneficial Owners**”), provided that each Beneficial Owner is an Eligible Investor. In such a case, the Intermediary must deliver to the Participant a statement on a form approved by the Minister of Finance confirming that (i) the Intermediary is itself an Eligible Investor and (ii) the Beneficial Owners holding their Notes through it are also Eligible Investors. A Beneficial Owner is also required to deliver a statement of its eligible status to the intermediary.

These identification requirements do not apply to Notes held in Euroclear or Clearstream, Luxembourg as Participants to the Securities Settlement System, provided that Euroclear or Clearstream only hold X Accounts and that they are able to identify the holders for whom they hold Notes in such account.

In accordance with the Securities Settlement System, a Noteholder who is withdrawing Notes from an Exempt Account will, following the payment of interest on those Notes, be entitled to claim an indemnity from the Belgian tax authorities of an amount equal to the withholding on the interest payable on the Notes from the last preceding Interest Payment Date until the date of withdrawal of the Notes from the 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 25 per cent. on interest payments. The withholding tax constitutes the final taxation; the interest on the Notes does not have to be declared in their personal income tax return.

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 25 per cent. (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 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 33.99 per cent. Capital losses realised upon the sale of the Notes are in principle tax deductible.

2.3 Belgian legal entities

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

Belgian legal entities which qualify as Eligible Investors (see section 1 entitled "Belgian Withholding Tax") and which consequently have received gross interest income are required to declare and pay the 25 per cent. withholding tax to the Belgian tax authorities.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gains qualify as interest (as defined in section 1 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, the Belgian withholding tax that has been levied can be credited against any corporate income tax due and any excess amount is in principle refundable.

2.5 Belgian non-residents

Noteholders who are not residents of Belgium for Belgian tax purposes and who are not holding the Notes through their permanent establishment in Belgium will not become liable for any Belgian tax on income or capital gains by reason only of the acquisition or disposal of the Notes, provided that they qualify as Eligible Investors and that they hold their Notes in an X Account.

3 Tax on stock exchange transactions

A tax on stock exchange transactions (“*taxe sur les opérations de bourse*”/“*beurstaks*”) will be levied on the purchase and sale in Belgium of the Notes on a secondary market through a professional intermediary. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is 0.09 per cent. with a maximum amount of Euro 650 per transaction and per party. The tax is due separately from each party to any such transaction, i.e. the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary.

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 European Directive on taxation of savings income in the form of interest payments

The EU has adopted European Council Directive 2003/48/EC on the taxation of savings income (hereinafter “**Savings Directive**”). The Savings Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident or to certain other persons established in that other Member State (hereinafter “**Automatic Exchange of Information**”). However, for a transitional period, Luxembourg and Austria may instead operate a withholding system in relation to such payments, subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld (the “**Withholding System**”).

Reference is made to the section entitled “EU Directive on the Taxation of Savings Income – Exchange of Information” for more details on the scope of the Savings Directive and the latest legislative initiatives.

4.1 Individuals not resident in Belgium

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

4.2 Individuals resident in Belgium

An individual resident in Belgium will be subject to the provisions of the Savings Directive, if it receives interest payments from a paying agent (within the meaning of the Savings Directive) established in another EU Member State, Switzerland, Liechtenstein, Andorra, Monaco, San Marino or a dependent or associated territory of the Member States (i.e. Curaçao, Bonaire, Saba, Sint Maarten, Sint Eustatius (formerly the Netherlands Antilles), Aruba, Guernsey, Jersey, the Isle of Man, Montserrat, the British Virgin Islands, Anguilla, the Cayman Islands or the Turks and Caicos Islands).

If the interest received by an individual resident in Belgium has been subject to the Withholding System, any withholding tax, in application of such system, does not liberate the Belgian individual from declaring the interest income in the personal income tax declaration. Such withholding tax will be credited against the personal income tax. If this withholding tax withheld exceeds the personal income tax due, the excessive amount will be reimbursed, provided it reaches a minimum of Euro 2.5.

LUXEMBOURGIAN TAXATION ON THE NOTES

The comments below are intended as a basic summary of certain 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 or certain residual entities, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to certain individual Noteholders or certain Luxembourg resident residual entities, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

Luxembourg non-resident individuals

In accordance with the law of 25 November 2014, Luxembourg elected out of the withholding tax system in favour of an automatic exchange of information under the Council Directive 2003/48/EC on the taxation of savings income as from 1 January 2015. Payments of interest by Luxembourg paying agents to non-resident individual Noteholders and to certain residual entities are thus no longer subject to any Luxembourg withholding tax.

Luxembourg resident individuals

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, interest payments made by Luxembourg paying agents (within the meaning of the EU Savings Directive) to (or for the benefit of) Luxembourg individual residents or to certain Residual Entities (as defined in the article 4.2 of the EU Savings Directive) securing interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the European Council Directive 85/611/EEC, as replaced by the European Council Directive 2009/65/EC, or for the exchange of information regime) are subject to a 10 per cent. withholding tax.

