BELFIUS BANK SA/NV

(*Incorporated with limited liability under the laws of Belgium*)

Issuer

Programme for the continuous issuance of "*bons de caisse/kasbons*" ("Savings Certificates")

Under the savings certificates issuance programme (the "**Programme**") described in this base prospectus (the "**Base Prospectus**"), Belfius Bank SA/NV (with legal entity identifier ("**LEI**") A5GWLFH3KM7YV2SFQL84) (also named Belfius Banque SA/Belfius Bank NV, "**Belfius Bank**" or referred to as the "**Issuer**" herein) may on a continuous basis, issue "*bons de caisse/kasbons*" ("**Savings Certificates**"), that rank as senior preferred obligations of the Issuer.

Final terms ("**Final Terms**") will document each Category (as defined below) of Savings Certificates issued under the Base Prospectus.

This Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see Section 5 of this Base Prospectus). This Base Prospectus should be read and construed together with any amendments or supplements hereto and, in relation to any Category of Savings Certificates, should be read and construed in conjunction with each relevant Final Terms.

This Base Prospectus (as amended or supplemented from time to time and including all documents incorporated by reference therein) and the relevant Final Terms together constitute the prospectus for each Category of Savings Certificates.

Any decision to invest in the Savings Certificates should be based on a consideration of the Base Prospectus as a whole and the relevant Final Terms.

The Savings Certificates shall be Debt Securities as referred to in the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, as amended (herein referred to as "**Commission Delegated Regulation (EU) 2019/980**"). Debt Securities are debt instruments for which the Issuer commits itself to redeem the principal invested at maturity.

The Savings Certificates will be issued in dematerialised form in accordance with Articles 7:35 et seq. of the Belgian Code of Companies and Associations.

Savings Certificates issued under this Base Prospectus constitute unsecured debt instruments. In case of insolvency or default by the Issuer, investors may not recover all amounts they are entitled to and risk losing all or a part of their investment. Investing in the Savings Certificates issued under this Base Prospectus involves certain risks and may not be a suitable investment for all investors. Each prospective investor must carefully consider whether it is suitable for that investor to invest in the Savings Certificates in light of its knowledge and financial experience and should, if required, obtain professional advice. Prospective investors should read the Base Prospectus in its entirety and, in particular, the risk factors described under Section 2 (*Risk Factors*) before making an investment decision in order to fully understand the potential risks and rewards associated with the decision to invest in the Savings Certificates.

In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

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

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

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Savings Certificates;

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

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

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Savings Certificates are legal investments for it, (ii) Savings Certificates can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Savings Certificates. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Savings Certificates under any applicable risk-based capital or similar rules.

This Base Prospectus was approved by the Belgian Financial Services and Markets Authority ("**FSMA**") on 6 December 2023 as competent authority under the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the "**Prospectus Regulation**") and is valid for one year from that date, provided that this Base Prospectus may be updated by any supplements in accordance with Article 23 of the Prospectus Regulation. This Base Prospectus shall be valid for a period of one year from its date of approval, being until 6 December 2024. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid. Offers of Savings Certificates can still be made under this Base Prospectus after 6 December 2024 and the base prospectus shall remain valid for such purposes, if an exemption from the requirement to draw up a prospectus in respect of such offers applies in accordance with the Belgian law of 11 July 2018 (the "**Prospectus Law**").

Where this Base Prospectus contains hyperlinks to websites, the information on the websites does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised or approved by the FSMA, except for information that is incorporated by reference in accordance with Section 5 of this Base Prospectus.

The long-term ratings of Belfius Bank as at the date of this Base Prospectus are A1 (Moody's), A (Standard & Poor's) and A- (Fitch). 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. An outlook is not necessarily a precursor of a rating change or future credit watch action. In case of any rating action by any of the rating agencies, the most recent credit ratings of Belfius Bank are always published on Belfius'[1] website, at the following address: https://www.belfius.be/about-us/en/investors/ratings. The information on this section of the website does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised or approved by the FSMA.

Each of Moody's, Standard & Poor's and Fitch is established in the European Union and is, on the date of this Base Prospectus, included in the updated list of credit rating agencies registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**") published on the European Securities and Markets Authority ("**ESMA**")'s website (https://www.esma.europa.eu/supervision/credit-rating-agencies/risk).

This Base Prospectus, any supplement to the Base Prospectus and the relevant Final Terms will be made available on Belfius' website in English, together with a summary in Dutch (belfius.be/kasbon) and in French (belfius.be/bondecaisse) and a copy will be able to be obtained free of charge in the offices of the Issuer. The information on this website does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised or approved by the FSMA, except for information that is incorporated by reference in accordance with Section 5 of this Base Prospectus.

Pursuant to article 8.8 of the Prospectus Regulation, a summary shall be drawn up once the Final Terms are included in this Base Prospectus or in a supplement to the Base Prospectus or are prepared separately, and that summary shall be specific to the individual issue.

No person is or has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Savings Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer. Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances,

[1] Belfius Bank and its consolidated subsidiaries are referred to herein as "**Belfius**".

create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented, or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented, or that any other information supplied in connection with the Base Prospectus 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. If at any time during the life of the Base Prospectus the Issuer shall be required to prepare a supplement pursuant to Article 23 of the Prospectus Regulation, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus.

This Base Prospectus contains or incorporates by reference certain statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the Issuer's business strategies, trends in its business, competition and competitive advantage, regulatory changes, and restructuring plans. Words such as believes, expects, projects, anticipates, seeks, estimates, intends, plans or similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. The Issuer does not intend to update these forward-looking statements except as may be required by applicable securities laws. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. A number of important factors could cause actual results, performance or achievements to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include: (i) the ability to maintain sufficient liquidity and access to capital markets; (ii) market and interest rate fluctuations; (iii) the strength of the global economy in general and the strength of the economies of the countries in which the Issuer conduct operations; (iv) the potential impact of sovereign risk, particularly in certain European Union countries which have in the past come under market pressure; (v) adverse rating actions by credit rating agencies; (vi) the ability of counterparties to meet their obligations to the Issuer; (vii) the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations; (viii) the possibility of the imposition of foreign exchange controls by government and monetary authorities; (ix) operational factors, such as systems failure, human error, or the failure to implement procedures properly; (x) actions taken by regulators with respect to the Issuer's business and practices in one or more of the countries in which the Issuer conducts operations; (xi) the adverse resolution of litigation and other contingencies; (xii) the impact of events such as the Covid-19 pandemic, the conflict in Ukraine and the recent adverse developments in the banking sector (such as the events related to the US banks Silicon Valley Bank and Signature Bank and the forced takeover of the Swiss bank Credit Suisse by UBS in March 2023) on the operations and financial position of the Issuer; and (xiii) the Issuer's success at managing the risks involved in the foregoing. The foregoing list of important factors is not exclusive. When evaluating forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, as well as the other risks identified in this Base Prospectus.

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

The distribution of this Base Prospectus and the offer or sale of the Savings Certificates may be restricted by law in certain jurisdictions. The Issuer does not represent that this Base Prospectus may be lawfully distributed, or that the Savings Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. Accordingly, the Savings Certificates may not be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or the Savings Certificates may come are required by the Issuer to inform themselves about, and to observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of the Savings Certificates. For a description of certain restrictions on offers and sales of the Savings Certificates and on the distribution of this Base Prospectus, see "*Terms and Conditions of the Offer*".

This Base Prospectus was approved by the FSMA on 6 December 2023 as competent authority under the Prospectus Regulation in accordance with Article 20 of the Prospectus Regulation. This approval does not entail any appraisal of the appropriateness or the merits of any issue under the Programme nor of the situation of the Issuer. The FSMA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of this Base Prospectus.

1. TABLE OF CONTENTS AND OVERVIEW OF THE PROGRAMME

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OVERVIEW OF THE PROGRAMME

*This overview constitutes a general description of each of the Programmes for the purposes of Article 25(1)(b) of Commission Delegated Regulation 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, as amended. It summarises the main terms applicable to respectively the Savings Certificates issued under the Programme pursuant to the relevant terms and conditions set out in this Base Prospectus (the "**Conditions**") and the relevant final terms based on the form set out in this Base Prospectus (the "**Final Terms**").*

This overview does not purport to be complete and is taken from, and is qualified in its entirety by the remainder of, this Base Prospectus (including any documents incorporated by reference herein) and, in relation to the terms and conditions of any particular Category of Savings Certificates, the applicable Final Terms.

Capitalised terms used herein and not otherwise defined shall bear the meanings ascribed to them in the Conditions, as the context may require.

PROGRAMME OVERVIEW

Information relating to the Issuer

Issuer	Belfius Bank SA/NV (the "**Issuer**" or "**Belfius Bank**") is a limited liability company of unlimited duration incorporated under Belgian law, licensed as a Belgian credit institution and registered with the Crossroads Bank for Enterprises under business identification number 0403.201.185. Its registered office is at 1210 Brussels, Place Charles Rogier 11, Belgium, telephone +32 22 22 11 11.
Website of the Issuer	www.belfius.be The information on this website does not form part of, and is not incorporated by reference into, this Base Prospectus, except where that information has been expressly incorporated by reference in this Base Prospectus.
Issuer's legal entity identifier (LEI)	A5GWLFH3KM7YV2SFQL84

Information relating to the Programme

Description	The Programme is a programme for the continuous offer of *bons de caisse/kasbons* (the "**Savings Certificates**").
Savings Certificates	The Savings Certificates shall be Debt Securities as referred to in the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, as amended (herein referred to as "Commission Delegated Regulation (EU) 2019/980"). Debt Securities are debt instruments for which the Issuer commits itself to redeem the principal invested at maturity. The Savings Certificates will be issued in dematerialised form in accordance with Articles 7:35 et seq. of the Belgian Code of Companies and Associations.
Status and ranking of the Savings Certificates and Deposit Protection	The Savings Certificates are direct, unconditional and unsecured obligations of the Issuer and rank without any preference among themselves, with all other obligations of the Issuer of the same category, only to the extent permitted by laws relating to creditor's rights. This category can be seen as the "ordinary creditors" and may be qualified as "preferred senior creditors", being the creditors related under Article 389/1, 1° of the banking law. Such creditors have a higher priority

	ranking than the so-called "non-preferred senior" creditors defined under Article 389/1, 2° of the Banking law. The Savings Certificates represent debt obligations of the Issuer and do not form part of the capital or own funds of the Issuer. The holder of the Savings Certificates has a contractual claim (receivable) against the Issuer for the repayment of the principal amount of the Savings Certificates at the conditions as set out in these Terms and Conditions and the relevant Final Terms. The Savings Certificates benefit from a protection under the Belgian deposit protection scheme granted by the Belgian Guarantee Fund (*Garantiefonds/Fonds de Garantie*), subject to a limitation of EUR 100,000 (it being understood that this limitation applies to all deposits, including Savings Certificates, with a financial institution, held by a depositor). For amounts not protected by the deposit protection scheme, the Bail-In Power shall apply. In accordance with and subject to the conditions set out therein Article 389 § 2 of the Banking Law, "eligible deposits" held by individuals (physical persons) and small and medium enterprises including Savings Certificates benefit from a special priority lien on all assets of the Issuer for the amounts in excess of the amount covered by the deposit protection scheme (such lien ranking after the lien for the benefit of the Belgian Guarantee Fund for claims in the amounts covered by the deposit protection scheme).
Cross-Acceleration	None.
Cross-Default	None.
Negative Pledge	None.

<u>Information relating to the Savings Certificates issued under this Base Prospectus</u>

Form of Savings Certificates	The Savings Certificates are issued in dematerialised form in accordance with article 7:35 of the Belgian Code of Companies and Association ("**BCCA**"). The Savings Certificates are registered in a securities account held by the holder of the Savings Certificates. A conversion of Savings Certificates in dematerialised form into registered form (and vice versa) can always be requested by the relevant holder. The Issuer is a recognised account holder for purposes article 7:35 BCCA and acts as the head of pyramid in respect of the Savings Certificates issued by it. The Issuer centralises all operations with respect to the Savings Certificates, such as the payment of interest and redemption payments, also if the relevant Savings Certificates would have been transferred by the holder to another financial institution for custody.
Method of Issue	The Savings Certificates will be issued in categories (each a "**Category**") having the same characteristics with respect to maturity and interest rates.
Selling Restrictions	General, United States, United Kingdom. See Section 8. "*Subscription and Sale*".
Issue Price	Savings Certificates will be issued at their principal amount.
Delivery of Savings Certificates	Savings Certificates will be credited to the securities accounts held by the investor with the Issuer.
Currencies	EUR.
Maturities	As set out in the applicable Final Terms.
Redemption	The maturity date ("**Maturity Date**") of each Savings Certificate is as set out in the relevant Final Terms in respect of the relevant Category of Savings Certificate.

	The Savings Certificates shall be redeemed on the Maturity Date. The Savings Certificates are repaid at 100 per cent. of their nominal amount. The Savings Certificates are repaid in euro on the cash account linked to the securities account of the holder at the Issuer. No early repayment of the Savings Certificates can be requested by the holders or be made by the Issuer.
Specified Denomination	The minimum investment in a Savings Certificate is EUR 250.
Interest Periods and Rates of Interest	As set out in the applicable Final Terms.
Governing Law	The Savings Certificates will be governed by, and construed in accordance with, Belgian law.
Type of Savings Certificates	Savings Certificates with interest distribution and interest capitalization can be issued.
Ratings	As at 6 December 2023, Belfius Bank had the following long-term ratings: A- (stable outlook) with Fitch, A1 (positive outlook) with Moody's and A (stable outlook) with Standard & Poor's. No ratings are assigned to the Savings Certificates.
Tax Gross-up	Investors should be aware that pursuant to the Terms and Conditions of the Savings Certificates there are no gross-up payments in respect of the Savings Certificates. This means that if additional taxes are imposed in respect of the Savings Certificates, there is no obligation for the Issuer to compensate the investors for any additional tax charge that they would incur as a result of such additional taxes.
Listing and Admission to Trading	The Savings Certificates will not be listed and will not be admitted to trading.
Use of Proceeds	General corporate purposes of the Issuer.

2. RISK FACTORS

(Annex 6.3 and 14.2 of Commission Delegated Regulation (EU) 2019/980)

The following section sets out certain aspects of the offering of the Savings Certificates of which prospective investors should be aware of.

An investment in the Savings Certificates 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 herein) before making any investment decision in respect of the Savings Certificates. 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 Savings Certificates or the Issuer's ability to fulfil its obligations under the Savings Certificates. All of these factors are contingencies which may or may not occur. Additional risks and uncertainties, including those of which the Issuer is not currently aware or deems immaterial, may also potentially have an adverse effect on the relevant 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 Savings Certificates are also described below. The Issuer has assessed the most material risks, taking into account the negative impact (including any relevant mitigation measures) of such risks on the Issuer and the probability of their occurrence ("**Global Criticality**"). Each risk factor relating to the Issuer is followed by the*

Issuer's assessment of whether such Global Criticality can be assessed as high, medium or low. Investors should note that the numbering of the risk factors is only included to enhance readability and does not reflect a specific order of the risk factors.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Savings Certificates, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Savings Certificates 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.

In case of doubt in respect of the risks associated with the Savings Certificates and in order to assess their adequacy with their personal risk profile, investors should consult their own financial, legal, accounting and tax experts about the risks associated with an investment in these Savings Certificates, the appropriate tools to analyse that investment, and the suitability of that investment in each investor's particular circumstances. No investor should purchase the Savings Certificates described in this Base Prospectus unless that investor understands and has sufficient financial resources to bear the price, market, liquidity, structure, redemption and other risks associated with an investment in these Savings Certificates. The market value of the Savings Certificates is expected to fluctuate over time, and investors should be prepared to assume the market risks associated with these Savings Certificates.

Capitalized terms used herein and not otherwise defined shall bear the meaning ascribed to them in the "Terms and Conditions of the Savings Certificates" below. Any reference to any code, law, decree, regulation, directive or any implementing or other legislative measure shall be construed as a reference to such code, law, decree, regulation, directive or implementing or other legislative measure as the same may be amended, supplemented, restated or replaced from time to time.

2.1. Risks related to Belfius Bank

2.1.1. Risks related to the Financial Situation and Business Activity

2.1.1.1. Macro & geopolitical situation (Global Criticality: High)

The risks linked to the macro & geopolitical situation (Global Criticality: High) can have an influence on the risks described hereafter under the uncertain environment presented in the next paragraph.

Uncertainty and the resulting volatility from the macroeconomic and geopolitical factors have dominated the course of 2022, considerably weakening the post-pandemic recovery of the Belgian economy. Inflation has risen sharply reaching more than 10% in 2022, reflecting strong post-pandemic demand, supply chain bottlenecks, higher energy and food prices, being further fuelled by the rising wage costs and still accommodative monetary policies in the first half of the year. Later on, starting from July 2022, the European Central Bank ("**ECB**") began raising its key interest rates, with the policy tightening aiming to ensure a timely return of inflation to the 2% medium-term target, however, at the price of lower aggregate demand and economic growth. Nevertheless, the NBB reported an annual gross domestic product ("**GDP**") growth of 3.2% for the year.

Where last year a recession in 2023 seemed almost unavoidable as monetary policy tightened in rapid fashion to curb the inflationary spiral, this year the economic situation became slightly less gloomy with economic growth showing a positive pace, although at a slower rhythm. In the eurozone, GDP fell 0.1% in the first quarter of 2023 but grew by 0.3% in the second quarter, and Belgian GDP showed quarterly growth of 0.4% in the first quarter and 0.2% in the second quarter, according to the NBB. Inflation and price pressures moderated in 2023 driven by the sharp fall of natural gas prices.

Nevertheless, economic slowdown in Germany and some other countries was evidenced. In order to drive back longer-term inflation expectations, central banks continued tightening monetary policies. Higher interest rates affected lending growth and slowed demand, in particular on real estate markets. The financial turmoil caused by the liquidity problems of some US financial institutions in March 2023, with the collapse of three regional US banks (being Silicon Valley Bank, Silvergate Capital Corporation and Signature Bank), and the forced takeover of the ailing institution Credit Suisse by UBS in Switzerland had, however, no lasting macroeconomic impact (e.g. contagion) on financial markets and did not trouble the economic upturn. For Belfius, as at the date of this Base Prospectus the direct and indirect impacts have remained limited and the liquidity position under simulated stress shows robustness and resilience. Belfius more specifically has no direct exposure towards the three above-mentioned US banks as at the date of this Base Prospectus, while as at the end of 2022 Belfius had a very limited direct exposure to Credit Suisse amounting to a nominal amount of EUR 27.8 million[2].

In the first half of 2023, Belfius again made a detailed review of its credit risk portfolio and continued to calibrate its IFRS9 provisions. Belfius continues to evolve its credit risk provisioning in synchronization with such transforming context, where inflationary pressures remain persistent, and where economic growth continues to show more resilience than formerly anticipated in general.

Belfius' loan portfolios continued to demonstrate a strong resilience with risk indicators that remain robust. The credit quality of the portfolio and production stayed solid, payments arrears and non-performing loans ("**NPLs**") remained under control. Bankruptcy levels, particularly for small businesses, showed a slightly increasing trend but levels remained below the historically observed levels for the Belgian market. Some other early warning indicators for small businesses (payments arrears and utilisation of credit lines) showed a moderate increase during the first half of 2023.

The provisions for expected losses due to the effects of the Covid-crisis, including expert based overlays for some Covid-impacted sectors, have been:

- adjusted for improving economic outlooks; and
- redirected from Covid-induced overlays for vulnerable sectors to inflation and energy related vulnerabilities.

This led in the first half of 2023 to a relatively low cost of risk ("**CoR**") of EUR -17 million (net allowance) compared to EUR +13 million of net reversal in the first half of 2022.

In the field of interest rate risk management, the continued increase in interest rates over the first half of 2023 required proactive risk management in order to manage uncertainties on both sides of the balance sheet.

The continued increase in interest rates over the first half of 2023 had an overall positive impact on Belfius' standard transformation model. On the one hand, the interest to receive on the new production of commercial loans started to increase and the interest paid to depositors still remained close to zero for payment accounts and is only gradually increasing for savings accounts and term funding for the time being. On the other hand, refinancings and prepaying mortgages have become less interesting for the customers. Furthermore, this increase in rates has further improved the net collateral cost for derivative contracts used to hedge Belfius' exposure to interest rate risk. The Issuer's Assets & Liabilities Committee ("**ALCo**") will remain attentive to a volatile interest rate environment with primary objective to respect the Risk Appetite Framework ("**RAF**"). ALM conventional models are regularly reviewed at the light of the macro-economic environment and prevailing interest rates. During the first half of 2023, the continued increase in interest rates has modified the expected interest rate sensitivities of the 'on demand' (or non-maturing) deposits, which triggered additional hedging to remain within Belfius' risk appetite and forward-looking challenges based on scenario-thinking and review of model assumptions by risk management and finance departments.

In order to manage its liquidity risk in 2023, Belfius has continued diversifying funding sources and investor base. Belfius has successfully issued EUR 0.5 billion Tier 2, EUR 0.5 billion covered bonds, EUR 0.75 billion preferred senior under green format and EUR 1 billion preferred senior. The participation of Belfius Bank in the ECB TLTRO III funding programme for an amount of EUR 15.65 billion was reduced to EUR 6 billion at the end of

[2] Under the format of a trade finance guarantee for EUR 2.8 million and a senior bond issued by Credit Suisse AG for EUR 25 million. Furthermore, Belfius has collateralised derivatives with Credit Suisse for a fair value of EUR -54 million (fair value as of 17 March 2023). Such negative fair value represents a debt owed by Belfius to Credit Suisse, on which Belfius posts cash collateral for that amount.

2022, and in June 2023 another EUR 3.3 billion was repaid. This leads to a residual funding through TLTRO of EUR 2.7 billion that will continue to expire. In an abundant ECB funding environment and a strong wholesale market, Belfius still shows very solid key liquidity metrics at the end of June 2023 with a Liquidity Coverage Ratio of 156% (end of 2022: 173%) and a Net Stable Funding Ratio of 133% (end of 2022: 135%), both well above the minimum requirement of 100%. The recent events of the liquidity outflows of circa EUR 3.5 billion related to the issuance of the Bon d'Etat/Staatsbon by the Belgian state have temporarily reduced the liquidity buffer but remained under control thanks to the sufficient total liquidity buffer of EUR 45 billion at the onset of outflows and actions taken swiftly to ensure that the LCR stays above our internal target of 120% even notwithstanding the part covered by the TLTRO.

In terms of financial market risk ("**FMR**"), despite high volatilities and risk aversion stemming from abrupt change in monetary policy needed to fight inflation, the US regional banks' crisis and the near collapse of Credit Suisse in March 2023, Belfius' financial market activities were very resilient thanks to reduced exposures due to the increase of UK real rate[3] in the ex-legacy's portfolio and enhanced risk frameworks (XvA dynamic hedging, new Internal Value at Risk model). Despite some exposures to UK utilities recently coming under heightened market pressure, de-risking of the ex-legacy portfolio successfully continues.

Belfius Insurance has been able to maintain a strong Solvency profile as well in this uncertain year 2023. As of the end of June 2023, the consolidated Solvency II ("**SII**") ratio ended up with a strong 195%, higher than the Solvency II ratio at year-end 2022 (193%). This remained well within Belfius Insurance's risk appetite (>160%). The required capital as per SII capital requirement (SCR) amounted to EUR 1,050 million at the end of June 2023, which is EUR 10 million lower compared to end 2022 (EUR 1,060 million). Market risk dropped given the performance of our equity portfolio and equity transactions during the second quarter which allowed us to have a stable positive evolution of the SII ratio related to equity risk. The SCR linked to interest rate risk is rather limited thanks to ALM management, targeting a limited global duration mismatch between assets and liabilities. The life insurance risk decreased during the first semester of 2023 mainly due to the annual review of the liability projection assumptions

Given that the situation on the ground in Ukraine remains unpredictable and seems to be heading towards a prolonged phase of combat, one has to view these positive signals within a context of continued uncertainty. It is probably too early to already conclude that we are in a scenario of a soft landing in light of the ongoing important uncertainties, such as the less rapid than expected recovery of the Chinese economy (and impact on supply chains and, consequently, on inflation stickiness) or the variability in future European monetary policy (a.o. policy rates, asset purchase programmes and reserve requirements).

In the medium term, in the absence of necessary reforms (e.g. in the labour market), sound(er) energy policy and better (geo)political predictability, the competitiveness of more Belgian enterprises could be hurt, jeopardising medium term (potential) economic growth in Belgium and impacting households further. On top of that, the higher (longer) interest rates could exacerbate the concerns regarding the elevated Belgian fiscal deficit and public debt. Any additional adverse geopolitical development or macroeconomic shock could jeopardise the GDP recovery trajectory and push Belgian economy into recession. Belfius therefore remains vigilant to any signs of further deterioration in economic situation and changes in the macroeconomic conditions (including sudden changes of the yield curve) and pays particular attention to potentially in the current situation vulnerable individual, business and corporate clients, proactively facilitating solutions for them.

2.1.1.2 Credit risk (Global Criticality: High)

Credit risks are inherent to a wide range of Belfius Bank's businesses and are judged as globally of high criticality for which prudent monitoring and mitigating actions are put in place. These include risks arising from changes in the credit quality of counterparties, as well as the inability to recover amounts due from counterparties. This means

[3] The real interest rate is the rate of interest an investor, saver or lender receives (or expects to receive) after allowing for inflation. As such the "UK real rates" can be seen as the difference between the nominal interest rate levels in GBP (i.e., swap rates) versus the expected inflation rates in UK RPI (i.e., inflation swap rates). The exposure of inflation linked bonds in the ex-legacy portfolio is decreasing whenever the UK real rates increase as bonds' coupons and final settlement amounts retain their real (i.e., inflation-adjusted) value over time, thereby protecting the investment against the corrosive effects of inflation.

that Belfius Bank is exposed to the risk that third parties (such as retail individuals, SMEs, corporates, trading counterparties, counterparties under credit default swaps, interest rate swaps and other derivative contracts, borrowers, issuers of securities which Belfius Bank holds, customers, clearing agents and clearing houses, exchanges, guarantors, (re)insurers and other financial intermediaries) owing Belfius Bank money, securities or other assets do not pay, deliver or perform under their obligations. Bankruptcy, lack of liquidity, downturns in the economy, real estate collateral value drops, operational failures or other factors may cause them to default on their obligations towards Belfius Bank.

In order to cover the unexpected credit losses, Belfius Bank applies the Advanced Internal Rating-Based ("**A-IRB**") approach to derive its minimum own funds requirement. The A-IRB approach consists of using three distinct internal models developed and maintained within Belfius Bank following the prescribed regulation (Regulation (EU) No 575/2013 and other EBA regulatory technical standards) by asset class: a Probability of Default ("**PD**"), a Loss-Given Default ("**LGD**") and a Credit Conversion Factor ("**CCF**")[4].

Belfius Bank's solvency is resilient with a CET1 ratio at the end of June 2023 of 16.5%, an increase of 5 basis points compared to the end of 2022.

On denominator level, at the end of June 2023, regulatory risk exposure of Belfius ("**RWA**") amounted to EUR 64,928 million, an increase with EUR 778 million compared to EUR 64,150 million at the end of 2022 driven by the increase of credit risk RWA:

The credit RWA increased by EUR 1,672 million to EUR 50,943 million, mainly due to the commercial growth in franchise activities and particularly in the corporate segment. As at the date of this Base Prospectus, all segments are showing a good resilience to the challenging economic environment in terms of credit quality.

The RWA for the Danish Compromise increased by EUR 201 million to EUR 8,112 million, mainly due to the OCI evolution of Belfius Insurance during the period, taking into account the pro forma IFRS17, the newest accounting standards, calculated per end December 2022 (EUR -646 million).

The Credit Value Adjustment ("**CVA**")[5] RWA[6] decreased by EUR -13 million to EUR 307 million thanks to increasing interest rates.

The market risk RWA[7] decreased (by EUR 1,082 million to EUR 1,899 million) as the Value-at-Risk ("**VaR**")[8] model change implemented in the fourth quarter of 2022 delivered its full impact only in the first quarter of 2023.

The regulatory operational risk exposure – based on the standardised approach – remained at EUR 3,667 million.

In order to cover the expected credit losses ("**ECL**"), Belfius Bank applies a provisioning methodology relying on IFRS 9. A set of PD, LGD and CCF models are also used to estimate the provisions to estimate the one-year and the Lifetime Expected Credit Losses for all facilities. Unlike the one performed for capital estimates, the provisions are expressed as Point-In-Time estimates.

The pro-active management of the ECL relies on the CoR metric. The CoR approach follows a waterfall principle in Belfius. The provisions for stage 1 & 2 are calculated in a mechanical mode, based on a view on the macroeconomic conditions and perspectives (pillar 1). If Belfius Bank considers that certain risk pockets, defined in terms of sectors or groups of companies, are not sufficiently covered by the mechanical provisions, certain expert overlays are added (pillar 2). If, additionally, the assessment of certain individual counterparties indicates that they present a significantly increased credit risk, but are not yet in default, the constituted provisions could be

4 The CCF accounts for the expected evolution of the off-balance part of the exposure and is used to model the Exposure At Default.

5 This is the price that an investor would pay to hedge the counterparty credit risk of a derivative instrument.

6 Risk-weighted assets (RWA) are used to determine the minimum amount of capital that must be held by a bank to cover different types of risks. CVA RWA relates to the capital requirements to cover for the impact on CVA of adverse movements in financial market risk factors. CVA is the amount subtracted from the mark-to-market value of derivative positions to account for the expected loss due to counterparty default.

