BELFIUS FINANCING COMPANY S.A.

(*Incorporated with limited liability under the laws of the Grand Duchy of Luxembourg*)

Issuer

BELFIUS BANK SA/NV

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

Issuer, Guarantor, Domiciliary Agent, Principal Paying Agent, Paying Agent and Calculation Agent

BANQUE INTERNATIONALE A LUXEMBOURG SA

Fiscal Agent and Principal Paying Agent

NOTES ISSUANCE PROGRAMME

EUR 20,000,000,000

Under the Notes 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**") and Belfius Financing Company S.A. (with LEI 222100XN1KG7XBC16R52) ("**Belfius Financing Company**"), together the "**Issuers**" and each, individually, an "**Issuer**", may from time to time, issue notes (in the case of notes issued by Belfius Bank referred to as the "**Belfius Bank Notes**", in the case of notes issued by Belfius Financing Company as the "**Belfius Financing Company Notes**", together referred to as the "**Notes**" and individually as a "**Note**"), which may be linked to various underlyings (the "**Underlying**"), that rank as senior preferred obligations of the Issuers (the "**Notes**"). Notes issued by Belfius Financing Company will be guaranteed by Belfius Bank (the "**Guarantor**") pursuant to a senior preferred unsecured guarantee (the "**Guarantee**").

The aggregate principal amount of Notes outstanding will not at any time exceed EUR 20,000,000,000 (or the equivalent in other currencies).

Each Tranche of Notes will be documented by final terms (the "**Final Terms**").

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 Tranche of Notes, should be read and construed in conjunction with each relevant Final Terms.

The relevant Final Terms and this Base Prospectus (as amended or supplemented from time to time and including all documents incorporated by reference therein) together constitute the prospectus for each Tranche.

The Notes shall be Debt Securities or Derivative 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 from time to time (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. Derivative Securities are securities of which the value is dependent on the value of an underlying.

The Belfius Bank Notes will be issued in dematerialised form in accordance with Articles 7:35 *et seq*. of the Belgian Code of Companies and Associations, and will be represented by a book-entry in the records of the clearing system operated by the National Bank of Belgium (the "**NBB**") or any successor thereto (the "**Securities**

Settlement System"). The Belfius Financing Company Notes are issued either in dematerialised form or in bearer form in accordance with applicable Luxembourg law. Where the Belfius Financing Company Notes are issued in dematerialised form, these will be represented by a book-entry in the records of the Securities Settlement System.

Notes issued under this Programme constitute unsecured debt instruments. In case of insolvency or default by an Issuer or the Guarantor (as applicable), investors may not recover all amounts they are entitled to and risk losing all or a part of their investment. Investing in Notes issued under the Programme 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 Notes 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 Notes.

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

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

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

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

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

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

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

This Base Prospectus was approved by the Belgian Financial Services and Markets Authority ("**FSMA**") on 24 May 2022 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 replaces and supersedes the base prospectus of Belfius Financing Company and of Belfius Bank dated 25 May 2021 (except with respect to any Notes offered to the public under the base prospectus dated 25 May 2021 and which offer continues after the expiration of such previous base prospectus under which it was commenced). The obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when this Base Prospectus would no longer be valid.

Where this Base Prospectus contains hyperlinks to websites, the information on the websites does not form part of 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 current long-term ratings of Belfius Bank are A1, with outlook 'Stable' (Moody's), A, with outlook 'Stable' (Standard & Poor's) and A-, with outlook 'Stable' (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. Investors should

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

note that the Notes issued under the Programme will not be rated. Also, Belfius Financing Company is currently not rated.

Each of Moody's, Standard & Poor's and Fitch is established in the European Union and is included in the updated list of credit rating agencies registered in accordance with Regulation (EC) No 1060/2009 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) (on or about the date of this Base Prospectus).

Belfius Financing Company is a fully owned subsidiary of Belfius Bank, which means, for Notes issued by Belfius Financing Company, that the credit risks of the Issuer and the Guarantor are closely linked. Such credit risks imply that the Noteholders may lose all or part of their investment in the Notes in case the Issuer and/or the Guarantor become insolvent or are unable to fulfil their obligations under the Notes and/or the Guarantee, respectively.

This Base Prospectus and the Final Terms (including the summary thereto) of each Tranche of Notes that is not made within an exemption from the requirement to publish a prospectus under the Prospectus Regulation (a "**Public Offer**") and any supplement, will be made available on Belfius' website in Dutch (https://www.belfius.be/retail/nl/producten/sparen-beleggen/beleggen/obligaties-gestructureerde-uitgifte/index.aspx) and in French (https://www.belfius.be/retail/fr/produits/epargner-investir/investir/obligations-emissions-structurees/index.aspx) and a copy will be able to be obtained free of charge in the offices of the Guarantor.

Pursuant to Article 8.8 of the Prospectus Regulation, in case of a Public Offer a summary shall be drawn up once the Final Terms are included in this Base Prospectus, or in a supplement, or are filed, and that summary shall be specific to the individual issue.

MIFID II product governance / target market – The Final Terms in respect of any Notes will include a legend entitled "**MiFID II Product Governance**" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment. A distributor subject to Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast), as amended (the "**MiFID Directive**") is, however, responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID II Product Governance rules under Commission Delegated Directive (EU) 2017/593 of 7 April 2016, any distributor subscribing for any Notes is a manufacturer in respect of such Notes.

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

Amounts payable under the Notes may be calculated by reference to the Euro Interbank Offered Rate ("**EURIBOR**"), which is provided by the European Money Markets Institute ("**EMMI**"). As at the date of this Base Prospectus, EMMI (as administrator of EURIBOR) appears on the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of the Benchmark Regulation.

Notes issued as Green Notes – None of the Issuers nor the Guarantor accepts any responsibility for any social, environmental or sustainability assessment of any Notes issued as Green Notes or makes any representation or warranty or assurance whether such Notes will meet any investor expectations or requirements regarding such "green", "sustainability" or similar labels. No representation or assurance is given by the Issuers or the Guarantor as to the suitability or reliability of any opinion or certification of any third party made available in connection with an issue of Notes issued as Green Notes, nor is any such opinion or certification a recommendation by the Issuers, the Guarantor or any other person to buy, sell or hold any such Notes. In the event any such Notes are, or

are intended to be, listed or admitted to trading on a dedicated "green", "sustainability" or other equivalently-labelled segment of a stock exchange or securities market, no representation or assurance is given by the Issuers, the Guarantor or any other person that such listing or admission will be obtained or maintained for the lifetime of the Notes. Any information on, or accessible through, Belfius' website relating to Belfius' Green Bond Framework (as defined in the section headed "Use of Proceeds") and the information in the Green Bond Framework and any second party opinion is not part of, nor is it incorporated in, this Base Prospectus. In addition, no assurance or representation is given by the Issuers, the Guarantor or any other person as to the suitability or reliability for any purpose whatsoever of any opinion, report or certification of any third party in connection with the offering of the Notes. Any such opinion, report or certification and any other document related thereto is not, nor shall it be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion and/or the information contained therein and/or the provider of such opinion for the purpose of any investment in the Notes.

This Base Prospectus contains or incorporates by reference certain statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the Issuers' and Guarantor'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 Issuers and the Guarantor do not intend to update these forward-looking statements except as may be required by applicable securities laws. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. A number of important factors could cause actual results, performance or achievements to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include: (i) the ability to maintain sufficient liquidity and access to capital markets; (ii) market and interest rate fluctuations; (iii) the strength of global economy in general and the strength of the economies of the countries in which the Issuers and the Guarantor conduct operations; (iv) the potential impact of sovereign risk, particularly in certain European Union countries which have recently come under market pressure; (v) adverse rating actions by credit rating agencies; (vi) the ability of counterparties to meet their obligations to the Issuers and the Guarantor; (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 Issuers' and the Guarantor's business and practices in one or more of the countries in which the Issuers and the Guarantor conducts operations; (xi) the adverse resolution of litigation and other contingencies; (xii) the impact of events such as the Covid-19 pandemic and the conflict in Ukraine on the operations and financial position of the Issuers and the Guarantor; and (xiii) the Issuers' and Guarantor'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.

This Base Prospectus was approved by the FSMA on 24 May 2022 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 Issuers or the Guarantor. 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.

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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 Notes of which prospective investors should be aware of.

An investment in the Notes involves a degree of risk. Prospective investors should carefully consider the risks set forth below and the other information contained in this Base Prospectus (including information incorporated by reference) before making any investment decision in respect of the Notes. The risks described below are risks which the Issuers and the Guarantor believe may have a material adverse effect on the relevant Issuer's and the Guarantor's (as applicable) financial condition and the results of its operations, the value of the Notes or the relevant Issuer's ability to fulfil its obligations under the Notes or the Guarantor's ability to fulfil its obligations under the guarantee applicable to the Belfius Financing Company Notes. All of these factors are contingencies which may or may not occur. Additional risks and uncertainties, including those of which the Issuers and the Guarantor are not currently aware or deem immaterial, may also potentially have an adverse effect on the relevant Issuer's and the Guarantor'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 Issuers and the Guarantor believe may be material for the purpose of assessing the market risks associated with the Notes issued under the Programme are also described below. The Issuers and the Guarantor have assessed the most material risks, taking into account the negative impact (including any relevant mitigation measures) of such risks on the Issuers and the Guarantor and the probability of their occurrence ("**Global Criticality**"). Each risk factor relating to the Issuers and the Guarantor is followed by the Issuers' and the Guarantor's assessment of whether such Global Criticality can be assessed as high, medium or low.*

The Issuers and the Guarantor believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the relevant Issuer to pay interest, principal or other amounts on or in connection with any Notes and the inability of the Guarantor to make payments in respect of the guarantee applicable to the Belfius Financing Company Notes may occur for other reasons which are not known to the Issuers and the Guarantor or which the Issuers and the Guarantor deem 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 Notes and the guarantee applicable to the Belfius Financing Company Notes 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 Notes, the appropriate tools to analyse that investment, and the suitability of that investment in each investor's particular circumstances. No investor should purchase the Notes 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 Notes. The market value of the Notes is expected to fluctuate over time, and investors should be prepared to assume the market risks associated with these Notes.

Capitalized terms used herein and not otherwise defined shall bear the meaning ascribed to them in the "Terms and Conditions of the Notes" below. Any reference to any law, decree, regulation, directive or any implementing or other legislative measure shall be construed as a reference to such 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. COVID-19 and Risk Management (Global Criticality: High)

Since the start of the COVID-19 pandemic in 2020, major concerns grew with respect to its impact on macro-economic situation that could lead to a substantial increase of the credit risk level in Belfius' loan portfolios. Along the crisis, Belfius kept supporting the Belgian society relying on actions taken internally together with measures taken at Belgian and European Central Bank ("**ECB**") levels.

These extraordinary policy measures included monetary measures, fiscal stimulus and ad-hoc regulatory packages to support credit markets and banks' lending to households and corporates. During 2020, the moratoria mechanism for companies and households was extensively used, but with the re-opening of most of the economy activities towards the end of 2020, extensions were far less requested in the first half of 2021. At the end of 2021, a more normalised level of payment deferral was again attained with only a very limited stock of remaining COVID-19-related payment deferrals (<0.25%), mainly for companies in sectors still affected like catering and hotels (horeca) and events. More than 97% of corporate and business loans for which the moratoria came to an end have resumed their normal payments of formerly deferred amounts. For the mortgage loans, more than 99% of the clients have resumed their payments and in the public sector this amounts to 100%. With respect to the State guarantee mechanisms, as at the end of 2021 Belfius had EUR 3.6 million and EUR 82 million of outstanding loans under the first and second state guarantee mechanisms, respectively.

In order to manage its liquidity risk during this crisis, Belfius increased its participation to the targeted longer-term refinancing operations ("**TLTRO**") III in 2021 for an additional amount of EUR 1.4 billion to reach a total amount of TLTRO III funding of EUR 15.7 billion.

The credit risk management ("**CRM**") team, in close cooperation with the business teams, set up several operational processes and mitigation actions to manage COVID-19 impacts, including granular portfolio screening process, credit reviews, credit lines' reduction, request for additional collaterals, refined guidance for analyst rating assignment and many other monitoring measures covering refined early warning systems, detailed transaction analyses, enhanced dashboardings. Also, the COVID-19 buffer conservatively taken in 2020 following the application of the granular provisioning logic was partially released in 2021 in light of the improved macro-economic conditions, the decrease of credit risk observed following a detailed re-assessment of portfolios and the moderate allowance for defaulted loans. The remaining part of the COVID-19 buffer amounted to EUR 216 million as at 31 December 2021. It contains additional provisions to cover for possible second round effects of the pandemic and geopolitical instability, including with respect to energy prices increases and higher inflation. Therefore, even if the expected COVID-19 effects on the overall macro-economic situation and on the key risk indicators of Belfius' loan portfolio did not (yet) materialise, Belfius kept a substantial buffer in 2022 to cover possible second round effects from the pandemic, including the impacts on customers in light of the current surge in energy prices, the effects of higher inflation, the scarcity of resources and labour capacity in several industries, the lifting of remaining support measures and the possible reinstatement of restriction measures in case of resurgence of the pandemic and, also, the geopolitical tensions.

The coverage ratio (i.e., the part secured by collateral) amounted to 60% as at the end of 2021 (being the same level as at the end of 2020).

In terms of financial market risk, the impact of the COVID-19 pandemic was quite material in the course of 2020. In 2021, the markets turned much more positive, while certain uncertainties however still resurfaced at certain times, amongst others due to raising concerns about inflation, in respect of which the impact remained limited for Belfius that, as also indicated above, left untouched the risk measures taken in 2020 (e.g. enhanced detection and monitoring tools, implementation of new limits, improvement of sensitivity analyses, new hedges) on the one hand and performed an important de-risking action on the other hand.

Regarding the COVID-19 impacts on Belfius Insurance SA/NV ("**Belfius Insurance**"), the claims turned out to be very moderate in life and health thanks to the typology of its policyholders which are proportionally much less vulnerable to the virus (e.g. because of the age group to which they belong). In non-life, the contractual conditions preserved the company against massive losses in business interruption and the economic slowdown which followed the lock-down even led to a loss experience below the normal level on branches such as motor and workers' compensation. The effect of the crisis on production (issuance of new contracts) was more noticeable, but it returned to better fortune as the de-containment progressed and the production bounced back to levels close to normal, except in life. In order to maintain the solvency and the profit and loss of the company, actions have been taken proportionate to the risk bearing capacity. At the end of 2021, Belfius Insurance continued to rank amongst the best capitalised Belgian insurers with a Solvency II ratio of 200% (190% after dividend). Moreover, during the year specific monitoring and stress tests were regularly performed to assess Belfius Insurance's resilience. The latest "COVID-19" stress tests assessing the sustainability of Belfius Insurance's financial plan 21-25 (forward-looking view) concluded that the risk exposure is commensurate to the risk appetite of the company.

Given the uncertainty surrounding the further evolution of the COVID-19 crisis, it is impossible at any given time to make a reliable estimate of what the consequences will be for the global economy and, more specifically, for Belfius. The risks linked to the COVID-19 crisis can still have an influence on the risks described hereafter, accounting for potential second round effects (e.g. effects on consumer demand, disruptions of trade flows and production chains require close monitoring).

2.1.1.2. Conflict between Russia and Ukraine (Global Criticality: High)

Geopolitical risks rose significantly with the Russia-Ukraine conflict that started at the end of February 2022. Belfius is closely monitoring the situation and its direct and indirect impacts. Ten years ago, Belfius made a commitment to "never again" conduct business that it is not in line with its strategy, being meaningful and inspiring for the Belgian society. Belfius therefore strongly refocused its activities on the Belgian market. The result thereof is an immaterial impact of the conflict in terms of exposures on Russian, Ukrainian or Belarus counterparts. Belfius' direct exposure (Russian, Ukrainian and Belarus counterparties) is below EUR 1 million. The indirect exposure is currently being assessed. First results tend to show that this exposure is very limited. For instance, based on top-down and bottom-up approaches such as transactions and sectorial analyses, investigations are ongoing to pro-actively identify the weakest part of Belfius' portfolio in light of current energy price increases. As at the date of this Base Prospectus, no material increase of credit risk has been observed, but it cannot be excluded that this will change in the future.

If this conflict would turn into a more pronounced European or worldwide crisis, Belfius expects to still be able to rely on its strong solvency and liquidity position as well as prudent COVID-19 buffers that can be partially used to absorb economic shocks. The severity of this risk is judged as high even though Belfius' direct and indirect exposures are low due to uncertainties of the future knock-on effects of this conflict on its risk management framework.

As at the date of this Base Prospectus it is impossible to fully estimate the impact of the conflict in Ukraine on Belfius. The ongoing uncertainty has and may continue to adversely affect the economy and Belfius' business, results of operations, financial condition and prospects.

2.1.1.3. Credit Risk (Global Criticality: High)

Credit risks are inherent to a wide range of Belfius Bank's businesses.

In order to cover the unexpected credit losses, Belfius Bank applies the Advanced Internal Rating-Based ("**AIRB**") approach to derive its minimum own funds requirement. The AIRB 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**")[2]. Belfius Bank's solvency has been quite resilient in 2021. Belfius' RWA amounted to EUR 65,095 million as at the end of 2021, an increase of EUR 5,786 million compared with EUR 59,309 million as at the end of 2020. This increase is mainly driven by strong growth in commercial activities, still coupled with good credit quality indicators and more stringent regulatory decisions. The RWA for the Danish Compromise increased by EUR 232 million to EUR 9,623 million as at the end of 2021, due mainly to an increase of the equity value of Belfius Insurance.

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 that performed for the capital estimates, the provisions are expressed as point-in-time estimates.

The pro-active management of the ECL relies on the cost of risk ("**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 macro-economic conditions (past and future) (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 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 normal impairment process is run and specific provisions are calculated and booked (pillar 4).

In 2020, the application of the above-mentioned provisioning logic resulted in a CoR of EUR 453 million, of which a COVID-19 driven overlay of EUR 331 million was the most significant contributor, to cover for potential credit risk impacts, especially in the business and corporate segments. In 2021, the CoR had a positive impact on the results of Belfius in an amount of EUR 1 million. The main drivers were the release of the COVID-19 buffer for an amount of EUR 115 million (mainly reflecting improving macro-economic conditions (+EUR 68 million) and a re-assessment of the potential COVID-19 effects on the loan portfolio (+ EUR 47 million)) and a still moderate allowance for defaulted loans of EUR 77 million. Even if the expected impact of COVID-19 effects did not (yet) materialize, uncertainties remain in respect of the sanitary situation and the geopolitical and second round effect levels (e.g. the surge in energy prices, the effects of higher inflation, the scarcity of resources and labour capacity in several industries), leading Belfius to proactively keep a substantial ECL buffer to cover potential future losses. Furthermore, the best practices identified during the detailed screening on the loan portfolios performed at the start and along the COVID-19 crisis have been structurally embedded into the risk-based monitoring framework. For further information, please also refer to the risk factor entitled "*COVID-19 and Risk Management*".

While risk across borrower classes currently remains relatively low, certain categories of loans are subject to higher scrutiny. In particular, the NBB has expressed concern with regard to the lending standards of mortgage loans on the buy-to-let and 'younger first-time buyers' segments for which close monitoring is performed. All in all, the Belgian residential real estate market (outstanding exposure on mortgage loans as at 31 December 2021 stood at a FEAD[3] of EUR 39 billion), represented around 25% of the outstanding loans (expressed in FEAD) to customers within Belfius Bank. Belfius Bank is also closely monitoring its exposures towards commercial real estate as the development of the commercial activities of Belfius Bank is leading to an increase of exposure in this 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). Overall, the public and social sector loans portfolio has always shown high credit standards (average PD at the end of 2021 of 0.10%) and it continues to maintain its very low risk profile, although local authorities remain faced with specific challenges, such as the expected growth of the pension costs related to their statutory staff, the demographic evolution (the ageing population in general and the population growth in the big cities) and social cohesion, and the impact of the tax

[2] The CCF factor accounts for the expected evolution of the off-balance part of the exposure and is used to model the EAD.

[3] Full Exposure At Default.

shift. Another point of attention retaining Belfius' continuous attention is the increasing budget deficits and soaring debts at federal and regional levels, accelerated by the sanitary crisis and the July 2021 floods. For further information on the July 2021 floods, please refer to the section entitled "*Floods in July 2021*" in the section headed "*Belfius Bank SA/NV*". These negative perspectives are embedded into Belfius' sound risk management principles, striving to find the right balance in order to keep remaining a key strong partner of the public sector. Another attention point lies on the hospital sector, which is heavily impacted by the COVID-19 crisis. Belfius' analysis demonstrated that hospitals are not able to absorb such shocks, mainly driving by low margins observed since years. Thanks to federal government intervention, they were kept afloat in 2021.

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 2021 stood at EUR 15.4 billion) is the large outstanding stock of derivatives (total notional of Belfius Bank's ex-legacy derivatives portfolio as at 31 December 2021 stood at EUR 12.7 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 2021 stood at EUR 1.4 billion). The inflation linked nature of these bonds makes them furthermore sensitive to UK real rates[4]. 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 furthermore regularly reassessed.

In 2021, the rating agencies viewed positively the group's credit quality as reflected by the rating actions taken along the year:

- on 24 June 2021, S&P confirmed the long-term rating of Belfius Bank at A- with Stable outlook;
- on 13 July 2021, Moody's upgraded Belfius Bank's junior senior unsecured (non-preferred senior) debt to Baa1 from Baa2 and the junior senior unsecured MTN rating to (P) Baa1 from (P) Baa2. They also confirmed the long-term rating of Belfius Bank at A1 with Stable outlook;
- on 28 October 2021, Fitch confirmed Belfius Bank's long-term rating at A- with Stable outlook;
- on 16 December 2021, S&P raised the long- and short-term ICRs on Belfius Bank to A/A-1 from A-/A-2, the issue ratings on all outstanding senior instruments to A/A-1 from A-/A-2 and the long-term Resolution Counterparty Rating (RCR) to A+ from A. At the same time, S&P affirmed the short-term RCR and the issue ratings on the hybrid instruments and confirmed that the outlook is stable.

With respect to the floods that occurred in Belgium in July 2021, Belfius considers that it took pro-active necessary actions. A joint workgroup between the businesses and the risk department, which also involved impacted subsidiaries such as Crefius and Belfius Insurance, has been set up, allowing for a close monitoring of the mortgage portfolios involving Crefius and Belfius Insurance. Out of these assessments, the impact in terms of credit risk appears to be limited, both in terms of credit exposure and in terms of number of affected clients. This residual impact was embedded in the regular monitoring process. For further information on the July 2021 floods, please refer to the section entitled "*Floods in July 2021*" in the section headed "*Belfius Bank SA/NV*".

2.1.1.4. 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. This

[4] 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).

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.

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.

After two years of COVID-19 crisis, the war in Ukraine has marked a new area of uncertainties and probably a new normal. While inflation and interest rate were expected to rise smoothly at the start of this year, the unexpected escalation of the conflict triggered a sharp increase of inflation and interest rates exacerbated by a recent lockdown in key sectors and areas in China amplifying supply disruptions. The current crisis is a new test to the resilience of the financial system. So far, Belfius' resilience has been quite good confirming the well-founded and sound risk profile. The medium-term impact, including the impact of the inflation/supply shortage, together with uncertainties with regards to the interest rate evolution and the effects on net interest income are managed in order to safeguard the sound risk profile. Important decisions have been taken early 2022 with the progressive turnaround in the IRRBB[5] management to protect net interest income to a maximum extent.

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. By making interest rates negative and by massively buying government bonds, the ECB exerted in 2021 a negative pressure (with yield curve up to 10 years negative for most of the year) on Belfius' NIM. Moreover, the interest rates that Belfius Bank had to pay on its regulated deposits could not go negative, accounting for the 0.11% floor. This constituted a cost for Belfius Bank, as retail deposits are an important source of funding. In this context, the net interest income has been further subject to downwards pressures. However, sound management of interest rate risks to protect the net income against low interest rate, a solid diversified growth in the loan book and additional measures taken by the monetary policy authority (TLTRO) have significantly mitigated these risks. At the opposite, Belfius notes that a 50 bps increase of interest rates has an estimated positive impact on net interest income (before tax) estimated at end of 2021 of around EUR 31 million for the next book year and an estimated cumulative effect of EUR +192 million over a three year period, would the rate increase materially in the future. Belfius is actively managing its interest rate risk strategy updates, relying on a rate scenario-approach to assess potential impacts at economic value of equity and earnings at risk to pro-actively take mitigation actions, including in reviewing the replicating portfolio assumptions or changing the hedging strategy.

A well-designed strategy based on a bank-insurance risk model, the revenue diversification coupled with increased focus on loans risk-based pricing and efforts towards greater efficiency gains underpinned a strong profitability in 2021. In 2021, the consolidated return on normative regulatory equity[6] amounted to 11.8% compared to 6.7% in 2020 (including the extraordinary impact of the COVID-19 crisis on the cost of risk) and 8.8% in 2019.

2.1.1.5. Market Risk (Global Criticality: High)

Market risks are inherent to a range of Belfius Bank's businesses. Aside from the interest rate risk, which is specified in the risk factor entitled "*Profitability*", Belfius Bank is particularly sensitive to profit and loss volatility stemming from value adjustments (xVA's) and credit derivatives. Those are mostly related to the ex-legacy portfolio described above.

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[5] Interest rate risk in the banking book.

[6] RONRE: Risk based pricing metric used at Belfius as a risk on equity measure estimated at a granular level accounting for revenues, costs, expected losses and allocated regulatory capital. In parallel to this approach, Belfius also calculates a RAROC (Risk Adjusted Return on Capital) based on economic capital.

Moreover, the hedging of structured retail products with illiquid equity indices as underlying has structurally increased the equity risk. New derivative single stock activity might also bring additional equity risk. The below table provides an overview of the Value-at-Risk ("**VAR**")[7] by activity as at 31 December 2020 and 31 December 2021:

Value-at-risk by activity

VaR[1] (99% 10 days) (In millions of EUR)	31/12/20				31/12/21			
	IR[2] & FX[3]	Equity	Spread	Other risks[4]	IR[2] & FX[3]	Equity	Spread	Other risks[4]
By activity								
Average	7.3	5.8	1.2	0.4	5.4	4.7	0.6	0.3
EOY	8.7	6.2	0.5	0.4	3.9	2.6	0.2	0.5
Maximum	12.3	8.4	3.6	0.4	14.4	9.7	1.5	0.6
Minimum	4.5	2.6	0.2	0.3	2.4	2.4	0.1	0.3

[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] CO_2 risk.

More elaborately, market risk within Belfius Bank is focused on all financial markets activities of Belfius Bank and encompasses, as mentioned above, 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. To mitigate the market risk impact, important management actions have been taken, such as additional hedges and reduction of open positions. This has, amongst others, led to reduced credit spread sensitivities.

The market risk teams reacted promptly to the COVID-19 crisis by developing new detection and monitoring tools and by taking actions to protect the profit and loss and solvency. The COVID-19 crisis was particularly hard for market risk management (counterparty credit spreads (translated into fair value through profit and loss via credit value adjustment ("**CVA**")) generated huge equity drops, equity volatility, interest rate and foreign exchange swings). Starting the first week of the COVID-19 crisis, actions were taken to further reduce the credit spread sensitivity. The other remaining risk sensitivities, although well within internal limits at the beginning of the crisis, were reduced to a maximum extent. Permanent monitoring between risk management and front office was put in place, including intraday estimates of risks and results as well as a daily reporting to the Management Board. The actions taken throughout the year 2020 led to the implementation of new limits to align with the Management Board's risk appetite, significant improvement of sensitivity analysis (including cross-effects) and proposal for new hedges. These measures appeared very effective following market turmoil resulting from the Russian invasion in Ukraine, limiting the impact on Belfius' portfolio.

At the end of 2021, the CVA RWA[8] decreased by EUR 61 million compared to the end of 2020 due to active management of counterparty credit risk, including the de-risking of legacy credit derivatives, the unwinding of uncollateralised swaps with financial counterparts and an increased use of CCP clearing. At the end of 2021, the market RWA[9] amounted to EUR 1.36 billion, of which EUR 1.0 billion calculated in the internal model and EUR 0.36 billion following the standardised approach.