Pursuant to the Law, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 10 per cent. 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 a State or territory which has concluded an international agreement directly related to the Savings Directive.

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.

U.S. WITHHOLDING TAX UNDER FATCA

The foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2011, commonly referred to as FATCA, impose a new reporting regime and potentially a 30 per cent. withholding tax (any such withholding being “**FATCA Withholding**”) with respect to certain payments to non-US financial institutions (a “**foreign financial institution**” or “**FFI**” (as defined by FATCA)) that do not become a “**Participating FFI**” by entering into agreements with the U.S. Internal Revenue Service (“**IRS Agreements**”) or become subject to provisions of local law intended to implement an intergovernmental agreement (“**IGA Legislation**”) entered into pursuant to FATCA. Such Participating FFIs may be required to identify “financial accounts” held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. In order (a) to obtain an exemption from FATCA Withholding on payments it receives and/or (b) to comply with any applicable laws in its jurisdiction, an FFI that enters into an IRS Agreement or is subject to IGA Legislation may be required to (i) report certain information on its U.S. account holders to the government of the United States or another relevant jurisdiction and (ii) apply FATCA Withholding to all, or a portion of, certain payments made to persons that fail to provide the financial institution information, consents and forms or other documentation that may be necessary for such financial institution to determine whether such person is compliant with FATCA or otherwise exempt from FATCA Withholding.

Under FATCA, withholding may be required with respect to payments to persons that are not compliant with FATCA or that do not provide the necessary information, consents or documentation made on or after 1 January 2017 (at the earliest) in respect of “foreign passthru payments” (a term not yet defined). This withholding would potentially apply to payments in respect of any Notes characterised as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued after the “grandfathering date”, which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date. If Notes are issued before the grandfathering date, and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes and the information reporting obligations of the Issuer and other entities in the payment chain is still developing. In particular, a number of jurisdictions (including Belgium in April 2014) have entered into, or have announced their intention to enter into, IGAs (or similar mutual understandings) with the United States, which modify the way in which FATCA applies in their jurisdictions. Pursuant to FATCA and the “Model 1” and “Model 2” IGAs released by the United States, an FFI in an IGA signatory country could be treated as a “Reporting FI” not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the U.S. Internal Revenue Service. The United States and Belgium have entered into an agreement based largely on the Model 1 IGA.

The Issuer and financial institutions through which payments on the Notes are made may be required to withhold under FATCA if any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA.

Whilst the Notes are held within the Securities Settlement System, it is not expected that FATCA will affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the

Securities Settlement System, given that each of the entities in the payment chain between the Issuer and the participants in the Securities Settlement System is a major financial institution whose business is dependent upon compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

SUBSCRIPTION AND SALE

Pursuant to an Amended and Restated Distribution Agreement dated on or about 11 May 2015 (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 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.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the 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 that:

1. 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**”);

2. 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
3. it has complied and will comply with all applicable provisions of the FSMA 2000 with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Belgium

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

Final Terms dated [●]

Belfius Bank SA/NV

Issue of [Aggregate Nominal Amount of Tranche]
[Title of Notes]

under the €10,000,000,000

Euro Medium Term Note Programme

PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Base Prospectus dated 11 May 2015 [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) (and amendments thereto, including the 2010 Prospectus Directive Amending Directive (Directive 2010/73/EU) to the extent implemented in any Member State of the European Economic Area which has implemented the Prospectus Directive) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such 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 11 May 2015 [and the Base Prospectus Supplement[s] dated [●]]. The Base Prospectus dated 11 May 2015 [and the Base Prospectus Supplement[s] dated [●]] [is]/[are] available for viewing at www.bourse.lu. 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 dated 7 May 2014. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (and amendments thereto, including the 2010 Prospectus Directive Amending Directive (Directive 2010/73/EU) to the extent implemented in any Member State of the European Economic Area which has implemented the Prospectus Directive) (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated 11 May 2015 [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 7 May 2014. 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 7 May 2014 and the Base Prospectus dated 11 May 2015. [The Base Prospectus dated 11 May 2015] [, the supplement[s] to the Base Prospectus dated [●]] and the terms and conditions set forth in the Base Prospectus dated 7 May 2014 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: | []
<i>(delete if not applicable)</i> |
| | (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 <i>[insert description of Series]</i> (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: [] per cent. 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: [] / [Interest Payment Date falling on or nearest to [] *(specify in this format for Floating Rate Notes or CMS-Linked Interest Notes)*]
- (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]
- [[] per cent. 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]
- (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) Redemption at the option of the Issuer: [Applicable. Further details specified in Paragraph 19 of Part A of the Final Terms below] / [Not Applicable].
- (Condition 3(c))