7 Risk-weighted assets (RWA) are used to determine the minimum amount of capital that must be held by a bank to cover different types of risks. Market risk RWA relates to the capital requirements to cover for the impact on mark-to-market value of the trading book of adverse movements in financial market risk factors (such as interest rate, foreign-exchange and equity).

8 The VaR concept is used as the principal metric for proper management of the market risk Belfius is facing. The VaR measures the maximum loss in net present value Belfius might be facing in normal and/or historical market conditions over a period of ten days with a confidence interval of 99%.

insufficient. For these cases, an individual management adjustment on the expected credit loss in stage 2 is added (pillar 3). For counterparts in default status (stage 3), the standard impairment process is run and specific provisions are calculated and booked (pillar 4).

With respect to its impairment methodology, in the first half of 2023, entering into a post-Covid era, Belfius:

- has decided to abandon the long-term average of historic data in the calculation of the macroeconomic factors, and only use 2022-2024 macroeconomic data;
- maintains the system of four probability weighted forward-looking scenarios each with their own macroeconomic parameters to build optimistic, neutral, pessimistic and stress cases. The scenarios have, however, been adapted to the updated macroeconomic environment;
- continues its portfolio analysis and monitoring process in order to determine and keep up to date the sectors and/or clients vulnerable to inflation and energy price risks.

In the first half of 2023, the application of the above-mentioned provisioning logic resulted in the CoR on consolidated level amounting to EUR -17 million and composed of EUR +49 million reversals due to the update of the macroeconomic factors, EUR +7 million reversals following the reassessment of the overlay for vulnerable exposures, EUR -79 million specific provisions for loans in default and EUR +6 million reversals for portfolio evolutions.

Belfius has updated the macroeconomic parameters and perspectives for IFRS 9 expected credit loss calculations with scenario weights shifting to a neutral scenario:

The macroeconomic factors and perspectives were updated in line with Belfius Research expectations. The economic picture for the first half of 2023 is quite ambivalent, with the economic environment showing strong resilience. The effects of the energy crisis are fading out and – with the notable exception of the food processing industry – post-pandemic supply chains problems have largely been resolved. The pass-through of costs to sales prices has increased but remains partial. Most firms feel that it is becoming increasingly difficult to raise further prices, which could lead to a further easing of inflation in the near term.

Statistics about the economic performance of the Eurozone are divergent. The European Commission first revised its GDP forecast upwards to 1.2% in 2023 and 1.4% in 2024, but based on the GDP figures with negative growth for the fourth quarter of 2022 and the first quarter of 2023, the Eurozone entered (technically) into a light recession. In Belgium, the economic growth keeps its positive pace, although at a slower rhythm, and is hence outperforming most of the European countries. Notwithstanding this strong resilience, several evolutions (such as the economic slowdown in Germany and other EU countries and the rising interest rates) could become factors of risk.

At the same time, there are also signs of a potential decay. Whereas the labour market was booming towards the end of the Covid-pandemic, the job-growth has slowed down since the start of 2023; the unemployment showed an increase in the beginning of the year, with an interim market, traditionally a leading indicator, that was starting to slacken. Recent figures tend to be more positive again: despite higher wage costs, most companies maintained or expanded their permanent workforce in the second quarter and prospects for the coming months are mostly stable. Due to structural labour market tightness, firms are reluctant to lay off employees.

The GDP forecasts improved for 2023-2024, whereas consumer price and house price inflation are expected to decrease in 2023. Belfius' neutral scenario includes a Belgian GDP growth of +0.9% for 2023 (compared to +0.1% as expected by end 2022), followed by a +1.2% growth rate in 2024.

For 2023, inflation is expected to decrease somewhat more than formerly estimated at the end of 2022.

The Belgian unemployment rate for 2023 in the neutral scenario has been revised downwards from 8.8% towards 8.2%, and is expected to slightly decrease and then remain stable in the upcoming years. As from 2020 onwards, the unemployment figure includes the exceptional temporary unemployment that is expected to be, to a certain extent, converted into a structural unemployment.

The scenario weights were therefore changed by shifting more weight to a neutral scenario (from 45% to 60%), simultaneously reducing pessimistic (from 40% to 30%) and stress (from 10% to 5%) scenarios. Consequently, the slightly more positive macroeconomic perspectives impacted the CoR positively for EUR +49 million in the first half year.

Furthermore, in 2023, the overlay for vulnerable exposures was reduced by EUR +7 million. Vulnerable exposures linked to Covid-19 have been phased out, and from the first half of 2023 onwards, the overlay for vulnerable exposures merely serves to cover for an anticipation of potential recession effects, in sectors vulnerable to inflation and higher energy prices. The provision for macroeconomic uncertainties and the overlay for vulnerable exposures combined form Belfius 'Overlay for economic uncertainties and vulnerable exposures', of which the stock as of end of June 2023 amounts to EUR 179 million (from EUR 235 million end 2022).

The specific provisions for loans in default (stage 3) negatively impacted the CoR for EUR -79 million for the first six months of 2023. Origins of these stage 3 provisions can often be found in Covid-19 and/or energy and inflation impacts, combined with additional financial pressure, that is caused by demand effects or interest cost increases. With Belfius' anticipative provisioning methodology, the credit losses on these companies, being more sensitive to inflation and high energy prices, have typically been anticipated to a certain extent by stage 2 expected credit losses, constituted during the past years.

The assessment of the overlay for vulnerable exposures was based on a thorough credit review and portfolio screening integrating the emerging risks related to energy and inflation. The impact of the geopolitical tensions and of the spiking inflation on the loan portfolios (both Individuals and Enterprises & Entrepreneurs) was assessed through an analysis of transactional and financial client data, combined with the monitoring of specific early warning indicators (energy and labour cost to income, evolution of net available income) and with more traditional early warnings (such as rating evolutions, the use of credit lines, repayment arrears, etc.). These analyses, performed in a top-down and bottom-up approach, have not yet revealed critical risk observations in the Belfius portfolio so far: the portfolio continues to show a strong resilience with only very few signs of deteriorating credit quality, limited inflow of defaults and bankruptcies and stable credit ratings. In this context, Belfius assessed that there were no Russian nor Ukrainian exposures to provision.

These assessments are combined with a strengthened and continuous risk-based monitoring of the Enterprises & Entrepreneurs portfolio on clients for which early warning risk indicators 'lighten-up'.

In order to assure an adequate portfolio guidance and monitoring, several business lines need to comply with portfolio guidelines of which the aim is to limit specific sector risks and/or sector risk concentrations. These guidelines impose an upper limit for certain sector risks, on top of the individual credit quality and limits on the counterparty and/or risk group level, and are monitored quarterly by risk management and reported to the management bodies.

This portfolio guidance is part of the RAF, which is subject to a yearly review assessment. The Risk Appetite Framework 2023 included a risk scope extension (e.g. ESG risks, outsourcing risks, more granular credit risk limits, etc.) as well as the roll-out of the framework to the main subsidiaries, allowed for increased consistency throughout the group and a closer monitoring of the risk profile by the Group Financial Conglomerate Review Committee. This yearly review did not lead to any increase of risk appetite.

The Belfius loan portfolios continue to demonstrate a strong resilience with risk indicators that remain robust. The credit quality of the portfolio and production stay solid, payments arrears and NPLs remain under control (asset quality ratio[9] of 1.91% as at 30 June 2023 compared to 1.82% as at 31 December 2022).

Higher interest rates have led to higher financing costs for the customer and lower demand for residential mortgage loans, resulting in a decrease in production at Belfius by around 40% in the first half of 2023. The decrease is primarily observable in the non-First Time Buyers (FTB) loans. Young FTB's (<35years old) increase their share in the mortgage loan production, partially mitigating the higher debt service payments by opting for longer maturities. Borrowers also continue to prefer fixed interest rate loans (99% of the newly originated loan amount), protecting themselves against (even) higher rates in the future. Also due to some seasonal effects, the PD of Mortgage loans portfolio has decreased and is currently at 0.46%, compared to 0.50% at the end of 2022. Despite tighter credit conditions, Belfius remained compliant with the NBB measures[10] (financial collateral included).

[9] This is the ratio between impaired loans and advances to customers and the gross outstanding loans and advances to customers.

[10] Reference is made to Annex 1 to the circular NBB_2019_27 covering the expectations of the Belgian macroprudential authority on internal management of Belgian mortgage credit standards on the Belgian residential property market limiting the production of loans for more risky segments (e.g. High Loan-To-Value, Buy-To-Let, Debt Servicing Income, …).

Belfius continued to monitor its mortgage loans portfolio in light of inflation and higher energy costs. The deferral of principal payment scheme[11] initiated at the end of 2022 has ended in March of this year with a relatively small number of requests. Currently, as energy prices are lower again and as government interventions are being phased out, we can say that the impact of energy prices on our mortgage loans portfolio has been limited.

Belfius is committed to reducing own and financed emissions, greening its mortgage loans portfolio and lowering the risk associated with climate change. To this end it has increased its effort in collecting data on and monitoring the energy efficiency of the loan portfolio. Moreover, clients can apply for energy renovation loans.

Bankruptcy levels, particularly for small businesses, show a slightly increasing trend but levels remain below the historically observed levels for the Belgian market. The average PD of the E&E (Entreprises and Entrepreneurs) portfolio remained stable (1.59% at the end of June 2023 compared to 1.58% at the end of 2022). Some other early warning indicators for small businesses (payments arrears, utilization of credit lines) show a moderate increase during the first half of 2023.

In an international perspective, commercial real estate is becoming a source of increasing concern from an industry, banking and regulatory point of view, as the sector is confronted with modified market dynamics, due to increased interest rates and building costs, combined with a low investment appetite. These factors are resulting in an increased funding risk for this sector caused by a delay in sales uptake and reduced financial markets' appetite to provide financing and capital to the sector. Although a recent assessment has not revealed negative risk trends or indicators in the Belfius loan portfolio, an increased monitoring and a strengthened follow-up have been put in place for the commercial real estate segment.

Traditionally, Belfius assures a key role in the financing of institutions in the Belgian public and social sector (including hospitals, schools, universities and retirement homes). In 2022, the municipalities have seen a significant increase of their operational expenditures. Their wage costs have increased due to the inflationary pressure, while energy costs have almost doubled due to the energy crunch related to the Russian – Ukrainian war. Fortunately, this has been met with an equal increase in operational revenue. The main driver behind this surge in operational revenue is the indexation of receipts (taxes and subsidies being the main revenues of communities are also indexed). The beneficial effect of this indexation will continue into 2023 (despite the softening inflation) as some time lag is present.

The financial situation of most of the regions and communities is however expected to experience further pressure in 2023. The public debt burden also grows heavier on a federal level. While this does not pose a significant threat yet, interest rate hikes will worsen the debt burden and cost of capital for the public sector.

Finally, since 2011, Belfius Bank has been engaged in a tactical de-risking of the ex-legacy portfolio. As from 1 January 2017, the remainder of this ex-legacy portfolio has been integrated in Group Center and the remaining securities are being managed in natural run-off. An important component of the ex-legacy portfolio (total notional of Belfius Bank's ex-legacy portfolio as at 31 December 2022 stood at EUR 13.2 billion) is the large outstanding stock of derivatives (total notional of Belfius Bank's ex-legacy derivatives portfolio as at 31 December 2022 stood at EUR 10.1 billion) and bonds composed of long-term inflation linked bonds issued by highly regulated UK utilities and infrastructure companies (total notional as at 31 December 2022 stood at EUR 1.3 billion). These bonds are deemed to be of satisfactory credit quality. Nevertheless, in the unlikely event of a default, the loss could be substantial but is expected to be within the boundaries of the Belfius RAF. The inflation linked nature of these bonds makes them furthermore sensitive to UK real rates[12]. The UK real rate improved by 59 basis points (from -0.19% at the end of the first quarter of 2023 to +0.40% at the end of the second quarter of 2023). This improvement resulted in a decrease of RWA by about EUR 230 million on Belfius' inflation linked bonds. The appreciation of the GBP by 2.5% has mitigated this somewhat adding EUR 35 million in RWA.

[11] With energy prices peaking as never before in the autumn (reinforcing inflationary pressure), the Belgian financial sector decided to take mitigating measures for households with a new (conditional) payment deferral scheme for vulnerable mortgage clients. The government decided on a basic Energy package providing financial support in the fourth quarter of 2022 to bear the increased energy prices (which was extended for the first quarter of 2023).

[12] The real interest rate is the rate of interest an investor, saver or lender receives (or expects to receive) after allowing for inflation. As such the "UK real rates" can be seen as the difference between the nominal interest rate levels in GBP (i.e., swap rates) versus the expected inflation rates in UK RPI (i.e., inflation swap rates).

Together with the outstanding stock of derivatives, they could have an important additional capital charge in terms of RWA as well as an increased need for collateral posting from Belfius Bank which could put Belfius Bank's overall liquidity under pressure in case of a liquidity crisis in the financial markets. The ex-legacy portfolio is constantly followed-up in terms of risks which may be hedged. The possibility to exit the transactions anticipatively (e.g. through unwind, sale and novation) is regularly reassessed.

The rating agencies view the group's credit quality positively, as reflected by the rating actions taken between 1 January 2023 and 31 August 2023:

- on 28 June 2023, S&P confirmed Belfius Bank's long-term rating at A with Stable outlook;
- on 7 July 2023, Moody's affirmed Belfius Bank's long-term rating at A1 and changed the outlook to positive from stable;
- on 13 July 2023, Fitch affirmed Belfius Bank's long-term rating at A- with Stable outlook.

2.1.1.3 Profitability (Global Criticality: High)

Belfius Bank's strategy is based on the development of a strong commercial franchise that is to be supported by solid risk and financial profile foundations, a strategy even more relevant since the Covid-19 crisis and the ongoing macro and geopolitical crisis. This translates into growing commercial activities, further growing their footprints in a through-the-cycle profitable way and investments in future business model developments, based on solid solvency foundations. Resilience is proven at the end of June 2023 with a return on equity ("**RoE**")[13] at group level amounting to 9.5% (compared to 8.9% at the end of 2022). Nevertheless, the unstable environment in which Belfius evolves leads to a high criticality from a risk point of view.

Changes in the profitability and changes in the expectations about the future profitability can influence the secondary market value of Belfius Bank's liabilities. Though Belfius Bank's management and the regulatory authorities via the Supervisory Review and Evaluation Process ("**SREP**") always strive for a sound and profitable business model, profitability can never be guaranteed as it depends to some extent on external market factors.

The continued increase in interest rates over the first half of 2023 required proactive risk management, in order to manage new uncertainties at both sides of the balance sheet. The increase in rates has further improved the net collateral cost for derivative contracts used to hedge the Bank's exposure to interest rate risk. The Issuer's Assets & Liabilities Committee ("**ALCo**") will remain attentive to a volatile interest rate environment with primary objective to respect the Risk Appetite Framework (RAF). Interest Rate Risk In The Banking Book ("**IRRBB**") management continues to protect net interest income ("**NIM**") and ALM conventional models are regularly reviewed at the light of the macro-economic environment and prevailing interest rates. During the first half of 2023, the continued increase in interest rates has modified the expected interest rate sensitivities of the 'on demand' (or non-maturing) deposits, which triggered additional hedging to remain within Belfius' risk appetite.

Besides the general economic and competitive climate, monetary policy is among the most important factors determining bank profitability. By influencing the level of the interest rates and the shape of the interest rate curve, the ECB impacts in an important way the Net Interest Rate Margin ("**NIM**") of commercial banks, like Belfius Bank. This NIM contains the bank's revenues from its normal lending and borrowing activity and for Belfius Bank it constitutes a non-negligible part of the overall income.

2.1.1.4 Market risk (Global Criticality: High)

Market risks are inherent to a range of Belfius Bank's businesses. Aside from the interest rate risk, Belfius Bank is particularly sensitive to P&L volatility stemming from value adjustments (xVA's) and credit derivatives. Those are mostly related to the ex-legacy portfolio. More elaborately, market risk within Belfius Bank is focused on all financial markets activities of the bank and encompasses, as mentioned above, interest rate risk (in this context in the trading book), spread risk and associated credit risk/liquidity risk, foreign-exchange risk, equity risk (or price risk), inflation risk and commodity price risk. To mitigate the market risk impact, important management actions

[13] RoE calculation method: sum of the net result of the last four quarters divided by the four quarter rolling average of the shareholders' equity.

have been taken, such as additional hedges and reduction of open positions. This has, amongst others, led to reduced credit spread sensitivities while a high criticality due to volatile future markets is determined.

Although markets were very volatile in the first half of 2023, mainly due to banking turmoil in the US and bail-out of Credit Suisse, rising interest rates, the P&L of financial market activities was very resilient. Most trading desks are at or above the budget and increased client activity has led to significant increases in Sales and Structuring activities.

Existing hedges on CVA/FVA, in place since the first half of 2020, perform well, keeping the P&L volatility to a minimum. Further analysis highlighted possible improvement to credit spread macro hedges which will be adapted in the second half of 2023. Consequently, only a limited number of non-hedgeable risks remain. The most relevant one being the Belfius' own funding spread, where the positive evolution of interest rates has made the XVA's less sensitive to this parameter.

At the end of June 2023, the global VaR level of Financial Market activities amounted to EUR 11.8 million, a decrease of EUR 1.5 million compared to end 2022. Although the VaR was volatile – as historic scenarios contain a lot of volatility – overall it remained far from the limit. Only one sub-VaR (CO2[14]) exceeded its limit after an update of the VaR shocks was performed. This exceeding was temporarily approved following the update and actions have permit to reduce the VaR well within limits.

The market RWA decreased by EUR 1.1 billion up to EUR 1.9 billion. The main decrease is linked to the model change implemented in the second half of 2022. As market risk RWA is calculated based on the last 60 days average, the end of year figures were still including effects related the old model which behaved too conservatively with the rate increase.

VaR(1) (99% 10 days) (In millions of EUR)	31/12/22				30/06/23			
	IR(2) & FX(3)	Equity	Spread	Other risks(4)	IR(2) & FX(3)	Equity	Spread	Other risks(4)
By activity								
Average	7.5	4.6	1.1	0.4	6.0	4.3	1.1	0.8
End of Year	6.3	5.8	0.8	0.4	7.0	3.0	1.2	0.6
Maximum	17.5	12.0	2.3	0.8	8.9	7.9	1.7	3.8
Minimum	3.7	2.2	0.2	0.4	3.5	2.3	0.7	0.4
Global								
Average	13.6				12.0			
End of Year	13.3				11.8			
Maximum	25.3				17.3			
Minimum	7.8				7.1			
Limit	26.3				26.3			

(1) The Value-at-Risk (VAR): is a measure of the potential change in market value with a probability of 99% and over a period of 10 days.
(2) IR: interest rate risk and inflation risk.
(3) FX: forex risk.
(4) CO2 risk.

2.1.1.5 Operational – Non-Financial Risks & Compliance (Global Criticality: High)

Non-Financial Risk ("**NFR**") must be understood as a broad umbrella covering all risks except "financial risks" (the latter encompassing market, ALM, liquidity, credit, and insurance risks). NFR covers, among others, operational risks (including fraud, HR, IT, IT-security, business continuity, outsourcing, data-related, privacy, etc.) as well as reputational, compliance, legal, tax and ESG risks. If any of these risks materialise, this may have an adverse impact on Belfius' business, results of operations, financial condition and prospects, leading to a high criticality.

[14] Value at Risk assessment of carbon market derivatives.

The NFR management framework determines the principles that ensure an effective management of the non-financial risks. The principles are further elaborated in specific policies and guidelines adapted to the business activities. These general principles are following the applicable legal and regulatory requirements.

The framework is based on the following pillars:

- a risk mapping and taxonomy in order to ensure consistency within the organisation, including a regular review of this mapping and taxonomy to identify emerging risks;
- clear roles and responsibilities, as well as a well-defined way of working together for all the risks based on the three LoD (3 LoD) model (decentralised responsibility);
- a strong governance/committee structure involving the appropriate level of management;
- a RAF definition and monitoring; and
- transversal risk processes and dedicated risk management frameworks, which are structured into the following main domains: Change Risk Management, Integrated Risk Management, Risk Culture & Governance, Operational, Resilience, Information Security and Data Privacy.

Focusing on specific domains:

- Information security management: for Belfius, the purpose of information security is to protect Belfius' information having a value for the organisation: i.e., the information generated by the business, the information belonging to the clients, and also the information derived from freely accessible or publicly available data, which has acquired a value as a result of the treatment carried out by or on behalf of Belfius. The threats against data and information are their loss of integrity, their loss of confidentiality and their unplanned unavailability. The mission of information security is to safeguard against these threats.

  Belfius also considers that the objective regarding information security extends to managing the risks linked to the consequences of these threats if they have materialised in terms of customers' trust, finance, reputation, peer confidence (regulators, financial markets) and confidence of the business partners. An information security strategy derived from these principles is applicable to all actions pertaining to information security.

  In order to guarantee the information security within Belfius, the Information Security Steering (ISS) Committee, managed by the Chief Information Security Officer (CISO) and chaired by the Chief Risk Officer, aims to ensure a well governed and coordinated information security strategy whereby an adequate system of "prevention", "detection", "protection" and "reaction" is put in place, in line with regulatory requirements for information security. The steering of Belfius' information security is relying on a combination of qualitative statements, tangible figures and quantitative statements: deviations from the risk appetite are challenged to mitigate the risks to an acceptable level. Large security projects are grouped together in a security roadmap which typically spans the course of two years. The ever-evolving security threat landscape however requires the organisation to be resilient and anticipate existing and future threats.

- Incident management: this relates to threats against data and information and their loss of integrity, their loss of confidentiality and their unplanned unavailability. The systematic collection and control of data on operational incidents is one of the main requirements of the Basel Committee regarding operational risk management.

  The reporting mechanisms aim to ensure that the responsible parties are notified quickly when incidents occur. Major incidents are investigated thoroughly and are reported to the CRO/Management Board. Such incidents are also subject to specific action plans and appropriate follow-up, under the responsibility of the concerned line management, for avoidance, mitigation or limitation of the related risk.

The main areas of operational losses remain essentially due to incidents associated with external fraud and incidents in relation to execution, delivery, and process management. Other categories remain limited in amount but not necessarily in number of events. The most important part of the financial impact resulting from operational incidents comes from Belfius Bank's retail business.

- Data privacy management: the respect for privacy and the protection of personal data is a key commitment at Belfius, which is translated into a sound internal governance and principles to be followed in respect of GDPR.

  In order to continuously guarantee data privacy within Belfius, the Privacy Committee related to GDPR regularly meets. Belfius' Management and several committees are informed about GDPR on a recurrent basis at Belfius.

  Staff needs to regularly update their GDPR knowledge and are also regularly informed on GDPR-news.

  The Data Privacy Officer ("**DPO**") is part of the second line of defence. A network of privacy correspondents, active in each department, work closely with the DPO to continuously raise awareness, control, and monitor processes and activities being in line with GDPR.

  GDPR conformity, including a risk assessment for the rights and freedom of the owners whose personal data is treated, is integrated into every process to offer (existing, adapted and new) products, innovative digital tools, services, and information sharing to its clients.

  This also included and includes the review of the privacy notice, the implementation of an adapted cookie policy and the implementation of the ruling of the European Court of Justice on eventual international transfers or international access of personal data.

  All activities treating personal data are documented by the business lines in a privacy register and Belfius is very committed to avoid personal data breaches and to manage any incident as quickly as possible.

  Data subject rights can be executed by data subjects via multiple possibilities, including the Belfius' online and mobile applications. More than 98% of the data subject rights are asked via the Belfius' online app and receives an answer in the same app within one business day.

- Fraud risk: Belfius applies a zero-tolerance policy for all forms of fraud (internal, external and mixed fraud schemes), monitors the threats continuously and manages these risks based on a global anti-fraud policy as defined and steered by senior management. The roles and responsibilities have been clearly defined with business and support lines as the first risk managers. The CRO and NFR team, including the Anti-Fraud Officer as expert, have a clear 2nd Line of Defence role.

  In a context of evolving digital channels and faster payments processing, internal controls are continuously screened to prevent fraud and this to protect the interests of Belfius and its employees, customers, suppliers and other stakeholders. More traditional phishing techniques and cyber fraud cases need continuous investments to protect clients against potential impacts from these fraud schemes.

  Moreover, an anti-fraud expert panel is regularly organised to enhance the transversal circulation of information and to ensure that the Anti-Fraud Steering Committee (A-FSC) receives the information necessary for defining and monitoring the anti-fraud risk management.

- Outsourcing risk: Belfius is aware that outsourcing & third-party risk must be addressed adequately and fully assumes its responsibilities, including but not limited to overseeing and managing the concerned arrangements and the risks involved. The Outsourcing Risk & Material Arrangements Policy is compliant with the "Final Report on EBA Draft Guidelines on Outsourcing Arrangements". In particular, the policy provides for the appointment of the outsourcing function and the setup of the Outsourcing Management (steering) Committee (OMC). Its mission consists in ensuring a well governed and coordinated outsourcing strategy in line with Belfius' strategy, risk appetite and regulatory requirements.

- Business continuity & crisis management: Belfius is committed to its clients, counterparties and regulators to put in place, maintain and test viable alternative arrangements that, following an incident, allow the continuation or the resumption of critical business activities at the agreed operational level and entirely compliant with the Belgian regulations.

  The supporting process, the business continuity and crisis management, is applied in a uniform way at all Belfius entities and relies on, among others, threat analysis, business impact analysis, reallocation strategies (dual office, remote and homeworking, etc.), effective management reporting, business continuity plans as well as exercise and maintenance programs. In that way, Belfius has also demonstrated its resilience to the Covid-19 situation.

- Employment practices (HR) & workplace safety, damage to assets & public safety risk: Belfius has a very low appetite for physical security and workplace safety risk and strives to provide a safe environment for its staff, clients, guests and assets by ensuring that its physical security measures and procedures meet high standards. To meet this goal, a Physical Security Steering Committee with all stakeholders systematically monitors the overall situation by means of a dashboard. It also acts as a forum to reflect and to dialogue on actual incidents, and to envisage action plans to reduce the risk to acceptable levels.

- Compliance & anti-money laundering ("**AML**"): compliance risk is managed around a central compliance department. In Belfius, the Compliance Officer reports directly to the CRO and to the Audit Committee and, if necessary, may directly approach the Chairman of the Board of Directors, the external auditor and the regulators. Belfius Bank has a very low risk appetite for compliance risk. This is important to maintain a good reputation, to maintain the confidence of all stakeholders and to avoid administrative or criminal sanctions. In this context, Belfius is continuously evaluating and reviewing its compliance framework to remain in line with the latest regulatory evolutions, best practices in the market and the strategy of Belfius Bank. In 2022, important progress was made with the implementation of new technologies relying on artificial intelligence, machine learning and robotics techniques in order to further increase the efficiency of the internal control process. The Anti-Money Laundering Compliance Officer ("**AML CO**") is head of the AML team, which combats money laundering practices. Belfius strives not to be involved in laundering money from illegal activities, the organisation of tax fraud, financing terrorism or circumventing international embargos in line with all legal requirements. To underline this commitment, the AML CO has established preventive measures and broadened controls. Proper knowledge of the customers and their identification (Know Your Customer process), investigation on the origin of financial flows on accounts and detection of dubious transactions (Know Your Transaction process) are all vital elements in the prevention of such practices.

2.1.1.6 Liquidity (Global Criticality: High)

Liquidity risk consists of the risk that Belfius Bank will not be able to meet both expected and unexpected current and future cash-flows and collateral needs. Based on prudential liquidity ratios and a diversified source of fundings, Belfius assesses this risk as high.

The liquidity risk at Belfius Bank is mainly stemming from:

- commercial funding collected from customers and the way these funds are allocated to customers through different types of loans/products;
- the volatility of collateral that is to be deposited at counterparties as part of the CSA framework for derivatives and repo transactions (so called cash & securities collateral);
- the value of the liquid reserves by virtue of which Belfius Bank can collect funding on the repo market and/or from the ECB.
- the capacity to obtain interbank and institutional funding;
- the concentration risk of funding sources, counterparties and maturities.

The monitoring of the liquidity risk is done through internal and regulatory liquidity Key Risk Indicators ("**KRI**") that are reported on a regular basis and the compliance with those KRI is also tested under stress scenarios. Next to the Internal Liquidity Ratio (working on a three-month horizon), the short and long-term liquidity risks are managed, respectively, by means of the regulatory Liquidity Coverage Ratio ("**LCR**") – one-month horizon and the Net Stable Funding Ratio ("**NSFR**" – one year).

During the first half of 2023, Belfius preserved its diversified liquidity profile by:

- maintaining a substantial funding surplus within the commercial balance sheet;
- continuing to obtain diversified long-term funding from institutional investors;
- collecting short and medium-term (CP/CD/EMTN) deposits from institutional investors.

The participation of Belfius Bank in the ECB TLTRO III funding programme for an amount of EUR 15.65 billion was reduced to EUR 6 billion end of 2022, and in June 2023 another EUR 3.3 billion was repaid. This leads to a residual funding through TLTRO of EUR 2.7 billion that will continue to expire.

Belfius Bank reached a 12-month average LCR of 156% at the end of June 2023. This decrease since the end of December 2022 (173%) is mainly explained by the repayment of the TLTRO and a continued strong growth in commercial loans. Without the additional TLTRO at more advantageous conditions to compensate for the pressure on Belfius' standard transformation model, the LCR remained within Belfius' driving range during the first half year of 2023. The High Quality Liquid Assets (HQLA) are composed at the end of June 2023 of 73% Level 1 cash, 24% Level 1 bonds, 2% Level 2A bonds and 1% Level 2B bonds. It has to be noted that, in light of the recent events of the liquidity outflows of circa EUR 3.5 billion related to the issuance of the Bon d'Etat/Staatsbon by the Belgian state, Belfius did not alter its risk appetite limit in terms of LCR for which actions have been taken to maintain it above the 120% internal target.