[7] 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%.

[8] 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.

[9] 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).

2.1.1.6. Operational – Non-Financial Risks (Global Criticality: High)

Non-financial risk ("**NFR**") covers all risks that are not "financial risks" (such as market, asset and liability management ("**ALM**"), liquidity, credit and insurance risks). NFR therefore covers, among others, operational risks (including fraud, HR, IT, IT security, business continuity, outsourcing, data-related and privacy risks) as well as reputational, compliance and legal risks. In light of the increasing NFR environment due to the COVID-19 crisis (e.g. taking into account higher fraud frequencies observed in the market, more home-based working, etc.), Belfius Bank has enhanced its NFR risk monitoring process to anticipate any material events. In case these would materialise, the impact in terms of magnitude could be high, even though, thanks to Belfius Bank's enhanced risk management, the frequency of such events is expected to stay rather low.

NFR management is growing in importance given evolutions of risks and threats (VUCA world) combined with an ambitious business strategy. Furthermore, since March 2020, Belgium has been severely affected by the COVID-19 crisis, which has led to national confinements and the massive and long-term use of teleworking. Moreover, Belfius has committed itself to providing financial support to individuals and companies for getting through the crisis. All these measures have led to adapted working methods and processes, but also to a changed environment in which Belfius operates and to which Belfius reacts in line with several key objectives (protecting health of clients and collaborators, activity continuity, communication process, improvement of NFR tooling framework, update of the Risk Appetite Framework ("**RAF**") with new and actionable key risk indicators ("**KRIs**")). During this crisis, Belfius evidenced operational resilience and successful crisis management thanks to a pro-active approach based on risk analyses and scenarios. In summary, while NFR have been part of Belfius' risk management for many years, the efforts for integrating the NFR culture in Belfius have been paying off in 2020 and 2021: the COVID-19 crisis has actually been a life stress test for NFR, where Belfius has shown its resilience to a combination of multiple operational risks, including IT (security), human capital, business continuity, fraud, cyber and outsourcing risks.

Focusing on specific domains:

- Information security: The purpose of information security is to protect Belfius' information generated by the business, the information belonging to its clients and 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 protect Belfius against these threats and to manage the risks linked to the consequences of these threats. The overall strategy includes Belfius' vision on people and technological and procedural aspects of information security. In order to guarantee the information security, the Information Security Steering ("**ISS**") Committee, hosted by the Chief Information Security Officer ("**CISO**") and chaired by the Chief Risk Officer ("**CRO**"), ensures a well governed and coordinated strategy whereby an adequate system of "prevention", "detection", "protection" and "reaction" is put in place, in line with regulatory requirements and contractual agreements regarding information security. The steering of Belfius' information security relies on tangible figures and quantitative statements. A risk appetite framework is in place for information security, and deviations from this risk appetite are systematically challenged and action plans are put in place. Moreover, large security projects are grouped together in a security roadmap which typically spans the course of two years. The ISS regularly reviews the maturity of the information security awareness via the KRIs in the RAF and via regular updates in the form of dashboards.

- Incident management: This relates to threats against data and information and their loss of integrity, their loss of confidentiality and their unplanned unavailability. The mission of information security is to guard against these threats. Belfius has a framework applicable to all actions pertaining to information security. Belfius Bank's RAF monitors and supports the information security strategy. It includes qualitative statements and quantitative KRIs explicitly related to information security stipulating how Belfius wants to meet the highest standards of information security (e.g. the 'Be Aware' and 'Be

Resilient' metrics). Also, 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 occur. Major incidents are investigated thoroughly and are reported to the CRO and the Management Board. Such incidents are also subject to specific action plans and appropriate follow-up. In 2021, the main areas of operational losses were essentially due to incidents associated with external fraud and incidents in relation to execution, delivery and process management for which prompt actions have been put in place. 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: The respect for privacy and the protection of personal data is a key commitment at Belfius and is reinforced by Belfius' commitment under the governance component of its ESG-strategy. This is communicated externally by means of Belfius' privacy charter. Internally, this is translated into a privacy policy and corresponding guidelines, a sound internal governance and principles to be followed in respect of the General Data Protection Regulation ("**GDPR**"). Belfius is also very committed to avoid personal data breaches and to manage any incident as quickly as possible. All activities dealing with personal data are centrally documented by the business lines in a privacy register. GDPR conformity, including a risk assessment for the rights and freedom of the persons whose personal data are treated, is structurally integrated into every approval process to offer (existing, adapted and new) products, innovative digital tools, services and information sharing to its clients. In order to continuously guarantee data privacy within Belfius, a dedicated steering related to GDPR meets on a regular basis. Belfius' management and several committees are informed on a recurring basis about GDPR conformity within Belfius. A global risk appetite framework is in place for data privacy, and deviations from this risk appetite are challenged and, if needed, lead to mitigation actions. A network of privacy correspondents, active in each department, supports and advises the staff members in the first line regarding GDPR. They work closely with the DPO (Data Privacy Officer) to continuously raise awareness, control and monitor processes and activities being in line with GDPR. In this context, GDPR-awareness is passed on to all staff members via mandatory GDPR e-learnings and via an extensive communication. E-learning is subject to a three-yearly cycle of repetition and the response rate is now monitored and reported in a KRI as part of the RAF. GDPR data subject rights can be executed by data subjects via multiple channels, including Belfius' online applications and mobile apps. In 2021, more than 98% of the data subject rights are asked via Belfius' online app and receive 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). It is therefore monitoring the threats continuously and is managing fraud risk based on a global anti-fraud policy defined and steered by senior management. The roles and responsibilities have been clearly defined, which implies concretely that business and support lines are the first risk managers. The CRO and NFR team, including the anti-fraud officer as expert, have a second line of defence role, completed by internal audit as the third line of defence. In a context of evolving digital channels and faster payments processing, internal controls are continuously screened to prevent fraud in order to protect the interests of Belfius and its employees, customers, suppliers and other stakeholders.

- Outsourcing risk: Belfius tries managing outsourcing and third-party risk 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 the appointment of the outsourcing function and the set-up of the Outsourcing Management (steering) Committee, whose mission consists in ensuring a well governed and coordinated outsourcing in line with Belfius' strategy, risk appetite and regulatory requirements. Monitoring and control of the

significant providers, in particular to whom personal data is transferred, has been sharpened within the three lines of defence.

- Physical security & workplace safety: Belfius has a very low appetite for these risks and it strives to provide a secure environment to its staff, clients, visitors and assets by ensuring that physical security measures and procedures meet high standards. To reach this goal, a Security Steering Committee systematically monitors the overall situation by means of a dashboard. It also acts as a forum to reflect on actual incidents and on action plans to reduce the risk to acceptable levels whenever needed. In this context, the floods in Belgium in July 2021 impacted a limited number of branches. Belfius' top priority was ensuring safety of its employees in the impacted agencies. They were all pro-actively evacuated and (psycho-)assistance was also available. Next, security systems in the branches were disabled. A workaround with the private security firms was created, ensuring frequent visits from security officers at the impacted agencies. Finally, in the five agencies that were closed, a secured transport was organised in order to retrieve funding from the ATMs and of other values, if present. The clients with a safe deposit box in these agencies were all contacted to open it, check for any damage and, if this was the case, lay down an insurance claim. For further information on the July 2021 floods, please refer to the section entitled "*Floods in July 2021*" in the section headed "*Belfius Bank SA/NV*".

- 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 2021, 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.

If any of the above risks materialise, this may have an adverse impact on Belfius' business, results of operations, financial condition and prospects.

2.1.1.7. Liquidity (Global Criticality: Medium)

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.

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 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 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 KRIs 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 3-month horizon), the short and long-term liquidity risks are managed, respectively, by means of the regulatory liquidity coverage ratio ("**LCR**") – 1-month horizon and the net stable funding ratio ("**NSFR**" – 1 year).

During 2021, Belfius preserved its diversified liquidity profile by maintaining a funding surplus with the commercial balance sheet, by continuing to obtain diversified long-term funding from institutional investors and by collecting short and medium-term deposits also from institutional investors. Belfius Bank participated in the ECB TLTRO III funding program for an amount of EUR 15.7 billion with the purpose to finance investment needs of small and medium-sized enterprises ("**SMEs**"), social sector and retail clients (mortgage loans excluded). At the end of 2021, Belfius Bank reached a twelve-month average LCR of 195%. The LCR of Belfius Bank has remained within its driving range during 2021 with a strong increase after the participation in the TLTRO. The NSFR, based on the binding CRR2 rules and calculated according to EBA templates, stood at 136% at end of 2021.

The driving factors behind these sources of liquidity risk are to a certain extent beyond the control of Belfius Bank as they are linked to the evolution of the financial and interbank markets, and to the banking regulations. As the funds collected from retail and other clients constitute an important share of Belfius Bank's liabilities, adverse market events, such as unexpectedly strong and lasting increase in interest rates, may trigger changes in the behaviour of Belfius Bank's clients in such a way that liquidity risk actually materialises despite Belfius Bank's prudent liquidity management. Further to this, and related to the ex-legacy portfolio, collateral outflows linked to Belfius Bank's large outstanding stock of derivatives and bonds composed of long-term inflation linked bonds issued by highly regulated UK utilities and infrastructure companies may arise, depending on the movement of the UK real interest rate. This risk is closely monitored by Belfius Bank.

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 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 ensures 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 MREL requirements rather than by an expected liquidity shortfall. In this context, in 2021 Belfius issued EUR 0.5 billion senior preferred bonds, EUR 0.5 billion senior non-preferred bonds and EUR 0.5 billion Tier 2 instruments. Aside from the liquidity benefit, these issuances will enable Belfius to further contribute to the MREL requirements.

2.1.1.8. 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.

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, 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 ST exercise, results of transversal EBA benchmarking assessment, etc.).

2.2. Risks related to Belfius Financing Company

(with regards to the risks related to Belfius Financing Company as individual entity, Global Criticality: low)

Belfius Financing Company is a fully owned subsidiary of Belfius Bank whose principal purpose is to raise funds to be on-lent to Belfius Bank. Notes issued by Belfius Financing Company under the Programme are guaranteed by Belfius Bank pursuant to the Guarantee. This means that the capacity of Belfius Financing Company to repay the Notes issued by it, depends mainly on Belfius Bank. In other words, the risk is transferred to Belfius Bank being the Guarantor in this context. Noteholders should therefore also take note of the risk factors in respect of Belfius Bank. It implies that, if the Guarantor's financial condition was to deteriorate, the Issuer and Noteholders may be impacted negatively. The Noteholders may lose all or part of their investment in the Notes in case the Issuer and/or the Guarantor become insolvent or are unable to fulfil their obligations under the Notes and the Guarantee, respectively.

2.3. Risks related to the Notes and the Guarantee

2.3.1. Risks related to the Nature of the Notes

2.3.1.1. Risks related to the Liquidity of the Notes

The Notes may have no established trading market or if a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is the case for Notes that are particularly sensitive to interest rate, exchange rates or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and a higher price volatility than conventional debt securities. The liquidity of the Notes 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 Notes. In addition, where a Noteholder is seeking to achieve a sale of the Notes within a short timeframe, such lower liquidity will negatively impact the selling price of the Notes.

2.3.1.2. Risks related to the Bail-in of the Notes

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 minimize taxpayers' exposure to losses.

This means that Noteholders may lose some or all of their investment (including outstanding principal and accrued but unpaid interest) as a result of the exercise by the resolution authority of the "bail-in" resolution tool. This tool

may be exercised in respect of Belfius Bank, both in respect of Notes issued by it and the Guarantee granted by it in connection with Notes issued by Belfius Financing Company.

The "bail-in" resolution tool is exercised by the national resolution authority that has the power to bail-in (*i.e.* write down or convert) liabilities more subordinated than the Belfius Bank Notes, if any, (such as the claims of non-preferred creditors of Belfius Bank) and preferred senior debt (such as the Belfius Bank Notes and the Guarantee), after having written down or converted Tier 1 capital instruments and Tier 2 capital instruments. The bail-in power will enable the National Resolution Authority to recapitalise a failing institution by allocating losses to its shareholders and unsecured creditors (including the holders of Belfius Bank Notes) in a manner which is consistent with the hierarchy of claims in an insolvency of a relevant financial institution. The bail-in power includes the power to cancel a liability or modify the terms of contracts for the purposes of deferring the liabilities of the relevant financial institution and the power to convert a liability from one form to another.

In summary (and subject to the implementing rules), it is expected that the national resolution authority will be able to exercise its bail-in powers if the following (cumulative) conditions are met:

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

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

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

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

(iv) Belfius Bank requests extraordinary public financial support,

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

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

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

For the avoidance of doubt, under the Guarantee the Guarantor guarantees the obligations owed by Belfius Financing Company to the holders of Belfius Financing Company Notes. The bail-in tool might also apply to a guarantee obligation such as the Guarantee. As a result, the bail-in tool, if applied to liabilities of the Guarantor, could effectively limit the extent of a recovery under the Guarantee.

2.3.1.3. Risks related to non-capital-guaranteed Notes

Some Notes are not capital-guaranteed, meaning that the invested principal may not be repaid in full upon early redemption or at maturity, as the case may be. This means that Noteholders of a non-capital guaranteed Note could lose all or a substantial portion of the invested principal, and, if such principal is lost completely, interest may cease to be payable on such Note.

2.3.1.4. The market value of an issue of Notes can be affected by various factors

The market value of an issue of Notes 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 Issuers and the Guarantor (as applicable), 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 Noteholder will be able to sell any Notes prior to maturity may be at a discount, which could be substantial, to the market value of such Notes on the issue date. Potential investors should consider reinvestment risk in light of other investments available at that time.

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

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. Certain fees and costs will be set out in the relevant Final Terms, but there may be other fees and costs which may impact the Noteholders' actual yield. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro rata commissions depending on the order value. To the extent that additional parties – domestic or foreign – are involved in the execution of an order, including, but not limited to, domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (i.e., third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Noteholders 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 Notes before investing in the Notes.

2.3.1.6. A Noteholder's return on the Notes may be affected by inflation

The real return which an investor will receive on its Notes 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 Notes will be reduced or will even be negative.

2.3.1.7. Risks related to Reinvesting Risk

Noteholders are exposed to the reinvestment risk in several situations. For example, reinvestment risk arises in a declining interest rate environment because Noteholders 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 Notes. Reinvestment risk can be increased by the fact that Notes may include a redemption at the option of the Issuer (Call Option). If a Call Option is provided to be applicable in the relevant Final Terms, the Issuer may, redeem all or, if so provided, some of the Notes on the date or dates so provided. The Issuer may be expected to redeem Notes among others when its cost of borrowing is lower than the interest rate on the Notes.

2.3.1.8. Risks related to Change of Tax Law

The Terms and Conditions of the Notes are, save to the extent referred to therein, based on legislation in effect as at the date of issue of the Notes. 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.* EU Financial Transaction Tax) or administrative practice after the date of issue of the Notes. 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 Notes may change at any time (including during any subscription period or the term of the Notes). Any such change may have an adverse effect on a Noteholder, including that the Notes may be

redeemed before their due date, their liquidity may decrease and/or the tax treatment of amounts payable or receivable by or to an affected Noteholder may be less than otherwise expected by such Noteholder.

2.3.2. Risks related to the terms of the Notes

2.3.2.1. Risks related to Underlyings

Investors should note that Notes which are linked to an Underlying encompass both risks relating to the relevant Underlying and risks that are linked to the Note itself.

Such risks relating to the Underlying may be linked, depending on the characteristics of the relevant Notes, to the occurrence of a Potential Adjustment Event, an Extraordinary Event, a Market Disruption Event, a Commodity Index Event or an Event affecting the relevant Index, in which case the Calculation Agent may make adjustments or determinations as it, acting in good faith, deems appropriate, all as more fully described in the Terms and Conditions of the Notes.

2.3.2.2. Risks related to Notes which are linked to "benchmarks"; benchmark discontinuation

Reference Rates and indices, including interest rate benchmarks, such as the Euro Interbank Offered Rate ("**EURIBOR**"), which are used to determine the amounts payable under financial instruments or the value of such financial instruments ("**Benchmarks**") have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on any Notes referencing or linked to such Benchmark.

In particular, with respect to EURIBOR, the European Money Markets Institute ("**EMMI**"), as administrator, conducted in-depth reforms over the last few years to meet the requirements of the EU Benchmark Regulation, strengthening its governance framework and developing a hybrid methodology for EURIBOR. On 2 July 2019, EMMI was granted an authorisation by the FSMA under the EU Benchmark Regulation for the administration of EURIBOR.

Any changes to the administration of a Benchmark or the emergence of alternatives to a Benchmark as a result of these reforms, may cause such Benchmark to perform differently than in the past or to be discontinued, or there could be other consequences which cannot be predicted. The potential discontinuation of a Benchmark or changes to its administration could require changes to the way in which the rate of interest is calculated in respect of any Notes referencing or linked to such Benchmark. Uncertainty as to the nature of alternative reference rates and as to potential changes to a Benchmark may adversely affect such Benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities based on the same Benchmark. The development of alternatives to a Benchmark may result in Notes linked to or referencing such Benchmark performing differently than would otherwise have been the case if such alternatives to such Benchmark had not developed. Any such consequence could have a material adverse effect on the value of, and return on, any Notes referencing or linked to a Benchmark.

2.3.2.3. No Noteholder may exercise or claim any right of set-off, netting, compensation or retention in respect of any amount owed to it by the Issuers arising under or in connection with the Notes

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

2.3.2.4. Risks related to Fixed and Floating Interest Rates

Notes which are "Fixed to Floating Rate Notes" or "Floating to Fixed Rate Notes" may bear interest at a rate that may be converted from a fixed rate to a floating rate, or from a floating rate to a fixed rate on a date specified in the applicable Final Terms. After conversion, the spread on the Fixed to Floating Rate Notes may be less favorable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. After conversion from a floating rate to a fixed rate, the fixed rate may be lower than the then prevailing rates on the issuer's Notes.

2.3.2.5. Risks related to Notes which qualify as "Green Notes" which have a particular use of proceeds identified in the applicable Final Terms

The applicable Final Terms with respect to an issue of Notes may provide that the relevant Issuer intends to apply an amount equal to the net proceeds of the issue to finance and/or refinance, in whole or in part, loans and investments realised by Belfius to finance projects and/or assets (the "**Eligible Green Assets**"), as described in the applicable Final Terms and in Belfius' Green Bond Framework (as defined in the section headed "Use of Proceeds"), such Notes being referred to as "Green Notes".

Notes issued as Green Notes may not be a suitable investment for all investors seeking exposure to green assets. Any failure to use the net proceeds of any Green Notes in connection with green or sustainable projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain environmentally focused investors with respect to such Green Notes, may affect the value and/or trading price of the Green Notes, and/or may have consequences for certain investors with portfolio mandates to invest in green or sustainable assets.

In connection with each issue of Green Notes under the Programme, Belfius has requested Sustainalytics, a sustainability rating agency, to issue an independent opinion (the "**Second Party Opinion**") confirming the sustainability of the Green Bond Framework and alignment of it with the International Capital Market Association ("**ICMA**") Green Bond Principles 2018 (the "**ICMA Green Bond Principles**"). The ICMA Green Bond Principles 2018 are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market, which may be updated from time to time. The Second Party Opinion is available on the website of Belfius (https://www.belfius.be/about-us/en/investors/debt-issuance/green-bonds). The Second Party Opinion and the contents of such website do not form part of, nor are they incorporated into, this Base Prospectus.

No assurance is or can be given to investors by the Issuers or any other person that any projects or uses the subject of, or related to, any Green Notes will meet or continue to meet on an ongoing basis any or all investor expectations regarding "green", "sustainable", "social" or similar labels (including Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the so called "**EU Taxonomy Regulation**") or Regulation (EU) 2020/852 as it forms part of domestic law in the United Kingdom by virtue of the EUWA) or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, Belfius' Green Bond Framework. The EU Taxonomy Regulation is subject to further development through delegated regulations. The European Commission furthermore published a legislative proposal for a European green bond standard, which provides a common framework of rules for issuers of bonds that voluntarily wish to use the designation of 'European green bond' or 'EuGB' for bonds where the proceeds are used to finance green assets or projects and that pursue environmentally sustainable objectives under the EU Taxonomy Regulation.

There can be no assurance by the Issuers or any other persons that the use of the net proceeds of Green Notes identified in the applicable Final Terms will satisfy, whether in whole or in part, any present or future legislative or regulatory requirements (including the EU Taxonomy Regulation and the European green bond standard), or any present or future investor expectations or requirements with respect to investment criteria or guidelines with which any investor or its investments are required to comply under its own by-laws or other governing rules or investment portfolio mandates. Each prospective investor should have regard to the factors described in the Green Bond Framework of Belfius and determine for itself the relevance of the information contained in this Base

Prospectus and any applicable Final Terms regarding the use of proceeds and its purchase of the Green Notes, based upon such investigation as it deems necessary.

While it is the intention of the Issuers to apply the proceeds of any Green Notes in, or substantially in the manner described in, the applicable Final Terms, there can be no assurance that such application of the net proceeds will be capable of being implemented in, or substantially in, such manner and/or in accordance with any timeframe, or that such proceeds will be disbursed as planned. Nor can there be any assurance that such Green Notes or the activities or projects they finance and/or refinance will have the results or outcome (whether or not related to environmental, sustainability, or other objectives) originally expected or anticipated by the Issuers. If such application is not completed, or is completed leading to a result not originally anticipated, this will not give rise to any claim of a Noteholder against the relevant Issuer, be an event of default under the Green Notes, lead to an obligation of the relevant Issuer to redeem the Green Notes, or jeopardise the qualification of the Green Notes as own funds or eligible liabilities of Belfius Bank (as applicable). For the avoidance of doubt, payments of principal and interests on the relevant Green Notes shall not depend on the performance of the relevant projects nor have any preferred right against such assets.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by Belfius) which may be made available in connection with each issue of any Green Notes and in particular as to whether or not any Eligible Green Assets fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification (including the Second Party Opinion) (i) is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus, (ii) may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed in this section and other factors that may affect the value of any Green Notes, (iii) is not, nor should be deemed to be, a recommendation by the Issuers or any other person to buy, sell or hold Green Notes and (iv) would only be current as of the date that it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in the Green Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

Any such event or failure to apply the proceeds of any issue of Green Notes as described in the Final Terms, any withdrawal of any applicable opinion or certification, any opinion or certification to the effect that Belfius is not complying in whole or in part with criteria or requirements covered by such opinion or certification or any change to the selection criteria will not result in an event of default under the Notes and may have an adverse effect on the value of the Notes, and may result in adverse consequences for certain investors with portfolio mandates to invest securities to be used for a particular purpose.

Notwithstanding any use of the net proceeds of the Green Notes identified in the applicable Final Terms, investors should note that (i) such transactions will be fully subject to the CRR eligibility criteria and BRRD requirements for own funds and eligible liabilities instruments, as applicable, and, as such, proceeds from Green Notes qualifying as own funds or eligible liabilities should cover all losses in the balance sheet of Belfius Bank, regardless of their green label, (ii) the Green Notes can be subject to bail-in and write-down or conversion powers and (iii) this will not affect the particular status of such Green Notes as identified in the applicable Final Terms, including, as applicable, in terms of subordination, loss absorbency features and regulatory treatment. In this respect, please also refer to the risk factor entitled "*Risks related to the Bail-in of the Notes*".

2.3.2.6. Risks related to Foreign Currency Notes

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

The relevant Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that

exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency or the Specified Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the equivalent yield on the Notes in the Investor's Currency, (ii) the equivalent value of the principal payable on the Notes in the Investor's Currency and (iii) the equivalent market value of the Notes in the Investor's Currency.

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

2.3.2.7. Risks related to Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include such features. Moreover, the reference rate could be zero or even negative. Even if the relevant reference rate becomes negative, it will still remain the basis for the calculation of the interest rate, and a margin, if applicable, will be added to such negative interest rate. For the avoidance of doubt, the Noteholders will never be required to pay a coupon to the Issuer or the Guarantor.

2.3.2.8. Risks related to early redemption of the Notes

The Terms and Conditions of the Notes provide that Notes may be redeemed prior to their stated maturity if (i) Partial Redemption is provided to be applicable in the relevant Final Terms, (ii) Call Option is provided to be applicable in the relevant Final Terms, at the option of the Issuer, and (iii) Mandatory Early Redemption is provided to be applicable in the relevant Final Terms and one or more Trigger Events (as will be defined in the relevant Final Terms) occur.

An early redemption of the Notes is likely to limit the market value of such Notes. Where the Issuer has the option to redeem the Notes prior to their stated maturity, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed during any period when the Issuer may elect to redeem such Notes. This may also be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes.

Investors that choose to reinvest moneys they receive through an early redemption of Notes may be able to do so only in securities with a lower yield than the redeemed Notes. Potential investors should consider reinvestment risk in light of other investments available at that time.

2.3.2.9. No limitation on issuing or guaranteeing debt ranking *pari passu* with the Notes

There is no restriction in the Conditions on the amount of debt which the Issuers may issue or guarantee. The Issuers and the Guarantor 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 Notes, which may have better terms than the Notes (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 Noteholders in case of default or insolvency.

2.3.3. Risks in connection with the Guarantee

2.3.3.1. The Guarantor may not have the ability to pay all amounts due under the Belfius Financing Company Notes

The Guarantor may not be able to pay all amounts due under the Belfius Financing Company Notes in the event of a claim under the Guarantee. If the holders of the Belfius Financing Company Notes were to demand payment from the Guarantor under the Guarantee, it is uncertain that that it will be able to pay the required amount in full.

The Guarantor's ability to repay the Belfius Financing Company Notes will depend on its financial position at the time of the call under the Guarantee, and may be limited by law, by the terms of its indebtedness and by the agreements that it may have entered into on or before such date, which may replace, supplement or amend its existing or future indebtedness.

The Guarantor's failure to pay amounts due under the Belfius Financing Company Notes may result in an event of default under the terms of other outstanding indebtedness of the Issuers and the Guarantor.

2.3.3.2. Each holder of Belfius Financing Company Notes must call upon the Guarantee at its own initiative

Each holder of Belfius Financing Company Notes will have to call the Guarantee at its own initiative. The amount that the holder of Belfius Financing Company Notes will be able to receive may depend on the moment the call under the Guarantee is made. Potential investors should also take into account that a call under the Guarantee may give rise to certain costs.

2.3.4 Operational risks

2.3.4.1. Reliance on the procedures of the Securities Settlement System and Securities Settlement System participants or other clearing systems where the Notes are represented or deposited for transfer, payment and communication with the Issuers

The Belfius Bank Notes will be issued in dematerialised form in accordance with the Belgian Code of Companies and Associations and cannot be physically delivered. The Belfius Bank Notes will be represented by book entries in the records of the Securities Settlement System. Access to the Securities Settlement System is available through the Securities Settlement System participants whose membership extends to securities such as the Belfius Bank Notes. The Securities Settlement System participants include certain banks, stockbrokers ("*beursvennootschappen"/"sociétés de bourse"*), and Euroclear Bank SA/NV ("**Euroclear**"), Clearstream Banking Frankfurt ("**Clearstream**"), SIX SIS AG ("**SIX SIS**"), Monte Titoli S.p.A. ("**Monte Titoli**"), Interbolsa S.A. ("**Interbolsa**"), Euroclear France SA ("**Euroclear France**") and LuxCSD S.A. ("**LuxCSD**").

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

The Belfius Financing Company Notes will be issued in dematerialised form or in bearer form in accordance with applicable Luxembourg law. The Belfius Financing Company Notes which are issued in dematerialised form will be represented by a book-entry in the records of the Securities Settlement System. The Belfius Financing Company Notes which are issued in bearer form will be represented by a Permanent Global Note, deposited with the common depositary for Euroclear and Clearstream Banking S.A. and will not be exchangeable for definitive notes.

Neither the Issuers, nor the Guarantor, nor any Agent will have any responsibility for the proper performance by the Securities Settlement System or the Securities Settlement System participants or any other clearing systems where the Notes are represented or deposited (as applicable) of their obligations under their respective rules and operating procedures.