	(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] / [Subordinated Notes]
	(II) Subordinated Notes	[Applicable][Not applicable] <i>(if Not applicable, delete the sub-paragraphs under this paragraph)</i>
	• 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(c): Substitution and Variation	[Applicable] / [Not applicable]
	(III) Date of any additional [Board] approval for issuance of Notes obtained:	[] [and [], respectively]] / [Not Applicable] <i>(specify if Notes require separate / new authorisation. Otherwise specify "Not Applicable")</i>
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] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(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 []]. <i>(delete as appropriate)</i>
	(II) Step-Up Notes:	[Applicable] / [Not Applicable]
	(III) Rate[(s)] of Interest:	[] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear] [for the period from [] to []... and [] per cent. 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] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(I)	Initial Rate of Interest:	[] per cent. 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 cent. per annum
(VI)	Subsequent Margin:	[+/-] [] per cent. 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] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(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]. <i>(delete as appropriate)</i>
	(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 <i>(Specify "Not Applicable" if fallback in Condition 2(m) applies)</i>
	(III) Interest Period Dates:	[Not applicable] / [Each [] and [], from and including [] up to and including []] <i>(Specify "Not Applicable" if fallback in Condition 2(m) applies)</i>
	(IV) Business Day Convention:	[Following Business Day Convention] / [Modified Following Business Day Convention] / [Not Applicable] <i>(delete as appropriate)</i>
	(V) Business Centre(s):	[] / [Not Applicable]
	(VI) Reference Banks:	[]
	(VI) 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]

- (VII) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s): [Calculation Agent][name]
- (VIII) 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 cent. per annum[in respect of Interest Period from and including [the Interest Commencement Date] to but excluding []], [[+/-][] per cent. per annum from and including [] to but excluding [].... and [[+/-][] per cent. per annum from and including [] to but excluding []]
 - Leverage: [] / [Not Applicable]
- (IX) 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 cent. per annum[in respect of Interest Period from and including [the Interest Commencement Date] to but excluding []], [[+/-][] per cent. per annum from and including [] to but excluding [].... and [[+/-][] per cent. per annum from and including [] to but excluding []]
 - Leverage: [] / [Not Applicable]
- (X) 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)]
- (XI) CMS-Linked Interest Notes: [Applicable] / [Not Applicable]
(if Not applicable, delete the sub-paragraphs under this paragraph)
- Reference Rate: [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 cent. per annum[in respect of Interest Period from and including [the Interest Commencement Date] to but excluding [], [[+/-][] per cent. per annum from and including [] to but excluding [].... and [[+/-][] per cent. per annum from and including [] to but excluding []]
 - Leverage: [] / [Not Applicable]
 - (XII) Minimum Rate of Interest: [] per cent. / [Not Applicable]
 - (XIII) Maximum Rate of Interest: [] per cent. / [Not Applicable]
 - (XIV) 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)]
 - (XV) Determination Date []
- 17 **Zero Coupon Note Provisions** [Applicable] / [Not Applicable]
(if Not applicable, delete the sub-paragraphs under this paragraph)

	(I) Amortisation Yield:	[] per cent. 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] <i>(if Not applicable, delete the sub-paragraphs under this paragraph)</i>
	(I) Reference Rate:	[]
	(II) Specified Rate:	[[] per cent.]
	(III) Upper Barrier:	[]
	(IV) Lower Barrier:	[]
	(V) Maximum Rate of Interest:	[] per cent. / [Not Applicable]
	(VI) Minimum Rate of Interest:	[] per cent. / [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][<i>name</i>]
	(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 <i>(Specify "Not Applicable" if fallback in Condition 2(m) applies)</i>
	(X) Interest Period Dates:	[Not applicable] / [Each [] and [], from and including [] up to and including []] <i>(Specify "Not Applicable" if fallback in Condition 2(m) applies)</i>
	(XI) Business Day Convention:	[Following Business Day Convention] / [Modified Following Business Day Convention] <i>(delete as appropriate)</i>
	(XIII) Business Centre(s):	[] / [Not Applicable]
	Provisions Relating to Redemption	
19	Call Option (Condition 3(c))	[Applicable]/[Not Applicable] <i>(if Not applicable, delete the sub-paragraphs under this paragraph)</i>
	(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: [[] per cent.] / [] per cent. in respect of the Optional Redemption Date falling on [], [] per cent. 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 per cent.)
- (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: [[] per cent.] / [Not Applicable]
(Specify only if “Specified Redemption Amount” is selected. Note: the Specified Fixed Percentage Rate must be at least 100 per cent.)
- (V) Notice period: []
- (VI) Address for Notices: [Belfius Bank SA/NV
Long Term Funding GI 01/10
Pachecolaan 44
1000 Brussels
Belgium
Tel.: +32 2 250 70 64 or +32 2 222 70 28
Fax: +32 2 222 24 16
E-mail: ltfunding@belfius.be] / [●]