The NSFR, based on the binding CRR 2 rules and calculated according to EBA templates, stood at 133% at the end of June 2023, a decrease from 135% also explained by the repayment of the TLTRO and growth in commercial loans.

The driving factors behind these sources of liquidity risk are to a certain extent beyond the control of Belfius Bank as they are influenced by the evolution of the financial and interbank markets, banking regulations, and, as reflected in the recent events around the issue of the Staatsbon/Bon d'Etat under favourable conditions, to the actions of the Belgian State. The latter instruments have collected ca. EUR 22 billion in August 2023, which have been primarily stemming from the savings and term deposits within the Belgian banking system. This shift has been driven by the favourable (unprecedented) conditions attached to them, offering 2.81% net return. The impact on Belfius has been considerable, of ca. EUR 3.5 billion of outflows, but remained under control thanks to the sufficient liquidity buffer of Belfius (total liquidity buffer of EUR 45 billion at the beginning of outflows) and actions taken swiftly to ensure a LCR ratio above the 120% internal target even notwithstanding the remaining participation to TLTRO.

In terms of risk management, Belfius relies on a close monitoring of a set of regulatory and internal liquidity risk metrics as part of its RAF defined with the following main objective: "Belfius wants to maintain at all times sufficient liquidity even after severe but plausible stress". The risk appetite framework imposes an additional buffer on top of the regulatory minima to be respected at all times. This buffer, combined with a set of predefined recovery measures, aims to ensure that Belfius will respect regulatory minima even under stress. Another control of the second line of defence includes the early warning system that proactively warns for potential liquidity crisis. By means of a detailed Liquidity Risk Dashboard, internal KRI's are continuously monitored and include, among others, maturity concentration of funding, intraday liquidity risks, credit lines and liquidity buffer under stress. Belfius also relies on forward-looking assessment as part of its financial plan and stress testing activities to account for concentration risks, clients' behaviour prospective challenges to address potential future non-maturing deposits' outflows or simulation of bank runs. That way, Belfius ensures to have a sufficient liquidity buffer while accounting for materialisation of some tail risks. The Belfius Bank liquidity risk management framework ensures that risk assessments, reporting's and proper follow-up's are performed to ensure that its liquidity buffer is sufficient to cover extreme stress scenarios based on a large set of assumptions on the levels of inflows, outflows, risk source and at different time horizons (ranging from intraday to complete stress on the funding plans), while respecting the limits defined in the RAF. These limits are integrated in the RAF approved by the Board of Directors and reported on a quarterly basis. Available liquidity reserves also play a key role regarding liquidity: at any time, Belfius Bank aims to ensure it has sufficient quality assets to cover any temporary liquidity shortfalls, both in normal markets and under stress scenarios. Belfius Bank defined specific guidelines for the management of LCR eligible bonds and non-LCR eligible bonds, both approved by the Management Board. Given its solid liquidity position, Belfius' funding plan is more than ever driven by minimum requirement for own funds and eligible liabilities ("**MREL**") requirements rather than by an expected liquidity shortfall. In this context, during 2023 Belfius Bank issued EUR 0.5 billion covered bonds, EUR 0.5 billion Tier 2 and EUR 0.75 billion preferred senior under green format. The Non-Preferred Senior Bonds of EUR 2.0 billion enable Belfius to respect the regulatory requirement of MREL Subordinated.

2.1.1.7 Competition (Global Criticality: Medium)

Belfius Bank faces strong competition across all its markets from local and international financial institutions including banks, life insurance companies and mutual insurance organisations. The presence of Belfius Bank being solely limited to Belgium can be assessed as a competitive disadvantage compared to its competitors. 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 shares in one or more markets in which it operates. The related risk is judged as medium.

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 behaviours, 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 Belfius Bank.

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

Any failure by Belfius Bank to manage the competitive dynamics to which it is exposed could have a material adverse effect on its business, financial condition, results of operations, and prospects. Nevertheless, Belfius Bank remains confident about its business model targeting the Belgian perimeter, its pro-active and deep work around new technologies and innovative partnerships and its evolution towards a modern banking platform.

In order to stay ahead of this risk, Belfius Bank relies at several levels on benchmarking assessments (CoR, RWA, commercial real estate activities, macro-assumptions in (reverse) stress test exercises, results of transversal EBA benchmarking assessment, etc.).

2.1.1.9. Credit ratings may not reflect all risks and a credit rating reduction may result in a reduction in the trading value of the Savings Certificates (Global Criticality: Low)

Belfius Bank has been assigned a credit rating by independent credit rating agencies. There is no guarantee that any ratings will be maintained. The ratings (including any unsolicited ratings) may furthermore not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors (including a change of control affecting Belfius Bank) that may affect the value of the Savings Certificates. 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. Finally, any negative change in or withdrawal of a rating assigned to Belfius Bank could adversely affect the trading price of the Savings Certificates.

2.2. Risks related to the Savings Certificates

2.2.1. Risks related to the nature of the Savings Certificates

2.2.1.1. Risks related to the trading market and liquidity of the Savings Certificates

The Savings Certificates are not listed on a regulated market or a multilateral trading facility (or any other market), therefore the Savings Certificates may have no established trading market or if a market does develop, it may not be liquid. Investors may not be able to sell their Savings Certificates easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. The liquidity of the Savings Certificates may also be affected by a downgrade of the credit ratings of Belfius Bank. A decrease in liquidity may have an adverse effect on the market value of the Savings Certificates. In addition, where a holder of Savings Certificates is seeking to achieve a sale of the Savings Certificates within a short timeframe, such lower liquidity will negatively impact the selling price of the Savings Certificates. The capital invested in a Savings Certificate is in principle blocked until the maturity date of the Savings Certificate and the investor cannot exercise an option to request early repayment of the Savings Certificates held by it.

If a holder wants to sell a Savings Certificate prior to the maturity date of the Savings Certificate, it can offer such Savings Certificate to the Issuer, however the Issuer does not have any obligation to repurchase the Savings Certificates and the Issuer does not undertake to repurchase the Savings Certificates. Even if the Issuer may in practice repurchase the Savings Certificates, there is no guarantee or legal obligation that the Issuer will continue to repurchase the Savings Certificates. The amount at which the Savings Certificates will be repurchased will depend on the prevailing interest rates and the costs and fees charged by the Issuer. Such costs and fees may change over time and investors should inform themselves about the prevailing conditions at the time they request a repurchase. If the Issuer were to repurchase the Savings Certificates, the redemption price will be proposed to the investor and subject to his acceptance. If there would be a capital gain for the client, this capital gain will be submitted to withholding tax. The investors may be able to sell the Savings Certificates to other investors (other than the Issuer), but there is no guarantee that the investors will at any given time be able to find other investors willing to purchase the Savings Certificates.

2.2.1.2. Risks related to the exercise of the bail-in resolution tool in respect of the Savings Certificates

The Banking Recovery and Resolution Directive ("**BRRD**") aims to provide supervisory and resolution authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

This means that the holders of the Savings Certificates may lose some or all of their investment (including outstanding principal and accrued but unpaid interest) as a result of the exercise by the Relevant Resolution Authority of the "bail-in" resolution tool, for those amounts that are not protected by the deposit protection regime. This tool may be exercised in respect of Savings Certificates.

The "bail-in" resolution tool is exercised by the Relevant Resolution Authority that has the power to bail-in (i.e., write down or convert) liabilities more subordinated than the Savings Certificates, if any (such as the claims of non-preferred creditors of Belfius Bank) and preferred senior debt (such as the Savings Certificates), after having written down or converted Tier 1 capital instruments and Tier 2 capital instruments. The bail-in power enables the Relevant Resolution Authority to recapitalise a failing institution by allocating losses to its shareholders and unsecured creditors (including the holders of Savings Certificates) 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), the Relevant Resolution Authority is able to exercise its bail-in powers if the following (cumulative) conditions are met:

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

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

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

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

(iv) Belfius Bank requests extraordinary public financial support;

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

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

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

The exercise by the Relevant Resolution Authority of its resolution powers (including the statutory loss absorption powers) in relation to the Savings Certificates, or the (perceived) prospect of such exercise, could have a material adverse effect on the value of such Savings Certificates and could lead to the holders of such Savings Certificates losing some or all of their investment in their Savings Certificates (subject to the application of the deposit protection regime).

Furthermore, it should be noted that, on 18 April 2023, the European Commission adopted a proposal to adjust and further strengthen the EU’s existing bank crisis management and deposit insurance (the “**CMDI Proposal**”) framework, with a focus on medium-sized and smaller banks. The proposal would enable authorities to organise the orderly market exit for a failing bank of any size and business model, with a broad range of tools. In particular, it would facilitate the use of industry-funded safety nets to shield depositors in banking crises, such as by transferring them from an ailing bank to a healthy one. Such use of safety nets must only be a complement to the banks’ internal loss absorption capacity, which remains the first line of defence. If implemented as proposed, this may have an impact on the current supervisory and resolution powers applicable to credit institutions (such as Belfius Bank). The current CMDI Proposal proposes (i) to abolish the ‘super-preference' of deposit guarantee schemes in order to extend the privilege of depositors to a broader group of depositors that currently benefit from the privilege (this would mean that the privilege no longer only applies to depositors for deposits protected by the deposit protection regime); (ii) to create a single-tier ranking for all deposits (covered deposits and deposit guarantee schemes' claims, non-covered deposits of households and small and medium enterprises, other non-covered deposits); and (iii) all deposits relative to ordinary unsecured claims would be preferred. Nevertheless, even though such legislative reform is aimed at improving the situation of depositors and holders of Savings Certificates, it is uncertain what the final legislative texts will provide and what their impact will be.

With respect to the Savings Certificates, it should be noted that savings certificates issued by Belgian credit institutions, such as the Savings Certificates to be issued under this Base Prospectus, are to be considered as a “deposit” for purposes of the application of the Belgian deposit protection regime. As a result, the Savings Certificates are, subject to certain conditions, protected by the Belgian deposit protection regime. More information in this respect can be found on the website www.garantiefonds.belgium.be (the information on this website does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised or approved by the FSMA). The capital invested via the Savings Certificate (the principal amount) should be repaid by the Issuer on the Maturity Date of the relevant Savings Certificate. If the Issuer defaults on this payment obligation (e.g. as a result of a bankruptcy of the Issuer) and once an additional payment term has expired (currently 20 business days), the Savings Certificate is protected by the Savings Certificate for an amount of up to EUR 100,000 per person. The amount protected by the deposit protection regime is not subject to the "bail-in" resolution tool. However, it should be stressed that the maximum amount of EUR 100,000 protected under the Belgian deposit protection regime is calculated per person and per credit institution for the aggregate amount of all eligible deposits held by the relevant person with the relevant credit institution. This means that the aggregate amount of the Savings Certificates and other eligible deposits held by the relevant person with the relevant credit institution should be calculated. Legal persons holding the Savings Certificates should assess whether they are eligible for the Belgian deposit protection regime, as this eligibility is subject to certain conditions.

2.2.1.3. A holder's return on the Savings Certificates may be affected by inflation

The real return which an investor will receive on its Savings Certificates may be affected by inflation. Inflation risk is the risk that the future real value of an investment will be reduced by inflation over time, which could be caused by an increase in prices or a decrease in the value of money. Where inflation is high, as is the case in the current economic climate, it is possible that the real return which an investor will receive on its Savings Certificates will be reduced or will even be negative.

2.2.1.5. The market value of an issue of Savings Certificates can be affected by various factors

The market value of an issue of Savings Certificates will be affected by a number of factors, including, but not limited to, market interest and yield rates, volatility in the market, the creditworthiness of the Issuer, the time remaining to any redemption date or maturity date, and economic, financial and political events in one or more jurisdictions. The price at which a holder will be able to sell any Savings Certificates prior to maturity may be at a discount, which could be substantial, to the market value of such Savings Certificates on the issue date. Potential investors should consider reinvestment risk in light of other investments available at that time.

2.2.1.6. A holder's actual yield on the Savings Certificates may be reduced from the stated yield by transaction costs

When Savings Certificates 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 Savings Certificates. Certain fees and costs are set out in this Base Prospectus, but there may be other fees and costs which may impact the holders' actual yield. In addition to such costs directly related to the purchase of securities (direct costs), holders of Savings Certificates must also take into account any other costs (such as custody fees). Investors should inform themselves about any additional costs which they may incur in connection with the purchase, custody or sale of the Savings Certificates before investing in the Savings Certificates.

2.2.1.7. Risks related to reinvesting risk

Holders are exposed to the reinvestment risk in several situations. For example, reinvestment risk arises in a declining interest rate environment because holders of Savings Certificates will only be able to reinvest the principal and/or interest paid to them at lower interest rates compared to the interest rates prevailing at the time they subscribed the Savings Certificates.

2.2.1.8. Risks related to tax position of the investors and change of tax law

Investors should note that the tax legislation of the investor's Member State and of the issuer's country of incorporation (Belgium) may have an impact on the income received from the securities. In case of doubt in respect of the risks associated with the Savings Certificates and in order to assess their adequacy with their personal risk profile, investors should consult their own tax experts about the risks associated with an investment in these Savings Certificates.

The Terms and Conditions of the Savings Certificates are, save to the extent referred to therein, based on legislation in effect as at the date of issue of the Savings Certificates. No assurance can be given as to the impact of any possible judicial decision or changes to the laws in Belgium, other jurisdictions (such as FATCA under US law) or on a supranational level (e.g. the EU Financial Transaction Tax) or in the administrative practice after the date of issue of the Savings Certificates. Investors should note that the provisions of the Terms and Conditions contain certain provisions dealing with a change of law. Such provisions will be applied in accordance with the law in force at the relevant time.

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 Savings Certificates may change at any time (including during any subscription period or the term of the Savings Certificates). Any such change may have an adverse effect on a holder, including that the Savings Certificates 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 holder may be less than otherwise expected by such holder of Savings Certificates.

2.2.2. Risks related to the terms of the Savings Certificates

2.2.2.1. There is no limitation on the entry into, issuing or guaranteeing of debt ranking *pari passu* with the Savings Certificates, which may be required because of regulatory requirements, and any future debt may be on better terms than the Savings Certificates

There is no restriction in the Conditions on the amount of debt which the Issuer may enter into, issue or guarantee. The Issuer may incur additional indebtedness or grant guarantees in respect of indebtedness or guarantees of third parties, including indebtedness and guarantees that rank *pari passu* with the Savings Certificates, which may have better terms than the Savings Certificates (e.g. in relation to events of default and covenants). The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders in case of default or insolvency. If the Issuer's financial condition were to deteriorate, the holders 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 holders could suffer loss of their entire investment.

The incurrence of additional indebtedness may be required based on regulatory requirements. In order to make the bail-in power under the BRRD effective, credit institutions (including Belfius Bank) must at all times meet a MREL so that there is sufficient capital and liabilities available to stabilise and recapitalise failing credit institutions.

2.2.2.2. The Terms and Conditions of the Savings Certificates do not contain covenants

The Terms and Conditions of the Savings Certificates place no restrictions on the amount of debt that the Issuer may issue. The issue of any such debt or securities may impact the amount recoverable by holders upon liquidation or resolution of the Issuer. In this respect, please also refer to the risk factor entitled "*There is no limitation on the entry into, issuing or guaranteeing of debt ranking pari passu with the Savings Certificates, which may be required because of regulatory requirements, and any future debt may be on better terms than the Savings Certificates*".

In addition, the Savings Certificates do not require the Issuer to comply with financial ratios or otherwise limit their ability or that of their respective subsidiaries to incur additional debt, nor do they limit the Issuer's or the ability to use cash to make investments or acquisitions, or the ability of the Issuer or its respective subsidiaries to pay dividends, repurchase shares or otherwise distribute cash to shareholders. Such actions could potentially affect the Issuer's ability to service their respective debt obligations, including those of the Savings Certificates.

2.2.2.3. No tax gross-up obligation

Investors should be aware that pursuant to the Terms and Conditions of the Savings Certificates there are no gross-up payments in respect of the Savings Certificates. This means that if additional taxes are imposed in respect of the Savings Certificates, there is no obligation for the Issuer to compensate the investors for any additional tax charge that they would incur as a result of such additional taxes.

2.2.2.4. No holder of Savings Certificates may exercise or claim any right of set-off, netting, compensation or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Savings Certificates

Subject to applicable law, no holder may exercise or claim any right of set-off, netting, compensation or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Savings Certificates and each holder of Savings Certificates shall, by virtue of its subscription, purchase or holding of a Savings Certificate, be deemed to have waived all such rights of set-off, netting, compensation and retention.

2.2.2.5. Issuer substitution

Pursuant to Condition 7.18, in case of dissolution, liquidation, reconstruction, merger, amalgamation or any other kind of legal reorganisation, the Issuer may, without any further consent or cooperation from the holders of the Savings Certificates, at any time, procure that any affiliated or associated corporation of the Issuer is substituted for the relevant Issuer as the debtor under the Terms and Conditions to be offered by assigning all its rights and obligations to such other corporation, provided that certain preconditions are fulfilled (including the requirement the Substituted Issuer must have a long-term debt rating of at least the same level as the one of the relevant Issuer at the time of substitution). Notwithstanding each of these preconditions being satisfied prior to any such substitution, there can be no guarantee that any such substitution will not have an adverse effect on the price of the Savings Certificates and subsequently lead to losses for the holders of the Savings Certificates if they sell the Savings Certificates.

3. CHOICES MADE BY THE ISSUER

The Issuer choose the Kingdom of Belgium as their home Member State for purposes of the Prospectus Regulation.

According to article 8 of the Prospectus Regulation, the Issuer has chosen to issue the Savings Certificates under a base prospectus. The specific terms of each Category of Savings Certificates will be set forth in the applicable Final Terms.

The Issuer has freely defined the order in the presentation of the required items included in the schedules of the Commission Delegated Regulation (EU) 2019/980 according to which this Base Prospectus is drawn up. The chosen presentation is a consequence of the combination of Annex 6 and Annex 14 of Commission Delegated Regulation (EU) 2019/980. In order to enable the investors to identify in the presentation below the corresponding provisions of the relevant Annexes of Commission Delegated Regulation (EU) 2019/980, cross-references will be made to the relevant Annexes of Commission Delegated Regulation (EU) 2019/980 and their subsections. Finally, any items which do not require, in their absence, an appropriate negative statement according to the relevant Annexes of Commission Delegated Regulation (EU) 2019/980, are not included in the presentation when the Issuer so determines.

4. RESPONSIBILITY STATEMENT

(Annex 6.1 and 14.1 of Commission Delegated Regulation (EU) 2019/980)

Belfius Bank as Issuer accepts responsibility for the information given in this Base Prospectus and the Final Terms. The information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

5. DOCUMENTS INCORPORATED BY REFERENCE

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

- the audited consolidated accounts of Belfius Bank for the years ended 31 December 2021[15] and 31 December 2022[16], including the reports of the statutory auditors in respect thereof;
- the disclosure document on "Alternative Performance Measures" (the "**APM**") for the years ended 31 December 2021[17] and 31 December 2022[18];
- the half-yearly report ended 30 June 2023 (the "**Half-Yearly Report 2023**")[19]; and
- the disclosure document on the APM for the half-year ended 30 June 2023[20].

Such documents shall be incorporated by reference into 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 Belfius Bank and on the website of the Issuer at www.belfius.be. Potential investors in the relevant Savings Certificates should be aware that any website referred to in this Base Prospectus does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA.

The tables below set out the relevant page references for:

(i) the consolidated balance sheet, (ii) the consolidated statement of income, (iii) the consolidated statement of comprehensive income, (iv) the consolidated statement of change in equity (v) the consolidated cash flow statement, (vi) the notes to the consolidated financial statements, (vii) the audit report on the consolidated accounts, (viii) the non-consolidated balance sheet, (ix) the non-consolidated statement of income, (x) the audit report on the non-consolidated accounts as well as the APM for the years ended 31 December 2021 and 31 December 2022; and

(i) the unaudited consolidated balance sheet, (ii) the unaudited consolidated statement of income, (iii) the unaudited consolidated statement of comprehensive income, (iv) the unaudited consolidated statement of change in equity, (v) unaudited consolidated cash flow statement, (vi) the limited review report on the consolidated accounts and (vii) the notes to the consolidated interim financial statements of Belfius Bank for the period ended 30 June 2022 as well as the APM for the half-year ended 30 June 2022.

Solely the information listed in the tables below in respect of the annual reports for the years ended 31 December 2021 and 2022 and the Half-Yearly Report 2023 is incorporated by reference in the Base Prospectus. The other parts of the annual reports and the Half-Yearly Report 2023 are not incorporated by reference. They are either deemed not relevant for the investor or are already covered elsewhere in the Base Prospectus. The

[15] https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/2021%20Annual%20Report.pdf.

[16] https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/Annual%20Report%20Belfius%20Bank%202022%20-%20ENG.pdf.

[17] https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/2021%20Alternative%20Performance%20Measures.pdf.

[18] https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/2022%20Alternative%20Performance%20Measures.pdf.

[19] https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/1H%202023%20Half-yearly%20report.pdf.

[20] https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/1H%202023%20APM.pdf.

consolidated balance sheet and consolidated statement of income of Belfius Bank for the years ended 31 December 2021 and 2022 can also be found in the section 6 "Belfius Bank".

	Belfius Bank SA/NV		
	Annual Report 2021 (English version) **audited**	**Annual Report 2022 (English version)** **audited**	**Half-Yearly Report 2023 (English version)** **unaudited – condensed**
consolidated balance sheet	238-239	261-262	93-94
consolidated statement of income	240	263	95
consolidated statement of comprehensive income	241-242	264-265	96-97
consolidated statement of change in equity	243-247	266-270	98-102
consolidated cash flow statement	248-249	271-272	103-104
notes to the consolidated financial statements	252-394	273-420	105-192
audit report on the consolidated accounts	395-400	421-426	193
non-consolidated balance sheet	404-406	428-429	-
non-consolidated statement of income	407-408	431-432	-
audit report on the non-consolidated accounts	409[21]	433[22]	-

APM for the financial years ended 31 December 2021, 31 December 2022 and 30 June 2023

	Belfius Bank SA/NV		
	Alternative performance measures 2021	**Alternative performance measures 2022**	**Alternative performance measures 1H 2023**
common equity tier 1 ratio	1	1	1
tier 1 ratio	1	1	1
total capital ratio	1	1	1
leverage ratio	2	2	2
solvency II ratio	2	2	2
liquidity coverage ratio	2	2	2
net stable funding ratio	2	2	2
net interest margin	3	3	3

[21] The statutory report on the non-consolidated account is not included in the English version, but reference in such version is made to the French and the Dutch versions, available on these websites: https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/fr/2021%20Rapport%20Annuel.pdf (French version – as from page 420) and https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/nl/2021%20Jaarverslag.pdf (Dutch version – as from page 426).

[22] The statutory report on the non-consolidated account is not included in the English version, but reference in such version is made to the French and the Dutch versions, available on these websites: https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/fr/Rapport%20annuel%20Belfius%20Bank%202022%20-%20FR.pdf (French version – as from page 517) and https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/nl/Jaarverslag%20Belfius%20Bank%202022%20-%20NL.pdf (Dutch version – as from page 522).

	Belfius Bank SA/NV		
	Alternative performance measures 2021	**Alternative performance measures 2022**	**Alternative performance measures 1H 2023**
cost-income ratio	3	3	3
credit cost ratio	3	3	3
asset quality ratio	4	4	4
coverage ratio	4	4	4
return on equity	4	4	4
return on assets	4	4	4
return on normative regulatory equity	5	5	5
total savings and investments of commercial activities	5	5	5
total loans to customers	6	6	6
ALM liquidity bond portfolio	6	6	6
ALM yield bond portfolio	6	7	7
credit guarantee portfolio	7	7	7
funding diversification	7	7	7
life income margin	8	8	-
non-life expense ratio	8	9	8
non-life net loss ratio	9	9	9
adjusted results	10	10	10

6. BELFIUS BANK SA/NV

(Annex 6.4 of Commission Delegated Regulation (EU) 2019/980)

6.1. Belfius Bank profile

Belfius Bank SA/NV (the "Issuer" or "Belfius Bank") is a limited liability company (*naamloze vennootschap/ société anonyme*) established on 23 October 1962 for an unlimited duration and incorporated under Belgian law which collects savings from the public. The Issuer is licensed as a credit institution in accordance with the Banking Law. It is registered with the Crossroads Bank for Enterprises under business identification number 0403.201.185 and has its registered office at 1210 Brussels, Place Charles Rogier 11, Belgium, telephone +32 22 22 11 11 and website https://www.belfius.be.[23] Belfius Bank's LEI code is A5GWLFH3KM7YV2SFQL84. The commercial name of the Issuer is Belfius Bank in English, Belfius Bank in Dutch and Belfius Banque in French.

The share capital of Belfius Bank as at 30 June 2023 was EUR 3,458,066,227.41 and is represented by 359,412,616 registered shares. The shareholding of Belfius Bank is as follows: 359,407,616 registered shares are held by the public limited company of public interest Federal Holding and Investment Company ("FHIC"), in its own name but on behalf of the Belgian State, and 5,000 registered shares are held by the public limited company Certi-Fed. Certi-Fed is a fully-owned subsidiary of FHIC. Belfius Bank shares are not listed.

At the end of June 2023, total consolidated balance sheet of the Issuer amounted to EUR 178 billion.

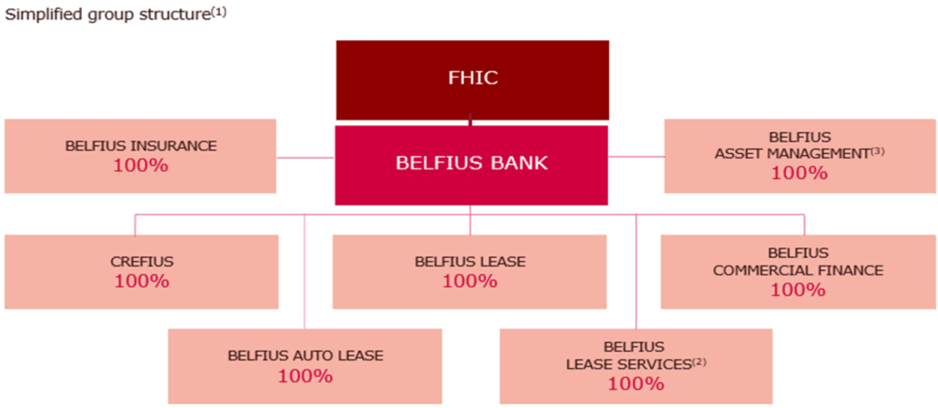
There have been no material contracts that are entered into in the ordinary course of Belfius Bank's business which could result in any member of the Belfius group being under an obligation or an entitlement that is material to Belfius Bank's ability to meet its obligations to the holders of Savings Certificates.

The auditors of Belfius Bank for the historical financial information covered by this Base Prospectus are KPMG Reviseurs d'Entreprises SRL, Gateway building, Luchthaven Nationaal 1 K, 1930 Zaventem, Belgium, being a member of the Belgian *Instituut der Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*. KPMG Reviseurs d'Entreprises SRL were appointed as statutory auditors of Belfius Bank by its ordinary general meeting of shareholders held on 26 April 2023 for a term of three years.

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

[23] The information on this website does not form part of, and is not incorporated by reference into, this Base Prospectus, except where that information has been expressly incorporated by reference in this Base Prospectus.

6.2. Simplified group structure as at the date of this Base Prospectus



(1) For more details, see the list of subsidiaries in the consolidated financial statements in the 2022 annual report.
(2) Belfius Lease Services operates under the same brand (logo) as Belfius Lease.
(3) Following the strategic partnership with Candriam, one share of Belfius Asset Management is held by Candriam.

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

6.3. Main commercial subsidiaries

The entities mentioned below are subsidiaries of the Issuer.

Belfius Insurance

Insurance company marketing life and non-life insurance products, savings products and investments for individuals, the self-employed, liberal professions, companies and the public and social sector. At the end of 2022, the total consolidated balance sheet of Belfius Insurance amounted to EUR 20 billion[24].

Crefius

Company servicing and managing mortgage loans. At the end of 2022, the total balance sheet of Crefius amounted to EUR 24 million[25].

Belfius Auto Lease

Company for operational vehicle leasing and car fleet management, maintenance and claims management services. At the end of 2022, the total balance sheet of Belfius Auto Lease amounted to EUR 513 million[26].

Belfius Lease

Company for financial leasing and renting of professional capital goods. At the end of 2022, the total balance sheet of Belfius Lease amounted to EUR 1,058 million[27].

[24] For more details, see the 2022 annual report of Belfius Insurance.
[25] Total IFRS balance sheet before consolidation adjustments.
[26] Total IFRS balance sheet before consolidation adjustments.
[27] Total IFRS balance sheet before consolidation adjustments.

Belfius Lease Services

Financial leasing and renting of professional capital goods to the self-employed, companies and liberal professions. At the end of 2022, the total balance sheet of Belfius Lease Services amounted to EUR 2,556 million[28].

Belfius Commercial Finance

Company for financing commercial loans to debtors, debtor in-solvency risk cover and debt recovery from debtors (factoring). At the end of 2022, the total balance sheet of Belfius Commercial Finance amounted to EUR 1,371 million[29].

Belfius Asset Management

Company for administration and management of investment funds. At the end of 2022, the total balance sheet of Belfius Asset Management amounted to EUR 179 million[30] and assets under management amounted to EUR 28.4 billion.

6.4. Financial results

6.4.1 Results 2022[31]

Belfius' consolidated net income reached EUR 975 million in 2022, driven by strong commercial dynamics and increasing income and despite inflationary pressures on the cost side.