A Noteholder must rely on the procedures of the Securities Settlement System, the Securities Settlement System participants or such other clearing systems where the Notes are represented or deposited (as applicable) to receive payments under the Notes, make transfers and receive communications from the Issuers. The Issuers, the Guarantor nor any Agent will have any responsibility or liability for the records relating to, payments made in respect of, or delays of communication with regards to the Notes within the Securities Settlement System, the Securities Settlement System participants or such other clearing systems where the Notes are represented or deposited (as applicable).

3. CHOICES MADE BY THE ISSUERS

According to Article 8 of the Prospectus Regulation, the Issuers have chosen to issue notes under a base prospectus. The specific terms of each Tranche will be set forth in the applicable Final Terms. In addition, the Issuers choose the Kingdom of Belgium as their home Member State for purposes of the Prospectus Regulation.

The Issuers have freely defined the order in the presentation of the required items included in the schedules and building blocks 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 Noteholders 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 Issuers so determine.

4. RESPONSIBILITY STATEMENT

(Annex 6.1 and 14.1 of Commission delegated regulation (EU) 2019/980)

Belfius Financing Company as Issuer and Belfius Bank as Issuer or Guarantor accept responsibility for the information given in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. Having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

In addition, in the context of any Public Offer (as defined above), the Issuers also accept responsibility as set forth above for the content of this Base Prospectus, in relation to any person (an "**Investor**") to whom any offer of Notes is made by any financial intermediary to whom the relevant Issuer has given its consent to use this Base Prospectus in connection with Public Offers of the Notes, subject to the conditions set out below (an "**Authorised Offeror**"). However, the relevant Issuer does not have any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such Public Offer.

Pursuant to the paragraph above, and if so specified in the Final Terms in respect of any Tranche of Notes, the relevant Issuer consents to the use of this Base Prospectus in connection with a Public Offer of the relevant Notes by each Authorised Offeror on the following basis:

(a) such consent is given only for the use of this Base Prospectus, as supplemented from time to time, in relation to Public Offers of Notes occurring within 12 months from the date of this Base Prospectus;

(b) such consent relates only to the offer period of the applicable Public Offer (the "**Offer Period**");

(c) such consent only relates to Public Offers made in Belgium;

(d) the relevant Authorised Offeror is authorised to make Public Offers under the MiFID Directive and applicable legislation implementing the MiFID Directive provided, however, that, if any Authorised Offeror ceases to be so authorised, then the consent of the Issuer shall be given only for so long as each Authorised Offeror is so authorised to make Public Offers under the MiFID Directive and applicable legislation implementing the MiFID Directive;

(e) any other conditions relating to the relevant Public Offer (as specified in the relevant Final Terms) are complied with.

Details of the Offer Period, and any other conditions relating to the Public Offer and the names of the Authorised Offeror(s) will be specified in the Final Terms relating to a Tranche of Notes.

The relevant Issuer may give its consent to additional financial intermediaries after the date of the relevant Final Terms and, if it does so, the relevant Issuer will publish the relevant information in relation to them on http://www.belfius.be.

Any Authorised Offeror wishing to use this Base Prospectus in connection with a Public Offer as set out above is required, for the duration of the relevant Offer Period, to state on its website that it uses this Base Prospectus for such Public Offer in accordance with the consent of the relevant Issuer and the conditions attached thereto.

The Issuers have not authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use this Base Prospectus in connection with its offer of any Notes unless (i) the offer is made by an Authorised Offeror as described above or (ii) the offer is otherwise made in circumstances falling within an exemption from the requirement to publish a prospectus under the Prospectus Regulation. Any such unauthorized offers are not made on behalf of the Issuers and the Issuers have no responsibility or liability for the actions of any person making such offers. If, in the context of a Public Offer, an Investor is offered Notes by a

person which is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for this Base Prospectus for the purposes of the relevant Public Offer and, if so, who that person is. If an Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents it should take legal advice.

An Investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocation and settlement arrangements (the "**Terms and Conditions of the Public Offer**"). The Issuer will not be a party to any such arrangements with Investors in connection with the offer or sale of the Notes and, accordingly, this Base Prospectus and any Final Terms will not contain such information. The Terms and Conditions of the Public Offer shall be published by that Authorised Offeror on its website at the relevant time. None of the Issuers, the Guarantor nor any Dealer has any responsibility or liability for such information.

5. DOCUMENTS INCORPORATED BY REFERENCE

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

(i) the audited consolidated accounts of Belfius Bank for the years ended 31 December 2020[10] and 31 December 2021[11], including the reports of the statutory auditors in respect thereof; and

(ii) the disclosure documents on alternative performance measures ("**APM**") for the years ended 31 December 2020[12] and 31 December 2021[13],

each of which are incorporated by reference in this Base Prospectus.

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

This Base Prospectus should also be read and construed in conjunction with the audited accounts of Belfius Financing Company for the years ended 31 December 2020 and 31 December 2021, including the reports of the statutory auditors in respect thereof, each as incorporated in Annex 5 of this Base Prospectus.

In accordance with Article 8(11) of the Prospectus Regulation, this Base Prospectus should also be read and construed in conjunction with the form of the Final Terms, the relevant Final Terms and the relevant Terms and Conditions of the Notes from the previous base prospectus relating to the Programme which was approved by the FSMA on 25 May 2021 (and which is replaced and superseded by this Base Prospectus) with respect to any Notes offered to the public and which offer continues after the expiration of such previous base prospectus under which it was commenced, which are incorporated by reference in 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 Belfius Bank (https://www.belfius.be).

The tables below set out the relevant page references for:

(a) the (i) consolidated balance sheet, (ii) consolidated statement of income, (iii) consolidated statement of comprehensive income, (iv) consolidated statement of change in equity, (v) consolidated cash flow statement, (vi) notes to the consolidated financial statements, (vii) audit report on the consolidated accounts, (viii) non-consolidated balance sheet, (ix) non-consolidated statement of income, (x) audit report on the non-consolidated accounts, (xi) APMs of Belfius Bank for the financial years ended 31 December 2020 and 31 December 2021 and (xii) information on the COVID-19 crisis, for the years ended 31 December 2020 and 31 December 2021 of Belfius Bank; and

(b) the accounting policies, notes and auditors' reports of Belfius Financing Company for the financial years ended 31 December 2020 and 31 December 2021 (each as also incorporated in Annex 5 of this Base Prospectus).

[10] Available on https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/bel_RA2020_eng.pdf

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

[12] Available on https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/bel_APM_2020.pdf

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

Information contained in the documents incorporated by reference or incorporated in Annex 5 (as applicable) other than information listed in the table below is for information purposes only and does not form part of this Base Prospectus. Such non-incorporated parts are deemed not relevant for the investor or are covered elsewhere in this Base Prospectus.

The balance sheet and statement of income of Belfius Financing Company can be found in the section headed "6. Belfius Financing Company S.A." of this Base Prospectus.

(reference to pages of the Reports)	**Annual Report 2020 Audited**	**Annual Report 2021 Audited**
Balance Sheet	6	6
Statement of Income	12	12
Audit Report on the Accounts	1	1
Notes to the Accounts	15	15

The consolidated balance sheet and consolidated statement of income of Belfius Bank can be found in the section headed "7. Belfius Bank SA/NV" of this Base Prospectus.

(reference to pages of the Reports)	**Annual Report 2020 (English version) audited**	**Annual Report 2021 (English version) audited**
Consolidated balance sheet	194	238
Consolidated statement of income	196	240
Consolidated statement of comprehensive income	198	241
Consolidated statement of change in equity	200	243
Consolidated cash flow statement	205	248
Notes to the consolidated financial statements	208	252
Audit report on the consolidated accounts	344	395
Non-consolidated balance sheet	352	404
Non-consolidated statement of income	355	407
Audit report on the non-consolidated accounts	357	409
Information on the COVID-19 crisis	15 to 18; 117; 124 to 145; 207	24; 167 to 184; 250

(reference to pages of the documents)	**Alternative performance measures 2020**	**Alternative performance measures 2021**
common equity tier 1 ratio	1	1
tier 1 ratio	1	1
total capital ratio	1	1
leverage ratio	2	2
solvency II ratio	2	2
net interest margin	3	3
cost-income ratio	3	3

asset quality ratio	3	4
coverage ratio	4	4
liquidity coverage ratio	2	2
net stable funding ratio	2	2
return on equity	4	4
total savings and investments	5	5
total loans to customers	6	6
ALM liquidity bond portfolio	6	6
ALM yield bond portfolio	6	6
credit guarantee portfolio	6	7
funding diversification	7	7
adjusted results	9	10

6. BELFIUS FINANCING COMPANY S.A.

(Annex 6.4 of Commission delegated regulation (EU) 2019/980)

6.1. General Information

Belfius Financing Company S.A., established on 29 October 2010 for an unlimited duration and incorporated under Luxembourg law, is registered with the Register of Commerce and Companies of Luxembourg under number B 156767 ("**R.C.S Luxembourg"**). The articles of association of the Issuer were last amended and restated by notarial deed on 7 May 2014.

Its registered office is located at 20, rue de l'Industrie, L-8399 Koerich, Grand Duchy of Luxembourg.

Its contact details for the purpose of this Base Prospectus are the following:

Belfius Financing Company S.A.

20, rue de l'Industrie, L-8399 Koerich, Grand Duchy of Luxembourg

LEI: 222100XN1KG7XBC16R52

Telephone: +352 27 32 95 1

Website: https://www.belfius-financingcompany.lu

Belfius Financing Company has existing senior bonds outstanding. Only one bond is still listed for trading on the Luxembourg Stock Exchange.

Since 7 May 2014, the Company merged with Belfius Funding N.V., a company incorporated under Dutch Law. In this merger, Belfius Funding N.V. ceased to exist by way of absorption of Belfius Funding N.V. by Belfius Financing Company S.A. The shares in the capital of both Belfius Funding N.V. and Belfius Financing Company S.A. were held by the same (sole) shareholder, Belfius Bank SA/NV.

According to Article 4 of its articles of association, the purpose of the Company is:

(a) to hold shareholdings and stakes, in any form whatsoever, in any commercial, industrial, financial or other Luxembourg or foreign company or undertakings, as well as to manage and optimise these stakes;

(b) to acquire by way of participations, contributions, guarantees, acquisitions or options, negotiation or any other means, securities, rights, patents, licenses and other assets, provided the Company considers it appropriate to do so, and in general to hold, manage, optimise, sell or transfer the aforementioned, in whole or in part;

(c) to take part in commercial, financial or other transactions and to grant to any holding company, subsidiary, associated or affiliated company or any other company belonging to the same corporate group as the Company any financial assistance, loan, advance or guarantee;

(d) to borrow, raise funds by any means whatsoever (including without limitation the issuance of preferred equity certificates (PECs) (nonconvertible or convertible into shares), loans, bonds, acknowledgements of debt and any other form of debt or type of instrument) and to ensure the reimbursement of any borrowed amount; to perform all operations directly or indirectly related to this purpose.

Belfius Financing Company may grant pledges, guarantees, liens, mortgages and any other type of security (surety), as well as any form of compensation, to Luxembourg or foreign entity(ies) in relation to its own obligations and debts, or in relation to the obligations and debts of subsidiaries, associated or affiliated companies or any company belonging to the same corporate group.

Belfius Financing Company may acquire immovable property located abroad or in Luxembourg.

Belfius Financing Company may, moreover, perform any commercial, technical or financial transactions, involving movable or immovable property, which are directly or indirectly related to the abovementioned purpose.

As at 31 December 2021, the share capital of Belfius Financing Company amounts to EUR 3,094,004, fully subscribed and paid up to the extent of the aggregate amount of EUR 2,113,004 and represented by 251 shares without par value, held by its sole shareholder, Belfius Bank SA/NV. Belfius Financing Company is dependent on Belfius Bank for the set-up, marketing and sale of its Notes issues. In addition, Belfius Financing Company relies on the fees paid by Belfius Bank to finance its corporate activities.

Belfius Financing Company acts as a finance company. Belfius Financing Company issues notes in the market, whereby proceeds of the issued notes are fully transferred to Belfius Bank.

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

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

Belfius Financing Company has made no investment since the date of the last published financial statements, and no principal future investments are planned.

The auditors of Belfius Financing Company are KPMG Luxembourg S.A., 39 Avenue John F. Kennedy, L-1855 Luxembourg, being member of KPMG International and being a member of the *Institut des Réviseurs d'Entreprises (IRE)* of Luxembourg.

The relevant auditor's report with respect to the audited annual accounts of Belfius Financing Company for the years ended 31 December 2020 and 31 December 2021, as incorporated in Annex 5 of this Base Prospectus, were delivered without any reservations.

6.2. Management Board

Belfius Financing Company has a Board of Directors. At the date of this Base Prospectus, the Board of Directors of Belfius Financing Company is composed of:

Category A Directors:

Werner Driscart

Kristin Claessens

Category B Directors

Benoît Felten

Christoph Finck

6.3. Selected Financial Information

The following tables summarise the audited balance sheet and, income statement of Belfius Financing Company for the period ending 31 December 2020 and 31 December 2021, as well as the unaudited Cash Flow Statement of Belfius Financing Company as at 31 December 2020 and as at 31 December 2021.

Audited Balance Sheet of Belfius Financing Company as of 31 December 2020 and 31 December 2021

BELFIUS FINANCING COMPANY S.A.

Société Anonyme

BALANCE SHEET

As at December 31, 2021

(expressed in thousands of EUR)

ASSETS	**Notes**	**2020**	**2021**
SUBSCRIBED CAPITAL UNPAID	6	**981**	981
Subscribed capital not called		981	981
FORMATION EXPENSES		**0**	**0**
FIXED ASSETS		**14**	**11**
Tangible assets	3	14	11
CURRENT ASSETS		**9.274.113**	**9.048.259**
Debtors	4	223	165
Amounts ow ed by affiliated undertakings			
becoming due and payable within one year		*223*	*165*
becoming due and payable after more than one year		*0*	*0*
Other investments	5	**9.270.868**	**9.045.383**
Cash at bank and in hand		3.022	2.712
PREPAYMENT S		**9**	**12**
TOTAL (ASSETS)		**9.275.117**	**9.049.263**
CAPITAL, RESERVES AND LIABILITIES			
CAPITAL AND RESERVES	6	**4.617**	**4.199**
Subscribed capital		3.094	3.094
Reserves		1.008	780
Profit brought forward		88	43
Profit for the financial year		427	282
PROVISIONS		**0**	**0**
OTHER CREDITORS	7	**9.270.362**	**9.044.870**
Trade creditors		0	11
Tax authorities		241	185
Social security authorities		10	11
Other creditors			

becoming due and payable within one year	*1.473.905*	*1.753.381*
becoming due and payable after more than one year	*7.796.206*	*7.291.282*
DEFERRED INCOME	**138**	**194**
TOTAL (CAPITAL, RESERVES AND LIABILITIES)	**9.275.117**	**9.049.263**

The accompanying notes form an integral part of these annual accounts.

Audited Profit and Loss Account of Belfius Financing Company as of 31 December 2020 and 31 December 2021

BELFIUS FINANCING COMPANY S.A.

Société Anonyme

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2021 (expressed in thousands of EUR)

	Notes	2020	2021
Other operating income		**13**	**3**
Raw materials and consumables and other external expenses	8	**(683)**	**(691)**
Staff costs	9	**(286)**	**(352)**
Wages and salaries		(245)	(297)
Social security costs		*(31)*	*(37)*
Relating to pensions		*(20)*	*(23)*
Other social security costs		*(11)*	*(14)*
Other staff costs		(10)	(18)
Value adjustments		**(3)**	**(3)**
In respect of formation expenses		(0)	(0)
In respect of fixed assets		(3)	(3)
Other operating expenses	10	**(20)**	**(20)**
Other interest receivable and similar income	11	**136.392**	**162.252**
Derived from affiliated undertakings		136.391	162.247
Other interest and similar income		1	5
Interest payable and similar expenses	12	**(134.821)**	**(160.797)**
Other interest and similar expenses		(134.821)	(160.797)
Tax on profit	13	**(165)**	**(110)**
Profit after taxation		**427**	**282**
Other taxes		0	0
Profit for the financial year		**427**	**282**

The accompanying notes form an integral part of these annual accounts.

Unaudited Cash Flow Statement of Belfius Financing Company as at 31 December 2020 and as at 31 December 2021

The cash flow statements below have been drawn up solely and exclusively for the purpose of the compliance of this Base Prospectus with the requirements of the Prospectus Regulation. As a consequence, these cash flow statements have been established after the date on which the audited financial statements for the financial years 2020 and 2021 have been published and therefore have not been audited by the statutory auditors of Belfius Financing Company. The cash flow statements for the financial year 2020 and the financial year 2021 are based on the audited financial statements of the said years and have been drawn up in accordance with Lux GAAP.

(Cash Flow Statement expressed in EUR)

CASH FLOW STATEMENT

Reporting Unit: 6126 - Belfius Financing Company S.A.

(expressed in EUR)

	31 December 2020	31 December 2021
Net cash provided by operating activities	-322,872,194	88,374,024
Net cash provided by investing activities	-7,918	0
Net cash provided by financing activities	-437,725	-700,000
Net increase in cash and cash equivalent	-323,317,837	87,674,024
Cash & cash equivalent at the beginning of period	326,339,588	3,021,751
Cash & cash equivalent at the end of period	3,021,751	90,695,775

Prospects

Other than set out in this Base Prospectus, there has been no material adverse change in the prospects of Belfius Financing Company since the date of its last published audited financial statements.

Significant changes in the financial performance

Other than set out in this Base Prospectus, there are no significant changes in the financial performance of Belfius Financing Company since the date of its last published audited financial statements.

7. BELFIUS BANK SA/NV

(Annex 6.4 of Commission delegated regulation (EU) 2019/980)

7.1. 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 Law of 25 April 2014 on the status and supervision of credit institutions (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. 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 31 December 2021 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.

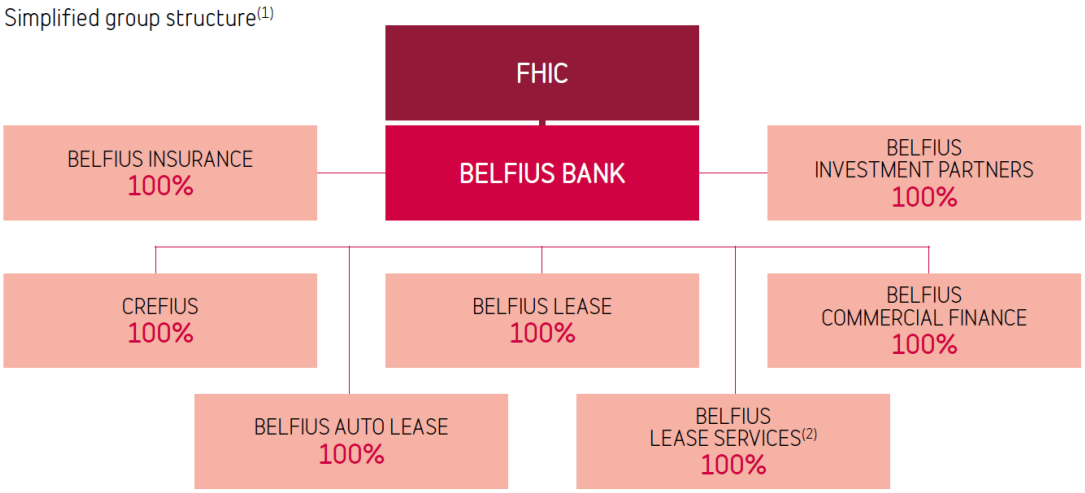
At the end of 2021, total consolidated balance sheet amounted to EUR 192 billion.

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 Noteholders.

The auditors of Belfius Bank for the historical financial information covered by this Base Prospectus are KPMG Reviseurs d'Entreprises SCRL, 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 SCRL were appointed as statutory auditors of Belfius Bank by its ordinary general meeting of shareholders held on 29 April 2020 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 ten 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.

Simplified group structure as at the date of this Base Prospectus



(1) For more details, see the list of subsidiaries of the consolidated financial statements in the annual report of 2021.

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

7.2. 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 2021, the total consolidated balance sheet of Belfius Insurance amounted to EUR 22 billion[14].

Crefius

Company servicing and managing mortgage loans. At the end of 2021, the total balance sheet of Crefius amounted to EUR 23 million[15].

Belfius Auto Lease

Company for operational vehicle leasing and car fleet management, maintenance and claims management services. At the end of 2021, the total balance sheet of Belfius Auto Lease amounted to EUR 447 million[16].

Belfius Lease

Company for financial leasing and renting of professional capital goods. At the end of 2021, the total balance sheet of Belfius Lease amounted to EUR 1,043 million[17].

[14] For more details, see the 2021 annual report of Belfius Insurance.

[15] Total IFRS balance sheet before consolidation adjustments.

[16] Total IFRS balance sheet before consolidation adjustments.

[17] 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 2021, the total balance sheet of Belfius Lease Services amounted to EUR 2,193 million[18].

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 2021, the total balance sheet of Belfius Commercial Finance amounted to EUR 1,045 million[19].

Belfius Investment Partners

Company for administration and management of investment funds. At the end of 2021, the total balance sheet of Belfius Investment Partners amounted to EUR 160 million[20] and assets under management amounted to EUR 22.5 billion.

7.3. Financial results

Results 2021

Belfius' consolidated net income reached EUR 935 million in 2021, driven by strong commercial dynamics in combination with a positive stock market year and a prosperous risk environment.

Total income amounted to EUR 2,703 million in 2021, up 3% compared to 2020 (EUR 2,614 million) thanks to:

- an increase of net interest income by 2% (EUR 1,623 million in 2021 compared to EUR 1,590 million in 2020) mainly thanks to:
    - the excellent commercial loans dynamics in all segments of the Belgian economy, leading to a continued diversification of the loan portfolio at Belfius;
    - the disciplined pricing thereof, as such compensating for the pressure on interest margins on non-maturing deposits stemming from the historically low interest rate environment; and
    - the increased interest income support from the TLTRO;
- excellent growth in net fee and commission income of Belfius Bank, up by 18% (EUR 732 million in 2021 compared to EUR 622 million in 2020) thanks to increased revenues from asset management and payment services;
- higher life insurance income up by 11% (EUR 302 million in 2021 compared to EUR 273 million in 2020), thanks to further increasing recurring income on life guaranteed products despite a decreasing portfolio;
- lower non-life insurance income, down by 14% (EUR 210 million in 2021 compared to EUR 244 million in 2020), notably due to the strong positive lockdown impact in 2020 for car insurance, a higher average claims cost, the impact of the floods of July 2021 and provision for damages caused by drought;
- other income amounted to EUR -165 million in 2021, more negative than in 2020 (EUR -116 million). The year-on-year delta mainly stems from higher bank levies (EUR 256 million in 2021 compared to EUR 222 million in 2020) and smaller net income on investments.

[18] Total IFRS balance sheet before consolidation adjustments.

[19] Total IFRS balance sheet before consolidation adjustments.

[20] Total IFRS balance sheet before consolidation adjustments.

Costs remained well contained at EUR 1,477 million in 2021, a limited 1% increase against EUR 1,465 million in 2020, driven by an increase in staff expenses, general expenses and network costs, and despite the fact that Belfius continued to invest structurally in IT and digitalisation. This led to a noticeable improvement in the cost-income ratio of 54.6% in 2021 compared to 56.0% in 2020.

All in all, the combination of strong income dynamics, favourable financial markets and the lower-for-longer interest rate environment, together with contained operating expenses, notwithstanding continuing investments in commercial activities, ESG, IT and digitalisation, led to an increase of 7% in pre-provision income, to EUR 1,226 million in 2021 (compared to EUR 1,149 million in 2020).

Belfius made a detailed review of its credit risk portfolio and prudentially managed its IFRS 9 provisions in line with the improving economic environment, leading to a partial net reversal of the 2020 COVID-19 related provisioning and as such a light net reversal of cost of risk of EUR +1 million in 2021 compared to a net allowance of EUR -453 million in 2020.

As a result, net income before taxes amounted to EUR 1,226 million in 2021 compared to EUR 679 million in 2020.

Tax expenses amounted to EUR 290 million in 2021 compared to EUR 147 million in 2020, mainly due to higher taxable profit. The consolidated effective tax rate (ETR) stood at 24%, slightly below the statutory tax rate (25% in 2021).

As a consequence, consolidated net income reached EUR 935 million in 2021 compared to EUR 532 million in 2020.

In terms of financial solidity, Belfius continues to display sound solvency, liquidity and risk metrics:

- the CET 1 ratio stood at 16.37% at the end of 2021, 0.74% down compared to December 2020, mainly as a result of the increasing capacity of profit (+158 bps CET 1 ratio), the negative impact of the strong commercial balance sheet growth (-87 bps CET 1 ratio), a foreseeable pay-out ratio (-62 bps on the CET 1 ratio) and the still on-going stricter regulatory impacts (-71 bps);
- this strong and solid CET 1 level is net of a 40% dividend pay-out ratio, hence a potential full year 2021 dividend of EUR 368.5 million, thanks to which Belfius continued to support its commercial franchise development;
- the total capital ratio stood at 19.8% at the end of 2021 compared to 20.4% at the end of 2020;
- the leverage ratio increased to 7.1% at the end of 2021, up 28 bps compared to the end of 2020;
- insurance activities also posted continued solid solvency metrics, with a Solvency II ratio of 190% end at the end of December 2021;
- at the end of 2021, Belfius also showed an excellent liquidity and funding profile with a LCR of 195%[21] and a NSFR of 136%;
- total shareholders' equity (Net Asset Value) further improved to EUR 11.0 billion at the end of December 2021 (against EUR 10.2 billion at the end of 2020).

Prospects

Other than set out in this Base Prospectus, there has been no material adverse change in the prospects of Belfius Bank since the date of its last published audited financial statements.

[21] Twelve-month average.

Significant changes in the financial performance

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

7.4. COVID-19 crisis

2021 has been the year of COVID-19 pandemic ups and downs. This pandemic, a real life-changer, that had started at the end of February 2020, structurally hit societies' functioning, leading to further societal divide and unease regarding health. However, it has not led to additional material financial market volatility or economic turmoil, in contrast to the year 2020, as both very large monetary and governmental stimulus plans continued.

Since the beginning of the COVID-19 crisis, Belfius has continuously and fully delivered on its societal role by providing the necessary liquidity and by granting deferred payments for individuals, enterprises and SMEs in temporary difficulties, and this with an overall contribution higher than its market share would have suggested.

At the end of 2021, out of the EUR 5.4 billion of loans to corporate and business customers that were granted moratorium since the start of the COVID-19 crisis, EUR 0.08 billion were, as at the end of 2021, still subject to payment holidays. 97.1% of corporate and business loans for which the moratorium came to an end, have resumed their normal payments of formerly deferred amounts. For mortgage loans, almost 100% of the clients have resumed the payments (100% in the public sector).

7.5. Floods in July 2021

Perhaps for the first time in history, Belgium experienced a close encounter with climate change. Severe floods occurred back in July 2021, mainly in Wallonia and Limburg. They led to huge infrastructural devastations and very high damage claims for insurers and for Belfius. Although Belfius cannot take away the human suffering, it considers it to be its utmost duty to take all actions to alleviate the material damages suffered by its insured customers. Specific measures have been taken to accelerate the claims handling (greater autonomy for claims experts and picture-based settlements) while advances have been provided swiftly in the case of major insured damage.

The claim charges relating to the severe July 2021 floods which occurred in Wallonia and Limburg are estimated at EUR 181 million. A part of these claim charges is expected to be recovered from the reinsurers (estimated at EUR 67 million) and from the regional authorities (estimated at EUR 90 million), resulting in an expected impact of EUR 24 million for Belfius. The impact of the claims currently amounts to EUR 86 million as Belfius has already paid out claims for an amount of EUR 95 million.

7.6. Minimum CET 1 requirements (SREP)

For 2021, Belfius must comply with a minimum CET 1 ratio of 9.635%, which is composed of:

- a Pillar 1 minimum of 4.5%;
- a Pillar 2 Requirement (P2R) of 1.125% (after split of 2% P2R);
- a capital conservation buffer (CCB) of 2.5%;
- a buffer for (other) domestic systemically important institutions (O-SII buffer) of 1.5%; and
- a total countercyclical capital buffer of 0.01%.