With a copy to:
[Belfius Bank SA/NV]

Transaction Services Securities (Transaction Release and Custody Management)
 GI 03/04
 Pachecolaan 44
 1000 Brussels
 Belgium
 Tel.: +32 2 222 19 55 or +32 2 222 14 80 or +32 2 222 14 08
 Fax: +32 2 285 10 87
 E-mail: cmtransrelease@belfius.be; cmcustodymgmt@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: [[] per cent.] / [Not Applicable]
(Specify only if “Specified Redemption Amount” is selected. Note: the Specified Fixed Percentage Rate must be at least 100 per cent.)
- 22 **Zero Coupon Note Redemption Amount of each Zero Coupon Note** [Specified Redemption Amount] / [Par Redemption] / [Amortised Face Amount]
- (I) Specified Fixed Percentage Rate: [[] per cent.] / [Not Applicable]
(Specify only if “Specified Redemption Amount” is selected. Note: the Specified Fixed Percentage Rate must be at least 100 per cent.)
- 23 **Early Redemption**
- (I) Tax Event Redemption Amount (Condition 3(f)) [Specified Redemption Amount] / [Par Redemption] / [Amortised Face Amount]
(Note: the Specified Fixed Percentage Rate must be at least 100 per cent.)
- (a) Specified Fixed Percentage Rate: [[] per cent.] / [Not Applicable]
(Specify only if “Specified Redemption Amount” is selected. Note: the Specified Fixed Percentage Rate must be at least 100 per cent.)
- (b) Amortisation Yield: [[] per cent.] / [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.)
	Redemption upon 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
(II)	Capital Disqualification Event Early Redemption Price (Condition 3(e))	[Specified Redemption Amount, and the Specified Fixed Percentage Rate is [] per cent.] / [Par Redemption] / [Not applicable] (Note: the Specified Fixed Percentage Rate must be at least 100 per cent.)
	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
(III)	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 per cent.)
	(a) Specified Fixed Percentage Rate:	[[] per cent.] / [Not Applicable] (Specify only if “Specified Redemption Amount” is selected. Note: the Specified Fixed Percentage Rate must be at least 100 per cent.)
	(b) Amortisation Yield:	[[] per cent.] / [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(g))	[Applicable] / [Not Applicable] (if Not applicable, delete the sub-paragraphs under this paragraph)
	(I) Target Level:	[[] per Calculation Amount] / [[] per cent.]
	(II) Target Early Redemption Amount:	[Specified Redemption Amount] / [Par Redemption]
	(III) Specified Fixed Percentage Rate:	[[] per cent.] / [Not Applicable] (Specify only if “Specified Redemption Amount” is selected. Note: the Specified Fixed Percentage Rate must be at least 100 per cent.)
	(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][]

General Provisions Applicable to the Notes

25 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

Indication of yield: []

5 [Floating Rate Notes or CMS-Linked Interest Notes only – Historic Interest Rates

Details of historic [LIBOR][EURIBOR][CMS Rate] rates can be obtained from *[Reuters page]*

6 [Range Accrual Notes only – Historic Reference Rates]

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:] []

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] []

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): [Reg. S Compliance [Category 1/Category 2]; TEFRA not applicable]

investors to which the Notes
are offered):

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 17 February 2015.
3. Belfius Bank is an Authorised European Institution.
4. There has been no material adverse change in the prospects of Belfius Bank on a consolidated basis since 31 December 2014. 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. There has been no significant change in the financial or trading position of Belfius Bank since 31 December 2014.
6. Except 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 12 months preceding the date of this Base Prospectus which may have or have had in the recent past significant effects, on the financial position or profitability of Belfius Bank or any of its subsidiaries.
7. The Notes have been accepted for clearance through the Securities Settlement System. The Common Code and the International Securities Identification Number (ISIN) (and any other relevant identification number for any Alternative Clearing System) for each Series of Notes will be set out in the applicable Final Terms.
8. 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. 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. Copies of the annual report and audited annual accounts of Belfius Bank for the years ended 31 December 2013 and 31 December 2014, including the reports of the statutory auditors in respect thereof, may be obtained, and copies of this Base Prospectus and any supplements and each Final Terms may be obtained, and copies in physical form of the Agency Agreement and the Articles of Association of the Issuer will be available for inspection, at the specified offices of the Fiscal Agent and each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding. 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, Berkenlaan 8B, 1831 Diegem (a member of IBR – IRE *Instituut der Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*).

They rendered unqualified audit reports on the financial statements of Belfius Bank for the years ended 31 December 2013 and 2014.

12. Eligible Investors do not include, *inter alia*, Belgian resident investors who are individuals or certain non-profit making organisations.
13. 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).

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