Total income amounted to EUR 2,982 million in 2022, up +10% or EUR +279 million compared to 2021 (EUR 2,703 million) thanks to:

- strong increase of the net interest income of Belfius Bank, in sharply rising interest rate environment, by +8% (EUR 1,752 million in 2022 compared to EUR 1,623 million in 2021) driven by (a) improving interest margin on non-maturing deposits, (b) positive impact from the TLTRO III and ECB deposit tiering till 23 November 2022 and (c) higher margin on the large liquidity buffer held in cash during the year;

- outstanding resilience of the net fee and commission income of Belfius Bank growing by +3% (EUR 757 million in 2022 compared to EUR 732 million in 2021) mainly thanks to higher payment service fees and resilient fees from asset management services (in line with Belfius‘ Bank for Investors’ strategy);

- growing insurance contribution to income, with strong life insurance income (EUR 338 million in 2022 compared to EUR 302 million in 2021), mainly thanks to continuously strong financial margin on life insurance reserves (including a partial release of excess reserves), complemented with rising non-life insurance income (EUR 226 million in 2022 compared to EUR 210 million in 2021), where growing non-life activity has been partially neutralised by higher claims cost due to inflationary pressures and to the storms of the first quarter of 2022;

- other income amounted to EUR -91 million in 2022, less negative than in 2021 (EUR -165 million). The year-on-year delta is mainly stemming from stronger results in financial markets activities, higher contribution from Belfius' subsidiaries, positive impacts from higher interest rates and credit spread hedges, despite continuously higher bank levies (EUR 264 million in 2022 compared to EUR 256 million in 2021).

Belfius continued to develop its strong footprint, in operational, commercial and financial terms, by investing in brand, human talent and digital capital. The year 2022 has been marked by very strong investments in Belfius' brand positioning, with amongst others successful campaigns towards Entrepreneurs and Corporates, and the

[28] Total IFRS balance sheet before consolidation adjustments.

[29] Total IFRS balance sheet before consolidation adjustments.

[30] Total IFRS balance sheet before consolidation adjustments.

[31] Results 2022 are disclosed according to IFRS4/9

Private and Wealth segments in Belgium. Nevertheless, the increase of operating costs by +10% (EUR 1,620 million in 2022 compared to EUR 1,477 million in 2021) remained well below the increase of income, leading to a further improving C/I ratio at 54% in 2022 (compared to 55% in 2021), despite inflationary pressures and these investments in brand, human and digital capital.

All in all, the combination of strong income dynamics, rising interest rate environment, disciplined cost strategy, notwithstanding inflationary pressures and unfavourable financial markets and continuing investments in commercial activities, ESG, IT and digitalisation, led to an increase in pre-provision income by +11%, to EUR 1,362 million in 2022 compared to EUR 1,226 million in 2021.

In 2022, Belfius again made a detailed review of its credit risk portfolio and continued to calibrate its IFRS 9 provisions. As a result of:

- the Russian invasion in Ukraine aggravating the geopolitical, economic and financial turmoil;
- additional Covid-19 related lockdowns in China; and
- historically very high inflation readings worldwide,

the anticipated economic recovery as of end 2021 was tempered and worldwide short and medium-term economic growth estimates continuously decreased.

In this multi-dimensional change of the economic and financial environment, Belfius decided to increase its risk provisions, resulting in an overall cost of risk 2022 of EUR -106 million (net allowance) compared to EUR +1 million or a net reversal in 2021.

As a result, the net income before taxes amounted to EUR 1,255 million compared to EUR 1,226 million in 2021.

The tax expenses amounted to EUR 279 million in 2022 compared to EUR 290 million in 2021, notwithstanding higher taxable profit. The consolidated effective tax rate stood at 22%, slightly below the statutory tax rate (25% in 2021), benefitting from higher non-taxable results (positive result on credit spread hedges in Ireland, capital gains on real estate project, etc.) and innovation deduction regime in line with Belfius' innovation investments.

As a consequence, consolidated net income 2022 reached EUR 975 million compared to EUR 935 million in 2021. This is Belfius' highest net income since its origins, back in 2011.

In terms of financial robustness, Belfius continues to combine dynamic growth with solid solvency, liquidity and risk metrics:

- the CET1 ratio stood at 16.55%, up +0.17 pp compared to December 2021. This increase is mainly explained by a decreased credit risk exposure following a release of the NBB macroprudential add-on on mortgage loans exposure and a decrease in financial market exposures following positive market parameter evolutions, partially offset by an increase in credit risk due to higher commercial volumes;
- this strong and solid CET1 level is net of a 40% dividend pay-out ratio, hence a 2022 dividend of EUR 384.4 million[32], thanks to which Belfius continued to support its commercial franchise development;
- total capital ratio stood at 19.8%, stable compared to end 2021;
- the leverage ratio decreased to 6.3%, down -0.87 pp compared to December 2021, due to a higher leverage exposure by EUR +22.8 billion than in 2021, stemming mainly from the end of a COVID-19 release measure for partial exclusion of Central Bank exposures and from higher off balance volumes;
- insurance activities also posted continued solid solvency metrics, with a Solvency II ratio of 193% end of December 2022;

[32] As decided by the Board of Directors of 21 March 2023 and as approved by the General Assembly of 26 April 2023 over 2022 year-end results.

- Belfius also showed an excellent liquidity and funding profile with a LCR of 173%[33] and a NSFR of 135%;
- total shareholders' equity (Net Asset Value) further improved to EUR 11.1 billion at the end of 2022 (compared to EUR 11.0 billion at the end of 2021), as a result of strong financial results despite unfavourable financial markets.

Prospects

Save as disclosed in Section 6 "Belfius Bank", there has been (i) no material adverse change in the prospects of the Issuer on a consolidated basis since 31 December 2022 and (ii) there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the prospects of the Issuer for the current financial year.

Save as disclosed in Section 6.7 "Non-adjusting post-balance sheet events" of Section 6 "Belfius Bank", there has been no significant change in the financial position or the financial performance of the Issuer since 30 June 2023.

Save as disclosed in Section 6.11 "Litigation" of Section 11 "Belfius Bank", neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer or any of its subsidiaries.

Significant changes in the financial performance

Other than as set out in this Base Prospectus, there have been no significant changes in the financial performance of Belfius Bank since the date of its last published audited financial statements.

6.4.2 **Results for the first half of 2023[34]**

Belfius' consolidated net income in the first half of 2023 stood at EUR 479 million, driven by strong commercial dynamics and increasing income, and despite inflationary pressures on the cost side.

Total income amounted to EUR 1,870 million in the first half of 2023, up +12% or EUR +202 million compared to the first half of 2022 (EUR 1,669 million) thanks to:

- increase of the net interest income bank by +30% (EUR 1,050 million in the first half of 2023 vs EUR 808 million in the first half of 2022) in sharply rising interest rate environment, driven by overall improving interest margin on growing commercial activities and on Belfius' solid liquidity buffer. This overall growth of interest margin is somewhat softened by:
    - volume shift from non maturing deposits towards term funding,
    - pressure on new loan margins from general market delay between loan pricings and sharp increases of market interest rates, and
    - continued strong competition in the Belgian loan market;
- rather stable and resilient net fee and commission income bank from EUR 377 million in the first half of 2022 to EUR 378 million in the first half of 2023, mainly thanks to higher payment fees as well as continuously growing fees from growing Life and Non-Life insurance activities through the banking network;
- lower insurance contribution to income with decreasing Life insurance income (EUR 211 million in the first half of 2023 vs EUR 234 million in the first half of 2022) and growing Non-Life insurance income

[33] Twelve-month average

[34] Results as per the first half of 2023 are disclosed according to IFRS17/9.

(EUR 409 million in the first half of 2023 vs EUR 391 million in the first half of 2022), thanks to portfolio growth and premium indexation to cover inflation impact on insurance service expenses

- other income at EUR -177 million in the first half of 2023 compared to EUR -141 million in the first half of 2022, mainly stemming from higher bank levies in the first half of 2023, partially offset by higher positive contribution from activities serviced out the dealing room stemming from higher interest rates.

Insurance Service Expenses adjusted for directly attributable costs for insurance contracts and reinsurance amount to EUR -334 million in the first half of 2023 vs EUR -406 million in the first half of 2022 mainly due to Non-Life thanks to the recalibration of the confidence interval to 77.5% and absence of natural catastrophes' claims in the first half of 2023 while the first half of 2022 was impacted by February 2022 storms and increased inflation assumptions on Best Estimate calculation.

Belfius continued to develop its strong footprint in operational, commercial and financial terms, by investing in human talent and digital capital. The first six months of 2023 have been marked by further investments in technology as well as in human capital. Costs35 went up by +9% at EUR 843 million in the first half of 2023 vs EUR 776 million in 1H 2022 due to inflationary pressures and these growth investments. However, thanks to the solid income evolution y-o-y, Belfius' C/I ratio further improved at 45% in 1H 2023 compared to 47% in 1H 2022. The C/I ratio, adjusted for linearization of bank levies both at bank and insurance side, remained stable at 42% in the first half of 2023, compared to 43% in the first half of 2022.

All in all, the combination of strong income dynamics and improved insurance service expenses adjusted, despite growing operating expenses as well as continuing investments in commercial activities, ESG, IT and digitalization, led to an increase in pre-provision income by +43%, to EUR 694 million in the first half of 2023 (vs EUR 487 million in the first half of 2022)

In the first half of 2023, Belfius made again a detailed review of its credit risk portfolio and continued to calibrate its IFRS 9 provisions. Belfius continues to evolve its credit risk provisioning in synchronization with such transforming context, where inflationary pressures currently still "win" from recession risk, and where economic growth continues to show more resilience than formerly anticipated in general.

The former best estimate "ex-ante provisioning" of expected losses due to the effects of the Covid-crisis, including expert based overlays for some Covid-impacted sectors, has been:

- adjusted for improving economic outlooks;
- redirected from Covid-induced overlays for vulnerable sectors to Inflation and Energy related vulnerabilities.

This led in the first half of 2023 to a negative cost of risk of EUR -17 million (net allowance) - compared to EUR +13 million or a net reversal in the first half of 2022. As a result, the net income before taxes amounted to EUR 676 million in the first half of 2023 compared to EUR 500 million in the first half of 2022. The tax expenses amounted to EUR 196 million in the first half of 2023 compared to EUR 105 million in the first half of 2022, showing an effective tax rate (29%) above the statutory tax rate (25%). The higher IFRS taxes in the first half of 2023 are mainly the result of a higher consolidated result before tax than in the first half of 2022 and the limitation of the NTK[36] deductibility to 20% since the start of the year (compared to 100% the previous years). As a consequence, consolidated net income the first half of 2023 reached EUR 479 million compared to EUR 394 million in the first half of 2022. This is Belfius' highest first half net income since its origins, back in 2011.

In terms of financial solidity metrics, Belfius continues to combine dynamic growth with sound solvency, liquidity and risk metrics. As at 30 June 2023:

[35] Including directly attributable costs for insurance contracts.

[36] Belgian tax on credit institutions.

- the CET1[37] ratio stood at 16.49%, up 5 bps compared to the CET1 ratio as of December 2022. The increase over 2023 is mainly the result of higher CET1 capital (EUR +160 million) compensated by higher regulatory risk exposures (EUR +778 million to EUR 64.9 billion);
- the total capital ratio stood at 20.05%[38] compared to 19.8% end 2022;
- the leverage ratio[39] increased by 12 bps to 6.3% compared to the end of December 2022. The increase is the result of the higher regulatory Tier 1 capital ,and a slightly lower leverage exposure measure mainly driven by a slight decrease in the balance sheet;
- insurance activities also displayed continued solid solvency metrics, with a Solvency II ratio of 195% end of June 2023;
- end of June 2023, Belfius continued to show an excellent liquidity and funding profile with a LCR of 156% and a NSFR of 133%;

6.5. Minimum CET 1 requirements (SREP)

Belfius Bank reports on its solvency position on a consolidated level and on a statutory level in line with the revised Capital Requirements Regulation and Directive, commonly referred to as CRR 2 and CRD 5:

(a) the minimum capital requirements ("Pillar 1 requirements") as defined by Article 92 of Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 (CRR 2);

(b) the capital requirements that are imposed by the decision following the SREP pursuant to Article 16(2)(a) of Regulation (EU) No 1024/2013 and which go beyond the Pillar 1 requirements (“**Pillar 2 requirements**”);

(c) the combined buffer requirement as defined in Article 128(6) of Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU (CRD 5).

Minimum CET 1 ratio Requirement

(in %)	2022	1H 2023
Pillar I minimum	4.50%	4.50%
Pillar II requirement	1.198%	1.204%
Capital conservation buffer	2.50%	2.50%
Buffer for (other) domestic systemically important institutions	1.50%	1.50%
Countercyclical buffer	0.06%	0.08%
Sectoral systemic risk buffer	0.30%	0.29%
MINIMUM CET 1 CAPITAL RATIO REQUIREMENT	**10.051%**	**10.074%**
Pillar II guidance	0.75%	0.75%
MINIMUM CET 1 CAPITAL RATIO GUIDANCE	**10.801%**	**10.824%**

Following the annual “Supervisory Review and Evaluation Process” finalised at the end of 2022, Belfius has to comply with a minimum CET1 ratio for the first half of 2023 of 10.074% (before Pillar 2 Guidance)

- a Pillar 1 minimum of 4.5%;

37 The pro forma takes into account the implementation of IFRS 17 as well as the IFRS 9 business model reassessment on 1 January 2023, where a reclassification of EUR 8.9bn has taken place from the Belfius Insurance portfolio of loans and debt securities measured at amortised cost to loans and debt securities measured at fair value through other comprehensive income.

38 The pro forma takes into account the implementation of IFRS 17 as well as the IFRS 9 business model reassessment on 1 January 2023, where a reclassification of EUR 8.9bn has taken place from the Belfius Insurance portfolio of loans and debt securities measured at amortised cost to loans and debt securities measured at fair value through other comprehensive income.

39 The pro forma takes into account the implementation of IFRS 17 as well as the IFRS 9 business model reassessment on 1 January 2023, where a reclassification of EUR 8.9bn has taken place from the Belfius Insurance portfolio of loans and debt securities measured at amortised cost to loans and debt securities measured at fair value through other comprehensive income.

- a Pillar 2 Requirement (P2R) of 1.204% (after split of 2.14% P2R);
- a capital conservation buffer (CCB) of 2.5%;
- a buffer for (other) domestic systemically important institutions (O-SII buffer) of 1.5% (imposed by the National Bank of Belgium);
- a sectoral systemic risk buffer of 0.29%;
- a countercyclical capital buffer (CCyB) of 0.08%

Note that in line with the resilience of Belfius in the EBA stress test, the Pillar 2 Guidance (P2G) is set at 0.75% on the CET1 ratio so far. As a result, Belfius has to comply with a minimum CET1 ratio of 10.824% for the first half of 2023 (to compare with 10.801% in 2022).

The consolidated CET1 ratio of Belfius at the end of June 2023 stood at 16.49%, well above the 2023 applicable CET1 capital requirement of 10.074%

Further to these regulatory requirements, Belfius stated in its Risk Appetite Framework that, in normal market circumstances and under stable regulations, it would strive to respect a minimum operational CET1 ratio of 13.5%, on solo and consolidated levels.

6.6. Activities[40]

Analytically, Belfius splits its activities and accounts in three segments: Individuals (IND), Entrepreneurs, Enterprises and Public (E&E&P) and Group Center.

- Individuals (IND), managing the commercial relationships with individual customers both at bank and insurance level. Within the Individuals segment, we distinguish 4 subsegments: Savers, Investors, Private and Wealth;
- Entrepreneurs, Enterprises and Public entities (E&E&P), managing the commercial relationships with public and social sector, business and corporate clients both at bank and insurance level;
- Group Center (GC), containing the residual results not allocated to the two commercial segments. This mainly consists of results from central ALM (interest rate and liquidity) and Bonds and Derivatives portfolio management.

Individuals (IND) activities and result in the first half of 2023

At 30 June 2023, total savings and investments amounted to EUR 120.6 billion, an increase of 3.7% compared with the end of 2022. The organic growth in 2023 amounted to EUR 2.5 billion, stemming mainly from the large increase in maturing deposits (term deposits and bonds), which benefit from transfer of non maturing deposits and from solid performances in mutual funds & My Portfolio while the organic growth of non maturing Deposits decreased by EUR 1 billion.

Non maturing deposits totalled EUR 61.5 billion at 30 June 2023, down -1.6% from the end of 2022. The current and savings accounts outstanding reached EUR 13.7 billion (-1.5%) and EUR 47.8 billion (-1.6%) respectively at the end of June 2023.

Maturing deposits and Branch 21 amounted to EUR 15.6 billion, strong increase of 18.3% compared to the end of 2022. Mainly thanks to term deposits which benefit from higher interest rates and amounted to EUR 2.9 billion at the end of June 2023 coming from EUR 1.3 billion at the end of 2022. Bonds volumes increased by 9.3% to EUR 8.6 billion.

Asset Management Services and Equity investments increased by +7.1% compared to the end of 2022, to EUR 40.0 billion. The increase in Asset Management Services (EUR 2.5 billion) stems mainly from positive market

[40] Belfius, as integrated bank-insurer, has released its the first half of 2023 results in accordance with the new accounting standard IFRS17 with regards to insurance activities. Consequently, the balance sheet and P&L figures, as well as specific ratios, have been changed or redefined. All these changes have been implemented with retroactive effect to the 2022 results. Next to this, please note that during 2023 a refinement of the segmentation occurred. This may implicate that there are some slight reclassifications compared to the published 2022 figures.

effect of EUR +1.8 billion and positive organic growth of EUR +0.6 billion, particularly in My Portfolio in the first half of 2023.

Total loans to customers rose (+2.2%) to EUR 49.6 billion at 30 June 2023. Mortgage loans, which account for 90% of all loans for Individuals, amounted to EUR 44.7 billion at 30 June 2023 (+1.8% compared to the end of 2022), while consumer loans and other loans to Individuals stood at EUR 1.8 billion and EUR 3.1 billion respectively.

New long-term loans granted to Individuals clients during 1H 2023 amounted to EUR 3.3 billion compared to EUR 5.3 billion in the first half of 2022. In 1H 2023, the new production of mortgage loans decreased to EUR 2.6 billion due to the contraction of the Belgian mortgage market. During the same period, EUR 0.4 billion in consumer loans and EUR 0.3 billion in new long-term business loans were granted.

The total insurance premiums (GWP) from customers in the Individuals segment amounted to EUR 659 million in the first half of 2023, compared with EUR 685 million in the first half of 2022, an increase of +4.0%. Non-Life & Health insurance premiums (GWP) in the first half of 2023 stood at EUR 336 million, up 6.5% compared to the first half of 2022, continuously boosted by the bank distribution channel (+9.5%), thanks to both portfolio growth and premium indexation to compensate for inflation pressure on claims and costs

The mortgage loan cross-sell ratio for credit balance insurance increased to 136% (measured as capital insured/mortgage amount) at the end of the first half of 2023. The mortgage loan cross-sell ratio for property insurance remained stable at 88% compared to end December 2022. Total Life insurance reserves, in the Individuals segment, amounted to EUR 9.8 billion, stable compared to end December 2022.

Individuals net income after tax Group Share increased by 31.4% from EUR 193 million in the first half of 2022 to EUR 254 million in the first half of 2023.

Entrepreneurs, Enterprises & Public (E&E&P)'s activities and result in the first half of 2023

As of 30 June 2023, total savings and investments amounted to EUR 61.6 billion, decreasing with -2.2% compared to the end of 2022. The non maturing deposits (savings and current accounts) decreased strongly from EUR 39.6 billion to reach EUR 33.8 billion in June 2023, showing an important shift towards the maturing deposits, which increased from EUR 6.3 billion end 2022 to EUR 10.2 billion as of end June 2023. Asset Management Services and Equity investments remained stable around EUR 9 billion, if compared to 2022. Other Savings and Investments increased by EUR 0.4 billion to EUR 8.5 billion, explained by the increase of Commercial Paper volumes.

Total outstanding loans increased to EUR 62.4 billion (+1.9% vs end 2022). Most of the increase stems from the Corporate customers' outstanding loans (+EUR 1.1 billion) which reached EUR 23.4 billion due to high production on roll-over loans. The remaining increase has come from the Business customers reaching EUR 15.2 billion in outstanding, while in Public & Social Banking, the outstanding loans remained stable around EUR 24 billion when compared to 2022.

In the first half of 2023, Belfius granted EUR 8.4 billion (+14% vs the first half of 2022) in new long-term loans in the Belgian economy to Business, Corporate and Public and Social sector clients.

By the end of June 2023, EUR 2.1 billion in new long-term loans to business clients were granted. Belfius assisted 44,104 starters of 3 years or less of which 13,261 are starters of less than 1 year.

The production of long-term loans for Corporate customers amounted to EUR 5 billion (+29% increase compared to June 2022), confirming Belfius' position as one of the top four banks in the segment. Its market share in terms of loans reached an estimated 19% at the end of June 2023.

During the first half of 2023, Belfius granted EUR 1.4 billion of new long-term financing to the public sector. Belfius remains the undisputed leader in this market and responds to every financing tender from public bodies, to which it offers sustainable financing conditions. Belfius manages the cash flow of virtually all local authorities and was awarded 58% (in volume on production) of the public sector financing files put out to tender in 1H 2023.

Belfius also confirmed its leading position in the Debt Capital Markets (DCM) for (semi-)public and private companies. During the first half of 2023, Belfius placed EUR 1.14 billion in new long term bond issues and Medium Term Notes for third party issuers. At the end of June 2023, total outstanding in short-term commercial paper amounted to EUR 4.54 billion. This brings the total amount of innovative short-term and long-term DCM funding solutions for Belgian third party issuers in the first half of 2023 at EUR 5.68 billion.

The E&E&P segment's commercial results in insurance increased in terms of underwriting volumes, in particular for:

- Non-Life & Health GWP E&E&P: increase of +7.0% compared to the first half of 2022 to EUR 115 million, mostly driven by premium indexation to compensate inflation pressure, but also improving thanks to portfolio growth for Business Insurance (mainly DVV);
- Life GWP E&E&P: increase of +4.6% compared to the first half of 2022 to EUR 195 million.

Net income after tax Group share increased from EUR 217 million in the first half of 2022 to EUR 278 million in the first half of 2023 mainly due to an important increase of interest income in 2023.

Group Center (GC) activities and result in the first half of 2023

Group Center (GC) operates through two sub-segments:

- Run-off portfolios, inherited from the Dexia era, which mainly comprise:
    - a portfolio of bonds issued by international issuers, particularly active in the public and regulated utilities sector (which includes UK inflation-linked bonds) and ABS/RMBS, the so-called ALM Yield bond portfolio;
    - a portfolio of credit guarantees, comprising credit default swaps and financial guarantees written on underlying bonds issued by international issuers, and partially hedged by Belfius with monoline insurers (mostly Assured Guaranty); and
    - a portfolio of derivatives with Dexia entities as counterparty and with other foreign counterparties;
- ALM liquidity and rate management and other Group Center activities, composed of liquidity and rate management of Belfius (including its ALM Liquidity bond portfolio, derivatives used for ALM management and the management of central assets) and other activities not allocated to commercial activities, such as financial market support services (e.g. Treasury), the management of two former specific loan files inherited from the Dexia era (loans to Gemeentelijke Holding/Holding Communal and Arco entities), and the Group Center of Belfius Insurance.

These portfolios and activities are further described below.

<u>ALM Liquidity bond portfolio</u>

The ALM Liquidity bond portfolio is part of Belfius Bank's total LCR liquidity buffer and is well diversified with high credit and liquidity quality.

At the end of the first half of 2023, the ALM Liquidity bond portfolio stood at EUR 7.8 billion[41], up EUR 0.7 billion, or 9.6%, compared with December 2022. At the end of the first half of 2023, the portfolio was composed of sovereign and public sector bonds (60%), covered bonds (33%), corporate bonds (7%) and asset-backed securities (<1%). Belgian and Italian government bonds in the ALM Liquidity bond portfolio amounted to EUR 1.5 billion[42] and EUR 0.9 billion[43] respectively.

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[41] Nominal amount.

[42] Nominal amount.

[43] Nominal amount.

At the end of the first half of 2023, the ALM Liquidity bond portfolio had an average life of 7.2 years, and an average rating of A (100% of the portfolio being investment grade) compared with A- at year-end 2022.

ALM Yield bond portfolio

The ALM Yield bond portfolio of Belfius Bank was used to manage excess liquidity (after optimal commercial use in the business lines) and consisted mainly of high-quality bonds from international issuers.

At the end of the first half of 2023, the ALM Yield bond portfolio stood at EUR 3.1 billion[44], down 1.8%, compared with December 2022, and was composed of corporates (79%), sovereign and public sector (11%), asset-backed securities (7%), and financial institutions (4%). Most corporate bonds, composed mainly of long-term inflation-linked bonds, are issued by highly regulated UK hospitals, infrastructure companies and utilities such as water and gas distribution companies. These bonds are of investment grade credit quality and the majority of these bonds are covered by credit protection from a credit insurer (monoline insurer) that is independent from the bond issuer

At the end of the first half of 2023, the ALM Yield bond portfolio had an average life of 19.2 years. The average rating of the ALM Yield bond portfolio stood at A-. 95% of the portfolio was investment grade.

Derivatives with Dexia entities and foreign counterparties

During the period it was part of the Dexia Group, the former Dexia Bank Belgium (now Belfius Bank) was Dexia Group's competence centre for derivatives (mainly interest rate swaps): this meant that all Dexia entities were able to cover their market risks with derivatives with Dexia Bank Belgium, mainly under standard contractual terms related to cash collateral. The former Dexia Bank Belgium systematically re-hedged these derivative positions externally, as a result of which these derivatives broadly appear twice in Belfius' accounts: once in relation to Dexia entities and once for hedging.

The total outstanding notional amount of derivatives with Dexia entities and interest rate derivatives with international counterparties amounted to EUR 7.6 billion[45] at the end of the first half of 2023, down EUR 0.5 billion, or -7%, compared with EUR 8.1 billion at the end of December 2022.

Derivatives with Dexia entities decreased by 7% (or EUR -0.4 billion) to EUR 5.7 billion at the end of 1H 2023. This decrease is due mainly to amortisations. Derivatives with international counterparties decreased by EUR 0.1 billion (or -5%) to EUR 1.9 billion at the end of the first half of 2023.

The fair value of Dexia and international counterparty derivatives amounted to EUR 0.5 billion and EUR 0.2 billion respectively at the end of the first half of 2023. The Dexia derivatives are collateralised while the international counterparty derivatives are generally not collateralised. The Exposure At Default (EAD) amounted to EUR 0.7 billion.

At the end of first half of 2023, the average rating of the total portfolio stood at A- and the average life of the portfolio stood at 10.7 years[46].

Credit guarantees

At the end of the first half of 2023, the credit guarantees portfolio amounted to EUR 2.0 billion[47], flat compared with December 2022. It relates essentially to Financial Guarantees (booked in Amortised Cost), and Credit Default Swaps (booked in Fair Value Through P&L) issued on corporate/ public issuer bonds (97%) and ABS (3%). The good credit quality of the underlying reference bond portfolio, additional protection against credit risk incorporated in the bond itself and the protections purchased by Belfius, mainly from various monoline insurers resulted in a portfolio that is 97% investment grade in terms of credit risk profile.

[44] Nominal amount

[45] Nominal amount.

[46] Calculated on EAD

[47] Nominal amount.

At the end of the first half of 2023, the average rating of the portfolio stood at A- (compared with A- at year end 2022). The average life of the portfolio stood at 11.4 years.

Other Group Center activities

Other activities allocated to Group Center include:

- the interest rate and liquidity transformation activity performed within ALM, after internal transfer pricing with commercial business lines, including the use of derivatives for global ALM management;
- the management of two legacy loan files inherited from the Dexia era, i.e., the investment loans to two groups in liquidation, namely Gemeentelijke Holding/Holding Communal and some Arco entities;
- the flow management, including hedge management, of internal and external interest rate derivative flows given that Group Center is the Belfius Competence Centre for interest rate derivatives;
- treasury activities (money market activities); and
- the results including revenue and costs on assets and liabilities not allocated to a specific business line.

The Group Center of Belfius Insurance is also fully allocated to these other Group Center activities. The Belfius Insurance Group Center contains income from assets not allocated to a specific business line, the cost of Belfius Insurance's subordinated debt, the results of certain of its subsidiaries and costs that are not allocated to a specific business line.

GC net income after tax Group Share stood at EUR 53 million in the first half of 2023, compared to EUR 17 million in the first half of 2022.

6.7. Non-adjusting post-balance sheet events

Merger Corona and Belfius Insurance

Corona and Belfius Insurance merged on 1 July 2023. The merger has been approved by the National Bank of Belgium and will be applied retroactively (for tax and accounting purposes) as from 1 January 2023. There is no impact on the consolidated financial statements as per 30 June 2023.

6.8. Risk Management

Fundamentals of credit risk in the first half of 2023

The Belgian economy performed resiliently well in the first half of 2023, with economic growth showing a positive pace, although at a slower rhythm. Inflation and price pressures moderated and were combined with the sharp fall of natural gas prices. The lifting of the zero-Covid policy in China contributed to the further normalisation of global supply chains providing some breathing room for the economy as it is an important driver of inflation.

The Belgian business environment remains mostly fuelled by the services industry, with the manufacturing industry somewhat lagging. In a context of labour market tightness and despite higher wage costs, most companies maintained or expanded their workforce in the second quarter. Investment plans do not seem to have been strongly reduced.