The countercyclical capital buffer requirement for Belfius increased to 1 bp in June 2021, relating to Belfius' very limited exposures under the countercyclical buffer requirements of Luxembourg.

The ECB has also confirmed the Pillar 2 Guidance (P2G) for Belfius of 1% CET 1 ratio for 2021, setting the minimum requirement at 10.635%.

The consolidated CET 1-ratio of Belfius at the end of 2021 stood at 16.37%, well above the 2021 applicable SREP CET 1 capital requirement mentioned above. This enables Belfius to continue supporting the Belgian economy and executing its commercial strategy. Whereas specific and temporary COVID-19 related regulatory relaxations were supporting the CET 1 ratio for an estimated net +87bps as at the end of 2020, this support has decreased to +51bps as at the end of 2021. Thanks to the increasing profit capacity (+158bp CET 1 ratio) Belfius has been able to cope with the strong commercial balance sheet growth (impacting the CET 1 ratio with -87bps), a foreseeable pay-out ratio (-62bps on the CET 1 ratio) and the still on-going stricter regulatory impacts (-71bps) in 2021. CET 1 capital amounted to EUR 10,658 million as at 31 December 2021.

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 CET 1 ratio of 13.5%, at solo and consolidated levels.

As a result of the annual "Supervisory Review and Evaluation Process" (SREP) finalised by the ECB at the beginning of 2022, Belfius has to comply for 2022 with a minimum CET 1-ratio of 9.708% (including the countercyclical capital buffer), composed of:

- a Pillar 1 minimum of 4.5%;
- a Pillar 2 Requirement (P2R) of 1.198% (after split of 2.13% P2R);
- a capital conservation buffer (CCB) of 2.5%;
- a O-SII buffer of 1.5%; and
- a countercyclical capital buffer (CCyB) of 0.01%.

Note that the ECB also notified Belfius of a Pillar 2 Guidance (P2G) of 0.75% CET 1 ratio for 2022, a recommended buffer to be held over the minimum requirements set out above, resulting in a minimum CET 1 ratio of 10.458%.

7.7. Activities

Segment reporting

Analytically, Belfius splits its activities and accounts in three segments: Individuals (IND), Entrepreneurs, Enterprises and Public (E&E&P) and Group Center; with IND and E&E&P being two main cornerstones that replace the previous Retail and Commercial segment and Public and Corporate segment and containing the key commercial activities of Belfius.

- **Individuals (IND)**, managing the commercial relationships with individual customers both at bank and insurance level. Within the Individuals segment, four subsegments are distinguished: savers, investors, private and wealth.
- **Entrepreneurs, Enterprises and Public (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 bond and derivative portfolio management.

7.7.1. Individuals (IND)

7.7.1.1. Business description

Belfius Bank offers individuals a comprehensive range of retail, private banking, wealth management and insurance products and services. Belfius Bank serves its 3.4 million customers through its integrated omni-channel distribution network, which includes 527 branches, its modern interaction platform Belfius Connect, and a large

number of automatised self-banking machines. Belfius has also been developing a digital strategy and is now a leader in mobile banking[22], with over 1.79 million active mobile users.

Belfius Insurance offers insurance products to Individuals through Belfius Bank's branch network, as well as through the tied agent network of DVV Insurance. It also offers insurance products through Corona Direct Insurance. Belfius Insurance's business model is increasingly focused on bank-insurance. Belfius Insurance has also integrated the Elantis brand, which offers mortgage loans and consumer loans through independent brokers, booked on the balance sheet of Belfius Insurance, Belfius Bank and a third-party bank.

7.7.1.2. Individuals results in 2021

The Individuals' commercial activity continues to show excellent dynamics despite the COVID-19 crisis environment. As at 31 December 2021, total savings and investments amounted to EUR 118.4 billion, an increase of 9.8% compared to the end of 2020. The organic growth in 2021 amounted to EUR 5.7 billion, stemming mainly from the large increase in non-maturing deposits (saving and payment accounts) and by strong performance in mutual funds & mandates.

In 2021, as was already the case in 2020, customers displayed greater interest in capital-protected products, such as payment accounts and saving accounts, in an environment of volatile stock markets. Non-maturing deposits totalled EUR 61.7 billion as at 31 December 2021, up +7.0% from the end of 2020.The payment and savings accounts outstanding reached EUR 13.3 billion (+12.4%) and EUR 48.4 billion (+5.6%), respectively, at the end of December 2021.

Asset management, bonds and equity investments (including Branch 23) increased strongly by 17.2% compared to the end of 2020, to EUR 47.9 billion. In particular, asset management services have progressed quite well with an increase of 23.4% in 2021. This strong increase stems from both positive market effect and positive organic growth, particularly in the 'funds of the future'. Another development of the investment approach is the launch in 2021 of the Belfius proprietary stock market platform, "Re=Bel".

Other savings and investments amounted to EUR 8.7 billion, down 6.0% compared to the end of 2020. It includes mostly the decreasing investments in Branch 21 life insurance guaranteed products given the low interest rate environment.

Total loans to customers rose strongly (+7.0%) to EUR 45.1 billion as at 31 December 2021. The increase occurred in mortgage loans (+7.7%). Mortgage loans, which account for 91% of all loans for Individuals, amounted to EUR 40.9 billion at the end 2021, while consumer loans and other loans to Individuals stood at EUR 1.7 billion and EUR 2.6 billion, respectively.

New long-term loans granted to Individuals clients during 2021 amounted to EUR 8.7 billion compared to EUR 7.4 billion in 2020. Despite the COVID-19 crisis, the new production of mortgage loans has been very satisfactory in 2021 and amounted to EUR 7.7 billion. During the same period, EUR 0.7 billion in consumer loans and EUR 0.3 billion in new long-term business loans were granted.

The total insurance production from customers in the Individuals segment amounted EUR 2,232 million in 2021, compared with EUR 1,994 million in 2020, an increase of 12%.

Life insurance production stood at EUR 1,637 million in 2021, up 14.6% compared to 2020. Unit-linked (Branch 23) production went up (+23%) thanks to a successful commercial campaign boosting gross written premiums. Traditional life (Branch 21/26) production decreased (-7%) because of low guaranteed rates and lower transfers due to lower amounts at maturity.

[22] Source: Sia Partners (see https://www.sia-partners.com/en/news-and-publications/from-our-experts/how-does-digital-customer-journey-compare-insurance-sector and https://www.belfius.be/about-us/dam/corporate/press-room/press-articles/downloads/en/2021/Press%20release%20Belfius%20Sia%20Partners%2018%2002%202021.pdf). The information contained on these websites does not form part of this Base Prospectus.

Non-life insurance production in 2021 stood at EUR 595 million, up 5.3% compared to 2020, boosted by Belfius Bank's distribution channel (+10%). The premium collection in DVV Insurance amounted to EUR 270 million, (+2% compared to 2020) and in Corona, Belfius' direct insurer, to more than EUR 67 million, up 2% compared to 2020.

The mortgage loan cross-sell ratio for credit balance insurance further decreased to 129% at the end of 2021. The lower cross-sell is mainly due to a switch of production towards more singles and private clients. The mortgage loan cross-sell ratio for property insurance slightly decreased to 84%.

Total insurance reserves, in the Individuals segment, amounted to EUR 11.6 billion. Life insurance reserves decreased slightly (-3.3%) since the end of 2020 to EUR 10.6 billion at the end of 2021. Unit-linked reserves (Branch 23) increased by 11%, while traditional guaranteed life reserves (Life Branch 21/26) decreased by 11%, demonstrating the continued life product mix transformation from guaranteed products to unit-linked products. Non-life reserves increased slightly from EUR 0.9 billion in 2020 to EUR 1 billion.

Individuals net income after tax increased by 34.3% from EUR 331 million in 2020 to EUR 445 million in 2021.

7.7.2. Entrepreneurs, Enterprises & Public (E&E&P)

7.7.2.1. E&E&P business description

The Business segment brings together the self-employed, the liberal professions (a.o. lawyers, doctors, accountants, etc.) and the SMEs with a turnover up to EUR 10 million. This segment is mainly served by Belfius' branch network.

Belfius' corporate banking activities are focused on large- and medium-sized corporates which have a decision-making centre in Belgium as well as corporates offering services to the public sector.

Belfius offers services to the Belgian public and social sectors (including hospitals, schools, universities and retirement homes). It provides these clients with a wide and integrated range of products and services, including credit lending, treasury management, insurance products, financial markets products and financial IT tools.

Belfius Insurance also sells insurance products to its public and social sector clients. Specific life insurance solutions are offered, especially pension insurance in the first and second pension pillars for civil servants and investment products in Branch 26. Finally, the development of the insurance policies specifically dedicated to the "Business" segment is one of the strategic development axes for both life and non-life segments.

7.7.2.2. E&E&P results in 2021

As at 31 December 2021, total savings and investments amounted to EUR 61.2 billion, up 9.3% compared to the end of 2020. Non-maturing deposits (saving and payment accounts) increased by EUR 4.5 billion (+12.5%) to EUR 40.4 billion. Asset management, bonds and equity investments increased by EUR 1.3 billion (+11.6%) to EUR 12.3 billion, sustained by positive market effect and positive organic growth.

Total outstanding loans increased to EUR 57.0 billion (+3.4%). Outstanding loans to business customers has grown by EUR 1.0 billion (+7.1%). Outstanding loans corporate has grown by EUR 1.4 billion (+8.0%). In public & social banking, the decrease of outstanding loans continues and is the result of lower demand, increased competition in the segment and a structural shift towards more alternative financing via the (debt) capital markets.

Belfius granted EUR 13.6 billion (+8.2%) in new long-term loans in the Belgian economy to business, corporate and public and social sector clients. In 2021, EUR 4.5 billion in new long-term loans to business clients were granted. The same year, Belfius assisted 16,716 new start-ups.

The production of long-term loans for corporate customers amounted to EUR 6.4 billion, confirming Belfius' position as one of the top four banks in the segment. Its market share in terms of loans increased from 17.5% in 2020 to an estimated 18.5% at the end of 2021.

In 2021, Belfius granted EUR 2.6 billion of new long-term financing to the public sector. Belfius remains the undisputed leader in this market[23] 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 59% (in volumes) of the public sector financing files put out to tender in 2021.

Belfius also strengthened its leading position in the Debt Capital Markets (DCM) for (semi-)public and private companies: in 2021, Belfius Bank issued EUR 7.5 billion in innovative financing instruments in the form of short-term issues (average outstanding amount on commercial paper) and long-term issues (Medium Term Notes and bonds).

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

- Non-life gross written premiums E&E&P: small increase compared to 2020 (+1.3%) to EUR 174 million thanks to growth in the business segment of both bancassurance and DVV offsetting a decrease in the wholesale segment due to the continued implementation of the run-off strategy in wholesale brokers and wholesale bancassurance;
- Production of E&E&P Life which exceeds 2020 by EUR 14 million to EUR 416 million, thanks to solid growth on business pension and slightly higher gross written premiums on wholesale life, with higher production in segregated funds almost offset by lower production in first and second pillar.

Net income after tax increased from EUR 82 million in 2020 to EUR 482 million in 2021. Last year's result was impacted by an exceptional increase of cost of risk provision, as a result of the COVID-19 crisis.

7.7.3. Group Center (GC)

Group Center 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 interest rate derivatives with Dexia entities as counterparty and with other foreign counterparties.
- ALM liquidity and rate management and other Group Center activities, composed of liquidity and rate management of Belfius (including its ALM Liquidity bond portfolio, derivatives used for ALM management and the management of central assets) and other activities not allocated to commercial activities, such as corporate and financial market support services (e.g. Treasury), the management of two former specific loan files inherited from the Dexia era (loans to Gemeentelijke Holding/Holding Communal and Arco entities), and the Group Center of Belfius Insurance.

These portfolios and activities are further described below.

[23] Source: estimations of Belfius.

7.7.3.1. Bond Portfolio

ALM Liquidity bond portfolio

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 2021, the ALM Liquidity bond portfolio stood at EUR 6.8 billion[24], down EUR 0.7 billion, or -9%, compared to December 2020. At the end of 2021, the portfolio was composed of sovereign and public sector bonds (62%), covered bonds (30%), corporate bonds (7%) and asset-backed securities (1%). Belgian and Italian government bonds in the ALM Liquidity bond portfolio both amounted to EUR 1.5 billion[25] and EUR 0.9 billion[26] respectively.

At the end of 2021, the ALM Liquidity bond portfolio had an average life of 7.8 years, and an average rating of A- (100% of the portfolio being investment grade) compared with A- at year-end 2020.

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 2021, the ALM Yield bond portfolio stood at EUR 3.4 billion[27], up 0.2%, compared with December 2020. At the end of 2021, the portfolio was composed of corporates (72%), sovereign and public sector (12%), asset-backed securities (10%), and financial institutions (6%). Almost 85% of 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 satisfactory 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 2021, the ALM Yield bond portfolio had an average life of 19.0 years. The average rating of the ALM Yield bond portfolio stood at A-. 96% of the portfolio was investment grade.

7.7.3.2. Derivatives portfolio

Derivatives with Dexia entities and foreign counterparties

During the period it was part of the Dexia Group, formerly Dexia Bank Belgium (now Belfius Bank), it 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 9.4 billion[28] at the end of 2021, down EUR 2.8 billion, or -23%, compared to EUR 12.2 billion at the end of December 2020.

Derivatives with Dexia entities decreased by 26% (or EUR -2.6 billion) to EUR 7.3 billion at the end of 2021. This decrease is mainly due to amortisations. Derivatives with international counterparties decreased by EUR 0.9 billion (or -9%) to EUR 2.2 billion at the end of 2021.

[24] Nominal amount.

[25] Nominal amount.

[26] Nominal amount.

[27] Nominal amount.

[28] Nominal amount.

The fair value of Dexia and international counterparty derivatives amounted to EUR 2.1 billion at the end of 2021. After collateralisation, the Exposure At Default (EAD) amounted to EUR 1.2 billion, an increase due to the adoption of the new SA CCR method for measuring derivatives counterparty credit risk, replacing the CEM method.

At the end of 2021, the average rating of the total portfolio stood at BBB and the average residual life of the portfolio stood at 11.9 years[29].

Credit guarantees

At the end of 2021, the credit guarantees portfolio amounted to EUR 2.5 billion[30], down EUR 0.7 billion or -22% compared with December 2020. It relates essentially to Financial Guarantees, and Credit Default Swaps issued on corporate/public issuer bonds (98%) and ABS (2%). The good credit quality of the underlying reference bond portfolio, additional protection against credit risk incorporated in the bond itself and the protections purchased by Belfius, mainly from various monoline insurers (US reinsurance companies, essentially Assured Guaranty) resulted in a portfolio that is 97% investment grade in terms of credit risk profile. The final negative basis trade and the total return swaps for an amount of EUR 0.4 billion[31] were unwound in 2021.

At the end of 2021, the average rating of the portfolio stood at BBB+ (compared with A- at year end 2020). The average residual life of the portfolio stood at 10.0 years.

7.7.3.3. 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 stood at EUR 7 million in 2021, compared to EUR 117 million in 2020.

7.8. Post-balance sheet events

Storms February 2022

The three storms Eunice, Dudley and Franklin that took place in Belgium in the weekend of 19 February 2022 are non-adjusting subsequent events and therefore fall outside the scope of the 2021 yearly results. These events will however impact the full-year 2022 non-life insurance results. Although it is too early to provide detailed and precise figures for the financial impact of these storms, Belfius has made a preliminary analysis indicating that the

[29] Calculated on EAD.

[30] Nominal amount.

[31] Nominal amount.

total gross claim cost could be in the region of EUR 40-60 million, based on current indications of the number of claims and the average cost per claim. Considering Belfius' reinsurance program, the financial impact of these events is expected to be lower.

Conflict Russia-Ukraine

Belfius is closely monitoring the geopolitical risks related to the Russia-Ukraine conflict that started at the end of February 2022. Belfius' direct exposure (Russian, Ukrainian and Belarus counterparties) is below EUR 1 million. The indirect exposure is currently being assessed. First results tend to show that this exposure is very limited. Nevertheless, a workforce is set in place within Belfius to monitor and assess the ongoing uncertainties and potential future material knock-on effects (energy prices, global economic slowdown, …). If this conflict would turn into a more pronounced European or worldwide crisis, Belfius expects to still be able to rely on its strong solvency and liquidity position as well as prudent COVID-19 buffers that can be partially used to absorb economic shocks.

7.9. Risk Management

Credit risk management within Belfius Bank

Fundamentals of credit risk in 2021

Retail (mortgages and consumer credits)

In 2021, several factors have influenced the mortgage lending activity:

- mobility restrictions and the experience of (hard and soft) lockdowns, both in regular life and in international travel, created an extra boost on the demand in the housing market;
- the interest rate environment remained favourable for borrowers; and
- based on the first evaluation of the supervisory expectations regarding the lending standards of mortgage loans, the NBB expressed their concern on the buy-to-let market and the market accessibility of younger first-time buyers.

This market environment resulted in an increase of Belfius' mortgage portfolio at the end of 2021 to a FEAD of EUR 39.0 billion. The average PD remained stable at 0.51%.

Supported by the target risk profile of the mortgage production and portfolio and driven by a further fine-tuning of the underwriting rules for specific risk pockets (with respect to Loan to Value (LTV) and Debt Service To Income (DSTI ratios), Belfius succeeded in bringing its mortgage production and portfolio in line with the NBB supervisory expectations, with a special attention to the high LTV segment (>80% and 90%) for both buy-to-let loans and first-time buyer loans. As from 2019, the part of the production with an LTV>90% decreased from 39% to 15%.

The extinction of the public payment deferral schemes did not trigger an increase of payment arrears and consequently allowed a start to be made on reversing part of stage 2 COVID-19 related provisions for clients picking up normal reimbursement for at least six months. Inflow of non-performing loans (NPL) has remained at a very low level, with consequently low stage 3 impairments and a very strong asset quality ratio.

With the rebound of the economy and clients starting to reimburse again, the Cost of Risk has been impacted positively (stage 1 and 2 impairments). We continue to monitor the level of defaults, also from the perspective of a potential impact from the soaring energy prices on weaker clients.

The impacts of the July 2021 floods in the Walloon Region, confirming the emerging risks related to Climate, have been monitored and remained controlled with a limited number of flood-driven payment moratoria and liquidity support loans in the loan portfolios (mortgages as well as E&E).

The production of consumer loans increased slightly resulting in a FEAD at end 2021 of EUR 5.3 billion. The average PD decreased slightly (0.69%).

In the new segmentation, part of Professional Loans (Private and Wealth related), formerly segmented in E&E, has been transferred to Individuals. This part of the portfolio amounts to EUR 2.4 billion by end 2021.

Entrepreneurs & Enterprises (E&E)

Until September 2021, the economic circumstances evolved favourably with significant GDP growth, investments and consumption picking up rapidly and the level of bankruptcies remaining low. This evolution was supported by public support programmes, economic stimuli and boosted by an intensive vaccination campaign.

As from the end October however, a fourth COVID-19 contamination wave and the appearance of a new COVID-19 variant reversed the positive trend in the pandemic indicators and urged the government to take new safety measures. A series of economic sectors were hit again by the new restrictions on social activities and events, and although no new complete lockdown was declared, uncertainty about the societal and economic effects of this 4th wave was high.

Since the start of the pandemic, an intensified COVID-19 driven monitoring and screening process has been in place on the Belfius E&E loan portfolio. This portfolio amounted to FEAD EUR 52.4 billion at the end of 2021 and has, so far, shown few signs of deteriorating credit quality, as evidenced by a limited inflow of defaults and bankruptcies and a normalization of the rating downgrades. This implies that the financial impact, that could be expected at the start of the COVID-19 crisis, did not materialize thanks to a combination of a pro-active risk management approach, the strong support of the banking sector and the different public authorities and finally also the good resilience of enterprises and entrepreneurs.

However, looking forward, second-round effects from the pandemic raise concerns about the economic recovery: disruptions of the supply chains, causing shortages and production delays, the scarcity of resources and labour capacity are putting pressure on the activity level in several industries, while energy prices soar and inflation forecasts are peaking.

These concerns need close monitoring. Belfius further strengthened the risk-based screening of its E&E portfolio on clients for which early warning risk indicators 'lighten-up' and that are not yet included on the Watchlist. These clients are systematically screened in order to determine if risk mitigation actions are necessary. In addition, the enhancement of the process of early warning indicators was further accelerated in order to keep the risks in the E&E segment permanently well under control.

The yearly assessment and review of Belfius' Risk Appetite Framework was performed from the same perspective, with several new credit risk indicators introduced and others refined, in order to safeguard the current sound credit quality and portfolio diversification: an indicator on leveraged transactions was added to the framework, the tolerance level for lower rated transactions was reduced and additional limits on risk concentrations in commercial real estate were applied.

Public sector clients

Belfius' loan portfolio to the public and social sector amounted to EUR 38.2 billion end 2021 and contributes to a diversification of Belfius' global loan portfolio. It maintained its historical low risk profile (average PD at 0.10%).

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), these sectors being historically at the centre of Belfius' strategy. Belfius provides the clients in these sectors with a wide and integrated range of products and services, including credit lending.

Overall, the public and social sector loans portfolio has always shown high credit standards and it continues to maintain its very low risk profile, although local authorities remain faced with specific challenges, as the expected

growth of the pension costs related to their statutory staff, the demographic evolution (the ageing population in general and the population growth in the big cities) and social cohesion, and the impact of the tax shift.

At the federal level and at the level of the regional entities, increasing budget deficits and soaring debts are an point of attention, as Belgian public finances headed for the year 2021 towards historic deficit and debt levels, accelerated by the still lasting sanitary crisis and the July floods.

Projections made by various national and regional organizations indicate that deficits will persist in the upcoming years, causing a further and sharp increase of debt, despite some announced structural deleveraging efforts. This fast-growing indebtedness could become unsustainable in case of an economic or financial shock.

This vulnerability has already led rating agencies to lower the ratings of some of these entities and/or to attach a negative outlook to their current ratings.

Belfius will embed these perspectives about debt and deficit levels into its sound risk management principles while seeking to find the right balance in order to remain a key strong partner of the Public sector.

The current health crisis is affecting municipal finances less than the other governments. Although their accumulated buffer after COVID-19 is shrinking, local authorities still have sufficient financial resources to play a key role in the economic and social recovery. However, local authorities are still confronted with structural problems such as the financing of statutory staff pension costs, which will continue to weigh heavily on their future budgets.

The multiple waves of COVID-19 pandemic weigh heavily on the hospital sector and the battle is not over yet.

It is not only hospital staff who are put to the test. The financial situation of hospitals is also groaning under the pandemic. Various Belfius analyses have shown that hospitals are in principle unable to absorb such a shock. The sector has been confronted with extremely low margins for years. This implies that even a small disruption (e.g. high inflation) can have serious consequences. The current situation also puts pressure on the investment capacity that is necessary to make the hospitals “future proof”.

During the first wave, many hospitals faced treasury tensions as a combination of a reduced activity level in regular business and increased expenditures due to the COVID-19. The federal government reacted quickly with financial compensation and structural funding for the reinforcement of health personnel. These interventions have kept the hospital sector afloat in 2021. However, their financial balance globally remains fragile. At the same time, they face several major challenges. Hospitals are asked to form networks and to tailor the care offer accordingly. Huge investments are needed to transform hospitals digitally, in order to enable better information flows and further to increase cybersecurity. And in the long run, they will not escape stricter standards for energy efficiency and sustainability of infrastructure. That’s why a thorough redesign of their financing is urgently required, as foreseen in the current coalition agreement of the federal government.

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.

Exposure to credit risk

Breakdown of credit risk by counterparty:

(FEAD[32], in EUR billion)	31 December 2020	31 December 2021
Central governments	36.7	42.4
Public sector entities	43.8	42.2
Corporate	41.9	47.9
Project finance	2.6	3.0
Retail	54.6	58.2
Financial institutions	17.2	13.7
Other[33]	6.6	6.3
Total	**203.4**	**213.8**

The figures in the above table are after elimination of intra-group exposures, but with inclusion of credit exposure from 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.

As at 31 December 2021, the total credit risk exposure within Belfius reached EUR 213.8 billion, an increase of EUR 10.5 billion or 5.1% compared to the end of 2020.

This increase is entirely attributable to the banking activity as the credit risk exposure at the level of Belfius Insurance remained almost unchanged at EUR 16.9 billion at the end of 2021.

The increase by EUR 5.7 billion observed on the segment central governments is mostly due to the additional liquidity reserve taken up by Belfius and deposited at the NBB. Nearly half (49%) of the government bonds portfolio is invested in Belgian government bonds at Belfius' level. While at bank level the Belgian government bonds represents 44% of the total government bond portfolio, the relative proportion at Belfius Insurance stood at 49%.

The credit risk exposure on individuals, self-employed and SMEs (27% of the total) and corporates (23% of the total) constitute the two main categories. The exposure on those categories increased by EUR 3.7 billion and EUR 6.0 billion respectively, reflecting Belfius' strategy to support the Belgian economy. However, a part of the increase observed in the corporates segment is due to a methodological change induced by the CRR2.

The credit risk exposure on public sector entities and institutions that are guaranteed by these public sector entities decreased by EUR 1.7 billion.

The credit risk on monoline insurers is predominantly an indirect risk arising from credit guarantees written by Belfius Bank and reinsured with monoline insurers on bonds issued by counterparties principally active in

[32] FEAD is Full Exposure At Default. Please note that the total FEAD of 31/12/2020 is different compared to the 2020 annual report, this is due to the fact that the 2020 annual report was excluding equity positions and other assets not qualified as credit exposure, whereas the 2021 annual report is including equity positions and other assets not qualified as credit exposure.

[33] 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.

infrastructure and public utilities projects. With the implementation of CRR2, part of these exposures is now reported under the corporate category. The remaining exposure is included in the category financial institutions.

Belfius' positions are mainly concentrated in the European Union: 93% or EUR 183.0 billion at bank level and 96% or EUR 15.9 billion for Belfius Insurance. The geographic split of total credit risk exposure on European Union is as follows: 70% in Belgium, 4% in France, 0.8% in Spain and Germany and 0.7% in Italy. Belfius' credit risk exposure on the United Kingdom is 4% and on the United States and Canada is 1.1%.

The credit risk exposure to counterparties in the United Kingdom amounted to EUR 8.3 billion. About 70% of this credit risk exposure concerns bonds, of which close to two-third are inflation-linked, issued by utilities and infrastructure companies in the United Kingdom that operate in regulated sectors such as water, gas and electricity distribution. These bonds are of satisfactory credit quality, and moreover most of the outstanding bonds are covered with a credit protection issued by a credit insurer that is independent from the bond issuer. The remainder concerns the bond portfolio of Belfius Insurance, a short-term credit portfolio for treasury management of Belfius Bank and receivables on clearing houses. The credit risks of these portfolios are also of satisfactory credit quality.

At the end of December 2021, 79% of the total credit risk exposure had an investment grade (IG) internal credit rating.

Asset quality – Asset quality ratio

At the end of 2021, the amount of impaired loans on a consolidated basis amounted to EUR 2,012 million an increase of 0.7% compared to year-end 2020. During the same period, the gross outstanding loans to customers increased by 4.7% and amounted to EUR 103,306 million as the end of 2021. As a consequence, the asset quality ratio improved to 1.95% at the end of 2021. The coverage ratio (i.e., the part secured by collateral) amounted to 60% as at the end of 2021 (being at the same level as at the end of 2020).

Liquidity risk

During 2021, Belfius consolidated its diversified liquidity profile by:

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

Belfius Bank participated in the ECB TLTRO III funding programme for an amount of EUR 15.7 billion with the purpose to finance investment needs of SMEs, social sector and retail clients (mortgage loans excluded).

Belfius Bank closed the year 2021 with a 12-month average LCR of 195%. The LCR of Belfius Bank saw a strong increase after the participation in the TLTRO. Without the extra TLTRO at more advantageous conditions to compensate for the pressure on Belfius Bank's standard transformation model, the LCR remained within our driving range during 2021.