With consumer confidence clearly restoring over the past couple of months, household consumption growth is expected to remain solid throughout the year. This is, of course, also induced by the increase of household purchasing power this year, boosted by the impact of automatic wage indexation.

At international level, the global economic environment faced some headwinds. Economic slowdown in Germany and other countries was evidenced. In order to drive back longer-term inflation expectations central banks continued tightening monetary policies. Higher interest rates affected lending growth and slowed demand, in particular on real estate markets. The financial turmoil caused by the liquidity problems of some US financial institutions, had no lasting impact on financial markets and did not trouble the economic upturn.

The Belfius first half of 2023 Cost of Risk (CoR) amounted to EUR -17 million, compared to a positive CoR of EUR +13 million in the first half of 2022.

Belfius has updated the macroeconomic parameters and perspectives for IFRS 9 expected credit loss calculations with scenario weights shifting to a neutral scenario, simultaneously reducing pessimistic and stress scenarios. These more favourable macroeconomic perspectives impacted the CoR positively for EUR +49 million in the first half of 2023.

The overlay for vulnerable exposures was reduced by EUR +7 million. Vulnerable exposures linked to Covid-19 have been phased out and from the first half of 2023 onwards the overlay for vulnerable exposures merely serves to cover for an anticipation of potential recession effects, in sectors vulnerable to inflation and higher energy prices.

The provision for macroeconomic uncertainties and the overlay for vulnerable exposures combined form Belfius 'Overlay for economic uncertainties and vulnerable exposures', of which the stock as of end the first half of 2023 amounts to EUR 179 million (from EUR 235 million end 2022).

The specific provisions for loans in default (stage 3) contributed to EUR -79 million for the first six months of 2023. Origins of these stage 3 provisions can often be found in Covid-19 and/or energy and inflation impacts, combined with additional financial pressure, that is caused by demand effects or interest cost increases. With Belfius' anticipative provisioning methodology, the credit losses on these companies have typically been anticipated to a certain extent by stage 2 expected credit losses, constituted during the past years.

The Belfius loan portfolios continue to demonstrate a strong resilience with risk indicators that remain robust. The credit quality of the portfolio and production stay solid, payments arrears and NPL's remain under control. Bankruptcy levels, particularly for small businesses, show a slightly increasing trend but levels remain below the historically observed levels for the Belgian market. Also some other early warning indicators for small businesses (payments arrears, utilisation of credit lines) show a moderate increase during the first half of 2023.

In an international perspective, commercial real estate is becoming a source of increasing concern from an industry, banking and regulatory point of view, as the sector is confronted with modified market dynamics, due to increased interest rates and building costs, combined with a low investment appetite. These factors are resulting in an increased funding risk for this sector caused by a delay in sales uptake and reduced financial markets' appetite to provide financing and capital to the sector. Although a recent assessment has not revealed negative risk trends or indicators in the Belfius loan portfolio, an increased monitoring and a strengthened follow-up have been put in place for the commercial real estate segment.

The economy shows resilience amid crises, but some uncertainty lingers

The European and Belgian economy weathered the energy crisis well due to a swift diversification of supply and a sizeable fall in energy consumption. Where last year a recession seemed almost unavoidable as monetary policy tightened in rapid fashion to curb the inflationary spiral, this year the economic situation is slightly less gloomy. Economic growth outperformed the expectations in the first part of this year. Inflationary pressure seems to be weakening and the interest rate hikes might be reaching a pause or plateau. These tentative optimistic signals lead to some regained confidence at both investors and households in the (Belgian) economy.

However, given that the situation on the ground in Ukraine remains unpredictable and seems to be heading towards a prolonged phase of combat, one has to view these positive signals within a context of continued uncertainty. It is probably too early to already conclude that we are in a scenario of a soft landing. The less rapid than expected recovery of the Chinese economy and the variability in future monetary policy are also among the main drivers behind such persistent uncertainty.

Individuals

The first half year of 2023 has been marked by gradual increases in interest rates, aimed at taming inflationary forces. This has led to higher financing costs for the consumer and lower demand for residential mortgage loans, resulting in a decrease in production at Belfius by around one third. The decrease is primarily observable in the non-First Time Buyers (FTB) loans. Young FTB's (< 35 years old) increase their share in the mortgage loan production, partially mitigating the higher debt service payments by opting for longer maturities. Borrowers also continue to prefer fixed interest rate loans (99% of the newly originated loan amount), hedging themselves against (even) higher rates in the future. Also due to some seasonal effects, the PD of Mortgage loans portfolio has decreased and is currently at 0.46%, compared to 0.50% at the end of 2022. Despite tighter credit conditions, Belfius remained compliant with the NBB measures[48] (financial collateral included).

Belfius continued to monitor its mortgage loans portfolio in light of inflation and higher energy costs. The deferral of principal payment scheme[49] initiated at the end of 2022 has ended in March of this year with a relatively small number of requests. Currently, as energy prices are lower again and as government interventions are being phased out, we can say that the impact of energy prices on our mortgage loans portfolio has been limited.

Belfius is committed to reducing emissions, greening its mortgage loans portfolio and lowering the risk associated with climate change. To this end it has increased its effort in collecting data on and monitoring the energy efficiency of the loan portfolio. Moreover, clients can apply for energy renovation loans, with additional measures for those with limited financial means.

All in all, so far Belfius has weathered relatively well the risks associated with inflation and higher energy costs. We remain cautious regarding further developments in the energy markets and are actively looking for solutions which can help our clients and further de-risk our portfolio from an energy transition point of view.

Entrepreneurs & Enterprises (E&E)

The effects of the energy crisis are fading and - with the notable exception of the food processing industry - post-pandemic supply chains problems have largely been resolved. The pass-through of costs to sales prices has increased but remains partial. Most firms feel that it is becoming increasingly difficult to raise further prices, which could lead to a further easing of inflation in the near term. Business managers confidence, that was picking up since end 2022, stabilised in the course of the second quarter of 2023, mainly driven by some softening expectations on the order book and the employment rate. This is particularly the case in the manufacturing industry: the demand for manufacturing goods is slowing down and perspectives and order books are under pressure. Prospects for the longer term remain more uncertain with companies pointing to worsening cost competitiveness. The services industry however continues to perform strongly. Whereas the labour market was booming towards the end of the Covid-pandemic, the job-growth has slowed down since the start of 2023; the unemployment showed an increase in the beginning of the year, with an interim market, traditionally a leading indicator, that was starting to slacken. Recent figures tend to be more positive again, despite higher wage costs, as most companies maintained or expanded their permanent workforce in the second quarter and prospects for the coming months are mostly stable. Due to structural labour market tightness, firms are reluctant to lay off employees. Industries show various trends of economic performance, with e.g. the transportation and the construction sector showing signs of financial weaknesses (lower level of activity, higher level of bankruptcies).

Against this background, the credit monitoring mechanisms and procedures, that were put in place during the pandemic and continued in the period of galloping inflation, were gradually re-focused on the risk-sensitive and vulnerable companies, while maintaining a disciplined overall portfolio monitoring.

This monitoring also considered high-level sector evolutions from a macroeconomic point of view as well as bottom-up input by bankers and credit analysts. For the time being, the manufacturing, construction and transport sectors remain the most sensitive ones. This sensitivity is reflected in the recent evolution of bankruptcies levels for construction and transport sectors, and in the deteriorated business confidence indicator for manufacturing.

[48] Reference is made to Annex 1 to the circular NBB_2019_27 covering the expectations of the Belgian macroprudential authority on internal management of Belgian mortgage credit standards on the Belgian residential property market limiting the production of loans for more risky segments (e.g. High Loan-To-Value, Buy-To-Let, Debt Servicing Income, …).

[49] With energy prices peaking as never before in the autumn (reinforcing inflationary pressure), the Belgian financial sector decided to take mitigating measures for households with a new (conditional) payment deferral scheme for vulnerable mortgage clients. The government decided on a basic Energy package providing financial support in the fourth quarter of 2022 to bear the increased energy prices (which was extended for the first quarter of 2023).

At this moment, we do not observe a significant deterioration of early warning indicators, nor an important inflow of defaults, while at the same time the credit quality of firms in manufacturing and services sectors remains stable. The average PD of the E&E portfolio remained stable (1.59% end of the first half of 2023 compared to 1.58% at the end of 2022).

Concerning the Commercial Real Estate portfolio, Belfius is highly vigilant to the specific risks the increasing interest rates have created. The Covid-19 pandemic and the war in Ukraine caused a significant price increase of construction materials. This was followed by an increase in interest rates. As a result, the real estate values came under pressure, financing conditions became more difficult and expensive, and real estate companies are confronted with refinancing needs at higher costs. At the same time, cash flow generation from projects and asset disposals became more complicated. Sales to individuals are running less smoothly because rising interest rates are affecting their overall budget. Institutional investors such as insurers and pension funds shun real estate as they have new alternatives such as bonds. Property developers are thus forced to look for other ways to reduce their cash outflows and costs in anticipation of a new interest rate equilibrium. An awareness campaign for this type of risks to business and corporate bankers and credit analysts has been launched to keep track on clients who are not able to have a sufficient liquidity buffer to counter the adverse market effects.

Public & Social Banking

The first half of 2023 showed a weakening of the upward inflationary pressure and an end to the energy crunch of last winter. These tentative optimistic signals might indicate that the (labour) cost increase for public entities is coming to a halt. However, the interest hikes will affect the cost of borrowing which will in turn put some strain on the borrowing capacity of some of these entities.

Belfius assesses these evolutions and its impacts on the clients within the Public Social Banking segment through a macroeconomic analysis. Among these clients are: hospitals, nursing homes, municipalities and intermunicipal companies.

In 2022, the municipalities have seen a significant increase of their operational expenditure. Their wage costs have increased due to the inflationary pressure, while energy costs have almost doubled due to the energy crunch related to the Russian – Ukrainian war. Fortunately, this has been met with an equal increase in operational revenue. The main driver behind this surge in operational revenue is the indexation of receipts (taxes and receipts being the main revenue of communities are also indexed). The beneficial effect of this indexation will continue into 2023 (despite the softening inflation) as some time lag is present.

The financial situation of most of the regions and communities is however expected to experience further pressure in 2023. The public debt burden also grows heavier on a federal level. While this does not pose a significant threat yet, interest rate hikes will worsen the debt burden and cost of capital for the public sector.

Insurance

The management of the credit risk of Belfius Insurance is the responsibility of Belfius Insurance risk management team, albeit in collaboration with the credit risk teams of Belfius Bank and aligned with the risk management guidelines that are applicable for the whole Belfius group. As such, this implies that credit limits are defined on a consolidated basis and that transfers of limits between Belfius Bank and Belfius Insurance are permitted, on the condition that both parties agree. The CROs of Belfius Bank and Belfius Insurance coordinate the requests among each other.

Exposures to credit risk

Breakdown of credit risk by counterparty:

(FEAD[50], in EUR billion)	31 December 2022	30 June 2023
Central governments	37.2	34.2
Public sector entities	41.1	40.5
Corporate	50.9	53.2
Project finance	2.3	2.4
Retail	61.7	62.6
Financial institutions	11.9	11.1
Other[(1)](	3.9	3.5
Total	**209.1**	**207.5**

[(1)] Other include, among others, deferred tax assets, tangible and intangible assets and gains and losses on the hedged item in portfolio hedge of interest rate risk.The definition of Full Exposure at Default ("**FEAD**") is determined as follows:

- for balance sheet assets (except for derivatives): the gross carrying amounts (before credit risk adjustments);
- for derivatives: the exposure at default calculated under the standardised approach for counterparty credit risk (SA-CCR);
- for Securities Financing Transactions: the carrying amount as well as the excess collateral provided for repurchase agreements;
- for off-balance sheet commitments: either the undrawn part of credit facilities or the maximum commitment of Belfius for guarantees granted to third parties.

FEAD for instance provides a consistent metric to present a combined view of the Bank and Insurance respective exposures to credit risk.

The figures in the table above are after elimination of intra-group exposures, but with inclusion of credit exposure of trading activities and counterparty credit risk.

Exposures are allocated to the final counterparty. This means that if substitution is applied to a certain exposure to a borrower guaranteed by another party, the exposure is shifted to the region, type of exposure and rating of the guaranteeing party.

50 Full Exposure At Default. The definition of Full Exposure at Default ("FEAD") is determined as follows:

- for balance sheet assets (except for derivatives): the gross carrying amounts (before credit risk adjustments);
- for derivatives: the exposure at default calculated under the standardised approach for counterparty credit risk (SA-CCR);
- for Securities Financing Transactions: the carrying amount as well as the excess collateral provided for repurchase agreements;
- for off-balance sheet commitments: either the undrawn part of credit facilities or the maximum commitment of Belfius for guarantees granted to third parties.

FEAD for instance provides a consistent metric to present a combined view of the Bank and Insurance respective exposures to credit risk.

As of 30 June 2023, the total credit risk exposure within Belfius slightly decreased to EUR 207.5 billion, a decline of EUR 1.6 billion or 0.8% compared to the end of 2022, primarily stemming from FEAD decline to EU Central Bank partly offset by the increase in FEAD to Corporates and Retail.

At bank level, the credit risk exposure declined with 0.4% to EUR 193.4 billion. At the level of Belfius Insurance, the credit risk exposure declined by 6% to EUR 14 billion on 30 June 2023.

The decline by EUR 3 billion observed on the segment central governments is mostly due to the reduction of liquidity reserve deposited at the NBB/ECB. Nearly half (46%) of the government bonds portfolio is invested in Belgian government bonds at the Group level. While at bank level the Belgian government bonds represent 42% of the total government bond portfolio, the relative proportion at Belfius Insurance stands at 49%.

The credit risk exposure on individuals, self-employed and SMEs (30% of the total) increased by EUR 0.9 billion reflecting Belfius' strategy to support the Belgian economy.

The credit risk exposure on corporates (25.6% of the total) increased by EUR 2.3 billion.

The credit risk exposure on public sector entities and institutions that receive guarantees of these public sector entities remained stable over the period.

The credit risk exposure on financial institutions slightly declined by EUR 0.8 billion during the first half of 2023.

Belfius' positions are mainly concentrated in the European Union: 95% or EUR 183.8 billion at bank level and 95% or EUR 13.4 billion for Belfius Insurance. The total relative credit risk exposure on counterparties situated in Belgium is 86.7% as of 30 June 2023 with the increase from 74% at the end of 2022 explained by the change in classification of the deposits held at the NBB/ECB (of EUR 24.4 billion as of June 2023) from EU Other countries to Belgium. Furthermore, total relative credit risk exposure on counterparties situated in France is 3.4%, 2.5% in the United Kingdom, 1.3% in the United States and Canada, 1.1% in Luxemburg, 0.8% in Spain, 0.6% in Germany and Italy.

The credit risk exposure to counterparties in the United Kingdom amounted to EUR 5.1 billion. About 60% of this credit risk exposure relates to bonds belonging to the ALM-yield portfolio.

On 30 June 2023, 77% of the total credit risk exposure had an internal credit rating of investment grade (IG).

Costs of risk in the first half of 2023

IFRS 9 impairment methodology at Belfius

Reference is made to the Appendix IX.1.4. of Belfius' Risk Report 2019 for a full description of the Belfius process to compute IFRS 9 expected credit losses (ECL). The basic principles of the process to compute IFRS 9 expected credit losses are as follows:

- Belfius Bank and its subsidiaries recognise loss allowances for ECL on financial instruments at amortised cost or at fair value through OCI;

- ECL are measured through a loss allowance that depends on the financial instrument's status:
    - for performing exposures (i.e. instruments that have not incurred a significant increase in credit risk since origination), referred to as stage 1, a 12-month ECL is calculated;
    - for underperforming exposures (i.e. instruments that have incurred a significant increase in credit risk since origination), referred to as stage 2, Lifetime ECL are calculated;
    - non-performing exposures (i.e. exposures that become credit-impaired) are classified in stage 3 and the ECL reflect the remaining exposure after a best-estimate of future recoveries;

- ECL are probability-weighted estimates of credit losses. This is expressed as the present value of cash shortfalls i.e. the difference between the cash flows that are due to the entity in accordance with the contract and the cash flows that the entity expects to receive. ECL calculations use probability of default (PD) and loss given default (LGD) parameters. Point-in-time PDs are used that inter alia incorporate forward-looking macroeconomic information through the use of four different macroeconomic scenarios. These scenarios are built upon internal information delivered by the Belfius Research department, who uses external and internal information to generate a forecast "neutral" scenario of relevant economic variables along with a representative range of other possible forecast scenarios. The external information includes economic data and forecasts published by governmental bodies and monetary authorities;

- Belfius assigns probabilities to the four forecast scenarios (neutral, optimistic, pessimistic and stress) and makes the link between macroeconomic variables and credit risk and credit losses through identified and documented relationships between key drivers of credit risk and credit losses for each portfolio of financial instruments on the one hand and statistical analysis of historical data on the other hand.

Adjustments to the impairment methodology related to the Covid-19 pandemic, the Russia/Ukraine conflict and the risks related to the energy and inflation crisis

In the context of the Covid-19 pandemic, Belfius' basic principles for ECL computations have remained fundamentally unchanged, however some adjustments to the aforementioned approach were required in order to maintain an adequate coverage for potential risks.

With the Russia/Ukraine conflict and the resulting energy crisis, adjustments were extended in 2022 to the emerging risks related to the increased inflation and the rising energy prices:

- expected credit loss calculations were based on a long-term average (initially 2009-2022, extended to 2009-2024) for the relevant macroeconomic factors, with a backward and a forward-looking approach;
- to calculate ECL, Belfius still defines four probability weighted forward-looking scenarios each with their own macroeconomic parameters to build optimistic, neutral, pessimistic and stress cases;
- the results of the portfolio analysis and monitoring processes with respect to the increased inflation, rising energy prices and the war in Ukraine gained importance in the provisioning process.

In the first half of 2023, entering into a post-Covid era, Belfius:

- has decided to abandon the long-term average of historic data in the calculation of the macroeconomic factors, and only use 2022-2024 macroeconomic data;
- maintains the system of four probability weighted forward-looking scenarios each with their own macroeconomic parameters to build optimistic, neutral, pessimistic and stress cases. Yet, the scenarios have been adapted to the updated macroeconomic environment;
- continues its portfolio analysis and monitoring process, in order to determine and keep up to date the sectors and/or clients vulnerable to inflation and energy price risks.

Given that ECL estimates are complex and to a certain extent judgmental, the afore-mentioned mechanical approach is completed by management judgment through "management call" layers as authorised by the IFRS 9 accounting references. These layers can be positive or negative and aim to include any elements entering in the ECL computation which have not been taken into account by the mechanical computation on an individual level or a (sub)portfolio level.

Drivers of the cost of risk in the first half of 2023

The first half of 2023 Cost of Risk amounted to EUR -17 million and was composed of EUR +49 million allowances due to the update of the macroeconomic factors and perspectives, EUR +7 million reversals following the reassessment of the overlay for vulnerable exposures, EUR -79 million specific provisions for loans in default and EUR +6 million reversals for portfolio evolutions.

It is to be recalled that stage 1 and 2 provisions constitute anticipative provisioning against expected credit losses on files that could enter into default. To what extent these stage 1 and 2 provisions will be transformed into stage 3 provisions, covering incurred credit losses on defaulted loans, or be released, remains subject to uncertainty. If the macroeconomic environment improves to the extent that the anticipated transitions to default do not occur, part of these impairments will be reversed over time.

Macroeconomic factors used in the first half of 2023 ECL calculations

- The macroeconomic factors and perspectives were updated in line with Belfius Research expectations.

  The economic picture for the first half of 2023 is quite ambivalent, with the economic environment showing strong resilience. The effects of the energy crisis are fading out and - with the notable exception of the food processing industry - post-pandemic supply chains problems have largely been resolved. The pass-through of costs to sales prices has increased but remains partial. Most firms feel that it is becoming increasingly difficult to raise further prices, which could lead to a further easing of inflation in the near term.

- Statistics about the economic performance of the Eurozone are divergent. The EC first revised its GDP forecast upwards to 1.2% in 2023 and 1.4% in 2024, but based on the GDP figures with negative growth for the fourth quarter of 2022 and the first quarter of 2023, the Eurozone entered (technically) into a light recession. In Belgium, the economic growth keeps its positive pace, although at a slower rhythm, and is hence outperforming most of the European countries. Notwithstanding this strong resilience, several evolutions (such as the economic slowdown in Germany and other EU countries and the rising interest rates) could become factors of risk.

- At the same time, there are also signs of a potential decay. Whereas the labour market was booming towards the end of the Covid-pandemic, the job-growth has slowed down since the start of 2023; the unemployment showed an increase in the beginning of the year, with an interim market, traditionally a leading indicator, that was starting to slacken. Recent figures tend to be more positive again: despite higher wage costs, most companies maintained or expanded their permanent workforce in the second quarter and prospects for the coming months are mostly stable. Due to structural labour market tightness, firms are reluctant to lay off employees.

- The GDP forecasts improved for 2023-2024, whereas consumer price and house price inflation are expected to decrease in 2023. Belfius' neutral scenario includes a Belgian GDP growth of +0.9% for 2023 (compared to +0.1% as expected by end 2022), followed by a +1.2% growth rate in 2024.

- For 2023, inflation is expected to decrease somewhat more than formerly estimated at the end of 2022.

- The Belgian unemployment rate for 2023 in the neutral scenario has been revised downwards from 8.8% towards 8.2%, and is expected to slightly decrease and then remain stable in the upcoming years. As from 2020 onwards, the unemployment figure includes the exceptional temporary unemployment that is expected to be, to a certain extent, converted into a structural unemployment.

GDP BE (% YoY)

Scenarios	As of end 2022			As of 2Q 2023		
For year	2022	2023	2024	2022-R	2023	2024
Optimistic	3.4	0.7	2.2	3.1	1.5	1.8
Neutral	2.8	0.1	1.6	3.1	0.9	1.2
Pessimistic	1.7	-1.6	0.5	3.1	-0.2	0.1
Stress	1.2	-1.6	-0.1	3.1	-0.8	-0.5

- The neutral case is complemented with an optimistic, a pessimistic and a stress scenario. The table above illustrates the Belgian GDP growth assumptions, as of the second quarter of 2023, under the four scenarios.
- Consequently, the favourable macroeconomic perspectives impacted the CoR positively for EUR +49 million in the first half year.

Sensitivity of the impairment stock stage 1 & 2 to changes in scenario weights

The following table provides an overview of the stage 1 & 2 impairments sensitivity to the weight of macroeconomic scenarios. The most relevant macroeconomic factors are GDP and Unemployment assuming the current IFRS 9 method is unchanged. Note that the sensitivity is not linear and cannot be simply extrapolated.

(in millions of EUR)	What if 85% optimistic? [1]	Weighted average scenario 2Q23	What if 85% pessimistic? [1]	What if 85% stress? [1]
Impairment stock stage 1&2	752	874	988	1,130
% change vs weighted average scenario	-14%	0%	13%	29%
		Optimistic 5%		
		Neutral 60%		
		Pessimistic 30%		
		Stress 5%		

[1] 5% on each of the 3 other scenarios.

Overlays for vulnerable exposures

The mechanical calculations are completed with expert overlays. These overlays are designed to result, overall, in best estimate total coverage of ECL in some specifically identified risk pockets of vulnerable exposures (defined in terms of sectors, groups of companies or individual exposures) when the credit risk is estimated (potentially) insufficiently covered by the mechanical provisions.

Concretely, one or more IFRS 9 parameters have then been stressed when computing the ECL. For mortgages a stressed LGD value has been applied, while for companies vulnerable to inflation and energy price risk, an add-on has been applied on the mechanically computed expected credit loss, reflecting the characteristic of the risk pocket; the add-ons correspond to an increased expected credit loss, equivalent to a 1 to 2 notch rating downgrade. This approach feeds the formal quarterly impairment process and results into shifts of individual files or risk pockets from stage 1 to 2 and into the application of the Expected Credit Loss levels that are deemed adequate to cover the increased credit risk.

In 2020 and 2021, the scope of the overlay was defined by Covid-events. Credit exposures to individuals and companies with payment moratoria and companies in sectors that were hit by the pandemic and the sanitary measures were included.

In 2022, the driver of risk gradually shifted also to sectors with a sensitivity to the effects of inflation and energy price increases.

In 2023, the Covid-related exposures completely disappeared from the overlay. The scope of the overlay was only linked to exposures with an energy & inflation vulnerability. The definition of the scope did not change in 1H 2023; the evolution of the provisions was only driven by exposure evolutions and rating migrations.

The overlay for vulnerable exposures was reduced by EUR +7 million in the first half of 2023. Vulnerable exposures with an initial Covid-effect phased out and so the overlay merely serves to cover for potential risks caused by inflation and higher energy prices.

Belfius’ exposure towards these vulnerable sectors or counterparts is limited to 3.5% of the total portfolio.

The provision for macroeconomic uncertainties and the overlay for vulnerable exposures combined form Belfius “Overlay for economic uncertainties and vulnerable exposures“, of which the stock as of the end of the first half of 2023 amounts to EUR 179 million (from EUR 235 million end 2022).

Asset quality – asset quality ratio

At the end of June 2023, the amount of impaired loans added up to EUR 2,171 million, a +7.2% increase compared to year end 2022. During the same period, the gross outstanding loans to customers increased by +2.0% and amounted to EUR 113,402 million. As a consequence, the asset quality ratio evolved to 1.91% at the end of June 2023. The stage 3 impairments slightly increased by +2.0%. The coverage ratio on impaired loans is 56.7%, compared to 59.6% end of 2022.

At the end of June 2023, the total impairment stock (stage 1-2-3) amounted to EUR 2,142 million compared to EUR 2,166 million at the end of 2022 (pro forma IFRS 17). This decrease of EUR 24 million is mainly explained by reversals performed on stage 1 and 2 driven by the updated macroeconomic factors and perspectives.

Market risk

Overview

Overall, market risk can be understood as the potential adverse change in the value of a portfolio of financial instruments due to movements in market price levels, to changes of the instrument's liquidity, to changes in volatility levels for market prices or changes in the correlations between the levels of market prices.

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

Market risk of Belfius Insurance is separately managed by its ALCo. Belfius Insurance's strategic ALCo makes strategic decisions affecting the balance sheets of the insurance companies and their financial profitability, taking into consideration the risk appetite as pre-defined with the Belfius Bank and Insurance group (i.e. directional ALM position in interest rate risks, equity and real estate risks, volatility and correlation risks).

Although markets were very volatile in the first half of 2023, mainly due to banking turmoil in the US and bail-out of Credit Suisse, rising interest rates, the P&L of financial market activities was very resilient. Most trading desks are at or above the budget and increased client activity has led to significant increases in Sales and Structuring activities.

Existing hedges on CVA/FVA[51], in place since the first half of 2020, perform well, keeping the P&L volatility to a minimum. Further analysis highlighted possible improvement to credit spread macro hedges which will be adapted in the second half of 2023. Consequently, only a limited number of non-hedgeable risks remain. The most relevant one being the Belfius' own funding spread, where the positive evolution of interest rates has made the XVA's less sensitive to this parameter.

Market risk RWA decreased markedly since end 2022 (EUR -1.1 billion) because of delayed impact of a model change with part of the 60 days average at EOY still on the old model.

Structural and ALM Risk

Interest rate risk of the banking activities

In respect to the interest rate risk, Belfius Bank pursues a risk management of its interest rate positions in the Banking book within a well-defined internal and regulatory limit framework, with a clear focus on generating stable earnings and preserving the economic value of the balance sheet and this in a macro-hedging approach, thoughtfully considering natural hedges available in the Bank balance sheet.

The management of non-maturing or 'on demand' deposits (such as payment and savings accounts) and non-interest bearing products use portfolio replication techniques. The underlying hypotheses concerning expected

[51] CVA (Credit Value Adjustement) is the price that an investor would pay to hedge the counterparty credit risk of a derivative instrument.

FVA (Funding Valuation Adjustment) reflects the funding cost of uncollateralised derivatives above the risk-free rate of return. It represents the costs and benefits of writing a hedge for a client who is not posting collateral, and then hedging that trade with a collateralised one in the interbank market.

duration, rate-fixing period and tariff evolution are subject to constant monitoring and, if necessary, they are adjusted by the ALCo. Implicit interest rate options like prepayment risk are integrated through behavioural models. All ALM models are following the three lines of defence.

Interest rate risk has two aspects: economic value of equity volatility and earnings volatility. The measurement of both is complementary in fully understanding the interest rate risk in the Banking book.

Banks' ALM objective gives priority to protect the net interest income from downward/upward pressures in the current volatile interest rate environment, while respecting the risk appetite limits on the variation of economic value.

Economic value indicators capture the long-term effect of the interest rate changes on the economic value of the Bank. Interest rate sensitivity of economic value measures the net change in the ALM balance sheet's economic value (at run off balance sheet assumption) if interest rates move by 10 bps across the entire curve. The long-term sensitivity of the ALM perimeter was EUR -72 million per 10 bps on 30 June 2023 (compared to EUR -59 million per 10 bps on 31 December 2022), excluding interest rate positions of Belfius Insurance and of the pension funds of Belfius Bank.

The Earnings at Risk indicators capture the more shorter term effect of the interest rate changes on the earnings of the Bank (under a stable balance sheet assumption). Therefore, indirectly through profitability, interest rate changes can also have a shorter-term solvency impact. A 95 bps increase of interest rates has an estimated impact on net interest income (before tax) of EUR +40 million of the next book year and an estimated cumulative impact of EUR +72 million over a three year period, whereas a 95 bps decrease would lead to an estimated impact of EUR -22 million over the next book year and an estimated cumulative impact of EUR -95 million over a three year period (compared to EUR +32 million, resp. EUR +87 million for a similar rate shock of +50 bps and EUR +8 million, resp. EUR +2 million for a rate shock of -50 bps end of last year).