The Net Stable Funding Ratio (NSFR), based on our current interpretation of Basel III rules, stood at 136% at year-end 2021, an increase also explained by the participation in the TLTRO III.

*Minimum requirement for own funds and eligible liabilities ("**MREL**")*

On 3 March 2022, the NBB notified Belfius that, going forward, it is to execute the Single Resolution Board (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 22.73% of Total Risk Exposure Amount (TREA) and 7.87% 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 previously on 28 January 2021 determined an intermediate target of 22.37% of TREA and 6.84% of LRE which must be met by 1 January 2022.

The SRB MREL instruction also provides for a subordination requirement: Belfius Bank must meet at least 16.61% of TREA and 7.87% 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 4.01% 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 (as previously determined by SRB on 28 January 2021).

With the annual review of MREL requirements by SRB, Belfius currently estimates that its MREL subordination requirement could be lowered from 2024 onwards, to 13.5% of TREA (or 17.51% of TREA including current CBR requirement), based on forward looking assessment of the formula applied by SRB.

Belfius already meets its expected BRRD2 MREL requirements at the end of 2021. Indeed, expressed in TREA, Belfius MREL of EUR 18.8 billion amounted 28.83%.

In the same way, Belfius MREL subordination of EUR 15.0 billion amounts to 23.1% of TREA and 9.6% expressed in LRE.

On 15 March 2022, SRB sent a pro forma letter indicating that the new LRE percentage for 2022 monitoring is 6.76% instead of 7.87%.

Liquidity reserves

At the end of 2021, Belfius Bank had quickly available liquidity reserves of EUR 42.3 billion. These reserves consisted of EUR 31.3 billion in cash, EUR 8.1 billion in ECB eligible bonds (of which EUR 6.9 billion are CCP-eligible (Central Counterparty-eligible), EUR 1.9 billion in other assets also eligible at the ECB and EUR 1.0 billion in other liquid bonds.

These liquidity reserves represent 19.9 times Belfius Bank's institutional funding outstanding at the end of 2021 and having a remaining maturity of less than one year.

Encumbered assets

Encumbered assets represent the on- and off-balance sheet assets that are pledged or used as collateral for Belfius' liabilities. Belfius has encumbered a part of its loan portfolio for issuing covered bonds and residential mortgage-backed securities (RMBS). Furthermore, assets are encumbered for repurchase agreements and collateral swaps. Belfius also participates in TLTRO, for which assets are pledged as collateral. Finally, a part of Belfius' encumbrance results from collateral posted to secure derivatives transactions.

Belfius is active on the covered bond market since the set-up of the first covered bond programme in 2012.

Belfius Bank also collects funding through repo markets for a limited amount and other collateralised deposits. A small part of the credit claims is pledged directly as collateral for intraday liquidity.

Since 2017 in the context of the management of its liquidity buffer, Belfius is also active in securities lending transactions under agreed Global Master Securities Lending Agreements (GMSLA).

The balance of encumbered assets is mainly linked to collateral pledged (gross of collateral received) for the derivatives exposures under the form of cash or securities and in 2021 to the collateral posted for the TLTRO funding. A significant part of collateral pledged is financed through collateral received from other counterparties with whom Belfius Bank concluded derivatives in the opposite direction. The exceptional drawing on the TLTRO III, allowing Belfius to generate additional P&L and capital in order to sustain the Belgian economy, has led to a higher-than-normal Asset Encumbrance Ratio.

Regarding the "Other assets" (unencumbered) on balance sheet, they are mainly composed of assets not available for encumbrance such as derivatives value, fair value revaluation of portfolio hedge and tax assets.

At year end 2021 (point-in-time) the sources of asset encumbrance (matching liabilities) mainly consisted of:

- own covered bonds issued (EUR 6.5 billion);
- TLTRO (EUR 15.7 billion);
- derivatives exposures (EUR 10.7 billion);

- securities lending transactions (EUR 0.9 billion).

7.9. Ratings

Between 1 January 2021 and 24 March 2022, rating agencies took the following decisions:

- on 24 June 2021, S&P confirmed the long-term rating of Belfius Bank at A- with Stable outlook;
- on 13 July 2021, Moody's upgraded Belfius junior senior unsecured (non-preferred senior) debt to Baa1 from Baa2 and the junior senior unsecured MTN rating to (P) Baa1 from (P) Baa2. They also confirmed the long-term rating of Belfius Bank at A1 with Stable outlook;
- on 28 October 2021, Fitch confirmed Belfius Bank's long-term rating at A- with Stable outlook;
- on 16 December 2021, S&P raised the long- and short-term ICRs on Belfius Bank to A/A-1 from A-/A-2, the issue ratings on all outstanding senior instruments to A/A-1 from A-/A-2 and the long-term Resolution Counterparty Rating (RCR) to A+ from A. At the same time, S&P affirmed the short-term RCR and the issue ratings on the hybrid instruments and confirmed that the outlook is stable.

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	Stable	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.

7.10. 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

After two years of COVID-19 crisis, the war in Ukraine has marked a new area of uncertainties and probably a new normal. While inflation and interest rate were expected to rise smoothly at the start of this year, the unexpected escalation of the conflict triggered a sharp increase of inflation and interest rates exacerbated by a recent lockdown in key sectors and areas in China amplifying supply disruptions. The current crisis is a new test to the resilience of the financial system. So far, Belfius' resilience has been quite good confirming the well-founded and sound risk profile. The medium-term impact, including the impact of the inflation/supply shortage, together with uncertainties with regards to the interest rate evolution and the effects on net interest income are managed in order to safeguard the sound risk profile. Important decisions have been taken early 2022 with the progressive turnaround in the IRRBB management to protect net interest income to a maximum extent.

Other than as stated in this section and in the section entitled "*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.

7.11. 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[34]. Their description does not deal with elements or developments 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

[34] Please note, where relevant, Article 92 of IAS37 may apply to this section.

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. Housing Fund of the Brussels Capital Region

On 9 October 2012, the Housing Fund of the Brussels Capital Region (*Woningfonds van het Brussels Hoofdstedelijk Gewest/Fonds du Logement de la Région de Bruxelles-Capitale*) summoned Belfius Bank before the Brussels Enterprise Court. The Housing Fund subscribed for a total amount of EUR 32,000,000 to four treasury notes issued by Municipal Holding (*Gemeentelijke Holding/Holding Communal*), placed by Belfius acting as dealer under the Municipal Holding commercial paper programme, between July and September 2011 (Commercial Paper programme). Due to severe financial difficulties encountered by the Municipal Holding, the Housing Fund granted a voluntary waiver to the Municipal Holding on 24 November 2011 and received repayment for EUR 16 million. The Municipal Holding entered into liquidation in December 2011. Due to the intervention of Belfius as dealer of the treasury notes, the Housing Fund demands the payment by Belfius Bank of the non-repaid capital. As the loss incurred on this investment is the result of a voluntary waiver of the claim by the Housing Fund, which matches half of the investment, Belfius Bank rejects the demand from the Housing Fund.

On 27 March 2014, the Brussels Commercial Court accepted the claim application by the Housing Fund but declared it unfounded.

The Housing Fund lodged an appeal against this judgement on 3 June 2014.

The Housing Fund has made public on 29 April 2022 its decision not to appeal in cassation against the judgment of the Court of Appeal dated 28 March 2022. The judgment of the Court of Appeal is therefore final and the Housing Fund litigation can be considered as closed.

2. Arco - Cooperative shareholders

Various parties, including Belfius Bank, have been summoned by Arco – Cooperative shareholders in two separate procedures, i.e. one procedure before the Dutch-speaking Enterprise Court of Brussels and another procedure before the Court of First Instance of Brussels:

- On 30 September 2014, 737 shareholders from three 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 Enterprise 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, *inter alia*:
    - firstly, 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;
    - that, in the alternative, compensation is asked of 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) as at the date of this Report. 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 Enterprise 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/shareholders). The case was pleaded during several pleading sessions in June 2021. In its decision announced on 3 November 2021, the Dutch-speaking Enterprise Court of Brussels rejected all the claims of the cooperative shareholders. In January 2022, Deminor announced in the press that the plaintiffs will introduce an appeal against the judgment and that additional judicial proceedings, for new and more plaintiffs, shareholders of Arco entities, may be initiated.

- Furthermore, on 7 February 2018, two cooperative shareholders summoned the Belgian State before the Court of First Instance of Brussels because they state that the Belgian State committed an error by promising and introducing a guarantee scheme for shareholders of financial cooperative companies (like the Arco cooperative shareholders) which has been considered illicit state aid by the European Commission. These two plaintiffs also summoned Belfius Bank on 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 mobilise other Arco shareholders to become claimant in this procedure, and to the knowledge of Belfius, as at the end of June 2020, approximately 5,380 Arco shareholders did so. The VZW Arcoclaim also intervenes in this litigation procedure. There is not yet a pleading calendar in this case.

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.

3. Funding Loss

Belfius Bank is facing some legal actions regarding the issue of indemnities charged for funding losses incurred by Belfius Bank. The latter are charged to professional clients in the case of early repayment of professional credits. These indemnities are calculated in line with the current legal dispositions and the contractual framework of such credits to reflect the financial losses that are actually incurred by Belfius Bank in the case of early repayment of a professional credit. Belfius booked provisions to cover the potential adverse outcome of litigation proceedings. These provisions are reassessed on an ongoing basis, taking into account the evolution of Belgian case law and the relevant outstanding credits.

4. Investigations into Panama Papers

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

To date, Belfius Bank has not received any further information since the forementioned police search.

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

A public prosecution has been initiated, *inter alia* 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.

7.12. Management and Supervision of Belfius Bank

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

A. Management Board

The Management Board currently has five members who have all acquired experience in the banking and financial sector. The members of the Management Board form a college.

As from 1 January 2019, the Management Board has consisted of the following five 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
Johan Vankelecom	Member	none

Since 1 January 2019, the Management Board, in consultation with the Board of Directors, was expanded with three associated members: Mr. Patrick Devis, IT manager, Mrs. Camille Gillon, HR & Building Management manager and Mr. Geert Van Mol, Data & Digital manager. The associated members of the Management Board attended the meetings of Belfius Bank's Management Board in an advisory capacity.

A new organisational structure of Belfius Bank was presented to the Board of Directors on 17 September 2021, whereby: (i) the position of associate member of the Management Board disappeared as of 1 January 2022, (ii) the CTO (Group Chief Technology Officer) attends the Management Board as a permanently invited member as of 1 January 2022 and (iii) digital strategy and digital sales are henceforth integrated into the responsibilities of the PBR and WEP divisions.

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 Companies and Associations Code 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, including supervisory 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, after a proposal or recommendation of the Management Board, and, inter alia, supervises:

- the institution's strategy and objectives;
- 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 from 28 April 2021, the Board of Directors consists of sixteen members, five of whom sit on the Management Board.

The appointment of two new independent directors, Mr. Bruno Brusselmans and Mr. Peter Hinssen have been submitted to and accepted by the Ordinary General Meeting of Shareholders of 2021.

Mr. Jozef Clijsters and Mr. Jean-Pierre Delwart resigned as Independent Director and chairman of the Board of Directors and Independent Director respectively on 28 April 2021 following the Ordinary General Meeting of Shareholders of 2021. Mr. Chris Sunt was appointed as Chairman of the Board of Directors from 28 April 2021 following the Ordinary General Meeting of Shareholders of 2021 in replacement of Mr. Jozef Clijsters.

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

Name	Position	Significant other functions performed outside Belfius Bank
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	none
Olivier Onclin	Member of the Management Board Responsible for Private Business & Retail Banking	none
Johan Vankelecom.....	Member of the Management Board Chief Financial Officer, Responsible for Accounting, ALM, Legal & Tax, Strategic Planning and Performance Management (SPPM)	none
Paul Bodart.....	Member of the Board of Directors of Belfius Bank (Independent Director)	Director of companies and non-profit organisations
Bruno Brusselmans……..	Member of the Board of Directors of Belfius Bank (Independent Director)	Chief Information Officer at Luminus-EDF Group
Martine De Rouck.....	Member of the Board of Directors of Belfius Bank (Independent Director)	Consultant
Carine Doutrelepont.....	Member of the Board of Directors of Belfius Bank (Director)	Lawyer and full Professor at the Université Libre de Bruxelles (ULB)
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

Name	Position	Significant other functions performed outside Belfius Bank
Isabel Neumann……	Member of the Board of Directors of Belfius Bank (Independent Director)	Chief Investment Officer at Shurgard Self StorageChief Investment Officer at Shurgard Self Storage Non-Executive Director at King's college London University
Diane Zygas-Rosen	Member of the Board of Directors of Belfius Bank (Independent Director)	Chief Human Resources Officer at Group Sficer at Group S Independent Director at Belgian Red Cross
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
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.

7.12.2. 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. A Mediation Committee and a Technology 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.

A. 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
Chris Sunt.....	Member – Chairman of the Board of Directors of Belfius Bank
Diane Zygas-Rosen	Member – Director of Belfius Bank

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 Investment Partners.

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

Name	Position
Chris Sunt.....	Member – Chairman of the Board of Directors of Belfius Bank
Diane Zygas-Rosen	Member – Director of Belfius Bank

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 Investment Partners.

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
Paul Bodart.....	Member Director of Belfius Bank
Martine De Rouck……..	Member Director of Belfius Bank
Diane Zygas-Rosen……	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 four joint meetings in 2021, in particular when the insurance company's annual financial statements for 2020 and the half-yearly financial statements at 30 June 2021 were presented.

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
Martine De Rouck.....	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, 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.

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. Mediation Committee

A Mediation Committee has been established within the Belfius group.

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

Chairman	Chris Sunt Chairman of the Board of Directors of Belfius Bank
Members	Martine De Rouck Member Director of Belfius Bank

Carine Doutrelepont
Member
Director of Belfius Bank

Jean-Michel Kupper
Member
Director of Belfius Insurance

Cécile Coune
Member
Director of Belfius Insurance

The Mediation Committee is responsible for issuing opinions relating to material transactions or operations between, on the one hand, Belfius Bank or its subsidiaries and, on the other hand, Belfius Insurance or its subsidiaries, or between their respective subsidiaries. Such opinions are sent to the Board of Directors of the companies concerned, which will then take a final decision on the planned transaction or operation.

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:

Chairman	Paul Bodart Director of Belfius Bank
Members	Bruno Brusselmans Member Director of Belfius Bank
	Carine Doutrelepont Member Director of Belfius Bank
	Peter Hinssen Member Director of Belfius Bank
	Jean-Michel Kupper Member Director of Belfius Insurance
	Isabel Neumann Member Director of Belfius Bank
	Stijn Bijnens Member external advisor of Belfius Bank

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.

7.13. Selected Financial Information

The following tables summarise the consolidated balance sheet and, income statement of Belfius Bank for the period ending 31 December 2020 and 31 December 2021.

1. Consolidated Balance Sheet

	Notes	31 December 2020 IFRS 9	31 December 2021 IFRS 9
Assets		*(in thousands of EUR)*	
Cash and balances with central banks	5.2	**25,433,781**	**31,640,347**
Loans and advances due from credit institutions	5.3	**11,911,684**	**10,411,237**
Measured at amortised cost		11,911,684	10,411,237
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	**98,108,050**	**102,678,814**
Measured at amortised cost		96,811,908	101,540,978
Measured at fair value through other comprehensive income		0	99,119
Measured at fair value through profit or loss		1,296,142	1,038,717
Debt securities & equity instruments	5.5	**28,848,865**	**27,195,351**
Measured at amortised cost		22,039,067	20,839,937
Measured at fair value through other comprehensive income		5,170,430	4,959,373
Measured at fair value through profit or loss		1,639,368	1,396,041
Unit linked products insurance activities		**3,813,059**	**4,245,672**
Derivatives	5.6	**12,188,113**	**8,909,039**
Gain/loss on the hedged item in portfolio hedge of interest rate risk	5.6	**4,631,922**	**3,651,783**
Investments in equity method companies	5.7	**98,880**	**96,107**
Tangible fixed assets	5.8	**1,189,898**	**1,614,068**
Intangible assets	5.9	**195,833**	**214,928**
Goodwill	5.10	**103,966**	**103,966**
Tax assets	5.11	**403,390**	**355,777**
Current tax assets		33,622	27,073
Deferred tax assets		369,769	328,704
Technical insurance provisions - part of the reinsurer	6.5	**107,075**	**130,890**
Other assets	5.12	**931,216**	**876,060**
Non current assets (disposal group) held for sale and discontinued operations	5.13	**25,700**	**26,505**

	Notes	31 December 2020 IFRS 9	31 December 2021 IFRS 9
Assets		*(in thousands of EUR)*	
Total assets		**187,991,433**	**192,150,543**

	Notes	31 December 2020 IFRS 9	31 December 2021 IFRS 9
Liabilities		*(in thousands of EUR)*	
Cash and balances from central banks	6.1	**14,173,519**	**15,418,072**
Credit institutions borrowings and deposits	6.2	**5,008,193**	**3,591,036**
Measured at amortised cost		5,008,193	3,591,036
Measured at fair value through profit or loss		0	0
Borrowings and deposits	6.3	**95,337,975**	**104,404,013**
Measured at amortised cost		95,286,940	104,355,267
Measured at fair value through profit or loss		51,036	48,746
Debt securities issued and other financial liabilities	6.4	**24,402,198**	**23,145,353**
Measured at amortised cost		16,068,804	15,116,744
Measured at fair value through profit or loss		8,333,394	8,028,609
Unit linked products insurance activities		**3,813,059**	**4,245,672**
Derivatives	5.6	**18,310,156**	**14,018,729**
Gain/loss on the hedged item in portfolio hedge of interest rate risk	5.6	**373,447**	**45,766**
Provisions for insurance activities	6.5	**12,659,377**	**12,191,017**
Provisions and contingent liabilities	6.6	**624,107**	**529,173**
Subordinated debts	6.7	**1,150,681**	**1,642,749**
Measured at amortised cost		1,150,681	1,642,749
Measured at fair value through profit or loss		**0**	**0**
Tax liabilities	5.11	**84,660**	**49,183**
Current tax liabilities		68,470	41,682
Deferred tax liabilities		16,190	7,502
Other liabilities	6.8	**1,320,664**	**1,377,031**
Liabilities included in disposal group and discontinued operations		**0**	**0**
Total liabilities		**177,258,036**	**180,657,795**

	Notes	31 December 2020 IFRS 9	31 December 2021 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		5,616,576	5,957,910
Net income for the period		531,615	934,964
Shareholders' core equity		**9,815,490**	**10,560,172**
Fair value changes of debt instruments measured at fair value through other comprehensive income		213,853	108,559
Fair value changes of equity instruments measured at fair value through other comprehensive income		121,161	179,153
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		(68,761)	(98,352)
Remeasurement pension plans		69,161	132,290
Discretionary participation features of insurance contracts	6.5	57,552	81,096
Other reserves		208	208
Gains and losses not recognised in the statement of income		**393,173**	**402,953**
Total shareholders' equity		**10,208,663**	**10,963,126**
Additional Tier-1 instruments included in equity		497,083	497,083
Non-controlling interests		27,651	32,539
Total Equity		**10,733,397**	**11,492,748**
Total Liabilities and Equity		**187,991,433**	**192,150,543**

2. Consolidated Statement of Income

	Notes	31 December 2020 IFRS 9	31 December 2021 IFRS 9
		(in thousands of EUR)	
Interest income	7.1	3,352,799	3,357,376
Interest expense	7.1	(1,361,293)	(1,356,009)
Dividend income	7.2	50,265	72,853

	Notes	31 December 2020 IFRS 9	31 December 2021 IFRS 9
		(in thousands of EUR)	
Net income from equity method companies	7.3	4,848	2,449
Net income from financial instruments at fair value through profit or loss	7.4	24,086	24,973
Net income on investments and liabilities	7.5	54,517	14,842
Fee and commission income	7.6	810,261	942,249
Fee and commission expenses	7.6	(169,319)	(184,745)
Technical result from insurance activities	7.7	67,851	72,916
Gross earned premiums		1,475,214	1,506,818
Other technical income and charges		(1,407,363)	(1,433,902)
Other income	7.8	217,989	240,869
Other expense	7.9	(438,356)	(484,499)
Income		**2,613,649**	**2,703,276**
Staff expense	7.10	(630,182)	(641,064)
General and administrative expenses	7.11	(471,136)	(482,642)
Network costs		(211,417)	(220,587)
Depreciation and amortisation of fixed assets	7.12	(152,184)	(132,833)
Expenses		**(1,464,919)**	**(1,477,125)**
Net income before tax and impairments		**1,148,730**	**1,226,151**
Impairments on financial instruments and provisions for credit commitments	7.13	(453,133)	1,361
Impairments on tangible and intangible assets	7.14	(16,614)	(1,797)
Impairments on goodwill	7.15	0	0
Net income before tax		**678,984**	**1,225,714**
Current tax (expense) income	7.16	(228,428)	(234,998)
Deferred tax (expense) income	7.16	81,069	(55,100)
Total Tax (expense) income		**(147,360)**	**(290,098)**
Net income after tax		**531,624**	**935,617**
Discontinued operations (net of tax)		0	0
Net income		**531,624**	**935,617**
Attributable to non-controlling interests		9	653
Attributable to equity holders of the parent		531,615	934,964

8. TERMS AND CONDITIONS OF THE NOTES

(Annex 14.4 of Commission delegated regulation (EU) 2019/980)

The following is the text of the terms and conditions (the "**Terms and Conditions**", each chapter or subchapter individually referred to as "**Condition**") of the Notes, subject to completion and amendment and as supplemented or varied in accordance with the relevant provisions of the Final Terms. In the event of any inconsistency between the provisions of the Final Terms and the other provisions of 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.

References in the Terms and Conditions to the Notes are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

Bearer Notes are issued under an agency agreement dated the date of this Base Prospectus (as amended or supplemented as at the date of issue of the Notes (the "**Issue Date**"), referred to as the "**Agency Agreement**", see Annex 4), between Belfius Financing Company as Issuer, Belfius Bank and Banque Internationale à Luxembourg, when relevant.

The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche will be identical to the terms of other Tranche of the same Series) will be set out in the Final Terms.

To the extent applicable, the Issuer and the Calculation Agent undertake to comply with Book VI of the Belgian Code of Economic Law in respect of Notes issued under the Programme and placed in the framework of a public offer in Belgium. For this purpose, a public offer has the meaning set forth in Article 2 of the Prospectus Regulation.

In accordance with Articles VI.82 to VI.84 of the Belgian Code of Economic Law, the Issuer or the Calculation Agent may only make a unilateral modification of a product if the following four cumulative conditions are met:

(i) it is limited to events of force majeure or other events which significantly modify the economy of the contract and for which the Issuer is not responsible (see the events listed under "Potential Adjustment Events" and "Extraordinary Events");

(ii) the modification itself is not significant, so that it does not create an imbalance between the rights and obligations of the parties, to the detriment of the Noteholders. The Issuer must take all measures and make every effort to continue the product under similar circumstances;

(iii) no costs are charged to the Noteholder; and

(iv) the contract term must be drawn up in a plain and intelligible manner.

Furthermore, the redemption features provided by section 8.5.3. ("Redemption at the option of the Issuer") of this Base Prospectus, which will be further specified in the Final Terms of each Series, are deemed to be the principal object of the contract within the meaning of Article VI.82 of the Belgian Code of Economic Law. The other early redemption features of the Notes provided by this Section 8 (as described under sections 8.7.2.3. *Potential Adjustment Events*, 8.7.2.4. *Extraordinary Events*, 8.7.3.1. *Terms applicable irrespective of whether an Index is*

Multiple Exchange or not, 8.7.4.2. *Potential Adjustment Events*, 8.7.4.3. *Extraordinary Events*, 8.7.5.2. *Market Disruption*, 8.7.6.2. *Commodity Index Event*, and 8.7.7.2. *Events affecting the Index*) are only possible (i) as a consequence of events of force majeure or other events which significantly modify the economy of the Note and for which the Issuer is not responsible (the repayment will then, (a) in the case of force majeure or in the case of Notes without capital protection, be at least at market value without charging additional costs to the consumer or (b) in the case of capital protected Note, Monetization (as defined below) or buy back at market value) (ii), except in the case of force majeure, the Issuer is required to indemnify the Noteholder for the loss suffered by the Noteholder because of the early redemption; (iii) no costs are charged to the noteholder and (iv) no deduction of any costs whatsoever is allowed and a *pro rata* refund of the costs already borne by the investor (in the proportion (total initial term minus elapsed period)/total initial term), must be provided for. The Terms and Conditions allow for the substitution of the Issuer provided that the conditions listed in section 8.16 are met.

Besides these early redemption features, the following sections relate to situations in which certain features of the Notes may be modified: 8.7.2.3. *Potential Adjustment Events*, 8.7.2.4. *Extraordinary Events*, 8.7.3.1. *Terms applicable irrespective of whether an Index is Multiple Exchange or not*, 8.7.3.2. *Terms applicable to an Index that is not Multiple Exchange*, 8.7.4.2. *Potential Adjustment Events*, 8.7.4.3. *Extraordinary Events*, 8.7.5.2. *Market Disruption*, 8.7.6.2. *Commodity Index Event*, and 8.7.7.2. *Events affecting the Index*.

In the case of a Note without capital protection, the Issuer shall pay in accordance with the indemnification-principle laid down in Article VI.83. 10° CEL, at least the Fair Market Value of the Note. "**Fair Market Value**" means the valuation using (i) the most relevant available market data or market quotation, or, (ii) if no such relevant data or quotation may be found at the relevant time, a valuation mathematical model generally accepted in the financial sector.

In the case of a capital protected Note, the Issuer opts for the monetization of the relevant Notes. "**Monetization**" means that the underlying financial structure (derivative component) of a capital protected Note will be unwound at its market value and added to the bond component. The Fair Market Value of the Note, consisting of the Fair Market Value of both the bond and the derivative component, will be capitalized at least up to the protected level (Fair Market Value means the valuation using (i) the most relevant available market data or market quotation, or, (ii) if no such relevant data or quotation may be found at the relevant time, a valuation mathematical model generally accepted in the financial sector). In case of such Monetization of the Note, the Noteholders will always have the right, as an alternative to the Monetization, to sell the Note to the Issuer or to an agent appointed by the Issuer at market value. In any case of early redemption (for capital protected Notes as well as for Notes without capital protection), but not in the case of Monetization, no deduction of any costs will be applied and the costs already borne by the Noteholders will be refunded *pro rata temporis* to the Noteholders.

8.1. Form, Denomination and Title

The Denomination of the Notes will be at least EUR 1,000. Certain Belfius Financing Company Notes are issued in bearer form ("**Bearer Notes**") in the Denominations specified in the relevant Final Terms. These Belfius Financing Company Notes will be represented by a Permanent Global Note, deposited with the common depositary for Euroclear and Clearstream Banking S.A. and will not be exchangeable for definitive notes.

The Belfius Bank Notes and certain Belfius Financing Company Notes are issued in dematerialised form ("**Dematerialised Notes**") in the Denomination(s) specified in the relevant Final Terms.

The Belfius Bank Notes are issued in dematerialised form via a book-entry system maintained in the records of the NBB (having as its address, de Berlaimontlaan 14, 1000 Brussels, Belgium) as operator of the Securities Settlement System (NBB-SSS) in accordance with Article 7:35 and following of the Belgian Code of Companies and Associations and will be credited to the accounts held with the Securities Settlement System (NBB-SSS) by Belfius Bank, Euroclear, Clearstream, SIX SIS, Monte Titoli, Interbolsa, Euroclear France, LuxCSD or other Securities Settlement System (NBB-SSS) participants for credit by Belfius Bank, Euroclear, Clearstream, SIX SIS,

Monte Titoli, Interbolsa, Euroclear France, LuxCSD or other Securities Settlement System (NBB-SSS) participants to the securities accounts of their subscribers.

Transfers of Belfius Bank Notes will be effected only through records maintained by the Securities Settlement System (NBB-SSS), Belfius Bank, Euroclear, Clearstream, SIX SIS, Monte Titoli, Interbolsa, Euroclear France and LuxCSD or other Securities Settlement System (NBB-SSS) participants and in accordance with the applicable procedures of the Securities Settlement System (NBB-SSS), Euroclear, Clearstream, SIX SIS, Monte Titoli, Interbolsa, Euroclear France and LuxCSD or other Securities Settlement System (NBB-SSS) participants.

The Belfius Bank Notes will not be physically delivered. They will be held in a securities account.

The Belfius Financing Company Notes are issued either in dematerialised form or in bearer form in accordance with applicable Luxembourg law, as specified in the relevant Final Terms. Where the Belfius Financing Company Notes are issued in dematerialised form, these will be represented by a book-entry in the records of the Securities Settlement System.

In these Terms and Conditions, the "Noteholder" means the person who has the Notes on his or her securities account.

8.2. Pay-Offs

Introduction

The pay-offs allowed in the Programme can be divided into six main categories in function of the calculation and payment of Interest (periodic or not), the calculation methodology of the amount paid at redemption of the Notes (the "**Redemption Amount**") (one calculation and payment at maturity, or a sum of periodic calculation paid at maturity) and the settlement of the Redemption Amount (cash or physical). These categories are:

- A. Structures with a periodic payment;
- B. Structures with one payment at maturity with cap;
- C. Structures with one payment at maturity without cap;
- D. Structures with a sum of periodic calculations and payment at maturity;
- E. Structures with a periodic payment and physical settlement; and
- F. Structures with an amortising redemption.

The formulas proposed below try to be general formulas meant to be used for a lot of different types of products. In accordance with the Prospectus Regulation, the Issuer can decide not to use some components of the formula by setting these components on 0 or 1 or not applicable. The Final Terms will specify which formula(s) will be used for a specific product issued and which specific parameters go into the formula. If a component of the formula is 0 or 1 or not applicable, and the respective component is not used for a specific issue of Notes, it is possible to render the formula in the Final Terms without the unapplied component(s).

A. Structures with a periodic payment

The first category includes the products generating a periodic payment of Interest (fixed or variable) (the "**Periodic Payment**") and a Redemption Amount which can be equal or not to 100% of the capital invested less fees.

Definition

The Periodic Payments can be calculated applying the next formula(s) [for n periods]:

$$Formula\ i = \left(Participation\ Rate_i \times \max\left(X\%_i, min(Performance_i, Y\%_i)\right) + Bonus_i\right)$$

The Redemption Amount at Maturity (period n) can be calculated applying the next formula:

$$Formulai\ = Denomination + \left[Denomination \times \left(Participation\ Rate_i \times \max\left(X\%_i, min(Performance_i, Y\%_i)\right) + Bonus_i\right)\right]$$

The Final Terms will specify the parameters (Participation Rate, X%, Y%) of the specific issue (see introduction). The Final Terms will also specify if a combination of more than one of these formulas is used. The Final Terms will furthermore specify:

1) How many periods (n) will be used and what formula relates to what period.
2) Which underlying (the **"Underlying"**) will be used to calculate the Performance (Rate, Share or Basket of Shares, Share Index or Basket of Share Indexes, Commodity Index or Basket of Commodity Indexes, Inflation Index, Fund or Basket of Funds) (as defined in the Final Terms).
3) Which sub formula will apply to calculate the Performance. This Performance can be:
   a) a single fixing
   b) a difference between 2 Underlyings: $\text{Underlying}_1 - \text{Underlying}_2$
   c) $\frac{Final\ Price - Initial\ Price}{Initial\ Price}$, with or without reset of the Initial Price
   d) $\frac{Initial\ Price - Final\ Price}{Initial\ Price}$, with or without reset of the Initial Price
   e) $\frac{Final\ Price - Initial\ Price}{Final\ Price}$, with or without reset of Initial Price
   f) $\frac{Initial\ Price - Final\ Price}{Final\ Price}$, with or without reset of Initial Price
   g) $\frac{FinalPrice}{InitialPrice}$

   $\sum_{j=1}^{y} w_{i,j} \times max\left(U\%, min\left(\left(\frac{FinalPrice_j - InitialPrice_j}{InitialPrice_j}\right), Z\%\right)\right)$, with or without reset of the Initial Price.

   W means the weight of the Underlying. Y can be the number of Underlyings, or can be the number of periods.

   The Final Terms will also determine how the Final Price and Initial Price are defined. These can be 1 observation, an average of X observations, with a look-back feature (lowest/highest during a certain period).
4) If the structure can be called either by the Issuer at certain dates, or when the Underlying reaches a certain level at a certain date or during a certain period.
5) If the value of some parameters depends on the level of the Underlying at a certain date or during a certain period (=condition).
6) How the Bonus_i is defined. The Bonus_i can be
   a. a fixed rate
   b. a fixed rate subject to a condition on the Underlying
   c. a rate which is the result of a formula such as the formulas above.
   d. A rate which is the result of a sum of formulas such as the formulas above.
7) What the Participation Rate will be.
8) What the floor X% will be.
9) What the cap Y% will be.
10) What daycount convention has to be applied.

Examples

1. Collared Floater (5 years, payment every 3 months)

Definition:

In a Collared Floater, the Noteholder receives periodically a variable interest rate (linked to an Underlying). This rate is capped at a certain percentage (Y%) and floored at another level (X%). The Noteholder receives 100% of his invested capital at Maturity.

Product:

Periodic payments:

1. Periods: 20
2. Underlying: EURIBOR3months
3. Performance will be a single fixing (subformula 3.a) is applicable). Fixing in advance (2 Business Days before start of the Interest Period)
4. Not applicable
5. Not applicable
6. Bonus = 0%
7. Participation Rate = 100%
8. X% = 2.20% (annualized)
9. Y% = 5.00% (annualized)
10. Daycount: act/360, mod fol, adjusted

The formula for the Periodic Payments will be

$$\left(Participation\ Rate_i \times \max\left(X\%_i, min(Performance_i, Y\%_i)\right) + Bonus_i\right)$$

$$= \left(100\% \times \max\left(2.20\%, min(Performance, 5.00\%)\right) + 0\%\right)$$

Redemption Amount:

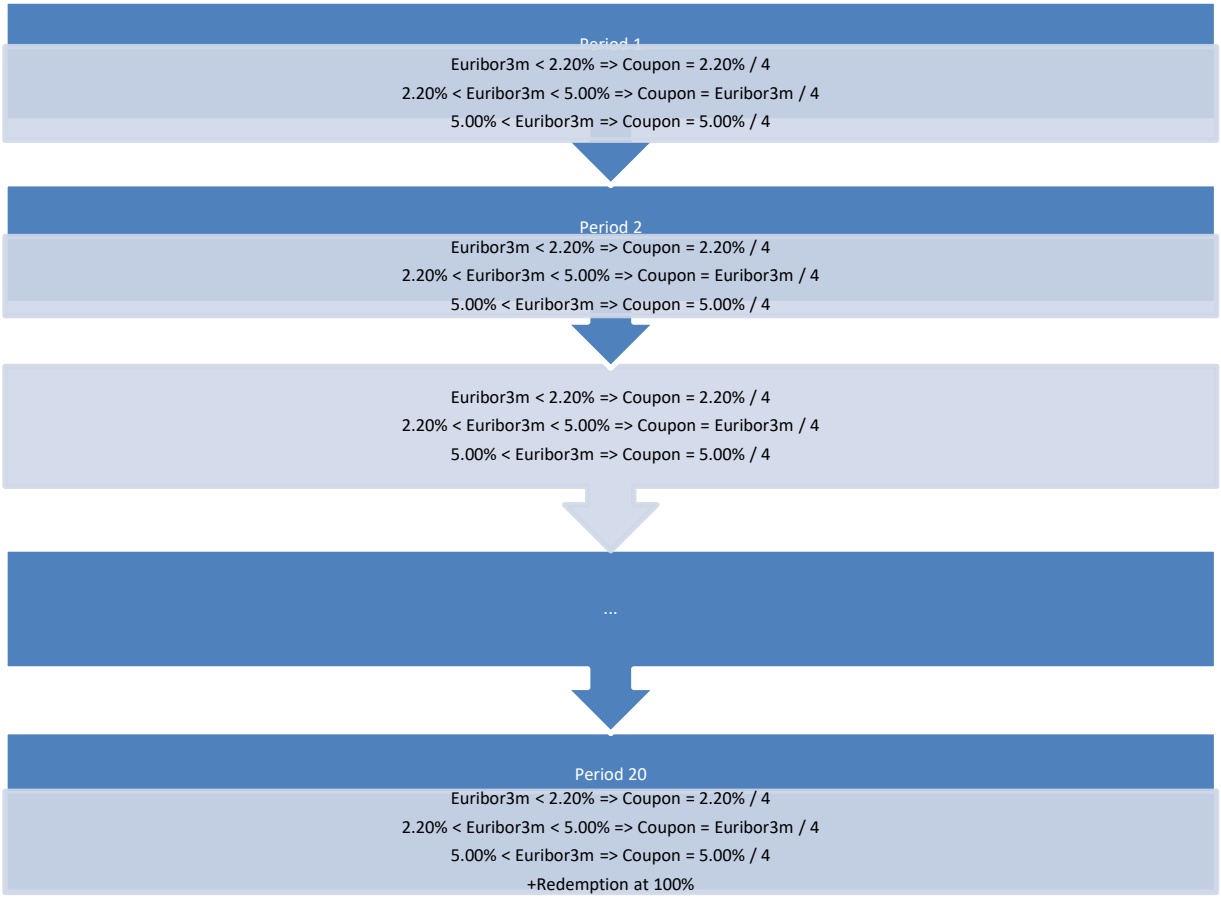
1. Not Applicable
2. Underlying: EURIBOR3months
3. Single fixing 2 Business Days before start of the Interest Period (subformula 3.a) is applicable).
4. Not applicable
5. Not applicable
6. Bonus = 0%
7. Participation Rate = 0%
8. X% = 0%
9. Y% = 0%
10. No Daycount

The formula for the Redemption Amount will be

$$Denomination + \left[Denomination \times \left(Participation\ Rate_i \times \max\left(X\%_i, min(Performance_i, Y\%_i)\right) + Bonus_i\right)\right]$$

$$= Denomination + \left[Denomination \times \left(0\% \times \max\left(0\%, min(Performance_i, 0\%)\right) + 0\%\right)\right]$$

$$= Denomination$$



Note: In the example above the amounts are divided by 4, but the day count convention is act/360. This division is done for simplification purposes.

2. Target Memory Autocall

Definition:

In a Target Memory Autocall, there is no right to receive 100% of the invested capital less fees at Maturity.

-> If, on an Interest Payment Date, the Underlying (typically an index) has lost more than a certain percentage of its initial value (for example -30%), no Interests are paid and the Interests (for example, 7.50%) are recorded in the Memory which starts at zero.

-> If the Underlying has not lost more than a certain percentage of its initial value (for example, -30%), the Interests and the memory are paid.

-> If the Underlying is above a predefined level (typically its initial value), the Interests and the memory are paid and the Note is redeemed at par (autocallable).

At Maturity, if the Underlying is below a third predefined level (for example, -50%), the Redemption Amount is linked to the evolution of the Underlying, which means that investors will receive less than the invested capital, less fees. Otherwise, the Note is redeemed at par

Product:

Periodic payments (i = 1 to 4):

1. Periods: 5

2. Underlying: SX5E

3. Performance will be $\frac{Final\ Price - Initial\ Price}{Initial\ Price}$ (Subdivision 3.c) is applicable), no reset for the Initial Price

4. Callable is applicable (Subdivision 4) is applicable) if Performance$_i$ ≥ 0%

5. Condition is applicable (Subdivision 5))

6. Bonus$_i$ = $-\sum_{w=1}^{i-1} Formula_w$ if Performance$_i$ ≥ -30%

= 0% if Performance$_i$ < -30%

7. Participation Rate = period i (i = 1 to 4) if Performance$_i$ ≥ -30

= 0% if Performance$_i$ < -30%

8. X% = 7.50% if Performance$_i$ ≥ -30%

= 0% if Performance$_i$ < -30%

9. Y% = 7.50% if Performance$_i$ ≥ -30%

= 0% if Performance$_i$ < -30%

10. Daycount: 30/360, following, unadjusted

➡ If Performance$_i$ ≥ -30% and < 0%

The formula for the Periodic Payments will be

$$\left(Participation\ Rate_i \times \max\left(X\%_i, min(Performance_i, Y\%_i)\right) + Bonus_i\right)$$

$$= \left(i \times \max\left(7.50\%, min(Performance, 7.50\%)\right)\right) - \sum_{w=1}^{i-1} Formula_w$$

➡ $= (i \times \ (7.50\%)) - \sum_{w=1}^{i-1} Formula_w$ If Performance$_i$ < -30%,

Formula for the Periodic Payments will be

$$\left(Participation\ Rate_i \times \max\left(X\%_i, min(Performance_i, Y\%_i)\right) + Bonus_i\right)$$

$$= \left(0\% \times \max\left(0\%, min(Performance, 0\%)\right)\right) + 0\% = 0$$

➡ If Performance$_i$ ≥ 0%, then the transaction terminates automatically (autocallable).

Formula$_i$ for Redemption Amount will be:

$$Denomination + \left[Denomination \times \left(Participation\ Rate_i \times \max\left(X\%_i, min(Performance_i, Y\%_i)\right) + Bonus_i\right)\right]$$

$$= Denomination + \left[Denomination \times \left(i \times \max\left(7.50\%_i, min(Performance_i, 7.50\%_i)\right) - \sum_{w=1}^{i-1} Formula_w\right)\right]$$

$$= Denomination + \left[Denomination \times \left(i \times 7.50\% - \sum_{w=1}^{i-1} Formula_w\right)\right]$$

Redemption Amount:

1. Periods: 5

2. Underlying: SX5E

3. Performance will be $\frac{Final\ Price - Initial\ Price}{Initial\ Price}$ (Subdivision 3.c) is applicable), no reset for the Initial Price

4. Call is activated if Performance$_i$ ≥ 0%

5. Conditions are activated

6. Bonus$_i$ = $-\sum_{w=1}^{i-1} Formula_w$ if Performance$_i$ ≥ -30%; = 0% if Performance$_i$ < -30%

7. Participation Rate = 5 if Performance$_i$ ≥ -30%; = 0% if Performance$_i$ < -30% and ≥ -50%; = 100% if Performance$_i$ < -50%

8. X% = 7.50% if Performance$_i$ ≥ -30%; = 0% if Performance$_i$ < -30% and ≥ -50%; = - 100% if Performance$_i$ < -50%

9. Y% = 7.50% if Performance$_i$ ≥ -30%; = 0% if Performance$_i$ < -30% and ≥ -50%; = 100% if Performance$_i$ < -50%

10. Daycount: 30/360, following, unadjusted

→ If Performance$_i$ ≥ -30% and < 0%, then Formula$_i$ will be:

$$Denomination + \left[Denomination \times \left(Participation\ Rate_i \times \max\left(X\%_i, min(Performance_i, Y\%_i)\right) + Bonus_i\right)\right]$$

$$= Denomination + Denomination \times \left[\left(5 \times \max\left(7.50\%, min(Performance, 7.50\%)\right)\right) - \sum_{w=1}^{i-1} Formula_w\right]$$

$$= Denomination + \left[Denomination \times \left(i \times 7.50\% - \sum_{w=1}^{i-1} Formula_w\right)\right]$$

→ If Performance$_i$ < -30% and ≥ -50%, then Formula$_i$ will be:

$$Denomination + \left[Denomination \times \left(Participation\ Rate_i \times \max\left(X\%_i, min(Performance_i, Y\%_i)\right) + Bonus_i\right)\right]$$

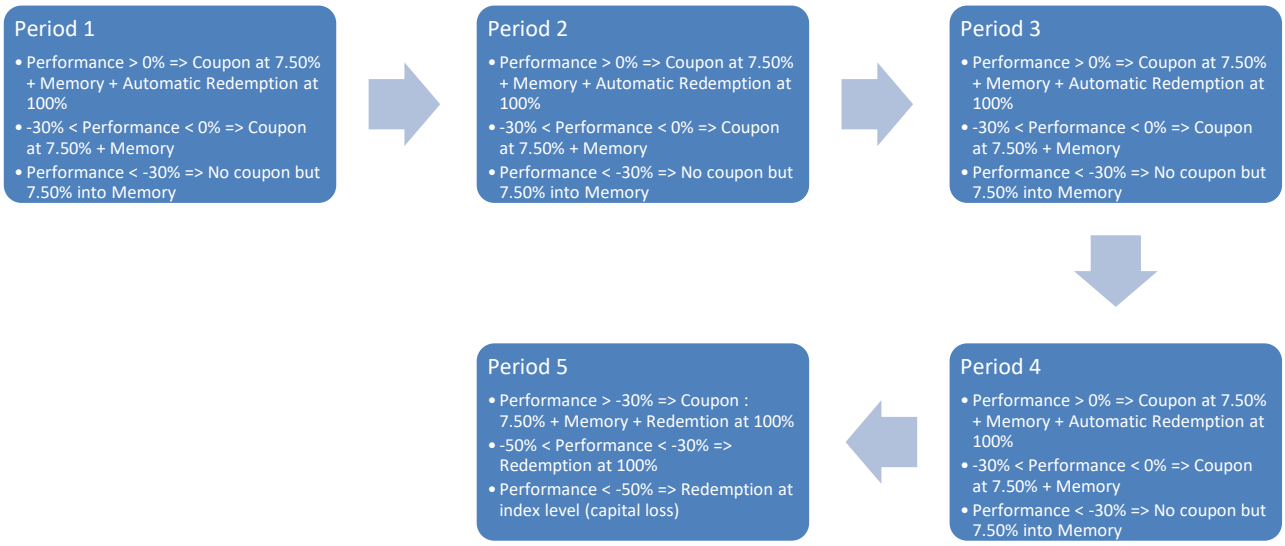
$$= Denomination + \left[Denomination \times \left(0\% \times \max\left(0\%, min(Performance_i, 0\%)\right) + 0\%\right)\right]$$

$$= Denomination$$

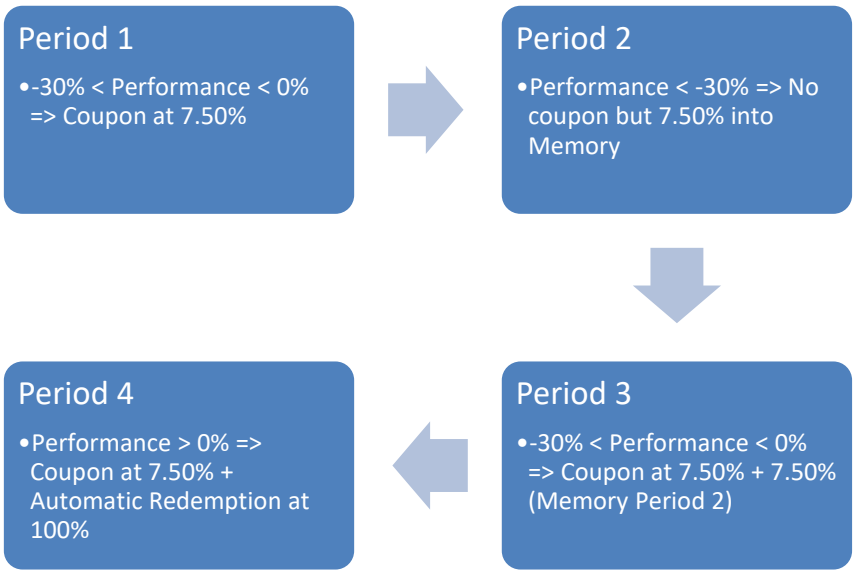
→ If Performance$_i$ < - 50%, then Formula$_i$ will be:

$$Denomination + \left[Denomination \times \left(Participation\ Rate_i \times \max\left(X\%_i, min(Performance_i, Y\%_i)\right) + Bonus_i\right)\right]$$

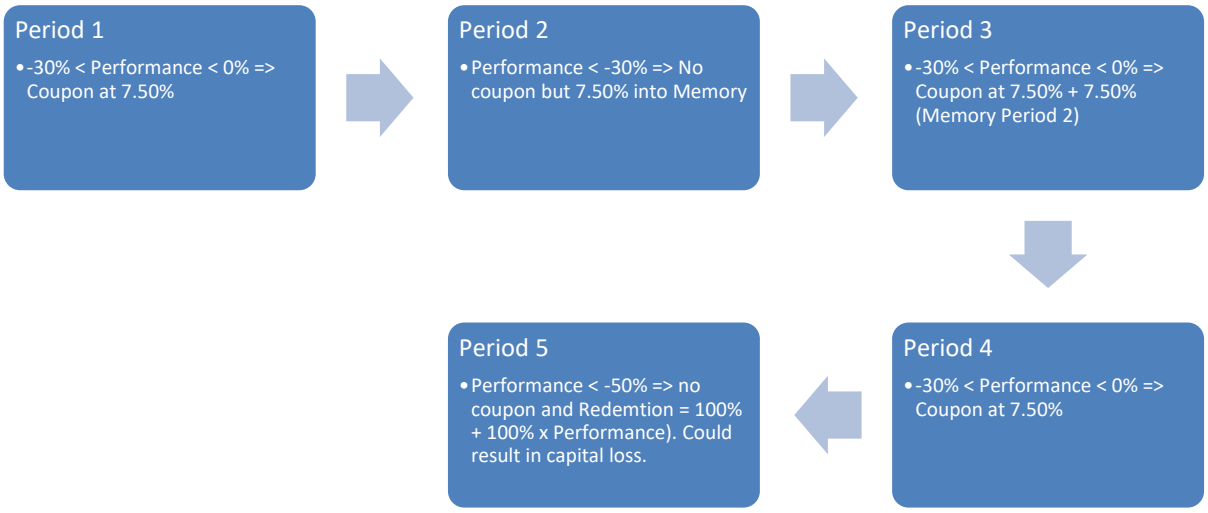
$$= Denomination + \left[Denomination \times \left(100\% \times \max\left(-100\%, min(Performance_i, 100\%)\right) + 0\%\right)\right]$$



Optimistic Scenario



Pessimistic Scenario



3. Light Reverse

Definition:

In a Light Reverse, one single barrier needs to be observed at Maturity. There is no right to receive 100% of the invested capital less fees at maturity

The Noteholder receives periodically (typically every year) a fixed Interest rate (for example 5.50%).

At Maturity, the Noteholder receives 100% of its investment if the Underlying (typically an Index) has not lost more than a pre-defined percentage (for example -40%) of its initial value. Otherwise the index performance is paid and there is a loss of capital.

Product:

Periodic payments:

1. Periods: 5
2. Underlying: SX5E

3. Performance is $\frac{Final\ Price - Initial\ Price}{Initial\ Price}$ (Subdivision 3.c) is applicable), no Reset for the Initial Price

4. Not applicable

5. Not applicable

6. Bonus = 5.50%

7. Participation Rate = 100%

8. X% = 0%

9. Y% = 0%

10. Daycount: 30/360, unadjusted, following

The formula for the Periodic Payments will be

$$\left(Participation\ Rate_i \times \max\left(X\%_i, min(Performance_i, Y\%_i)\right) + Bonus_i\right)$$
$$= \left(0\% \times \max\left(0\%, min(Performance, 0\%)\right) + 5.50\%\right) = 5.50\%$$

Redemption Amount:

1. Periods: Not Applicable

2. Underlying: Eurostoxx 50 (SX5E)

3. Performance is $\frac{Final\ Price - Initial\ Price}{Initial\ Price}$ (Subdivision 3.c) is applicable), no Reset for the Initial Price

4. Not applicable

5. Digitals are activated (Subdivision 5) is applicable)

6. Bonus = 0%

7. Participation Rate = 0% if Performance ≥ -40%;
   100% if Performance < -40%.

8. X% = 0% if Performance ≥ -40%;
   -100% if Performance < -40%.

9. Y% = 0% if Performance ≥ -40%;
   100% if Performance < -40%.

10. Daycount: 30/360, unadjusted, following

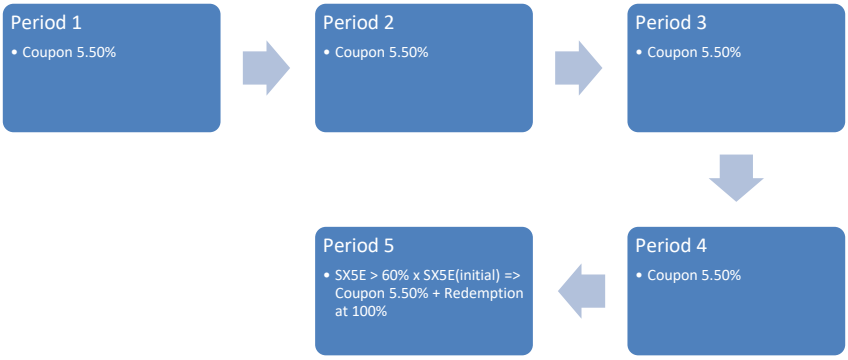
If Performance ≥ -40%, then formula for the Redemption Amount will be

$$Denomination + \left[Denomination \times \left(Participation\ Rate_i \times \max\left(X\%_i, min(Performance_i, Y\%_i)\right) + Bonus_i\right)\right]$$
$$= Denomination + \left[Denomination \times \left(0\% \times \max\left(0\%, min(Performance_i, 0\%)\right) + 0\%\right)\right]$$
$$= Denomination$$

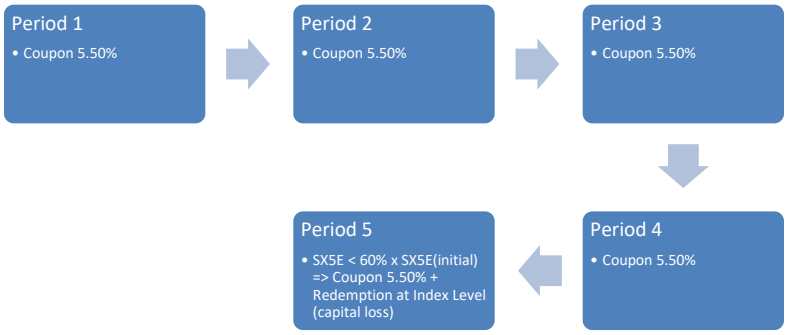
If Performance < -40%, then formula for the Redemption Amount will be

$$Denomination + \left[Denomination \times \left(Participation\ Rate_i \times \max\left(X\%_i, min(Performance_i, Y\%_i)\right) + Bonus_i\right)\right]$$
$$= Denomination + \left[Denomination \times \left(100\% \times \max\left(-100\%, min(Performance_i, 100\%)\right) + 0\%\right)\right]$$
$$= Denomination + \left[Denomination \times Performance_i\right]$$

Optimistic Scenario



Pessimistic Scenario



B. Structures with one payment at maturity with cap

The second category includes the products which do not generate any Periodic Payments but one global payment at Maturity. This last payment can be fixed (in a so-called "zero coupon product") or variable. The formulas as stipulated below will specify if the Note have a Redemption Amount at 100% of the capital invested less fees or not.

Definition

The Variable Linked Redemption Amount can be constituted out of the next formula(s):

$$Formula\ i = \ Denomination + \left[Denomination \times \left(Participation\ Rate_i \times \max\left(X\%_i, min(Performance_i, Y\%_i)\right) + Bonus_i\right)\right]$$

The Final Terms will specify the parameters (Participation Rate, X%, Y%) of the specific issue (see introduction). The Final Terms will also specify if a combination of more than one of these formulas is used. The Final Terms will furthermore specify:

1) Which Underlying will be used to calculate the Performance (Rate, Share or Basket of Shares, Share Index or Basket of Share Indexes, Commodity Index or Basket of Commodity Indexes, Inflation Index, Fund or Basket of Funds).
2) Which sub formula will apply to calculate the Performance. This Performance can be:
   a) a single fixing
   b) a difference between 2 Underlyings: $Underlying_1 - Underlying_2$
   c) $\frac{Final\ Price - Initial\ Price}{Initial\ Price}$, with or without reset of the Initial Price
   d) $\frac{Initial\ Price - Final\ Price}{Initial\ Price}$, with or without reset of the Initial Price
   e) $\frac{Final\ Price - Initial\ Price}{Final\ Price}$, with or without reset of Initial Price
   f) $\frac{Initial\ Price - Final\ Price}{Final\ Price}$, with or without reset of Initial Price
   g) $\frac{FinalPrice}{InitialPrice}$

   $\sum_{j=1}^{y} w_{i,j} \times max\left(U\%, min\left(\left(\frac{FinalPrice_j - InitialPrice_j}{InitialPrice_j}\right), Z\%\right)\right)$, with or without reset of the Initial Price.