Next to directional interest rate risk, also curvature risk, due to steepening or flattening of the interest rate curve, is monitored within a normative framework by the ALCo. The same applies to basis spread risk between Euribor and €STR and cross-currency spread risk.

The continued increase in interest rates over the first half of 2023 has an overall positive impact on the Bank's standard transformation model. On the one hand, the interest to receive on new production of commercial loans starts to increase and the interest paid to depositors still remained close to zero for payment accounts and is only gradually increasing for savings accounts and term funding for the time being. On the other hand, refinancings and prepaying mortgages have become less interesting for the customers. Furthermore, this increase in rates has further improved the net collateral cost for derivative contracts used to hedge the Bank's exposure to interest rate risk. The ALCo will remain attentive to a volatile interest rate environment with primary objective to respect the Risk Appetite Framework (RAF). ALM conventional models are regularly reviewed at the light of the macro-economic environment and prevailing interest rates. During the first half of 2023, the continued increase in interest rates has modified the expected interest rate sensitivities of the 'on demand' (or non maturing) deposits, which triggered additional hedging to remain within Belfius' risk appetite.

Interest rate risk of the insurance activities

For Belfius Insurance, the ALM objective is to limit the volatility of the P&L and the economic value of the company induced by potential changes in the interest rates.

The long-term sensitivity of the Net Asset Value of Belfius Insurance to interest rates was EUR 1.4 million per 10 bps as of 30 June 2023 relatively stable compared to EUR 0.4 million as of the fourth quarter of 2022. The earnings have a low sensitivity to interest rates for the next years, thanks to good matching in terms of duration.

Sensitivity tests on our Solvency II ratio are also quarterly perform on top of specific stress tests to monitor our exposure to the interest rate risk. Results show that our risk is limited and respect the risk appetite of the company.

Trading market risk

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

The Financial Market activities of Belfius Bank manage both the financial markets services for the two business segments E&E&P and IND, as well as for Group Centre portfolios and activities like the ALM of the Bank and the non-core portfolios. Belfius P&L remains somewhat sensitive especially for idiosyncratic credit spread movements within its derivatives portfolio (both for E&E&P customers and in the non-core portfolios), GBP real rate movements within its non-core ALM yield bond portfolio and for its funding conditions.

No Financial Markets activities are undertaken at Belfius Insurance. For their needs in Financial Markets products, they turn to Belfius Bank or other banks.

Liquidity risk at Belfius Bank

Liquidity management framework

Belfius Bank manages its liquidity with a view to comply with internal and regulatory liquidity ratios. In addition, limits are defined for the balance sheet amount that can be funded over the short term and on the interbank market. These limits are integrated in the Risk Appetite Framework (RAF) approved by the Board of Directors and reported on a quarterly basis while the monitoring takes place on a daily basis. Available liquidity reserves also play a key role: at any time, Belfius Bank ensures it has sufficient quality assets to cover a temporary liquidity shortfall, both in normal markets and under stress scenarios. Belfius Bank defined specific guidelines for the management of LCR eligible bonds and non LCR eligible bonds, both approved by the Management Board. All this is laid down in liquidity guidelines, approved by the ALCo.

Asset and Liability Management (ALM), a division situated within the scope of the Chief Financial Officer (CFO), is the front-line manager for the liquidity requirements of Belfius Bank. ALM analyses and reports on current and future liquidity positions and risks. It defines and coordinates funding plans and actions under the operational responsibility of the ALCo and under the general responsibility of the Management Board.The funding plan is approved together with the financial plan by the Board of Directors, which delegates its execution to the ALCo.

The ALCo also bears final operational responsibility for managing the interest rate risk contained in the banking balance sheet via the ALM department.

ALM organises a regular Assets and Liabilities Forum (ALF), in presence of the Risk department, the Treasury department and representatives of the commercial business lines. This forum coordinates the implementation of the funding plan validated by ALCo.

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

ALM reports on a daily basis to the CFO and CRO and on a quarterly basis to the Board of Directors about the 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 assumptions and models, realises simulation over stress situations and oversees compliance with limits, as laid down in the Liquidity Guidelines.

Exposure to liquidity risk

The liquidity risk at Belfius Bank is mainly stemming from:

- the variability of the amounts of commercial funding collected from individuals and business customers, small, medium-sized and large companies, public entities and similar customers and allocation of these funds to customers through loans;
- the volatility of the collateral that is to be deposited at counterparties as part of the CSA framework for derivatives and repo transactions (so called cash & securities collateral);
- the value of the liquid reserves which allow Belfius Bank to collect funding on the repo market and/or from the ECB;
- the capacity to obtain interbank and institutional funding.

Consolidation of the liquidity profile

During the first half of 2023, Belfius preserved its diversified liquidity profile by:

- maintaining a substantial funding surplus within the commercial balance sheet;
- continuing to obtain diversified long-term funding from institutional investors;
- collecting short and medium-term (CP/CD/EMTN) deposits from institutional investors.

The participation of Belfius Bank in the ECB TLTRO III funding programme for an amount of EUR 15.65 billion, was reduced to EUR 6 billion end of 2022, and in June 2023 another EUR 3.3 billion was repaid. This leads to a residual funding through TLTRO of EUR 2.7 billion, that will continue to expire

Belfius Bank reached end of June 2023 a 12-month average Liquidity Coverage Ratio (LCR) of 156%. This decrease since end of December 2022 (173%), is mainly explained by the repayment of the TLTRO and a continued strong growth in commercial loans. Without the additional TLTRO at more advantageous conditions to compensate for the pressure on the Bank's standard transformation model, the LCR remained within our driving range during the first half year of 2023. The High Quality Liquid Assets (HQLA) end of June 2023 are composed of 73% Level 1 cash, 24% Level 1 bonds, 2% Level 2A bonds and 1% Level 2B bonds.

The Net Stable Funding Ratio (NSFR), based on the binding CRR2 rules and calculated according to EBA templates, stood at 133% end of June 2023, a decrease also explained by the repayment of the TLTRO and growth in commercial loans.

Funding diversification at Belfius Bank[52]

The total funding of Belfius Bank amounted to EUR 142.8 billion as at 30 June 2023 compared to EUR 143.6 billion as at end December 2022

Belfius Bank has a stable funding profile that consists of mainly commercial funding (84%), senior wholesale funding (4%), secured funding (7%), and net unsecured ST interbank funding (4%).

As a universal bank, the main part of funding comes from its commercial activity (EUR 119.4 billion), of which 74% are sticky deposits from individuals and business customers and 47% concern insured deposits (DGS). Although the commercial funding remained quite stable since end of 2022, Belfius Bank observed a shift from 'on demand' deposits (payment and savings accounts) to term funding.

The loan-to-deposit ratio, which indicates the proportion between assets and liabilities of the commercial balance sheet, increased from 87% at the end of December 2022 towards 90% at the end of June 2023. Belfius Bank also receives medium-to-long-term wholesale funding, including EUR 6.5 billion from covered bonds, EUR 3.6 billion from preferred senior unsecured, and EUR 2.7 billion in TLTRO funding from ECB as at 30 June 2023.

The Non-Preferred Senior Bonds of EUR 2.0 billion enable Belfius to respect the regulatory requirement of MREL Subordinated. Note that during 2023, Belfius Bank issued EUR 0.5 billion covered bonds, EUR 0.5 billion Tier 2 and EUR 0.75 billion preferred senior under green format. The remainder of the Bank's funding sources comes from institutional short-term deposits (Treasury) mainly by issuing Certificates of Deposit and Commercial Paper.

As a result of derivative contracts to cover interest rate risk of its activities, Belfius Bank has an outstanding position in derivatives for which collateral must be posted and is being received (cash & securities collateral). Against the background of historical still low interest rates, in net terms, Belfius Bank posts more collateral than it receives. With the strong increase in interest rates, however, this net cash collateral position has continued to improve from EUR 6.1 billion end of December 2022 to EUR 5.9 billion end of June 2023.

Liquidity reserves[53]

[52] Unaudited.

[53] Unaudited.

At the end of June 2023, Belfius Bank had readily realisable liquidity reserves of EUR 45.0 billion. These reserves consisted of EUR 24.2 billion in cash, EUR 8.5 billion in ECB eligible bonds and EUR 12.3 billion in other assets eligible at the ECB (of which EUR 10.4 billion in bank loans).

These liquidity reserves represent 6.7 times the Bank's institutional funding outstanding at the end of June 2023 and having a remaining maturity of less than one year.

Please note the ALM portfolio for liquidity management, with highly liquid assets, is included in the historical bond portfolio of Belfius Bank.

Encumbered assets

Encumbered assets represent the on-and off-balance sheet assets that are pledged or used as collateral for Belfius' liabilities. According to the EBA guideline based on the median values of the encumbrance reportings of the last four quarters, the encumbered assets at Belfius Bank level amount to EUR 26.0 billion in June 2023 and represent 15.4% of total bank balance sheet and collateral received under securities format. This represents a decrease of the encumbrance ratio of -6.9% compared to end 2022, this decrease being mainly explained by the repayment of TLTRO and the decrease in derivatives.

Belfius is active on the covered bond market since the set-up of the first covered bond program in 2012. In June 2023 (point in time), the total amount issued was EUR 6.5 billion. End of June 2023, the assets encumbered for this funding source are composed of commercial loans (public sector and mortgage loans) and amount to EUR 7.9 billion (stable since end 2022).

The Bank is also collecting funding through repo markets and other collateralised deposits. End of June 2023, the total amount of assets used as collateral for this activity amounts to EUR 5.6 billion, of which EUR 4.2 billion linked to the ECB funding. The exceptional drawing on the TLTRO III, allowing Belfius to generate additional P&L and capital to sustain the Belgian economy, has led to a higher than normal Asset Encumbrance Ratio.

The balance of encumbered assets is also linked to collateral pledged (gross of collateral received) for the derivatives exposures for EUR 4.5 billion point in time (decrease of EUR -0.2 billion compared to end 2022), under the form of cash or securities. A significant part of collateral pledged is financed through collateral received from other counterparties with whom the Bank concluded derivatives in the opposite direction.

The repayment of the TLTRO III, and the decrease in net collateral to post thanks to the increase in interest rates, has strongly reduced the Asset Encumbrance Ratio

Liquidity risk at Belfius Insurance

As an insurance company in terms of liquidity management, Belfius Insurance engages mainly in Life insurance liabilities at relatively long term that are largely stable and predictable. Consequently, funding requirement is quite limited. The premiums paid by policyholders are placed in long-term investments in order to guarantee the insured capital and committed interests at the contract's maturity date. Our liquidity indicators demonstrate that Belfius Insurance constantly holds enough liquid assets to cover its commitments on the liability side of the balance sheet.

In order to ensure that all short-term liquidity requirements can be met, Belfius Insurance has embedded liquidity management in its day-to-day activities through:

- investment guidelines that limit investments in illiquid assets;
- Asset Liability Management, ensuring that investment decisions take into account the specific features of the liabilities;
- policies and procedures put in place to assess the liquidity of new investments;
- follow up of the short-term treasury needs.

In addition, Belfius Insurance also holds a significant amount of unencumbered assets (mainly in governments bonds) eligible for repos in the context of its liquidity management.

The Investment department of Belfius Insurance is responsible for Belfius Insurance's liquidity and cash-flow management, for which it uses long-term projections of the cash-flows of assets and liabilities. These cash flows are simulated under both normal and stressed situations

Minimum requirement for own funds and eligible liabilities (MREL)

On 20 December 2022, the NBB notified Belfius that going forward it has to execute the SRB MREL instruction regarding the minimum requirement own funds and eligible liabilities at the consolidated level of Belfius Bank under BRRD2. For Belfius Bank, the MREL requirement on a consolidated basis is set at 23.23% of Total Risk Exposure Amount (TREA) and 6.87% of Leverage Ratio Exposure (LRE)

Belfius Bank must meet the target no later than 1 January 2024 and must provide for a linear build-up of equity and eligible liabilities towards the requirement. The SRB also determined an intermediate target of 22.37% of TREA and 6.84% of LRE which had to be met by 1 January 2022.

The SRB MREL instruction also defines a subordination requirement: Belfius Bank must meet at least 15.83% of TREA and 6.87% of LRE by means of subordinated MREL. Own funds used to meet the combined buffer requirement (CBR) set out in Directive 2013/36/EU (at 4.37% of TREA for Belfius currently) are not eligible to meet the requirements expressed in TREA. Belfius Bank must comply with this subordination requirement by 1 January 2024, subject to an intermediate target of 15.25% of TREA and 6.84% of LRE by 1 January 2022.

Belfius already met its expected BRRD2 MREL requirements at the end of the first half of 2023. Indeed, expressed in TREA, Belfius MREL realised of EUR 19.4 billion amounted to 29.96% to be compared with 27.6% of the 2024 final binding target (including CBR).

In the same way, Belfius MREL subordination of EUR 15.3 billion amounted to 23.53% of TREA to be compared with 20.2% of the binding target (including CBR). Expressed in LRE, Belfius MREL subordination of 8.57% stood in excess of 6.87% MREL requirement.

Operational risk – Non-Financial Risk (NFR)

Non-Financial Risk Management Framework

Non-Financial Risk (NFR) must be understood as a broad umbrella covering all risks except "financial risks" (the latter encompassing market, ALM, liquidity, credit and insurance risks). NFR covers among others operational risks (including fraud, HR, IT, IT-security, business continuity, outsourcing, data-related, privacy…) as well as reputational, compliance, legal, tax, ESG... risks.

The NFR management framework determines the principles that ensure an effective management of the non-financial risks. The principles are further elaborated in specific policies and guidelines adapted to the business activities. These general principles are following the applicable legal and regulatory requirements.

The framework is based on the following pillars:

- a risk mapping and taxonomy in order to ensure consistency within the organisation, including a regular review of this mapping and taxonomy to identify emerging risks;
- clear roles and responsibilities, as well as a well-defined way of working together for all the risks based on the three LoD (3 LoD) model (decentralised responsibility);
- a strong governance/committee structure involving the appropriate level of management;
- a Risk Appetite Framework (RAF) definition and monitoring;
- transversal risk processes and dedicated risk management frameworks, which are structured into the following main domains: Change Risk Management, Integrated Risk Management, Risk Culture & Governance, Operational Resilience, Fraud Risk Management & 2 LoD Audit, Information Security and Data Privacy (see further).

This framework provides comprehensive risk management and sound risk governance, to ensure an effective and efficient identification, assessment, mitigation and monitoring of non-financial risks.

The NFR department acts as an independent internal control function with a 2nd LoD role, and reports directly to the Chief Risk Officer. The NFR departments also includes the specific functions of Anti-Fraud Officer, Data Protection Officer (DPO) and Chief Information Security Officer (CISO).

Transversal risk processes

NFRR domain – Change Risk Management

<u>Change Risk Management</u>

Being and staying "Meaningful and Inspiring for Belgian society" implies continuous innovation. In that context, change risk management is a corner stone of the global risk management framework, with the New Product Approval Process (NPAP) and Project Risk Management as the main contributions.

<u>New Product Approval Process</u>

The process of developing or changing a function (product, service, activity, process or system) involves a sound (ex-ante) risk assessment, the so-called New Product Approval Process (NPAP). Its purpose is to ensure that all risks related to any new or changed function are assessed by relevant experts and addressed accordingly and that they are overseen by a dedicated steering committee.

It is a risk-based process with special attention to the due implementation of binding conditions.

<u>Project Risk Management</u>

The capacity to deliver projects with high quality standards within the foreseen timeframe is a key success factor. In that context, a Project Risk Management (PRM) framework has been developed in order to correctly and timely identify the risks and put in place the necessary controls and mitigating plans following a risk-based approach.

Basically, this framework consists of:

- different qualitative and quantitative assessment techniques to derive both the criticality and risk performance of the projects; and
- a tiering system to focus efforts and attention to the most risky ones.

NFR domain – Integrated Risk Management

<u>Incident Management</u>

The systematic collection and control of data on operational incidents is one of the main requirements of the Basel Committee regarding operational risk management.

The reporting mechanisms ensure that the responsible parties are notified quickly when incidents. Major incidents are investigated thoroughly and are reported to the CRO/ Management Board. Such incidents are also subject to specific action plans and appropriate follow-up, under the responsibility of the concerned line management, for avoidance, mitigation or limitation of the related risk.

The main areas of operational losses remain essentially due to incidents associated with external fraud and incidents in relation to execution, delivery and process management. Other categories remain limited in amount but not necessarily in number of events. The most important part of the financial impact resulting from operational incidents comes from the Bank's retail business.

<u>Self-Assessment of Risks and Internal Controls</u>

Another important task of risk management is the analysis of the overall main potential risks and related key controls, performed within Belfius Group's main entities. This is achieved through a bottom-up Self-Assessment of Risks and Internal Controls (SARIC) in all departments and subsidiaries, using the COSO methodology to determine the internal control level. These exercises may result in the development of additional action plans to further reduce potential risks. They also provide an excellent overview of the main risk areas in the various businesses. They are conducted annually, and the results are submitted to the respective Boards of Directors through the reports regarding the assessment of internal control. Belfius Bank also submits the senior management report on the assessment of the internal control to its regulators.

Managing insurance policies

The possible financial impact of Belfius' operational risks is also mitigated by taking insurance policies, principally covering professional liability, fraud, theft, and interruption of business and cyber risk. This is standard practice in the financial services' industry.

Outsourcing risk

Belfius is aware that outsourcing & third-party risk must be addressed adequately and fully assumes its responsibilities, including but not limited to overseeing and managing the concerned arrangements and the risks involved. The Outsourcing Risk & Material Arrangements Policy is compliant with the "Final Report on EBA Draft Guidelines on Outsourcing Arrangements". In particular, the policy provides for the appointment of the outsourcing function and the setup of the Outsourcing Management (steering) Committee (OMC). Its mission consist in ensuring a well governed and coordinated outsourcing strategy in line with Belfius strategy, risk appetite and regulatory requirements.

Permanent control

It is difficult to envisage risk management without taking special attentions to internal control systems. To this regard, permanent control functions have been further deployed in order to provide ongoing assurance on the adequacy & effectiveness of the Belfius' control environment.

NFR domain – Risk culture and governance

Risk Appetite

The formal definition of a Risk Appetite Framework (RAF) is the key reference for the group Risk Management practice covering both financial and non-financial risks.

The RAF for NFR contains quantitative elements (target values or ratios) and qualitative elements (statements) and is articulated around three concepts on which limits are defined:

- "Risks": What are the risks? How to appreciate the risk level (past and forward looking)?
- "Risk management capacity": What is the capacity to manage the risks?
- "Loss tolerance": What are the potential P&L and future RWA impacts Belfius tolerates? The RAF covers a.o. loss tolerance, management capacity, fraud risk, data privacy risk, outsourcing & third-party risk, resources risk, project/transformation risk, information security.

The RAF is continuously updated and improved regarding RAF indicators, with constant challenging at the governance level and improving level of maturity.

In order to further strengthen the conglomerate dimension, the RAF is also rolled out in the Belfius' subsidiaries. Their respective RAF is based on the RAF at group level, reflecting and monitoring their own (financial and non-financial) vulnerabilities and risks.

NFR domain – Operational resilience

Business continuity and crisis management

Belfius is committed to its clients, counterparties, and regulators to put in place, maintain and test viable alternative arrangements that, following an incident, allow the continuation or the resumption of critical business activities at the agreed operational level and entirely compliant with the Belgian regulation.

The supporting process, the business continuity and crisis management, is aligned with the ISO22301 standard and the BCI Good Practice Guidelines. It is applied in a uniform way at all Belfius entities and relies on a.o. threat analysis, business impact analysis, reallocation strategies (dual office, remote and homeworking, etc.), effective management reporting, business continuity plans as well as exercise and maintenance programs. In that way, Belfius has also demonstrated its resilience to the Covid-19 situation.

As the Covid-19 situation allowed a more normal way of working, room is now available to exercise in order to test our ability to react.

Employment Practices (HR) & Workplace Safety, Damage to Assets & Public Safety risk

Belfius has a very low appetite for physical security and workplace safety risk and strives to provide a safe environment for its staff, clients, guests, and assets by ensuring that its physical security measures and procedures meet high standards. To meet this goal, a Physical Security Steering Committee with all stakeholders systematically monitors the overall situation by means of a dashboard. It also acts as a forum to reflect and to dialogue on actual incidents, and to envisage action plans to reduce the risk to acceptable levels.

Fraud Risk Management & 2 LoD audit

Fraud risk

Belfius applies a zero-tolerance policy for all forms of fraud (internal, external, and mixed fraud schemes), monitors the threats continuously and manages these risks based on a global anti-fraud policy as defined and steered by senior management. The roles and responsibilities have been clearly defined with business and support lines as the first risk managers. The CRO and NFR team, including the Anti-Fraud Officer as expert, have a clear 2nd LoD role.

In a context of evolving digital channels and faster payments processing, internal controls are continuously screened to prevent fraud and this to protect the interests of Belfius and its employees, customers, suppliers, and other stakeholders. Continuous investments are realised to protect clients against potential impacts from phishing or other techniques.

Moreover, specialised panels are regularly organised to enhance awareness, information exchange on fraud trends, fraud detection tools and best practices in order to enhance fraud detection and mitigation within Belfius Group and to ensure that the Anti-Fraud Steering Committee (A-FSC) receives the information necessary for defining & monitoring the anti-fraud risk management.

Branch audit

Branch Audit, as part of the Risk function and from a 2nd LOD perspective, focusses specifically on traditional "physical" distribution channels for which it provides through on site reviews an assurance on the degree of control of the risks generated during human intervention in the distribution process and which require a physical presence on site in order to be assessed. Branch Audit also formulates advices in order to improve the functioning of the internal control system.

Information Security Management

For Belfius, the purpose of information security is to protect Belfius' information having a value for the organisation: i.e. the information generated by the business, the information belonging to our clients, and also the information, derived from freely accessible or publicly available data, which has acquired a value as a result of the treatment carried out by or on behalf of Belfius. The threats against data and information are their loss of integrity; of confidentiality; and their unplanned unavailability. The mission of information security is to safeguard against these threats.

Belfius also considers that the objective regarding information security extends to managing the risks linked to the consequences of these threats if they have materialized in terms of customers' trust, finance, reputation, peer confidence (regulators, financial markets) and confidence of our business partners. An information security strategy derived from these principles is applicable to all actions pertaining to information security.

In order to guarantee the information security within Belfius, the Information Security Steering (ISS) Committee, managed by the Chief Information Security Officer (CISO) and chaired by the Chief Risk Officer, ensures a well governed and coordinated information security strategy whereby an adequate system of "prevention", "detection", "protection" and "reaction" is put in place, in line with regulatory requirements for information security. The steering of Belfius information security is relying on a combination of qualitative statements, tangible figures and quantitative statements: deviations from the risk appetite are challenged to mitigate the risks to an acceptable level. Large security projects are grouped together in a security roadmap which typically spans the course of two years.

The first half-year 2023 was characterized by the release of a first set of KRI related to the Information Security Management System (ISMS), based on ISO27001 that we are currently deploying into the company. The deployment of ISMS controls has continued with a focus on controls linked to information security risks rated as high. The update of the ISMS policies that should be done every three years has begun in 2023 too.

The publication of the regulatory technical standards for the DORA regulation has marked a milestone in information security as they now have to get integrated into our ISMS deployment effort.

Another milestone is the announcement of a stress test imposed by the ECB that takes as a start point a cyber incident that makes the core system (including the core database) of banks unavailable because all preventive tools in place have failed. This ECB stress test thus takes as a central scenario a cyber incident affecting Belfius information. The ECB made clear this stress test has an exploratory nature without the usual actions to be undertaken in case of unsatisfactory results.

The call for consultation about the ECB stress test scenario and methodology has run to 15 August. We took part to the consultation. The ECB stress test will be launched in 2024.

Data Privacy Management

Respect for privacy and customer satisfaction

The respect for privacy and the protection of personal data is a key commitment at Belfius, which is translated into a sound internal governance and principles to be followed in the respect of GDPR.

In order to continuously guarantee data privacy within Belfius, the Privacy Committee related to GDPR regularly meets. Belfius' Management and several committees are informed about GDPR on a recurrent basis at Belfius.

Staff needs to regularly update their GDPR knowledge and are also regularly informed on GDPR "news".

The Data Privacy Officer (DPO) is part of the 2nd line of defence. A network of privacy correspondents, active in each department, work closely with the DPO to continuously raise awareness, control, and monitor processes and activities being in line with GDPR.

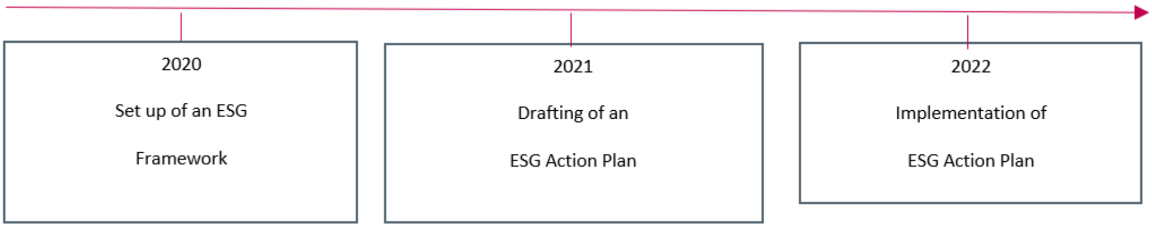
GDPR conformity, including a risk assessment for the rights and freedom of the owners whose personal data is treated, is integrated into every process to offer (existing, adapted, and new) products, innovative digital tools, services, and information sharing to its clients.

All activities treating personal data are documented by the business lines in a privacy register and Belfius is very committed to avoid personal data breaches and to manage any incident as quickly as possible.

Data subject rights can be executed by data subjects via multiple possibilities, including the Belfius' online and mobile applications.

ESG Risk[54]

[54] Unaudited.



After laying out the foundations, designing a roadmap and creating an ESG Risk Competence Center, Belfius is now actively working on the implementation of its ESG action plan. Belfius is further embedding environmental, social and governance risks (particularly climate-related risks in a first instance) into its existing risk management framework with the goal to adequately manage those risks to ensure its long term resilience and profitability. The main progress achieved during the first semester of 2023 relates primarily to the carrying out of comprehensive climate and environmental risks materiality assessments, the implementation of its ESG scoring model for corporates and the expansion of the internal ESG KRI dashboard.

Risk identification and assessment

Belfius is combining two approaches:

- A top-down approach where climate-related risks (and opportunities) are assessed at portfolio level and potential risk pockets are identified.
- A bottom-up approach where climate-related risks are assessed at counterparty and/or asset level, vulnerable assets are identified and quantified and scores are assigned to counterparties.

Belfius is currently in the process of assessing the magnitude of the potential (financial) impact of relevant climate and environmental risk drivers on its solvency, liquidity and profitability, considering its specific (sectoral) exposures and risk profile:

- This exercise is based on regional and sectoral heatmaps, drafted with the help of an external climate specialist, evaluating the likelihood of occurrence of climate and environmental risk drivers and the expected severity of the socio-economic impact of those events.
- The level of exposure of Belfius' counterparties/assets/activities to those risk drivers is then assessed under several scenarios and time horizons and across various risk dimensions (covering credit, market, liquidity, operational and strategic risks).

This comprehensive exercise is complemented by the finetuning of the climate risk assessment and simulation tool for mortgage loans, aimed at projecting possible evolutions of the mortgage loan portfolio in the long term (up to 2050).

Belfius has also started implementing its in-house ESG assessment methodology for corporates, which aims at:

- capturing data about the global ESG profile of corporate counterparties through an engagement process with clients;
- evaluating their current performance and practices, historical trends and future plans;
- supporting their transition to a low carbon economy in order to get a win-win situation in which the customer improves its profile and Belfius reduces its risks.

Leveraging on the results of the materiality assessments, the simulation tool for mortgage loans and the assessment methodology for corporates, Belfius will investigate the need to perform deep dives, design additional stress test scenarios, define new key risk indicators and limits, set further mitigation measures in place, etc.

Quantification, Metrics and Monitoring

Belfius' sensitivity to climate and environmental risks should remain fairly limited as it relies on the overall sound composition and risk profile of its balance sheet to mitigate credit and market impacts, as evidenced by the follow up of the main key risk indicators in this field which show that:

Belfius holds only minor exposures to fossil fuel activities;

- the share of climate sensitive exposures (defined at sectoral level) remains reasonable with low exposures toward the most sensitive sectors (such as agriculture and mining);
- the share of mortgage loan production collateralised by buildings with a very low EPC score remains within the risk appetite;
- the share of mortgage loan production collateralised by buildings located in a high-medium flood risk zone is still very limited.

6.9. Ratings

Between 1 January 2023 and 31 August 2023, the rating agencies took the following decisions:

- On 28 June 2023, S&P confirmed Belfius Bank's long-term rating at A with Stable outlook;
- On 7 July 2023, Moody's affirmed Belfius Bank's long-term rating at A1 and changed the outlook to positive from stable;
- On 13 July 2023, Fitch affirmed Belfius Bank's long-term rating at A- with Stable outlook.

As at the date of this Base Prospectus, Belfius Bank had the following ratings:

	Stand-alone rating (*)	**Long-term rating**	**Outlook**	**Short-term rating**
Fitch	A-	A-	Stable	F1
Moody's	Baa1	A1	Positive	Prime-1
Standard and Poor's	A-	A	Stable	A-1

(*) *Intrinsic creditworthiness*

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

6.10. Other information

Dependency of the Issuer

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

Arrangements resulting in a change of control

As at the date of this Base Prospectus, there are no arrangements known to Belfius Bank, the operation of which may at a subsequent date result in a change of control of Belfius Bank.