   W means the weight of the Underlying. Y can be the number of Underlyings, or can be the number of periods.

   The Final Terms will also determine how the Final Price and Initial Price are defined. These can be 1 observation, an average of X observations, with a look-back feature (lowest/highest during a certain period).
3) If the structure can be called either by the Issuer at certain dates, or when the Underlying reaches a certain level at a certain date or during a certain period.
4) If the value of some parameters depends on the level of the underlying at a certain date or during a certain period (=condition).
5) How the $Bonus_i$ is defined. The $Bonus_i$ can be:
   a. a fixed rate;
   b. a fixed rate subject to a condition on the Underlying;
   c. a rate which is the result of a formula such as the formulas above; or
   d. a rate which is the result of a sum of Formulas such as the Formulas above.
6) What the Participation Rate will be.
7) What the floor X% will be.
8) What the cap Y% will be.
9) What daycount convention has to be applied.

Examples

1. Call spread

Definition:

In a Call spread, there is no Periodic Payment. At Maturity, the Redemption Amount will be equal to 100% of the capital invested less fees plus any positive evolution of the Underlying capped at a defined level.

Product:

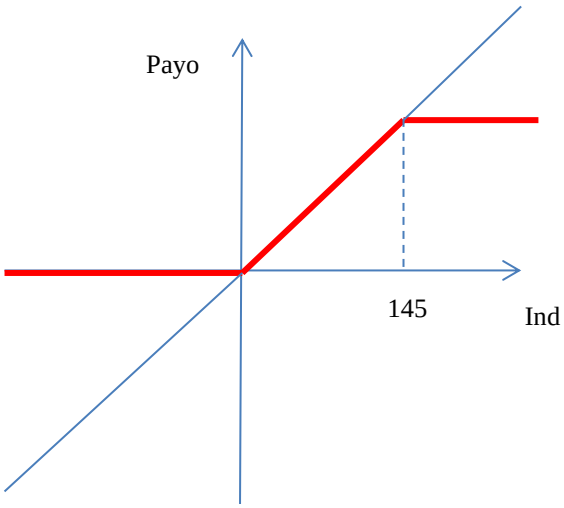
Redemption Amount:

1. Underlying: Eurostoxx 50 (SX5E)
2. Performance is $\frac{Final\ Price - Initial\ Price}{Initial\ Price}$ (Subdivision 2.c) is applicable) where Initial Price is closing level of Index observed at 24/09/2012 and Final Price is arithmetic average of the closing levels observed at 10/09/2017, 11/09/2017 and 12/09/2017.
3. Not applicable
4. Not applicable
5. Bonus = 0%
6. Participation Rate = 100%
7. X% = 0%
8. Y% = 45%
9. No daycount

The formula for the Redemption Amount will be:

$$Denomination + \left[Denomination \times \left(Participation\ Rate_i \times \max\left(X\%_i, min(Performance_i, Y\%_i)\right) + Bonus_i\right)\right]$$

$$Denomination + \left[Denomination \times \left(100\% \times \max\left(0\%, min(Performance, 45\%)\right) + 0\%\right)\right] =$$



Optimistic Scenario:

Performance = 30% => $Denomination + \left[Denomination \times \left(100\% \times \max\left(0\%, min(30\%, 45\%)\right) + 0\%\right)\right]$ = 130%

Pessimistic Scenario:

Performance = -30% => $Denomination + \left[Denomination \times \left(100\% \times \max\left(0\%, min(-30\%, 45\%)\right) + 0\%\right)\right]$= 100%

2. Digital on CMS

Definition:

The Digital on CMS product is the combination of a typical Zero Coupon bond (with a predefined interest payment at maturity) and a potential additional payment (the digital feature) if the Underlying (in this case the CMS rate) is above a certain level at maturity.

Product:

Redemption Amount:

1. Underlying: CMS10y
2. Performance is a single fixing ((Subdivision 2.a) is applicable)
3. Not applicable
4. Condition is applicable ((Subdivision 4) is applicable) -> at observation date, if CMS10y is at or above 2.10%
5. Bonus = 25.20 %
6. Participation Rate = 0% if CMS10y < 2.10%
   100% if CMS10y ≥ 2.10%
7. X% = 0% if CMS10y < 2.10%
   10.40 % if CMS10y ≥ 2.10%
8. Y% = 0% if CMS10y < 2.10%
   10.40 % if CMS10y ≥ 2.10%
9. No daycount

If CMS10y < 2.10%, then

Formula for the Redemption Amount will be

$$Denomination + \left[Denomination \times \left(Participation\ Rate_i \times \max\left(X\%_i, min(Performance_i, Y\%_i)\right) + Bonus_i\right)\right]$$

$$Denomination + \left[Denomination \times \left(0\% \times \max\left(0\%, min(Performance_i, 0\%)\right) + 25.20\%\right)\right]$$

$$= Denomination + \left[Denomination \times (25.20\%)\right]$$

If CMS10y ≥ 2.10%, then

Formula for the Redemption Amount will be

$$Denomination + \left[Denomination \times \left(Participation\ Rate_i \times \max\left(X\%_i, min(Performance_i, Y\%_i)\right) + Bonus_i\right)\right]$$

$$Denomination + \left[Denomination \times \left(100\% \times \max\left(10.40\%, min(10.40\%)\right) + 25.20\%\right)\right]$$

$$= Denomination + \left[Denomination \times (10.40\% + 25.20\%)\right]$$

Period 1

- CMS10y < 2.10% => Redemption Price = 100% + 25.20% + 0%
- CMS10y > 2.10% => 100% + 25.20% + 10.40%

C. Structures with one payment at maturity without cap

The third category includes the Notes which do not generate any Periodic Payments but one global payment at Maturity. This last payment can be fixed (in a so-called "zero coupon product") or variable. The formulas as stipulated below will specify if the product is with redemption at 100% of the capital invested less fees or not.

Definition

The Variable Linked Redemption Amount can be constituted out of the next formula(s):

$$Formula\ i = \ Denomination + [Denomination \times (Participation\ Rate_i \times \max(X\%_i, Performance_i) + Bonus_i)]$$

The Final Terms will specify the parameters (Participation Rate, X%) of the specific issue (see introduction). The Final Terms will also specify if a combination of more than one of these formulas is used. The Final Terms will furthermore specify:

1) Which underlying will be used to calculate the Performance (Rate, Share or Basket of Shares, Share Index or Basket of Share Indexes, Commodity Index or Basket of Commodity Indexes, Inflation Index, Fund or Basket of Funds).
2) Which sub formula will apply to calculate the Performance. This Performance can be:
   a) a single fixing
   b) a difference between 2 Underlyings: $\text{Underlying}_1 - \text{Underlying}_2$
   c) $\frac{Final\ Price - Initial\ Price}{Initial\ Price}$, with or without reset of the Initial Price
   d) $\frac{Initial\ Price - Final\ Price}{Initial\ Price}$, with or without reset of the Initial Price
   e) $\frac{Final\ Price - Initial\ Price}{Final\ Price}$, with or without reset of Initial Price
   f) $\frac{Initial\ Price - Final\ Price}{Final\ Price}$, with or without reset of Initial Price
   g) $\frac{FinalPrice}{InitialPrice}$
   h) $\sum_{j=1}^{y} w_{i,j} \times max\left(U\%, min\left(\left(\frac{FinalPrice_j - InitialPrice_j}{InitialPrice_j}\right), Z\%\right)\right)$, with or without reset of the Initial Price. W means the weight of the Underlying. Y can be the number of Underlyings, or can be the number of periods.

   The Final Terms will also determine how the Final Price and Initial Price are defined. These can be 1 observation, an average of X observations, with a look-back feature (lowest/highest during a certain period).
3) If the structure can be called either by the Issuer at certain dates, or when the Underlying reaches a certain level at a certain date or during a certain period.
4) If the value of some parameters depends on the level of the underlying at a certain date or during a certain period (=condition).
5) How the Bonus_i is defined. The Bonus_i can be:
   a. a fixed rate;
   b. a fixed rate subject to a condition on the Underlying;
   c. a rate which is the result of a Formula such as the Formulas above; and
   d. A rate which is the result of a sum of Formulas such as the Formulas above.
6) What the Participation Rate will be.
7) What the floor X% will be.
8) What daycount convention has to be applied.

Examples

1. Optimal Performance

Definition:

In an Optimal Performance, there is no right to receive 100% of the invested capital less fees at Maturity. At Maturity, if the underlying (typically an equity index or equity share) is at or above its initial level, but below a defined threshold (for example 150%) investors receive 100 % of the invested capital plus a fixed amount (50% in this example).

If the Underlying is above this defined threshold of 150%, Noteholders will receive the performance of the Underlying.

If the Underlying is strictly below its initial level, Noteholders wills receive 150 % of the performance. Below a certain level of the underlying, Noteholders will suffer a capital loss.

Product:

Redemption Amount:

1. Underlying: Eurostoxx 50 (SX5E)
2. Performance = $\frac{Final\ Price - Initial\ Price}{Initial\ Price}$ if Final Price is ≥ Initial Price (Subdivision 2.c) is applicable), no Reset for the Initial Price
   = $\frac{Final\ Price}{Initial\ Price}$ if Final Price is < Initial Price (Subdivision 2.e) is applicable), no Reset for the Initial Price
3. Not applicable
4. Digitals are activated (Subdivision 4) is applicable)
5. Bonus = 0% if Final Price is ≥ Initial Price
   - 100% if Final Price is < Initial Price
6. Participation Rate = 100% if Final Price is ≥ Initial Price
   150% if Final Price is < Initial Price
7. X% = 50% if Final Price is ≥ Initial Price
   Not applicable if Final Price is < Initial Price
8. Y% = not applicable
9. No daycount

If Final Price is ≥ Initial Price:

Formula for the Redemption Amount will be

$$Denomination + \left[Denomination \times \left(Participation\ Rate_i \times \max\left(X\%_i, min(Performance_i, Y\%_i)\right) + Bonus_i\right)\right]$$

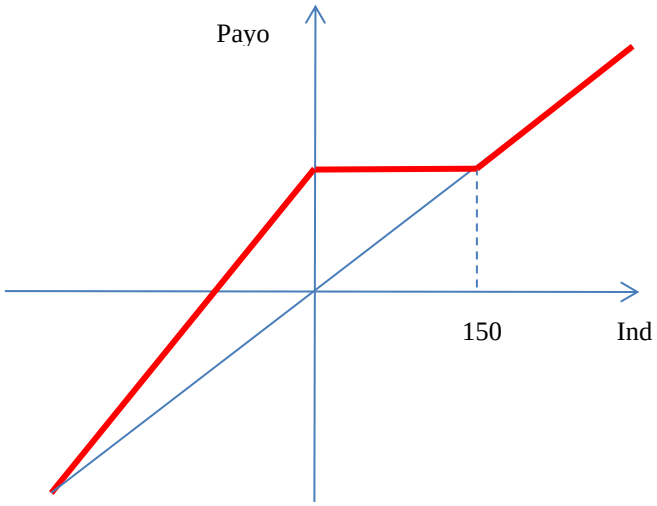
$$= Denomination + \left[Denomination \times \left(100\% \times \max\left(50\%, min(Performance)\right)\right) + 0\%\right]$$

If Final Price is < Initial Price then:

Formula for the Redemption Amount will be

$$Denomination + \left[Denomination \times \left(Participation\ Rate_i \times \max\left(X\%_i, min(Performance_i, Y\%_i)\right) + Bonus_i\right)\right]$$

$$= Denomination + \left[Denomination \times \left(150\% \times \max\left(min(Performance)\right) - 100\%\right)\right]$$



Optimistic Scenario

Final Price = 135% x Initial Price =>
$Denomination + \left[Denomination \times \left(100\% \times \max\left(50\%, min(35\%)\right)\right) + 0\%\right]$ = 150%

Pessimistic Scenario

Final Price = 40% x Initial Price =>

$Denomination + \left[Denomination \times \left(150\% \times \max\left(min(40\%)\right) - 100\%\right)\right]$ = 60%

D. Structures with a sum of periodic calculation and payment at maturity

The fourth category includes the products which does not generate any Periodic Payments but one global payment at Maturity. This last payment can be seen as the sum of different periodical components.

The formulas as stipulated below will specify if the Note will have a Redemption Amount of 100% of the capital invested less fees or not.

Definition

The Variable Linked Redemption Amount can be constituted out of the next formula(s):

$$Formula\ i = \ Denomination +$$

$$\left[Denomination \times \max\left(V\%, \sum_{i=1}^{n}\left(Participation\ Rate_i \times \max\left(X\%_i, min\left(Performance_i, Y\%_i\right)\right) + Bonus_i\right)\right)\right]$$

The Final Terms will specify the parameters (Participation Rate, X%, Y%) of the specific issue (see introduction). The Final Terms will also specify if a combination of more than one of these formulas is used. The Final Terms will furthermore specify:

1) How many periods (n) will be used and what formula relates to what period.
2) Which Underlying will be used to calculate the Performance (Rate, Share or Basket of Shares, Share Index or Basket of Share Indexes, Commodity Index or Basket of Commodity Indexes, Inflation Index, Fund or Basket of Funds).
3) Which sub formula will apply to calculate the Performance. This Performance can be:
   a) a single fixing
   b) a difference between 2 Underlyings: $Underlying_1 - Underlying_2$
   c) $\frac{Final\ Price - Initial\ Price}{Initial\ Price}$, with or without reset of the Initial Price

d) $\frac{Initial\ Price - Final\ Price}{Initial\ Price}$, with or without reset of the Initial Price

e) $\frac{Final\ Price - Initial\ Price}{Final\ Price}$, with or without reset of Initial Price

f) $\frac{Initial\ Price - Final\ Price}{Final\ Price}$, with or without reset of Initial Price

g) $\frac{FinalPrice}{InitialPrice}$

h) $\sum_{j=1}^{y} w_{i,j} \times max\left(U\%, min\left(\left(\frac{FinalPrice_j - InitialPrice_j}{InitialPrice_j}\right), Z\%\right)\right)$, with or without reset of the Initial Price. W means the weight of the Underlying. Y can be the number of Underlyings, or can be the number of periods.

The Final Terms will also determine how the Final Price and Initial Price are defined. These can be 1 observation, an average of X observations, with a look-back feature (lowest/highest during a certain period).

4) If the Note can be called either by the Issuer at certain dates, or when the Underlying reaches a certain level at a certain date or during a certain period.
5) If the value of some parameters depends on the level of the underlying at a certain date or during a certain period (=condition).
6) How the $Bonus_i$ is defined. The $Bonus_i$ can be:
    a. a fixed rate
    b. a fixed rate subject to a condition on the Underlying
    c. a rate which is the result of a Formula such as the Formulas above.
    d. A rate which is the result of a sum of Formulas such as the Formulas above.
7) What the Participation Rate will be.
8) What the floor X% will be.
9) What the cap Y% will be.
10) What the global floor of V% will be.
11) What daycount convention has to be applied.

Examples

1. Cliquet

Definition:

The Cliquet will pay at maturity the sum of the yearly performances of the Underlying, where yearly performances are floored at X % (for example, -3%) and capped at Y % (for example, 7%).

Global payout is floored at V % (for example, 0%) to have a right to receive 100% of the invested capital less fees at Maturity.

Product:

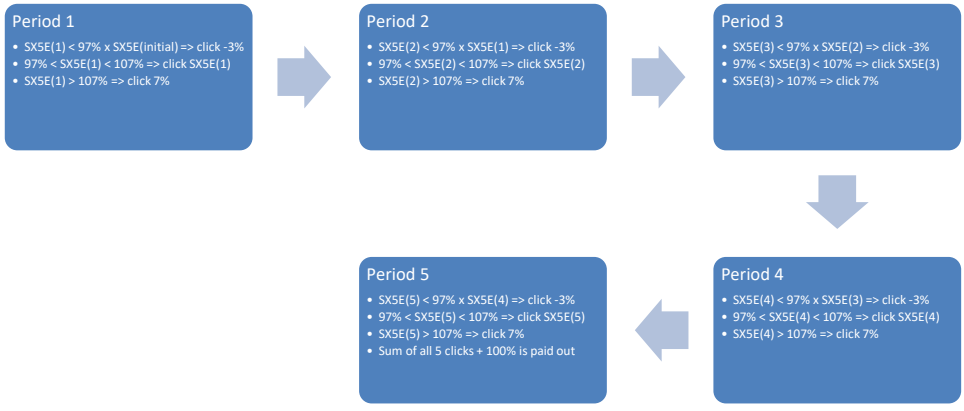
Redemption Amount:

1. Periods (n): 5
2. Underlying: SX5E
3. Performance is $\frac{Final\ Price - Initial\ Price}{Initial\ Price}$ (subformula 3.c)) with annual reset.
4. Not applicable
5. Not applicable
6. Bonus = 0 %
7. Participation Rate = 100%
8. X% = - 3%
9. Y% = 7%
10. V% = 0%
11. No daycount

The Variable Linked Redemption Amount is equal to:

$$Denomination + \left[Denomination \times \max\left(V\%, \sum_{i=1}^{n}\left(Participation\ Rate_i \times \max\left(X\%_i, min(Performance_i, Y\%_i)\right) + Bonus_i\right)\right)\right]$$

$$= Denomination + \left[Denomination \times \max\left(0\%, \sum_{i=1}^{5}\left(100\% \times \max\left(-3\%, min(Performance_i, 7\%)\right) + 0\%\right)\right)\right]$$



E. Structures with periodic payments and physical settlement

Typically, this category refers to Notes called reverse convertible for which the Redemption Amount is not equal to 100% of the capital invested less fees and can be done in physical instruments (shares for instance) depending on the final value of these shares instead of cash.

Definition

The Periodic Payments can be constituted out of the next formula(s) (for n periods):

$$Formula\ i = \left(Participation\ Rate_i \times \max\left(X\%_i, min(Performance_i, Y\%_i)\right) + Bonus_i\right)$$

The Redemption Amount at the end of period n can be constituted out of the next formula's.

If the Performance is at or above a certain Barrier, the Redemption Amount is in cash at par.

If the Performance is below a certain Barrier, then physical settlement will apply.

Number of shares to be delivered

$$\frac{Denomination}{Specified\ Denomination} \times \left[\frac{Specified\ Denomination}{Initial\ Price} - \left(Non-integer\ amount\ of\ \frac{Specified\ Denomination}{Initial\ Price}\right)\right]$$

Fractional Share Amount

$$\frac{Denomination}{Specified\ Denomination} \times Final\ Price \times \left(non-integer\ amount\ of\ \frac{Specified\ Denomination}{Initial\ Price}\right)$$

These formulas stipulate how many shares will be delivered per Specified Denomination of the Notes. The number of shares has to be an integer amount. The non-integer amount will then be paid in cash (= Fractional Share Amount).

The Final Terms will specify the parameters (Participation Rate, X%, Y%) of the specific issue (see introduction). The Final Terms will also specify if a combination of more than one of these formulas is used. The Final Terms will furthermore specify:

1) How many periods (n) will be used and what formula relates to what period.
2) Which underlying will be used to calculate the Performance (Rate, Share or Basket of Shares, Share Index or Basket of Share Indexes, Commodity Index or Basket of Commodity Indexes, Inflation Index, Fund or Basket of Funds).
3) Which sub formula will apply to calculate the Performance. This Performance can be:
   a) a single fixing
   b) a difference between 2 Underlyings: $Underlying_1 - Underlying_2$
   c) $\frac{Final\ Price - Initial\ Price}{Initial\ Price}$, with or without reset of the Initial Price
   d) $\frac{Initial\ Price - Final\ Price}{Initial\ Price}$, with or without reset of the Initial Price
   e) $\frac{Final\ Price - Initial\ Price}{Final\ Price}$, with or without reset of Initial Price
   f) $\frac{Initial\ Price - Final\ Price}{Final\ Price}$, with or without reset of Initial Price
   g) $\frac{FinalPrice}{InitialPrice}$
   h) $\sum_{j=1}^{y} w_{i,j} \times max\left(U\%, min\left(\left(\frac{FinalPrice_j - InitialPrice_j}{InitialPrice_j}\right), Z\%\right)\right)$, with or without reset of the Initial Price. W means the weight of the Underlying. Y can be the number of Underlyings, or can be the number of periods.

   The Final Terms will also determine how the Final Price and Initial Price are defined. These can be 1 observation, an average of X observations, with a look-back feature (lowest/highest during a certain period).
4) If the structure can be called either by the Issuer at certain dates, or when the Underlying reaches a certain level at a certain date or during a certain period.
5) If the value of some parameters depends on the level of the underlying at a certain date or during a certain period (=condition).
6) How the $Bonus_i$ is defined. The $Bonus_i$ can be:
   a. a fixed rate;
   b. a fixed rate subject to a condition on the Underlying;
   c. a rate which is the result of a Formula such as the Formulas above; and
   d. a rate which is the result of a sum of Formulas such as the Formulas above.

7) What the Participation Rate will be.
8) What the floor X% will be.
9) What the cap Y% will be.
10) What daycount convention has to be applied.

Example

1. Reverse Convertible on Total shares

Definition:

The Reverse Convertible will pay a high fixed Interest Rate during the lifetime of the Note. The Redemption Amount will depend on the evolution of the Underlying. Is the Underlying at or above a certain barrier, the Redemption Amount will be at 100%. Is the Underlying below the barrier, the Redemption will be in a number of shares of the Underlying

Product:

Periodic payments:

1. Periods (n): 5
2. Underlying: Total
3. Performance is $\frac{Final\ Price - Initial\ Price}{Initial\ Price}$ (subformula 3.c))
4. Not applicable
5. Not applicable
6. Bonus = 8 %
7. Participation Rate = 0%
8. X% = 0 %
9. Y% = 0%
10. Daycount: 30/360, unadjusted, following

$$\left(Participation\ Rate_i \times \max\left(X\%_i, min(Performance_i, Y\%_i)\right) + Bonus_i\right)$$

$$= \left(0\% \times \max\left(0\%_i, min(Performance_i, 0\%_i)\right) + 8\%\right)$$

Variable Linked Redemption Amount:

1. Periods (n): 5
2. Underlying: Total
3. Performance is $\frac{Final\ Price - Initial\ Price}{Initial\ Price}$ (subformula 3.c))
4. Not applicable
5. Applicable: Condition = 70% x Initial Price
6. Bonus = 8 %
7. Participation Rate = 0%
8. X% = 0 %
9. Y% = 0%
10. Daycount: 30/360, following, unadjusted

If Final Price is at or above 70% of Initial Price, then 100%,

Denomination

Otherwise number of shares (Subdivision 5) is applicable)

Number of shares to be delivered

$$\frac{Denomination}{Specified\ Denomination} \times \left[\frac{Specified\ Denomination}{Initial\ Price} - \left(Non - integer\ amount\ of\ \frac{Specified\ Denomination}{Initial\ Price}\right)\right]$$

Fractional Share Amount

$$\frac{Denomination}{Specified\ Denomination} \times Final\ Price \times \left(non - integer\ amount\ of\ \frac{Specified\ Denomination}{Initial\ Price}\right)$$

Optimistic scenario

Final Price > 70% x Initial Price, then Coupon of 8% + 100% Redemption

Pessimistic scenario

For instance, if Final Price of Total = 22.90, which is below 70% x 38.20 (Initial Price of Total), then

Per Specified Denomination of € 1000,
$\left[\frac{1000}{38.20} - \left(Non - integer\ amount\ of\ \frac{1000}{38.20}\right)\right] = 26$ shares of Total.

And
$22.90 \times \left(non - integer\ amount\ of\ \frac{1000}{38.20}\right)$ = 4.08 euro in cash

F Structures with a periodic payment of interest and an amortising redemption

Typically, this category refers to Notes generating a periodic payment of Interest (fixed or variable) (the "**Periodic Payment**") and for which the Redemption Amount at maturity is not equal to 100% of the capital invested less fees but for which the Redemption will be made in parts during the life of the instrument (several Partial Redemption Dates).

Definition

The Periodic Payments of Interest can be calculated by applying the next formula(s) [for n periods]:

$$Formula_{\ i} = Denomination * Pool\ Factor_i \times Interest\ Rate_i$$

The Partial Redemption Amount$_i$ on Partial Redemption Date$_i$ (for i = 1 to period n-1) can be calculated by applying the next formula:

$$Formula_{\ i} = [Denomination \times (Pool\ Factor_i - Pool\ Factor_{i+1})]$$

Save for the period i = n for which the Partial Redemption Amount$_n$ on Partial Redemption Date$_n$ can be calculated by applying the next formula:

$$Formula_{\ n} = [Denomination \times (Pool\ Factor_n)]$$

The Final Terms will specify the parameters (Pool Factor$_i$, Interest Rate $_i$, Partial Redemption Amount$_i$, Partial Redemption Date$_i$) of the specific issue. The Final Terms will also specify if a combination of more than one of these formulas is used. The Final Terms will furthermore specify:

1) How many periods (n) will be used and what formula relates to what period.
2) In case of Floating Rate Notes, which underlying (the "**Underlying**") will be used to calculate the Interest Rate$_i$ (Rate, Share or Basket of Shares, Share Index or Basket of Share Indexes, Commodity Index or Basket of Commodity Indexes, Inflation Index, Fund or Basket of Funds) (as defined in the Final Terms). In case of Fixed Rate Note, the Interest Rate$_i$ determined for each period.
3) Which sub formula will apply to calculate the Performance. This Performance can be:
   a) a single fixing
   b) a difference between 2 Underlyings: Underlying$_1$ – Underlying$_2$
   c) $\frac{Final\ Price - Initial\ Price}{Initial\ Price}$, with or without reset of the Initial Price
   d) $\frac{Initial\ Price - Final\ Price}{Initial\ Price}$, with or without reset of the Initial Price
   e) $\frac{Final\ Price - Initial\ Price}{Final\ Price}$, with or without reset of Initial Price
   f) $\frac{Initial\ Price - Final\ Price}{Final\ Price}$, with or without reset of Initial Price
   g) $\frac{FinalPrice}{InitialPrice}$
   h) $\sum_{j=1}^{y} w_{i,j} \times max\left(U\%, min\left(\left(\frac{FinalPrice_j - InitialPrice_j}{InitialPrice_j}\right), Z\%\right)\right)$, with or without reset of the Initial Price. W means the weight of the Underlying. Y can be the number of Underlyings, or can be the number of periods.

   The Final Terms will also determine how the Final Price and Initial Price are defined. These can be 1 observation, an average of X observations, with a look-back feature (lowest/highest during a certain period).
4) The Partial Redemption Date(s)$_i$.
5) What the Pool Factor$_i$ will be.
6) What daycount convention has to be applied.

Example

1. Liquidity

Definition:

The Liquidity issue will pay a step-up Interest Rate during the lifetime of the Notes (1.00% the first year, 1.00% the second year, 1.10% the third year, 1.30% the fourth year, 1.60% the fifth year and 2.00% the sixth year). The Redemption Amount will be spread over time, with partial redemptions of the invested capital (less fees) starting from year 3. The Interest Amount is paid on the outstanding nominal of the Notes, which means that we must apply a pool factor to the Denominations in order to compute the Interest Amount received on each Denomination. The cumulative Redemption Amounts will be at 100%.

Product:

Periodic payments of interest and capital:

1. Periods (n): 6

2. Interest Rates

i	Interest Rate$_i$
1	1.00%
2	1.00%
3	1.10%
4	1.30%
5	1.60%
6	2.00%

3. Not Applicable

4. Partial Redemption Dates

i	Partial Redemption Date$_i$
3	Partial Redemption Date in Y3
4	Partial Redemption Date in Y4
5	Partial Redemption Date in Y5
6	Partial Redemption Date in Y6

5. Pool Factor

i	Pool Factor$_i$
1	100%
2	100%
3	100%
4	75%
5	50%
6	25%

6. Daycount: Act/Act ICMA, unadjusted, following

8.3. Interest on the Notes

The interest to be paid on the Notes (the **"Interest"**) can be based on a fixed rate (**"Fixed Rate"**, such Notes to be referred to as **"Fixed Rate Notes"**), a floating rate (**"Floating Rate"**, such Notes referred to as "**Floating Rate Notes"**) or linked to any other variable, formula and/or underlying (**"Variable Linked Rate"**, such Notes to be referred to as **"Variable Linked Rate Notes"**) (Fixed Rate, Floating Rate and Variable Linked Rate are together referred to as **"Interest Rate"**). The Interest Rate is expressed as a percentage per annum.