Recent events

Other than as stated in this section and in the section entitled "*Non-adjusting post-balance sheet events*" above, as at the date of this Base Prospectus there are no recent events particular to Belfius Bank which are, to a material extent, relevant to the evaluation of its solvency.

6.11. Litigation

Belfius (Belfius Bank and its consolidated subsidiaries) is involved as a party in a number of litigations in Belgium, arising in the ordinary course of its business activities, including those where it is acting as an insurer, capital and credit provider, employer, investor and taxpayer.

Belfius recognises provisions for such litigations when, in the opinion of its management taking into account all available elements, including an analysis by its company lawyers and external legal advisors as the case may be:

- a present obligation has arisen as a result of past events;
- it is probable that Belfius will have to make a payment; and
- the amount of such payment can be estimated reliably.

With respect to certain other litigations against Belfius, of which management is aware, no provision has been made according to the principles outlined here above, as the management is of the opinion, after due consideration of appropriate advice, that, while it is often not feasible to predict or determine the ultimate outcome of all pending litigations, such litigations are without legal merit, can be successfully defended, or that the outcome of these actions is not expected to result in a significant loss.

In the opinion of Belfius, the most important cases are listed below, regardless of whether a provision has been made or not. Their description does not deal with elements or evolutions that do not have an impact on the position of Belfius. If the cases listed below were to be successful for the opposite parties, they could eventually result in monetary consequences for Belfius. For litigations for which no provision has been made, such impact remains unquantifiable at this stage. Note that, apart from the cases listed below, continued vigilance can be observed in the prevention of money laundering (AML) in the Belgian financial sector. In this context, as is customary, Belfius is collaborating with the Belgian authorities and monitors this closely.

1. Arco – Cooperative shareholders

Various parties, including Belfius Bank, have been summoned by Arco – Cooperative shareholders in three separate procedures, i.e.:

- a procedure before the Dutch speaking Commercial Court of Brussels (Procedure C.C. Deminor);
- a procedure before the Court of First Instance of Brussels (Procedure C.F.I. ArcoClaim 2018);
- a procedure before the Court of First Instance of Brussels (Procedure C.F.I. Deminor 2022).

1.1. Procedure C.C. Deminor

On 30 September 2014, 737 shareholders from 3 companies of the Arco Group (Arcopar, Arcoplus and Arcofin) initiated (with support of Deminor) proceedings against the Arco entities and Belfius Bank before the Dutch-speaking Commercial Court of Brussels (the "**Deminor Proceedings**"). On 19 December 2014, 1,027 additional shareholders of the Arco entities joined in the Deminor Proceedings. On 15 January 2016, 405 additional shareholders of the Arco entities joined the Deminor Proceedings, resulting in a total of 2,169 plaintiffs. On 16 November 2020, a further "Deminor" procedure was initiated, in which all plaintiffs except one joined, to anticipate a possible nullity of the original summons. The content of the two proceedings is identical. As a result, they are treated together.

The plaintiffs have requested that the Brussels Court rules, among other things:

- in first order, that the agreements by virtue of which they became shareholders of the relevant Arco entities are null and void as a consequence of an alleged defect in consent;
- that the defendants should therefore, in solidum, reimburse the plaintiffs for their financial contribution in these entities plus interest;
- in the alternative, a compensation is asked to Belfius Bank for an alleged violation of the information duty; and
- that the defendants are liable for certain additional damages to the plaintiffs.

The historical financial contribution of the 2,169 plaintiffs to the Arco Group entities, for which reimbursement is claimed, amounted to approximately EUR 6.5 million (principal amount). The plaintiffs' claims in the Deminor Proceedings are based on allegations of fraud and/or error on the part of the Arco entities and Belfius Bank. In the alternative, the plaintiffs have argued that Belfius Bank breached its general duty of care as a normal and prudent banker. In relation to Belfius Bank, the plaintiffs have referred to certain letters and brochures allegedly containing misleading information issued by the predecessors of Belfius Bank. The Belgian State, DRS Belgium (Deminor) and the Chairman of the Management Board of the Arco entities are also defendants in the proceedings before the Commercial Court of Brussels. In the meantime, the VZW Arcoclaim also intervened in this litigation procedure (on grounds of an alleged transfer of claim by one of the plaintiffs/Arco shareholders). The case has been pleaded during several pleading sessions in June 2021. In its decision announced on 3 November 2021, the Dutch-speaking Commercial Court of Brussels rejected all the claims of the Arco shareholders.

Arco shareholders have launched an appeal against this judgement. The case is now pending before the Court of Appeal in Brussels. A pleading calendar has been determined. A pleading hearing can be expected at the earliest in the second half of 2028.

1.2. Procedure C.F.I. ArcoClaim 2018

On 7 February 2018, 2 Arco shareholders summoned the Belgian State before the Court of First Instance of Brussels because they state that the Belgian State has made a fault by promising and introducing a guarantee scheme for shareholders of financial cooperative companies (like the Arco shareholders) which has been considered illicit state aid by the European Commission. These 2 plaintiffs also summoned Belfius Bank on 8 February 2018 to intervene in this procedure and claim compensation from Belfius Bank because they consider that Belfius Bank erred in the sale of the Arco shares. Groups of Arco shareholders organised themselves via social media to mobilize other Arco shareholders to become claimant in this procedure. The VZW Arcoclaim also intervenes in this litigation procedure.

In this procedure VZW Arcoclaim had requested the initiation of a mediation procedure before the court, but this request has been dropped in May 2023. In the meantime, to date, ArcoClaim has declared that 7.258 new Arco shareholders have joined ArcoClaim, in addition to 5.334 Arco shareholders already being part of ArcoClaim.

No pleading calendar has been fixed yet, but ArcoClaim had requested that this procedure be joined with the procedure C.F.I. Deminor 2022 (see also Procedure C.F.I. Deminor 2022).

1.3. Procedure C.F.I. Deminor 2022

On 14 December 2022, 10 Arco shareholders have launched a new judicial procedure with the assistance of Deminor against the Arco-companies, the Belgian State and Belfius before the Court of First Instance in Brussels, in which they ask the defending parties to be condemned to indemnification based on extra-contractual liability, equal to claimant's financial contribution including interests, dividends, and possible bonus reserves, as well as a supplementary indemnification for moral damages. In the meanwhile, to date, a total of 13.678 Arco shareholders have joined this procedure.

At the introductory hearing of 2 June 2023, several procedural issues have risen, a.o.:

- ArcoClaim has intervened in the Deminor 2022 procedure, requesting that the ArcoClaim procedure (Procedure C.F.I. ArcoClaim 2018) be joined together with the Deminor 2022 procedure (Procedure C.F.I. Deminor 2022). Deminor has strongly opposed the joining of procedures, fearing that its procedure will be excessively delayed; and
- Deminor has requested a preliminary judgement to condemn Arco to provide all the Arco shareholder documentation (date of purchase, amount, etc.) to the claimants. Arco has opposed this request.

Considering these procedural issues, the case has been suspended (*rolverzending/ renvoi au rôle*). A procedural calendar is expected so that parties can submit their written arguments (limited to this specific procedural issue).

No provision has been made for these claims because Belfius Bank is of the opinion that it has sufficient valid arguments to result in these claims being declared inadmissible and/or without merit.

2. Investigations into the Panama Papers

These paragraphs are mentioned for completeness only, although the matters below do not comprise a litigation. On 5 December 2017, a police search under the lead of an examining magistrate of Brussels (*onderzoeksrechter/juge d'instruction*) took place at Belfius Bank's head office in the framework of the Belgian "Panama Papers" Parliamentary Commission. Belfius Bank was investigated as a witness and has not been accused of any wrongdoing. The scope of the investigation is to establish whether there are any violations of anti-money laundering obligations and to investigate the link between Belfius Bank (or its predecessors), and, amongst other, Experta and Dexia Banque Internationale à Luxembourg (i.e., former entities of the Dexia group).

To date, Belfius Bank did not receive any further information since the above mentioned police search.

3. Investigation by the public prosecutor into the activities of an independent bank agency

On 12 November 2020, public prosecution has been initiated, a.o. against Belfius Bank, for its alleged role in potential fraudulent activities that would have been conducted with the assistance of a director of an independent bank agency of Belfius Bank in violation of several (banking) regulations. After consultation of the criminal file, Belfius continues to believe that it has sufficient valid arguments to result in these claims being declared inadmissible and/or without merit. No provision has been booked for this case.

6.12. Management and Supervision of Belfius Bank

6.12.1. Composition of the Management Board and the Board of Directors

A. Management Board

As at the date of this Base Prospectus, the Management Board has six members who have all acquired experience in the banking and financial sector. The members of the Management Board form a college. The Management Board consists of the following six members:

Name	Position	Significant other functions performed outside Belfius Bank
Marc Raisière...	Chairman	none
Marianne Collin………………………………….	Member	none
Dirk Gyselinck..	Member	none
Olivier Onclin...	Member	none
Bram Somers	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 Management Board is responsible for the effective management of Belfius Bank, directing and coordinating the activities of the various business lines and support departments within the framework of the objectives and general policy set by the Board of Directors. These powers do not include determining Belfius Bank's overall policy, nor actions reserved for the Board of Directors by the provisions in the Belgian Code of Companies and Associations or by the Banking Law.

The Management Board ensures that Belfius Bank's business activities are in line with the strategy, risk management and general policy set by the Board of Directors. It passes on relevant information to the Board of Directors to enable it to take informed decisions. It formulates proposals and advice to the Board of Directors with a view to defining or improving Belfius Bank's general policy and strategy.

The members of the Management Board form a collegial body. They are required to carry out their duties in complete objectivity and independence.

Under the supervision of the Board of Directors, the Management Board takes the necessary measures, to ensure that Belfius Bank has a robust and sustainable organisational structure suited to Belfius Bank's organisation in order to guarantee the effective and prudent management of Belfius Bank in accordance with the Banking Law.

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

B. Board of Directors

The Board of Directors defines, on proposal or recommendation of the Management Board, and, inter alia, supervises:

- the institution's strategy and objectives, including ESG;
- the risk policy, including the risk tolerance level;
- the organisation of the institution for the provision of investment services, the exercise of investment activities, the provision of ancillary services, the marketing of structured deposits and the provision of advice to clients on such products, including the organisational arrangements, as well as the skills, knowledge and expertise required of the staff, the resources, procedures and mechanisms with or by which the institution provides those services and exercises those activities; and
- the integrity policy.

In the context of this responsibility, the Board of Directors is actively involved with the general policy, in particular regarding the supervision of the risk policy, organisation and financial stability of Belfius Bank and its governance, including the definition of the credit institution's objectives and values.

Also, as Belfius Bank is head of the Belfius financial conglomerate, Belfius Bank's Board of Directors is responsible for the general policy, risk appetite and strategy of Belfius and the compliance of the subsidiaries herewith.

The Board of Directors also approves Belfius Bank's Governance Memorandum.

Pursuant to the articles of association of Belfius Bank, the Board of Directors of Belfius Bank is composed of a minimum of ten 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 business address for the members of the Board of Directors is 1210 Brussels, Place Charles Rogier 11, Belgium.

As at the date of this Base Prospectus, the Board of Directors consists of eighteen members, six of whom sit on the Management Board.

The Board of Directors, which is made up of professionals from a variety of industries, including the financial sector, has the expertise and experience required associated with Belfius Bank's various operating businesses.

Name	**Position**	**Significant other functions performed outside Belfius Bank**
Chris Sunt............................	Chairman of the Board of Directors of Belfius Bank (Independent Director)	none
Marc Raisière	Chairman of the Management Board	none
Marianne Collin……………	Member of the Management Board Chief Risk Officer Responsible for Risk Management and Compliance	none
Dirk Gyselinck	Member of the Management Board Responsible for Wealth, Enterprises, Public, Financial Markets and Customer Loan Services	none
Olivier Onclin......................	Member of the Management Board Responsible for Private, Business & Retail Banking and Customer Transaction Services	none
Bram Somers	Member of the Management Board Chief Technology Officer,	none

Name	Position	Significant other functions performed outside Belfius Bank
Johan Vankelecom	Member of the Management Board Chief Financial Officer, Responsible for Financial Reporting, ALM, Legal, Tax, Research, Strategic Planning and Performance Management (SPPM), Belfius Asset Management	none
Paul Bodart...........................	Member of the Board of Directors of Belfius Bank (Independent Director)	Director of companies and non-profit organisations
Estelle Cantillon	Member of the Board of Directors of Belfius Bank as from 27 September 2023 (Independent Director)	FNRS Research Director at the Université Libre de Bruxelles (ULB)
Colette Dierick………..	Member of the Board of Directors of Belfius Bank (Independent Director)	Director of companies
Daniel Falque	Member of the Board of Directors of Belfius Bank (Independent Director)	Director of companies and non-profit organisations Senior Industry Advisor
Olivier Gillerot	Member of the Board of Directors of Belfius Bank as from 27 September 2023 (Independent Director)	Director of companies and non-profit organisations
Hélène Goessart....................	Member of the Board of Directors of Belfius Bank (Independent Director)	None
Peter Hinssen………………	Member of the Board of Directors of Belfius Bank (Independent Director)	Entrepreneur, keynote speaker and author
Georges Hübner	Member of the Board of Directors of Belfius Bank (Independent Director)	Full Professor at HEC Liège – University of Liège
Isabel Neumann……………	Member of the Board of Directors of Belfius Bank (Independent Director)	Chief Investment Officer at Shurgard Self Storage
Lutgart Van Den Berghe	Member of the Board of Directors of Belfius Bank (Director)	Emeritus extraordinary Professor at the University of Ghent (UG) and emeritus part-time Professor at the Vlerick Business School

Name	Position	Significant other functions performed outside Belfius Bank
Rudi Vander Vennet............	Member of the Board of Directors of Belfius Bank (Director)	Full 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.

6.12.2. 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. These directors are members of a maximum of three of these advisory committees. An Intra-Group Committee, a Technology Committee and a Belfius Art Committee have also been installed within the governance of the Belfius group.

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

(b) Nomination Committee

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

Name	Position
Lutgart Van Den Berghe....................................	Chairman – Director of Belfius Bank and Belfius Insurance
Chris Sunt	Member – Chairman of the Board of Directors of Belfius Bank
Daniel Falque	Member – Director of Belfius Bank and Belfius Insurance

The members of the Nomination Committee have the required skills, based on their education and diverse professional experience, to give a competent and independent judgment on the composition and operation of Belfius Bank's management bodies, in particular on the individual and collective skills of their members and their integrity, reputation, independence of spirit and availability.

The Nomination Committee:

- identifies and recommends, for the approval of the General Meeting of Shareholders or of the Board of Directors, as the case may be, candidates suited to fill vacancies on the Board of Directors, evaluates the balance of knowledge, skills, diversity and experience within the Board of Directors, prepares a description of the roles and capabilities for a particular appointment and assesses the expected time commitment. The Nomination Committee also decides on a target for the representation of the underrepresented gender within the Board of Directors and prepares a policy on how to increase the number of underrepresented gender in order to meet that target;
- periodically, and at least annually, assesses the structure, size, composition and performance of the Board of Directors and makes recommendations to it with regard to any changes;
- periodically assesses the knowledge, skills, experience, degree of involvement and in particular the attendance of members of the Board of Directors and advisory committees, both individually and collectively, and reports to the Board of Directors accordingly;

- periodically reviews the policies of the Board of Directors for selection and appointment of members of the Management Board, and makes recommendations to the Board of Directors;
- prepares proposals for the appointment or mandate renewal, as the case may be, of directors, members of the Management Board, the Chairman of the Board of Directors and the Chairman of the Management Board;
- assesses the aptitude of a director or a candidate director to meet the criteria set forth for being considered as an independent director;
- examines questions relating to problems with the succession of directors and members of the Management Board;
- establishes a general and specific profile for directors and members of the Management Board;
- ensures the application of provisions with regard to corporate governance;
- prepares proposals for amendments to the internal rules of the Board of Directors and the Management Board;
- assesses the governance memorandum and, if necessary, proposes amendments;
- 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 taken to remedy situations.

In performing its duties, the Nomination Committee ensures that decision-taking within the Board of Directors is not dominated by one person or a small group of persons, in a way which might be prejudicial to the interests of Belfius Bank as a whole.

The Nomination Committee may use any type of resources that it considers to be appropriate for the performance of its tasks, including external advice, and receives appropriate funding to that end.

The Nomination Committee acts for Belfius Bank, Belfius Insurance, Corona and Belfius Asset Management.

B. Remuneration Committee

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

Name	**Position**
Lutgart Van Den Berghe.................................	Chairman – Director of Belfius Bank and Belfius Insurance
Chris Sunt	Member – Chairman of the Board of Directors of Belfius Bank
Daniel Falque..	Member – Director of Belfius Bank and Belfius Insurance

The members of the Remuneration Committee have the required skills, on the basis of their educational and professional experience, to give a competent and independent judgment on remuneration policies and practices and on the incentives created for managing risks, capital and liquidity of Belfius Bank.

In order to perform its tasks correctly, the Remuneration Committee interacted regularly with the Risk Committee and the Audit Committee in 2021.

The Risk Committee ensures that Belfius' risk management, capital requirements and liquidity position, as well as the probability and the spread in time of profit is correctly taken into consideration in decisions relating to remuneration policy.

Within Belfius Bank, this is reflected by the formulation of an opinion on a global “Risk Gateway” and by the establishment and assessment of Key Risk Indicators on an annual basis. Their preparation is undertaken by the risks divisions, in collaboration with the human resources division.

The Audit Committee contributes to the establishment of objectives for the Auditor General and the Audit and Risk Committee for the objectives for the Compliance Officer.

The audit department at Belfius Bank will provide an independent and regular analysis of the remuneration policy and its practical implementation. The most recent follow-up study was realised in 2019. This audit did not raise any particular comments.

The Remuneration Committee prepares the decisions of the Board of Directors by *inter alia*:

- developing the remuneration policy, as well as making practical remuneration proposals for the Chairman, the non-executive members of the Board of Directors and the members of the advisory committees of the Board of Directors. The Board of Directors submits these remuneration proposals to the General Meeting of Shareholders for approval;
- developing the remuneration policy, as well as making practical proposals for the remuneration of the Chairman of the Management Board and, on his proposal, for the remuneration of the members of the Management Board; The Board of Directors then determines the remuneration of the Chairman and the members of the Management Board;
- providing advice on the proposals made by the Chairman of the Management Board of Belfius Bank in relation to the severance remuneration for members of Belfius Bank’s Management Board. On the proposal of the Remuneration Committee, the Board of Directors of Belfius Bank determines the severance remuneration of the Chairman and members of Belfius Bank’s Management Board;
- advising the Board of Directors in relation to the remuneration policy for staff members whose activity has a material impact on the risk profile of Belfius Bank (known as “Identified Staff”) and in relation to the compliance of the allocation of remuneration to Identified Staff with regard to the remuneration policy put in place for them;
- preparing the remuneration report approved by the Board of Directors and published in the annual report;
- periodically checking to ensure that the remuneration programmes are achieving their objective and are in line with applicable conditions;
- annually assessing the performance and objectives of the members of the Management Board;
- providing an opinion of the elaboration of a global “Risk Gateway”, in consultation with the Risk Committee, containing various levers applied at various points in the performance management cycle, with an impact on determination of the variable remuneration.

The Remuneration Committee exercises direct supervision over the determination of objectives and remuneration of the individuals responsible for the independent control functions (Chief Risk Officer, General Auditor & the Compliance Officer).

The Remuneration Committee acts for both Belfius Bank, Belfius Insurance, Corona and Belfius Asset Management.

C. Audit Committee

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

Name	Position
Georges Hübner..	Chairman Director of Belfius Bank

Name	Position
Paul Bodart	Member Director of Belfius Bank
Colette Dierick	Member Director of Belfius Bank
Hélène Goessaert	Member Director of Belfius Bank

The majority of the members of the audit committee are independent directors. Members of the audit committee have collective expertise in the field of banking, accountancy and auditing. At least one independent director of the audit committee is an expert in the field of accounting and/or audit.

The Audit Committee assists the Board of Directors in its task of carrying out prudential controls and exercising general supervision. The Audit Committee of Belfius Bank operates independently of the Audit Committee implemented at Belfius Insurance. However, the respective Audit Committees of Belfius Bank and Belfius Insurance held joint meetings.

D. Risk Committee

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

Name	Position
Rudi Vander Vennet	Chairman Director of Belfius Bank
Estelle Cantillon (as from 27 September 2023)	Member Director of Belfius Bank
Hélène Goessaert	Member Director of Belfius Bank
Georges Hübner	Member Director of Belfius Bank

The members of the Risk Committee have the individual expertise and professional experience required to define strategy regarding risk and the level of risk appetite of an institution. They have acquired the specialisation necessary in particular as directors with other institutions and/or in their university training. Consequently, the Risk Committee has the required individual knowledge and expertise.

The Risk Committee has advisory powers and responsibilities with regard to the Board of Directors in the following areas:

- appetite and strategy regarding Belfius Bank's current and future risks (including ESG risks), more particularly the effectiveness of the risk management function and the governance structure to support them;
- monitoring implementation of risk appetite and strategy by the Management Board;
- allocating the risk appetite to various categories of risks and defining the extent and limits of risk in order to manage and restrict major risks;
- considering the risks run by Belfius Bank with its customer tariffs;
- assessing activities which expose Belfius Bank to real risks;

- supervising requirements in terms of capital and liquidity, the capital base and Belfius Bank's liquidity situation;
- guaranteeing that risks are proportional to Belfius Bank's capital;
- formulating an opinion with regard to major transactions and new proposals for strategy activities that have a significant impact on Belfius Bank's risk appetite;
- obtaining information and analysing management reports as to the extent and nature of the risks facing Belfius Bank and the conglomerate (e.g. quarterly GFCR reporting);
- monitoring the Internal Capital Adequacy Assessment Process (ICAAP), the Internal Liquidity Adequacy Assessment Process (ILAAP) and the Recovery Plan;
- overseeing the alignment between all material financial products and services offered to clients and the business model and risk strategy of the institution;
- reviewing a number of possible scenarios, including stressed scenarios, to assess how the institution's risk profile would react to external and internal events;
- assessing the recommendations of internal and external auditors and follows up on the appropriate implementation of measures taken.

The Risk Committee operates independently of the Risk & Underwriting Committee of Belfius Insurance. On the request of the Chairman of Belfius Bank's committee, a joint Risk Committee of Belfius Bank and Belfius Insurance may be held. To promote sound remuneration policy and practices, without prejudice 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 senior management report on the assessment of internal control and the risk analyses performed by the Legal, Compliance and Audit Departments. The aim of this exchange of information is to enable the two committees to perform their tasks properly and can take the form of a joint meeting.

E. Intra-Group Committee

An Intra-Group Committee has been established within the Belfius group.

As at the date of this Base Prospectus, the Intra-Group Committee has the following membership:

Name	Position
Chris Sunt	Chairman Chairman of the Board of Directors of Belfius Bank
Colette Dierick...	Member Director of Belfius Bank
Olivier Gillerot (as from 27 September 2023)………..………………………………	Member Director of Belfius Bank
Jean-Michel Kupper…………………………	Member Director of Belfius Insurance

The Intra-group Committee's competences comprise the following:

- monitoring and reporting on significant intra-group transactions;
- monitoring and reporting on intra-group transactions with an important reputational impact; and

- advising on material conflicts of interest between companies belonging to Belfius Group in the context of which they fail to reach an agreement in a relatively short period of time.

F. Technology Committee

A Technology Committee has been established within the Belfius group in May 2021.

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

Name	Position
Paul Bodart	Chairman Director of Belfius Bank
Daniel Falque	Member Director of Belfius Bank and Belfius Insurance
Olivier Gillerot (as from 27 September 2023) ………..……………	Member Director of Belfius Bank
Peter Hinssen	Member Director of Belfius Bank
Jean-Michel Kupper..	Member Director of Belfius Insurance

The Technology Committee, which is responsible for Belfius Bank and its subsidiaries, advises the Board of Directors on its technology strategy, important technology investment decisions. Technology includes inter alia IT, digital and artificial intelligence.

The Technology Committee is responsible for:

- advising the Board of Directors on, and preparing the decisions of the Board of Directors with respect to, technology strategy and material technology investment choices;
- monitoring, evaluating and advising the Board of Directors on existing and future technology trends, regulation and competition / FinTech developments that may affect Belfius' strategic plans including the monitoring of overall industry trends and future trends concerning enterprise data management and the financial industry's use of data to maximize the customer experience value;
- assessing measures and advising the Board of Directors on Belfius' technological strategic milestones and transformational developments, such as customer experience, sales through digital channels and potential synergies with physical and other networks, potential partnerships;
- monitoring and reporting to the Board of Directors on progress made with respect to the implementation of the technology decisions taken by the Board of Directors, including but not limited to, technology performance and security. This includes inter alia. Monitoring and challenging the status of the move for the cloud infrastructure (timing, pace, risk mitigation, hybrid models, talents), foundations and platforms;
- reviewing and discussing reports from management on technology related activities, strategies and metrics, including enterprise data project performance, and reporting to the Board of Directors on the same.

Responsibility for the oversight of risks associated with technology, including risk assessment and risk management, remains with the Risk Committee and Audit Committee.

G. Belfius Art Committee

A Belfius Art Committee has been established since 2015.

As at the date of this Base Prospectus, the Belfius Art Committee has the following membership:

Name	Position
Chris Sunt	Chairman Chairman of the Board of Directors of Belfius Bank
Marc Raisière..	Member Chairman of the Management Board of Belfius Bank
Julie Uytterhaegen………………………	Member Head of Brand Experience, Communications and HR
Bénédicte Bouton………………………	Head of Culture at Belfius and Curator of the Belfius Art Collection

The Belfius Art Committee has been mandated by the Board of Directors of Belfius Bank to manage the Belfius Art Collection as defined in article 10 of the Articles of Association of Belfius Bank. Within the context of this mandate, the Belfius Art Committee takes decisions with respect to the management, the conservation, the preservation, the use, the development and the evolution of the Belfius Art Collection.

6.13. Selected Financial Information

The following tables summarise the consolidated balance sheet and, income statement of Belfius Bank for the period ending 31 December 2021 and 31 December 2022.

1. Consolidated Balance Sheet

	Notes	31 December 2021 IFRS 9	31 December 2022 IFRS 9
Assets		*(in thousands of EUR)*	
Cash and balances with central banks	5.2	**31,640,347**	**27,295,434**
Loans and advances due from credit institutions	5.3	**10,411,237**	**4,143,601**
Measured at amortised cost		10,411,237	4,143,601
Measured at fair value through other comprehensive income		0	0
Measured at fair value through profit or loss		0	0
Loans and advances	5.4	**102,678,814**	**110,310,792**
Measured at amortised cost		101,540,978	109,343,655
Measured at fair value through other comprehensive income		99,119	171,152
Measured at fair value through profit or loss		1,038,717	795,986
Debt securities & equity instruments	5.5	**27,195,351**	**23,026,722**
Measured at amortised cost		20,839,937	17,494,927
Measured at fair value through other comprehensive income		4,959,373	4,040,914
Measured at fair value through profit or loss		1,396,041	1,490,882
Unit linked products insurance activities		**4,245,672**	**3,969,934**
Derivatives	5.6	**8,909,039**	**5,893,105**
Gain/loss on the hedged item in portfolio hedge of interest rate risk	5.6	**3,651,783**	**1,134,326**
Investments in equity method companies	5.7	**96,107**	**94,019**
Tangible fixed assets	5.8	**1,614,068**	**1,672,048**
Intangible assets	5.9	**214,928**	**236,639**
Goodwill	5.10	**103,966**	**103,966**
Tax assets	5.11	**355,777**	**490,680**
Current tax assets		27,073	27,115
Deferred tax assets		328,704	463,565
Technical insurance provisions – part of the reinsurer	6.5	**130,890**	**138,964**
Other assets	5.12	**876,060**	**915,764**
Non current assets (disposal group) held for sale and discontinued operations	5.13	**26,505**	**39,684**

	Notes	31 December 2021 IFRS 9	31 December 2022 IFRS 9
Assets		*(in thousands of EUR)*	
Total assets		**192,150,543**	**179,465,679**

	Notes	31 December 2021 IFRS 9	31 December 2022 IFRS 9
Liabilities		*(in thousands of EUR)*	
Cash and balances from central banks	6.1	**15,418,072**	**5,904,113**
Credit institutions borrowings and deposits	6.2	**3,591,036**	**1,869,641**
Measured at amortised cost		3,591,036	1,869,641
Measured at fair value through profit or loss		0	0
Borrowings and deposits	6.3	**104,404,013**	**108,447,486**
Measured at amortised cost		104,355,267	108,427,536
Measured at fair value through profit or loss		48,746	19,951
Debt securities issued and other financial liabilities	6.4	**23,145,353**	**25,928,567**
Measured at amortised cost		15,116,744	18,517,096
Measured at fair value through profit or loss		8,028,609	7,411,471
Unit linked products insurance activities		**4,245,672**	**3,969,934**
Derivatives	5.6	**14,018,729**	**8,248,509**
Gain/loss on the hedged item in portfolio hedge of interest rate risk	5.6	**45,766**	**(1,606,023)**
Provisions for insurance activities	6.5	**12,191,017**	**11,495,400**
Provisions and contingent liabilities	6.6	**529,173**	**497,660**
Subordinated debts	6.7	**1,642,749**	**1,547,204**
Measured at amortised cost		1,642,749	1,547,204
Measured at fair value through profit or loss		**0**	0
Tax liabilities	5.11	**49,183**	**69,179**
Current tax liabilities		41,682	63,014
Deferred tax liabilities		7,502	6,165
Other liabilities	6.8	**1,377,031**	**1,473,356**
Liabilities included in disposal group and discontinued operations		**0**	**0**
Total liabilities		**180,657,795**	**167,845,027**

	Notes	31 December 2021 IFRS 9	31 December 2022 IFRS 9
Equity		*(in thousands of EUR)*	
Subscribed capital		3,458,066	3,458,066
Additional paid-in capital		209,232	209,232
Treasury shares		0	0
Reserves and retained earnings		5,957,910	6,524,910
Net income for the period		934,964	974,711
Core shareholders' equity		**10,560,172**	**11,166,919**
Fair value changes of debt instruments measured at fair value through other comprehensive income		108,559	(222,352)
Fair value changes of equity instruments measured at fair value through other comprehensive income		179,153	136,944
Fair value changes due to own credit risk on financial liabilities designated as at fair value through profit or loss to be presented in other comprehensive income		0	0
Fair value changes of derivatives following cash flow hedging		(98,352)	(112,644)
Remeasurement pension plans		132,290	119,933
Discretionary participation features of insurance contracts	6.5	81,096	0
Other reserves		208	208
Gains and losses not recognised in the statement of income		**402,953**	**(77,910)**
Total shareholders' equity		**10,963,126**	**11,089,008**
Additional Tier-1 instruments included in equity		497,083	497,083
Non-controlling interests		32,539	34,561
Total equity		**11,492,748**	**11,620,652**
Total liabilities and equity		**192,150,543**	**179,465,679**

2. Consolidated Statement of Income

	Notes	31 December 2021 IFRS 9	31 December 2022 IFRS 9
		(in thousands of EUR)	
Interest income	7.1	3,357,376	3,720,738
Interest expense	7.1	(1,356,009)	(1,640,450)
Dividend income	7.2	72,853	71,611
Net income from equity method companies	7.3	2,449	3,993

	Notes	31 December 2021 IFRS 9	31 December 2022 IFRS 9
		(in thousands of EUR)	
Net income from financial instruments at fair value through profit or loss	7.4	24,973	24,822
Net income on investments and liabilities	7.5	14,842	56,401
Fee and commission income	7.6	942,249	982,858
Fee and commission expenses	7.6	(184,745)	(192,643)
Technical result from insurance activities	7.7	72,916	150,111
Gross earned premiums		1,506,818	1,896,220
Other technical income and charges		(1,433,902)	(1,746,109)
Other income	7.8	240,869	373,847
Other expense	7.9	(484,499)	(568,935)
Income		**2,703,276**	**2,982,353**
Staff expenses	7.10	(641,064)	(699,860)
General and administrative expenses	7.11	(482,642)	(572,446)
Network costs		(220,587)	(216,599)
Depreciation and amortisation of fixed assets	7.12	(132,833)	(131,100)
Expenses		**(1,477,125)**	**(1,620,005)**
Net income before tax and impairments		**1,226,151**	**1,362,349**
Impairments on financial instruments and provisions for credit commitments	7.13	1,361	(105,689)
Impairments on tangible and intangible assets	7.14	(1,797)	(2,049)
Impairments on goodwill	7.15	0	0
Net income before tax		**1,225,714**	**1,254,611**
Current tax (expense) income	7.16	(234,998)	(266,896)
Deferred tax (expense) income	7.16	(55,100)	(11,823)
Total tax (expense) income		**(290,098)**	**(278,719)**
Net income after tax		**935,617**	**975,892**
Discontinued operations (net of tax)		0	0
Net income		**935,617**	**975,892**
Attributable to non-controlling interests		653	1,181
Attributable to equity holders of the parent		934,964	974,711

7. TERMS AND CONDITIONS OF THE SAVINGS CERTIFICATES AND FORM OF FINAL TERMS

(Annex 14.4 of Commission Delegated Regulation (EU) 2019/980)

7.1. *Introduction*

7.1.1. Terms and Conditions of the Savings Certificates, Final Terms

The terms and conditions of the Savings Certificates (the "**Terms and Conditions**", each chapter or subchapter individually referred to as "**Condition**") will be governed by the conditions set out below, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Final Terms.

In the event of any inconsistency between the provisions of the Final Terms and the other provisions of this Base Prospectus and this Programme, the Final Terms will prevail. All capitalised terms that are not defined in these Terms and Conditions will have the meanings given to them in the relevant Final Terms.

The Savings Certificates will be issued in categories (each a "**Category**") having the same characteristics with respect to maturity and interest rates.

7.1.2 General provisions

(a) Where these Terms and Conditions refer to any computation of a term or period of time, Article 1.7 of the Belgian Civil Code (*Burgerlijk Wetboek/Code Civil*) of 13 April 2019 (the "**Belgian Civil Code**") shall not apply.

(b) In these Terms and Conditions, any reference to any code, law, decree, regulation, directive or any implementing or other legislative measure shall be construed as a reference to such code, law, decree, regulation, directive or implementing or other legislative measure as the same may be amended, supplemented, restated or replaced from time to time.

(c) Any Condition may derogate either expressly or implicitly from applicable legal provisions. Even if there is no express derogation from a specific legal provision, the relevant Condition may still implicitly derogate from legal provisions (for instance by providing for a different contractual regime).

7.2. *Nature and category of the Savings Certificates*

(a) Type of security

(i) The Savings Certificates issued pursuant to these Terms and Conditions are "*bons de caisse/kasbons*". The Savings Certificates are a type of "*obligation/obligatie*".

(ii) The holder purchasing the Savings Certificates makes an investment that represents a loan made to the Issuer, whereby the Issuer undertakes to pay an interest on such loan and to repay the principal amount in its entirety on the Maturity Date (as defined below).

(iii) The Savings Certificates are transferable securities that can be transferred by the holder to a third party.

(b) Security identifier

(i) The Savings Certificates will be allocated an ISIN Code (International Securities Identification Number) .

(ii) In addition, an alternative code is being used (ISIN-Like Code) in order to allow a proper communication between financial institutions with respect to the positions held, the movement of securities, the custody activities and the exchange of data with respect to cash payments in respect of securities. This ISIN-Like Code is generated for each Category of Savings Certificate.

7.3. Governing law and jurisdiction

7.3.1 Governing law

The Savings Certificates are governed by Belgian law.

7.3.2 Jurisdiction

All disputes arising out of or in connection with the Savings Certificates shall be submitted to the jurisdiction of the competent courts in Belgium.

7.3.3 Acknowledgment and Consent of the Bail-in Power with respect to the Savings Certificates

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

(a) all, or part of the Relevant Amounts in respect of the Savings Certificates being reduced or cancelled;

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

(c) the Savings Certificates or the Relevant Amount in respect of the Savings Certificates being cancelled; and

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

In this Condition,

"**Bail-in Power**" means any write-down, conversion, transfer, modification or suspension power existing from time to time under, and exercised in compliance with, any laws, regulations (including delegated or implementing measures such regulatory technical standards), requirements, guidelines, rules, standards and policies relating to the resolution of credit institutions, investment firms and their parent undertakings, and minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments of the Kingdom of Belgium, the NBB (or any successor or replacement entity having primary responsibility for the prudential oversight and supervision of the Issuer), the Relevant Resolution Authority, the Financial Stability Board and/or of the European Parliament or of the Council of the European Union then in effect in the Kingdom of Belgium, pursuant to which obligations of the Issuer can be reduced (in part or in whole), cancelled, suspended, transferred, varied or otherwise varied in any way, or securities of the Issuer can be written down and/or converted into shares, other securities or other obligations of the Issuer or any other person, whether in connection with the implementation of a bail-in power following placement in resolution or otherwise.

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

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

7.4. Form of the Savings Certificates

(a) The Savings Certificates are issued in dematerialised form in accordance with article 7:35 of the Belgian Code of Companies and Association ("**BCCA**").

(b) The Savings Certificates issued in dematerialised form are registered in a securities account held by the holder of the Savings Certificates.

(c) A conversion of Savings Certificates in dematerialised form into registered form can always be requested by the relevant holder.

(d) The Issuer is a recognised account holder for purposes article 7:35 BCCA and acts as the head of pyramid in respect of the Savings Certificates issued by it. The Issuer centralises all operations with respect to the Savings Certificates, such as the payment of interest and redemption payments, also if the relevant Savings Certificates would have been transferred by the holder to another financial institution for custody. With respect to the securities registered in book-entry form (the Savings Certificates in de materialised form), the Issuer is the entity in charge of keeping the records (name and address: Belfius Bank SA/NV, Place Charles Rogier 11, 1210 Saint-Josse-ten-Noode).(e)It should be noted that the deposit protection for Saving Certificates (referred to in Condition 7.6.2) only applies in respect of the Savings Certificates in dematerialised form, to the extent that these Savings Certificates in dematerialised form are held on a securities account in the name of an account holder eligible for deposit protection in accordance with the conditions of the Belgian deposit protection scheme. With respect to Savings Certificates converted in Savings Certificates in registered form at the request of the holder (in accordance with Condition 7.4), it should be noted that such Savings Certificates are eligible for deposit protection in accordance with the conditions of the Belgian deposit protection scheme, provided that the Savings Certificates are registered in the name of an account holder eligible for deposit protection in accordance with the conditions of the Belgian deposit protection scheme.

7.5. Currency of the Savings Certificates

The Savings Certificates are issued in euro.

7.6. Status of the Savings Certificates and waiver of set-off

7.6.1 Status of the Savings Certificates as senior preferred liabilities

(a) The Savings Certificates represent debt obligations of the Issuer and do not form part of the capital or own funds of the Issuer. The holder of the Savings Certificates has a contractual claim (receivable) against the Issuer for the repayment of the principal amount of the Savings Certificates at the conditions as set out in these Terms and Conditions and the relevant Final Terms.

(b) On 31 July 2017, Belgium adopted a legislation establishing a new category of debt securities available to credit institutions. The law provides for a new Article 389/1 into the Banking Law. In particular, Article 389/1 aims at increasing the effectiveness of the bail-in tool and introduces a new category of claims in the statutory creditor hierarchy in the case of a liquidation procedure (*procédure de liquidation/liquidatieprocedure*) of a credit institution. Article 389/1 of the Banking Law now divides senior notes into: (i) senior preferred liabilities, retaining the same ranking as the previous senior notes; and (ii) senior non-preferred notes. Senior non-preferred notes are direct, unconditional, senior, and unsecured (*chirographaires/chirografair*) obligations. In the case of liquidation, they will rank senior to subordinated notes but junior to both ordinary senior preferred notes and to claims benefiting from legal or statutory preferences. Furthermore, senior non-preferred notes must have the following characteristics: they may not contain embedded derivatives or be derivatives themselves (it being understood that floating rate debt instruments which are derived from a commonly used reference rate and debt instruments which are not denominated in the national currency of the issuer, provided that principal, repayment and interest are denominated in the same currency, may not solely on the basis of these characteristics be considered as debt instruments containing embedded derivatives); their maturity may not be less than one year; and their terms must expressly provide that the claim is unsecured (*chirographaire/chirografair*) and that their ranking is as set forth in Article 389/1, 2° of the Banking Law.

(c) The Savings Certificates rank as senior preferred notes and the payments of principal and interest 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 Belfius Bank as referred under Article 389/1, 1° of the Banking Law (senior preferred obligations), present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors' rights. Senior preferred obligations have a higher priority ranking than the so-called non-preferred obligations that are defined under Article 389/1, 2° of the Banking Law.

7.6.2 Deposit protection, bail-in and special priority lien in accordance with article 389 § 2 of the Banking Law

(a) The Savings Certificates benefit from a protection under the Belgian deposit protection scheme granted by the Belgian Guarantee Fund (*Garantiefonds/Fonds de Garantie*), subject to a limitation of EUR 100,000 (it being understood that this limitation applies to all deposits, including Savings Certificates, with a financial institution, held by a depositor). It should be noted that the deposit protection for Saving Certificates only applies in respect of the Savings Certificates in dematerialised form, to the extent that these Savings Certificates in dematerialised form are held on a securities account in the name of an account holder eligible for deposit protection in accordance with the conditions of the Belgian deposit protection scheme.

(b) For amounts not protected by the deposit protection scheme, the Bail-In Power (as set out under Condition 7.3.3 and in accordance with applicable legislation) shall apply.

(c) In accordance with and subject to the conditions set out therein Article 389 § 2 of the Banking Law, "eligible deposits" held by individuals (physical persons) and small and medium enterprises including Savings Certificates benefit from a special priority lien on all assets of the

Issuer for the amounts in excess of the amount covered by the deposit protection scheme (such lien ranking after the lien for the benefit of the Belgian Guarantee Fund for claims in the amounts covered by the deposit protection scheme).

7.6.3 *Waiver of set-off*

Subject to applicable law, no holder may exercise or claim any right of set-off, netting, compensation, netting or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Savings Certificates and each holder shall, by virtue of its subscription, purchase or holding of a Savings Certificate, be deemed to have waived all such rights of set-off, netting, compensation or retention. Notwithstanding the preceding sentence, if any amounts owing to any holder by the relevant Issuer is discharged by set-off, netting, compensation or retention, such holder shall, unless payment is prohibited by law, immediately pay an amount equal to the amount of such discharge to the relevant Issuer or, in the event of its winding-up or administration, the liquidator or administrator, as appropriate, of the relevant Issuer for the payment to creditors of the relevant Issuer in respect of amounts owing to them by the relevant Issuer and accordingly any such discharge shall be deemed not to have taken place.

7.7. *Rights attached to the Savings Certificates*

The Savings Certificates give right to:

(a) the payment of interest (either paid on a periodical basis or capitalized);

(b) the repayment of the capital on the Maturity Date.

7.8. *Interest Rate and interest payment dates*

(a) The rate of interest (the "**Interest Rate**") will be as set out in the relevant Final Terms with respect to the relevant Category of Savings Certificates.

(b) The interest can be paid as follows:

(i) on a periodic basis (annually, or with another frequency), as set out in the relevant Final Terms with respect to the relevant Category of Savings Certificates;

(ii) capitalized and paid out at Maturity Date of the relevant Savings Certificates, as set out in the relevant Final Terms with respect to the relevant Category of Savings Certificates;

(iii) on a "step-up" basis (progressive increase of the Interest Rate), as set out in the relevant Final Terms with respect to the relevant Category of Savings Certificates.

(c) Interest payment date: as applicable, the interest will be paid respectively on the 1st or 16th of each relevant month (1st of the month for Savings Certificates issued on the 1st of the month, and 16th of the month for Savings Certificates issued on the 16th of the month). The payment of the interest by the Issuer may take place earlier so that the value date falls in any case on the 1st or the 16th.

(d) Interest will accrue from the Issue Date (including) until the Maturity Date (not inclusive).

7.9. *Maturity Date*

(a) The maturity date ("**Maturity Date**") of each Savings Certificate is as set out in the relevant Final Terms in respect of the relevant Category of Savings Certificate.

(b) The Savings Certificates shall be redeemed on the Maturity Date. The Savings Certificates are repaid at 100 per cent. of their nominal amount. The Savings Certificates are repaid in euro on the cash account linked to the securities account of the holder at the Issuer.

(c) No early repayment of the Savings Certificates can be requested by the holders or be made by the Issuer.

7.10. *Yield and method of calculation*

The gross actuarial yield is the Interest Rate "i" (determined based on a numerical procedure) that must be utilised in order to ensure that the sum of the discounted future Cash-Flows consisting of capital and gross interest payments (or the discounted Cash Flow after t years = CFt / (1+i) t) is equal to the issue price if calculated at the value date (issue date). The yield for each Category of Savings Certificates is set out in the relevant Final Terms.

7.11. *Events of Default*

If and only if any of the following events occurs and is continuing (each an "**Events of Default**"), any holder may by written notice to the Issuer at its specified office declare his Savings Certificate immediately due and payable (unless, such Event of Default shall have been remedied prior to the receipt of such notice):

(a) if default is made by the Issuer for a period of 30 calendar days or more in the payment of interest on the Savings Certificates when and as the same shall become due and payable; or

(b) in the event of default by the Issuer in the due performance of any other obligation under the terms and conditions of the Savings Certificates, unless remedied within 45 days after receipt of a written notice thereof given by any holder; or

(c) in the event of a merger, consolidation or other reorganisation of the Issuer with, or a sale or other transfer by the Issuer of all or a substantial part of its assets to, any other incorporated or unincorporated person or legal entity, unless, in each case not involving or arising out of insolvency, the person or entity surviving such merger, consolidation or other reorganisation or to which such assets shall have been sold or transferred shall have assumed expressly and effectively or by law all obligations of the Issuer, with respect to the Savings Certificates and, the interests of the holders of Savings Certificates are not materially prejudiced thereby; or

(d) in the event that the Issuer is adjudicated bankrupt or insolvent, or admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of its creditors, or enters into a composition with its creditors, or applies for a moratorium, or institutes or has instituted any proceedings under any applicable bankruptcy law, insolvency law, composition law or any law governing the appointment of a receiver, administrator, trustee or other similar official for the whole or any substantial part of its assets or property or any other similar law, or in the event that any such proceedings are instituted against the Issuer and remain undismissed for a period of 30 days.

7.12. *Representation of the holders of the Savings Certificates*

There is no representation of the holders of the Savings Certificates in the connection with the offer of Savings Certificates.

7.13. *Prescription*

Claims against the Issuer for payment in respect of any Savings Certificate shall be prescribed in accordance with Article 2262 and following of the old Belgian Civil Code (*oud Burgerlijk Wetboek/ancien Code Civil*) of 21 March 1804 and become void unless made within five years from the date on which such payment first becomes due (in respect of interest) and within ten years from the date on which such payment become due (in respect of capital).

7.14. No Hardship

The Issuer hereby acknowledges that the provisions of Article 5.74 of the Belgian Civil Code shall not apply with respect to its obligations under these Terms and Conditions and that it shall not be entitled to make any claim under Article 5.74 of the Belgian Civil Code.

7.15. Notices to holders

The Savings Certificates being held in a securities account, all notices to the holders shall be validly given by a direct notification from Belfius Bank to the holders, as the Issuer in his discretionary opinion shall deem necessary to give fair and reasonable notice to the holders. Any such notice shall be deemed to have been given on the date immediately following the date of notification from the Issuer.

7.16. Authorization regarding the issue of the Savings Certificates

The issue of the Savings Certificates has been authorized by a decision of the management committee (*comité de direction/directiecomité*) of 8 November 2023.

7.17. The issue date

The issue date (the "**Issue Date**") in respect of each Category of Savings Certificate shall be the date as set out in the relevant Final Terms with respect to that Category of Savings Certificates.

7.18. Substitution

(a) In case of dissolution, liquidation, reconstruction, merger, amalgamation or any other kind of legal reorganisation, the Issuer may, without any further consent or cooperation from the holders of the Savings Certificates, at any time, procure that any affiliated or associated corporation of the Issuer is substituted for the Issuer as the debtor under the Terms and Conditions to be offered by assigning all its rights and obligations to such other corporation (the "**Substituted Issuer**"), whether by way of transfer of contract (on the basis of Article 5.193 of the Belgian Civil Code) or novation (on the basis of Article 5.245 and following of the Belgian Civil Code). The Substituted Issuer must have a long-term debt rating of at least the same level as the one of the relevant Issuer at the time of substitution, if any, and provided that:

(i) no payment of any principal amount or of interest on any Savings Certificate is overdue and no other circumstances exist capable of causing the acceleration or redemption of the Savings Certificates; and

(ii) the Substituted Issuer shall agree to indemnify the holders of each Savings Certificate against all tax, duty, fee or governmental charge which is imposed on such holder by the jurisdiction of the country of the Substituted Issuer's residence for tax purposes and, if different, of its incorporation or any political subdivision or taxing authority thereof or therein with respect to such Savings Certificate and which would not have been so imposed had such substitution not been made; and any costs or expenses incurred in connection with any such substitution; and

(iii) The Issuer hereby irrevocably and unconditionally guarantees that the Substituted Issuer shall pay all amounts of principal amounts of and interest on the Savings Certificates when due. In the event of substitution, this guarantee ceasing to be the valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, shall constitute an Event of Default.

(b) In the event of substitution all references in these Terms and Conditions to the Issuer shall from then on be deemed to refer to the Substituted Issuer.

(c) The Substituted Issuer obtains all necessary governmental and regulatory approvals and consents.

(d) Any potential compensation due by the Issuer shall be limited to the net incremental tax cost borne by the investor. For example, if a withholding tax would become due further to the Substitution, but this withholding tax comes in lieu of a taxation (at the same tax rate) otherwise due further to an obligation to report (part of) the income in the personal income tax return, then no additional compensation is due (on this part). Similarly, no compensation is due if i) the investor is entitled to a tax credit for this withholding tax through the tax return or ii) for the part of the withholding tax for which the investor is entitled to claim a reduction based on the applicable income tax treaty.

(e) Notice of any substitution shall be given to the holders of Savings Certificates in accordance with Condition 7.15 (*Notices*).

__Form of Final Terms__

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Category of Savings Certificates issued under the Programme.

Final terms dated [●]

Belfius Bank SA/NV

Issue of [Title of the Category of Savings Certificates]

under the

Belfius Bank SA

Savings Certificate Issuance Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall have the same meaning as defined for such purposes in the Terms and Conditions set forth in this Base Prospectus dated 6 December 2023, which constitutes a base prospectus for purposes of the Prospectus Regulation (Regulation (EU) 2017/1129) (the "**Prospectus Regulation**"). **This document constitutes the Final Terms of the category of Savings Certificates described herein for purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with such Base Prospectus and any supplement thereto.** Full information on the Issuer and the offer of the Savings Certificates is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for inspection at the office of the Issuer and the website www.belfius.be. A summary of the offer of the relevant category of Savings Certificates is provided in annex to the Final Terms.

The Base Prospectus will be valid until the date of approval by the FSMA of the updated base prospectus that will replace and supersede it, no later than 6 December 2024 inclusive. The updated base prospectus will be available for inspection at the office of the Issuer and the website www.belfius.be.

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

[*When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under article 23 of the Prospectus Regulation.*]

Category of Savings Certificates and ISIN Code	**Issue Date**	**Maturity Date**	**Rate of Interest**	**Frequency of Interest Accrual**	**Type of Savings Certificates with respect to interest distribution / capitalization**	**Frequency of interest payment**	**Frequency of interest capitalization**	**Indication of Yield**
[*Include the identification of each Category of Savings Certificates (name in function of the term of the Savings Certificates (e.g. 1 year, 2 year etc.) and whether it is*	[*Issue Date*]	[*Specify Maturity Date*]	[●] per cent. per annum [*If the Savings Certificates with interest payments on a "step up" basis, specify the additional rates of interest that will apply and the periods for which these rates of*	[*Specify frequency of interest accrual (e.g. monthly/yearly)*]	[*Specify whether interest distribution / interest capitalization applies*]	[The Savings Certificates are Saving Certificates with interest distribution and interest will be paid [*specify frequency of interest payment*] on the principal amount of each Savings Certificate.] [*The Savings Certificates are Savings Certificates*	[Not applicable] [Applicable. The Savings Certificates are Savings Certificates with interest capitalization and the interest will be	[●] per cent. per annum.*

distributing or capitalizing]			*interest will apply.*]			*with interest capitalization and hence the accrued interest will be paid on the Maturity Date.*]	capitalized [*specify frequency of the interest capitalization*].	

* The yield is calculated based on the basis of (i) issue price of the Savings Certificates, (ii) the rate of interest applicable from and including the Issue Date until and excluding the Maturity Date and (iii) the final redemption amount (equal to the principal amount of the Savings Certificate). It is not an indication of future yield.

Signed on behalf of the Issuer:

By: ………………………………

Duly Authorized

8. TERMS AND CONDITIONS OF THE OFFER

(Annex 14.5 of Commission Delegated Regulation (EU) 2019/980)

General considerations

The offer of the Savings Certificates is an offer in the context of a continuous offer and is hence unlimited in time, it being understood that no offers of Savings Certificates shall be made under this Base Prospectus after 6 December 2024, unless an exemption from the requirement to draw up a prospectus applies in accordance with the Base Prospectus Law.

The minimum investment in a Savings Certificate is EUR 250. An investor can at each moment in time (as long as the offer is open) subscribe to an amount freely chosen by the investor, as long as this amount is higher than the minimum investment referred to above and it being understood that the amounts will round amounts in euro, without divisions of euro (eurocents or lower).

The Savings Certificates are offered to all interested investors via the Issuer.

The cash account of the investor will be debited on the date of the subscription (even if this date precedes the Issue Date as set out in the Final Terms for the Category of Savings Certificates subscribed to). The Savings Certificates will be transferred on the securities accounts of the investor. Depending on the subscription method the investor chooses, the value date of the debit of the investor's cash account can be the Issue date (only if the subscription takes place via the branch network of Belfius Bank) or can be the same as the date of subscription (optional in case the subscription takes place via the branch network of Belfius Bank or mandatory if the subscription takes place via the digital channels). In the latter case, the investor will receive an interim interest for the period starting from the date of the subscription up to the day preceding the Issue Date. This interim interest will be deducted from the amount debited from the investor's account on the subscription date. The rate of the Saving Certificates and that of the interim interest are identical. The delivery is without costs for the investor.

If Savings Certificates are deposited in a securities account with the Issuer, the Issuer will not charge any fees for this service, nor for the opening of such securities account. If an investor chooses to deposit his or her Savings Certificates with another financial institution, he or she must inquire the fees charged by this institution.

Suspension/termination, withdrawal and revocation of the offer

The Issuer reserves itself the right to withdraw or suspend the offer of the Savings Certificates.

Plan for the marketing of the Savings Certificates

The Issuer will ensure the financial service with respect to the Savings Certificates.

Determination of the issue price and subscription price of the Savings Certificates

The Savings Certificates are issued at par. The nominal interest will be determined by the Issuer for the entire duration of the Savings Certificates. The applicable interest rates and the available maturities for the Savings Certificates are as set out in the relevant Final Terms published by the Issuer on its website on [●].

Overview of costs to be borne by the investors

Currently no costs are to be borne by the investors in relation to the subscription to the Savings Certificates.

Selling restrictions and related considerations

As described in this section, the distribution of this Base Prospectus and the offering or sale of Savings Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer to inform themselves about and to observe any such restriction. The Savings Certificates have not been offered or sold and will not be offered or sold directly or indirectly and this Base Prospectus has not been distributed and will not be distributed, except in such circumstances that will result in compliance with all applicable laws and regulations.

There are no restrictions to the distribution of this Base Prospectus and the offering and sale of Savings Certificates in Belgium.

The Savings Certificates 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 are subject to U.S. tax law requirements and, except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws, the Savings Certificates may not be offered, sold or delivered within the United States of America, including its territories and possessions, or to U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Savings Certificates have not been offered, sold or delivered and will not be offered, sold or delivered, as part of their distribution at any time, or otherwise until 40 days after the commencement of the offering within the United States or to, or for the account or the benefit of, U.S. persons and a dealer to which the Savings Certificates are sold during the restricted period will receive a confirmation or other notice setting forth the restrictions on offers and sales of the Savings Certificates within the U.S. or to, or for the account or benefit of, U.S. persons.

Until 40 days after the commencement of the offering, an offer or sale of the Savings Certificates within the U.S. by any dealer (whether or not participating in the offering) may violate the registration requirements imposed by the U.S. Securities Act of 1933, as amended.

Any document connected with the issue of the Savings Certificates has only been issued or passed on and will only be issued and passed on in the United Kingdom 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 or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**UK FSMA**")) in connection with the issue or sale of any Savings Certificates, has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in circumstances in which section 21(1) of the UK FSMA does not apply to the Issuer and all applicable provisions of the UK FSMA with respect to anything done in relation to such Savings Certificates in, from or otherwise involving the United Kingdom have been complied with and will be complied with.

9. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

(Annex 14.6 of Commission Delegated Regulation (EU) 2019/980)

The Savings Certificates will not be the subject of an application for admission to trading on a regulated or non-regulated market, nor have any Savings Certificates previously issued under the Base Prospectus ever been the subject of an application for admission to trading on a regulated market or equivalent market.

In case of sale of the Savings Certificates before maturity, the sale proceeds can be lower than the invested amount.

10. USE OF PROCEEDS

The net proceeds of Savings Certificates, i.e., the principal amount less any expenses and fees, will be used for general corporate purposes of Belfius Bank.

11. THIRD PARTY INFORMATION, EXPERT STATEMENTS AND DECLARATIONS

(Annex 6.14 of Commission Delegated Regulation (EU) 2019/980)

There has not been any statement or report attributed to a person as an expert which is included in this Base Prospectus.

12. DOCUMENTS ON DISPLAY

(Annex 6.14 of Commission Delegated Regulation (EU) 2019/980)

Copies of (i) the annual reports dated 31 December 2021 and 31 December 2022 for the Issuer and of all subsequent annual reports to be published and (ii) copies of the articles of association of the Issuer are available free of charge at the office of Belfius Bank and will be available during the entire lifetime of the Savings Certificates.

Additionally, the annual reports of Belfius Bank are available on its website https://www.belfius.be/about-us/en/investors/results-reports/reports. The information on this website does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised or approved by the FSMA, except for information that is incorporated by reference in accordance with Section 5 of this Base Prospectus.

Annex 1: Articles of Association

Belfius Bank

Copies of the articles of Association (in English, French and Dutch) of Belfius Bank may be obtained without charge from the offices of Belfius Bank and are also available on the website of Belfius Bank (https://www.belfius.be) in the Company profile, section "Corporate governance" (link https://www.belfius.be/about-us/en/corporate-governance/governance/articles-of-association). The information on this website does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised or approved by the FSMA, except for information that is incorporated by reference in accordance with Section 5 of this Base Prospectus.

REGISTERED OFFICE OF
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