The Notes can also be Zero Coupon Notes, in which case no Interest is paid periodically.

The Interest is calculated per Note for each Interest Period as the product of the Calculation Amount, the Interest Rate and the Day Count Fraction, unless an Interest Amount is specified in the relevant Final Terms, in which case the Interest payable in respect of such Note for such Interest Period shall equal such Interest Amount.

Interest shall cease to accrue on each Note from the due date for redemption thereof unless payment of the principal thereof or delivery of the Redemption Amount to be delivered in respect thereof is improperly withheld or refused or unless default is otherwise made in respect of such payment. In such event, interest shall only cease to accrue from the date on which payment of such Redemption Amount in respect thereof is made or, if earlier and if applicable, from the seventh day after notice is given to the Noteholders in accordance with these Terms and Conditions that payment of the Redemption Amount will be made, provided that, upon such presentation, payment is in fact made.

8.3.1. Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding principal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate specified in the relevant Final Terms, such interest being payable in arrears on each Interest Payment Date.

8.3.2. Floating Rate Notes

Floating Rate Notes bear Interest at the Floating Rate specified in the relevant Final Terms, as fixed on the Interest Determination Date applicable to the relevant Interest Payment Date and payable in arrears. The Floating Rate will be determined by the Calculation Agent as the sum of the rate published on the Publication Source for the specified Designated Maturity and the Spread, all as specified in the relevant Final Terms.

If however a Maximum Rate is specified in the Final Terms and the Floating Rate (determined as described above) is equal to or higher than the Maximum Rate, the Floating Rate will be such Maximum Rate.

If however a Minimum Rate is specified in the Final Terms and the Floating Rate (determined as described above) is equal to or lower than the Minimum Rate, the Floating Rate will be such Minimum Rate.

8.3.3. Variable Linked Rate Notes

Variable Linked Rate Notes bear Interest at the Variable Linked Rate specified in the relevant Final Terms, as fixed in the way specified in the Final Terms, and payable in arrears. The Variable Linked Provisions below will apply.

8.3.4. Zero Coupon Notes

Zero Coupon Notes may be issued at their principal amount or at a discount to it, applying an Amortisation Yield, and will not bear Interest. Zero Coupon Notes that are also Bearer Notes may be subject to certain formalities on transfer under the laws of Luxembourg.

8.3.5. Payment of the Interest

Interest on the Notes will be payable in arrears on the applicable Interest Payment Date. The first payment of Interest will be on the first Interest Payment Date following the Issue Date. The last payment will be on the Maturity Date.

8.3.6. Benchmark Replacement

Notwithstanding the other provisions in this Condition 8.3.6, if the Issuer determines that a Benchmark Event occurs in relation to the relevant Reference Rate when any Interest Rate (or the relevant component part thereof) remains to be determined by reference to such Reference Rate, then the following provisions shall apply to the relevant Notes:

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

(ii) if the Issuer is unable to appoint an Independent Adviser prior to the IA Determination Cut-Off Date (as defined below), the Issuer (acting in good faith and in a commercially reasonable manner) may still determine (A) a Successor Rate or, failing which, an Alternative Reference Rate and (B) in either case, an Adjustment Spread (as defined below) in accordance with this Condition 8.3.6;

(iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with paragraphs (i) or (ii) above, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods (as applicable) (subject to the subsequent operation of, and to adjustment as provided in, this Condition 8.3.6;

(iv) if the Issuer, following consultation with the Independent Adviser (if any) and acting in good faith, determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Issuer may (without any requirement for the consent or approval of the Noteholders) also specify changes to these Terms and Conditions, including but not limited to (A) the Day Count Fraction, Business Day Convention, Business Days, Interest Determination Date and/or the definition of Floating Rate Notes or Variable Linked Notes applicable to the Notes and (B) the method for determining the fall-back rate in relation to such Notes, in any such case in order to ensure the proper operation of such Successor Rate or Alternative Reference Rate or any Adjustment Spread (as applicable). If the Issuer, following consultation with the Independent Adviser (if any) and acting in good faith, determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Issuer is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the Fiscal Agent and any other agents party to the Agency Agreement shall, at the direction and expense of the Issuer, effect such consequential amendments to the Agency Agreement and these Terms and Conditions as may be required in order to give effect to the application of this Condition 8.3.6. No consent shall be required from the Noteholders in connection with determining or giving effect to the Successor Rate or Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps to be taken by the Fiscal Agent and any other agents party to the Agency Agreement (if required or useful); and

(v) the Issuer shall promptly, following the determination of any Successor Rate, Alternative Reference Rate or Adjustment Spread (as applicable), give notice thereof to the Calculation Agent, the Fiscal Agent and,

in accordance with Condition 8.17, the Noteholders. Such notice shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any consequential changes made to the Agency Agreement and these Terms and Conditions (if any).

An Independent Adviser appointed pursuant to this Condition 8.3.6 shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Calculation Agent, the Fiscal Agent or the Noteholders for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 8.3.6.

Without prejudice to the obligations of the Issuer under this Condition 8.3.6, the Reference Rate and the other provisions in this Condition 8.3.6 will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any consequential changes made to the Agency Agreement and these Terms and Conditions (if any).

For the purposes of this Condition 8.3.6:

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

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

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

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

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

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

"**Benchmark Event**" means:

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

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

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

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

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

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

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

"**Reference Rate**" means (i) the applicable reference rate specified in the Floating Rate Note Provisions of the Final Terms in respect of the Floating Rate applicable to the Floating Rate Notes or, as the case may be, (ii) the applicable reference rate specified in the Variable Linked Rate Note Provisions of the Final Terms in respect of the Market Rate applicable to the Variable Linked Rate Notes.

"**Relevant Nominating Body**" means, in respect of a Reference Rate:

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

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

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

8.4. Definitions

"**Averaging Dates**":	Means the dates specified as such in the relevant Final Terms. If an Averaging Date in respect of the Underlying is not a Scheduled Trading Day, then, the Averaging Date for such Underlying shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Initial Averaging Date or Disrupted Day, would have been the final Averaging Date in relation to the relevant Scheduled Valuation Date, then (1) that eighth Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in respect of such Underlying and, (2) the Calculation Agent shall determine its good faith estimate of the value for the Underlying as of the Valuation Time on that Averaging Date. If an Averaging Date for the Underlying is affected by the occurrence of a Disrupted Day, then, the Averaging Date for such Underlying shall be the first succeeding Valid Date. If the first succeeding Valid Date in respect of such Underlying has not occurred as of the Valuation Time on the eighth Scheduled

Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in relation to the relevant Scheduled Valuation Date, then (1) that eighth Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in respect of such Underlying and, (2) the Calculation Agent shall determine its good faith estimate of the value for the Underlying as of the Valuation Time on that Averaging Date.

"**Business Day**": Regarding the Notes issued outside the X/N System, "**Business Day**" means:

a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place(s) and on the days specified for that purpose in the related Final Terms, a TARGET Settlement Day, if "TARGET", "TARGET2" or "TARGET Settlement Day" is specified for that purpose in the related Final Terms or if place(s) and days, or such terms, are not so specified in the related Final Terms.

Regarding the Notes that will be issued through the X/N Clearing System ("**X/N System**") of the NBB, "**Business Day**" means:

(i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and

(ii) in the case of euro, (a) a day other than a Saturday or Sunday on which the NBB-SSS is operating and (b) a day on which banks and forex markets are open for general business in Belgium and (c) (if a payment in euro is to be made on that day), a day which is a business day for the TARGET2 System (a "**TARGET Business Day**"); and

(iii) in the case of a currency other than euro and/or one or more business centres (the "**Business Centre(s)**"), as specified in the applicable Final Terms, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in each of the Business Centres.

"**Business Day Convention**": means the convention for adjusting any relevant date if it would otherwise fall on a day that is not a Business Day. The following terms, when used in conjunction with the term "Business Day Convention" and a date, shall mean that an adjustment will be made if that date would otherwise fall on a day that is not a Business Day so that:

(i) if "**Following**" is specified, that date will be the first following day that is a Business Day;

(ii) if "**Modified Following**" or "**Modified**" is specified, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day; and

(iii) if "**Preceding**" is specified, that date will be the first preceding day that is a Business Day.

In the event of Notes cleared to the X/N Clearing System, the Following Business Days Convention will always be applicable for Fixed Rate Notes (unless otherwise specified in the applicable Final Terms).

"**Calculation Agent**": means Belfius Bank, unless specified otherwise in the relevant Final Terms. Whenever the Calculation Agent is required to act or to exercise judgment in any way, it will do so in good faith and in a commercially reasonable manner. The Calculation Agent shall have no responsibility to Noteholders for good faith errors or omissions in its calculations (without limitation, errors or omissions due to events which are not under the direct control of the Calculation Agent) and determinations as provided in the Terms and Conditions, except for those resulting from the gross negligence or wilful misconduct of the Calculation Agent. (see section 8.13 (*Responsibility of the Calculation Agent*) in this Base Prospectus).

"Calculation Amount": means the Denomination or such other Amount as specified in the applicable Final Terms.

"**Day Count Fraction**": means, in respect of the Notes and the calculation of the Interest:

(i) if "1/1" is specified or nothing is specified, 1;

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

(aa) if the Interest Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Interest Period divided by the product of:

(x) the number of days in such Determination Period; and

(y) the number of Determination Periods normally ending in any year;

and

(bb) if the Interest Period is longer than one Determination Period, the sum of:

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

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

where:

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

"Determination Dates" means the dates specified in the applicable Final Terms or, if none is so specified, the Interest Payment Date and, the Interest Commencement Date.

(iii) if "**Actual/Actual**" or "**Act/Act**" is specified, the actual number of days in the Interest Period in respect of which payment is being made divided

by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of:

(a) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366; and

(b) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(iv) if "**Actual/365 (Fixed)**", "**Act/365 (Fixed)**", "**A/365 (Fixed)**" or "**A/365F**" is specified, the actual number of days in the Interest Period in respect of which payment is being made divided by 365;

(v) if "**Actual/360**", "**Act/360**" or "**A/360**" is specified, the actual number of days in the Interest Period in respect of which payment is being made divided by 360;

(vi) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified, the number of days in the Interest Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{\left[360 x \left(Y_2 - Y_1\right)\right] + \left[30 x \left(M_2 - M_1\right)\right] + \left(D_2 - D_1\right)}{360}$$

Where:

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

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

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

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

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

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30; and

(vii) if "**30E/360**" or "**Eurobond Basis**" is specified, the number of days in the Interest Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{\left[360 x \left(Y_2 - Y_1\right)\right] + \left[30 x \left(M_2 - M_1\right)\right] + \left(D_2 - D_1\right)}{360}$$

Where:

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

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

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

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

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

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30.

"**EURIBOR**" means that the rate for the relevant Interest Determination Date will be the rate for deposits in euros for a period of the Designated Maturity as of 11:00 a.m., Brussels time on the day that is two TARGET Settlement Days preceding that Interest Determination Date, as determined by the Calculation Agent.

"**Hedge Positions**" means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, options, futures, derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) by the Issuer or, in the case of Belfius Financing Company Notes, Guarantor in order to hedge, individually or on a portfolio basis, the Notes.

"**Interest Commencement Date**": means the Issue Date or such other date specified in the relevant Final Terms.

"**Interest Determination Date**": means each date specified as such in the relevant Final Terms.

"**Interest Payment Date**": means each date, as specified in the relevant Final Terms, on which the Interest as determined by the Calculation Agent for the applicable Interest Period is payable in accordance with Condition 8.3.5. *Payment of the Interest*.

If such day is not a Business Day it will be adjusted by the Business Day Convention specified in the relevant Final Terms.

"**Interest Period**": means each period from, and including, one Interest Period End Date to, but excluding, the next following applicable Interest Period End Date, except that the initial Interest Period will commence on, and include, the Interest Commencement Date.

"**Interest Period End Date**": If **"Adjusted"** is specified in the relevant Final Terms, Interest Period End Date means the relevant Interest Payment Date.

If **"No Adjustment**" is specified in the relevant Final Terms, Interest Period End Date means the relevant Interest Payment Date, without however applying any adjustment in accordance with the Business Day Convention specified to be applicable to the Interest Payment Dates.

If **"Adjusted"** or **"No Adjustment"** is not specified in the relevant Final Terms, the Interest Period End Date(s) shall be as specified in those Final Terms.

"**Issue Date**":	means the date on which the Notes are issued as specified in the relevant Final Terms.
"**Maturity Date**":	means the date on which the Notes come to maturity as specified in the relevant Final Terms, unless such day is not a Business Day in which case it will be adjusted by the Following Business Day Convention, unless otherwise specified in the relevant Final Terms.
"**Specified Currency**":	means the currency of the Notes as specified in the relevant Final Terms.
"**TARGET Settlement Day**":	means any day on which TARGET 2 (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open.
"**Valid Date**":	means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date, or Initial Averaging Date as applicable, in respect of the relevant Valuation Date, or Initial Valuation Date as applicable, does not or is not deemed to occur.

8.5. Redemption and Purchase

8.5.1. Final Redemption

Unless previously entirely redeemed, purchased and cancelled or unless its maturity is extended pursuant to an Issuer's or Noteholder's Option the Notes shall be redeemed on the Maturity Date. The Notes may not be redeemed prior to that date, without prejudice to the other provisions of these Terms and Conditions.

The Redemption of the Notes can be Variable Linked ("**Variable Linked Redemption Amount**"), in which case the Variable Linked Provisions below will apply.

8.5.2. Partial Redemption

If Partial Redemption is provided to be applicable in the relevant Final Terms, the Notes shall be partially redeemed without giving notice to the Noteholders on the Partial Redemption Date(s) so provided in the relevant Final Terms. Any such partial redemption of Notes shall be at the relevant Partial Redemption Amount specified in the relevant Final Terms.

8.5.3. Redemption at the Option of the Issuer

If a Call Option is provided to be applicable in the relevant Final Terms, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Optional Redemption Period redeem all or, if so provided, some of the Notes in the principal amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount together with interest accrued to the date fixed for redemption, unless otherwise specified in the relevant Final Terms. Any such redemption or exercise must relate to the Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed, as specified in the relevant Final Terms, and be no greater than the Maximum Redemption Amount to be redeemed, as specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice.

The above-described Redemption at the Option of the Issuer does not cover the situation of an early redemption upon the occurrence of a force majeure event or an Extraordinary Event, as specified in section 8.

8.5.4. Mandatory Early Redemption

If Mandatory Early Redemption is provided to be applicable in the relevant Final Terms and one or more Trigger Events (as defined in the Final Terms), the Issuer shall without giving notice to the Noteholders automatically redeem all or, if so provided, some of the Notes in the principal amount or integral multiples thereof on the Mandatory Early Redemption Date(s) so provided in the relevant Final Terms once the Calculation Agent determines that a Trigger Event has occurred. Any such redemption of Notes shall be at the Mandatory Early Redemption Amount specified in the relevant Final Terms.

The Trigger Events mentioned above can relate to the following (without however being exhaustive, these are merely examples):

- in case a Variable Linked Redemption Amount depends on the evolution of one or more Underlyings, a Trigger Event applies, for example, if the level of the relevant Underlying exceeds on a specified date a certain pre-defined value as specified in the relevant Final Terms;

- in case the relevant Notes bear interest, a Trigger Event applies, for example, if the sum of the Interest Amounts paid together with the Interest Amount payable on the next following Interest Payment Date exceeds an amount specified in the relevant Final Terms. As a consequence, the Interest Amount payable in respect of such Note for the relevant Interest Period may be capped in order not to exceed the amount specified in the relevant Final Terms.

8.5.5. Repurchase

The Issuer or, as applicable, the Guarantor and any of their subsidiaries may at any time purchase Notes in the open market or otherwise at any price. The price will be determined by the Issuer, the Guarantor or any of their subsidiaries at the relevant time. They will determine the price in accordance with market practice and at their discretion, but the investors will remain free to accept the proposed price, or to continue to hold their Notes.

8.5.6. Cancellation

All Notes purchased by or on behalf of the Issuer, as applicable, the Guarantor or any of their subsidiaries may thereafter be cancelled by the Fiscal Agent or by the Domiciliary Agent by a reduction of the principal amount of such notes. Any Notes so redeemed or purchased and cancelled in accordance with this Condition may not be reissued or resold and the obligations of the Issuer and, as applicable, the Guarantor in respect of any such Notes shall be discharged.

8.6. Payment

Noteholders shall pay the Denominations on the subscribed Notes in cash at the time of subscription or by debit of the cash account linked to the securities account, in which Notes are to be held, on the Issue Date.

If the Issue Date is a day, which is not a Business Day in the place of payment of the Denominations, payment will be due on that day as adjusted by the Following Business Day Convention, unless otherwise specified in the relevant Final Terms.

Any amounts payable by the Issuer in respect of the Notes, be they Interests, Redemption Amounts or other, shall be made by transfer to the cash account linked to the securities account in which the Notes are held subject to all applicable laws and regulations.

If the date for payment of Interest, Redemption Amount or any other amount due to the Noteholders is a day, which is not a Business Day in the place of payment, the Noteholders shall not be entitled to payment until the day as adjusted by the Following Business Day Convention, unless otherwise specified in the relevant Final Terms.

8.7. Variable Linked Provisions

A Variable Linked Rate or a Variable Linked Redemption Amount can depend on the evolution of one or more Underlyings. If it is specified in the Final Terms that the Underlying is either (i) one or more Market Rates; (ii) a Share or a Basket of Shares, (iii) a Share Index or a Basket of Share Indices, (iv) a Fund or a Basket of Funds, (v) a Commodity or a Basket of Commodities, (vi) a Commodity Index or a Basket of Commodity Indices, or (vii) an Inflation Index, the applicable provisions below in relating to the respective Underlying will apply.

More information on the relevant index can be found via the Bloomberg channels or as otherwise specified in the Final Terms (as applicable).

8.7.1. Market Rate

The Underlying can be a Market Rate, such as the EUR CMS Rate or the 3 Month EURIBOR, as defined below, or any other Market Rate, as defined in the relevant Final Terms.

Please also refer to the provisions of *Condition 8.3.6 (Benchmark Replacement)*.

EUR CMS Rate:	Means that the rate for the relevant Interest Determination Date will be the annual swap rate for euro swap transactions with a maturity of the Designated Maturity, expressed as a percentage, as of 11:00 a.m., Frankfurt time, on the day that is two TARGET Settlement Days preceding that Interest Determination Date, as determined by the Calculation Agent.
3 Month EURIBOR:	Means EUR-EURIBOR Reuters, fixed at 11:00 am Brussels time, as displayed on Reuters Screen page EURIBOR01.

8.7.2. Share or Basket of Shares

8.7.2.1. Definitions

Share:	Means the share specified as such in the relevant Final Terms.
Share Basket:	Means a basket of shares as specified in the relevant Final Terms.
i:	The addition of the letter i in subscript to any term indicates that this term is meant to apply to each Share in the Share Basket separately.
w:	Means the weight of a certain Share in the Share Basket.
Exchange:	Means each exchange or quotation system specified as such for such Share in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange).
Related Exchange:	Means, each exchange or quotation system specified as such for the relevant Share in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where "All Exchanges" is specified as the Related Exchange in the relevant Final Terms, "Related Exchange" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share.
Initial Price:	Means the price specified as such or otherwise determined in the relevant Final Terms or, if no means for determining the Initial Price are so provided:

	in respect of the Initial Valuation Date, the Relevant Price of the relevant Share at the Valuation Time on the Initial Valuation Date, as determined by the Calculation Agent, and in respect of each subsequent Valuation Date, the Final Price for the Valuation Date immediately preceding such Valuation Date, or, if Initial Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Initial Valuation Date, of the prices of the relevant Share or Share Basket as of the Valuation Time on each Initial Averaging Date.
Final Price:	Means the Relevant Price of the relevant Share on the relevant Valuation Date, as determined by the Calculation Agent, or, if Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Valuation Date, of the prices of the relevant Share or Share Basket as of the Valuation Time on each Averaging Date.
Initial Valuation Date:	Means the Issue Date or such other date as specified in the relevant Final Terms, and if such date is not a Scheduled Trading Day in respect of the relevant Share, the Initial Price of such Share shall be determined on the basis of the Relevant Price of such Share as calculated on the immediately following Scheduled Trading Day, subject to Market Disruption, or, if Initial Averaging is specified as applicable, means the final Initial Averaging Date.
Valuation Date:	Means any date specified as such in the relevant Final Terms, and if such date is not a Scheduled Trading Day in respect of the relevant Share, the Final Price of such Share shall be determined on the basis of the Relevant Price of such Share as calculated on the immediately following Scheduled Trading Day, subject to Market Disruption, or, if Averaging is specified as applicable, means the final Averaging Date.
Relevant Price:	Means the price of the relevant Share determined by the Calculation Agent at the Valuation Time on the Exchange.
Valuation Time:	Means the time on the relevant Valuation Date, specified as such in the related Final Terms or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date, in relation to each Share to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.
Scheduled Closing Time:	Means in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.
Scheduled Trading Day:	Means any day on which the Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.
Exchange Business Day:	Means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

8.7.2.2. Market Disruption

"**Market Disruption Event**" means in respect of a Share, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time or (iii) an Early Closure.

In that respect, "**Trading Disruption**" means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits

permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to the Share on the Exchange, or (ii) in futures or options contracts relating to the Share on any relevant Related Exchange.

In that respect, "**Exchange Disruption**" means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for, (i) the Shares on the Exchange, or (ii) in futures or options contracts relating to the Share on any relevant Related Exchange.

In that respect, "**Early Closure**" means the closure on any Exchange Business Day of the relevant Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

In addition, in that respect "**Disrupted Day**" means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

If any Valuation Date is a Disrupted Day, then:

- if the Underlying is a Share, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the scheduled Valuation Date is a Disrupted Day. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent shall determine its good faith estimate of the value of the Share as of the Valuation Time on that eighth Scheduled Trading Day; and

- if the Underlying is a Basket of Shares, the Valuation Date for each Share not affected by the occurrence of a Disrupted Day shall be the scheduled Valuation Date, and the Valuation Date for each Share affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Share, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Share. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the relevant Share, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine its good faith estimate of the value for that Share as of the Valuation Time on that eighth Scheduled Trading Day.

8.7.2.3. Potential Adjustment Events

Upon the occurrence on or after the Issue Date up to and including the last Valuation Date of a Potential Adjustment Event (as defined below), the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Shares and if so will:

- make the corresponding adjustment(s), if any, to any relevant variable in the Variable Linked formulae of the Notes, which may include the Initial Price or the Final Price, used to calculate any Variable Linked Rate or Variable Linked Redemption Amount as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share); and

- determine the effective date(s) of the adjustment(s).

The Calculation Agent may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by an options exchange to options on the relevant Shares traded on such options exchange.

For the purpose hereof, "**Potential Adjustment Event**" shall mean any of the following:

- a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event), or, a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- a distribution, issue or dividend to existing holders of the relevant Shares of (a) such Shares, or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of such Shares equally or proportionately with such payments to holders of such Shares, or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the issuer of the Shares as a result of a spin-off or other similar transaction or (d) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- an extraordinary dividend as determined by the Calculation Agent;
- a call by the issuer of the relevant Shares in respect of such Shares that are not fully paid;
- a repurchase by the issuer of the relevant Shares or any of its subsidiaries of such Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- in respect of the issuer of the relevant Shares, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the issuer of the relevant Shares pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

If the Calculation Agent determines that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Event could make, the Calculation Agent may notify the Noteholders, in accordance with the paragraph "Notices", that the relevant consequence of the Potential Adjustment Event shall be either in the case of a capital protected Note (i) the Monetization of the Notes, with the right for the Noteholders, as an alternative to the Monetization, to sell the Note to the Issuer at market value, or in other cases than the capital protected Note (ii) the early redemption of the Notes at their Fair Market Value and in accordance with the principles and conditions explained under Section 8.

8.7.2.4. Extraordinary Events

"**Extraordinary Event**" means any of Merger Event, Tender Offer, Nationalisation, Insolvency, Delisting, De-merger Event, or Insolvency Filing, as the case may be.

"**Merger Event**" means in respect of any relevant Shares:

- any reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person; or
- any consolidation, amalgamation, merger or binding share exchange of the issuer of the relevant Shares with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such issuer is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding);
- any takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Shares of the issuer of the relevant Shares

that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person); or

- any consolidation, amalgamation, merger or binding share exchange of the issuer of the relevant Shares or its subsidiaries with or into another entity in which the issuer of the relevant Shares is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Shares immediately following such event (a "Reverse Merger") in each case if the effective date of the Merger Event is on or before the final Valuation Date.

"Tender Offer" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding voting shares of the issuer of the relevant Shares, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

"Nationalisation" means that all the Shares or all the assets or substantially all the assets of the issuer of the relevant Shares are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

"Insolvency" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the issuer of the relevant Shares, (A) all the Shares of that issuer are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of that issuer become legally prohibited from transferring them (each time as determined in good faith by the Calculation Agent).

"Delisting" means that the Exchange announces that pursuant to the rules of such Exchange, the Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or where the Exchange is within the European Union, in any member state of the European Union).

"De-merger Event" means that the issuer of the relevant Shares is affected by a de-merger (such as, but not limited to, spin off, scission or any operation of a similar nature) leading to the attribution of a basket comprising New Shares and/ or Other Consideration and/ or the relevant Share affected by the de-merger (as the case may be), such basket resulting from such de-merger.

In that respect, "**New Shares**" means ordinary or common shares, whether of the entity or person involved or a third party, that are promptly scheduled to be (i) publicly quoted, traded or listed on an exchange or quotation system located in the same country as the Exchange (or where the Exchange is within the European Union, in any member state of the European Union) and (ii) not subject to any currency exchange controls, trading restrictions or other trading limitations. Other Consideration means cash and/or any securities (other than New Shares) or assets whether of the entity or person involved or a third party.

"Insolvency Filing" means that the issuer of the relevant Shares institutes or has instituted against it by a regulator, supervisor, or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the issuer of the relevant Shares shall not be deemed an Insolvency Filing.

Upon the occurrence on or after the Issue Date up to and including the last Valuation Date, in the determination of the Calculation Agent, of an Extraordinary Event in respect of any Share, the Calculation Agent, on or after the effective date of such Extraordinary Event, may make such adjustments as it, acting in good faith, deems appropriate (including substitution of any affected Share). Such adjustments to be effective as of the date determined by the Calculation Agent, to account for the effect of the relevant Extraordinary Event to protect the theoretical value of the Notes to the Noteholders immediately prior to such Extraordinary Event.

For the avoidance of doubt, if the Calculation Agent determines that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Event could make, the Calculation Agent will notify the Noteholders, in accordance with the paragraph "Notices", that the relevant consequence of the Extraordinary Event shall be either in the case of a capital protected Note (i) the Monetization of the Notes, or in other cases (ii) the early redemption of the Notes at their Fair Market Value and in accordance with the principles explained under Section 8.

8.7.3. Share Index or Basket of Share Indices

The terms applicable to an Index will differ, depending on whether the Index is specified in the relevant Final Terms to be Multiple Exchange or not. The applicable provisions below will apply.

8.7.3.1. Terms applicable irrespective of whether an Index is Multiple Exchange or not

Definitions

Index:	Means the index specified as such in the relevant Final Terms.
Index Basket:	Means a basket of indices as specified in the relevant Final Terms.
i:	The addition of the letter i in subscript to any term indicates that this term is meant to apply to each Index in the Index Basket separately.
w:	Means the weight of a certain Index in the Index Basket.
Index Sponsor:	Means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level for the relevant Index on a regular basis during each Scheduled Trading Day.
Initial Price:	Means the price specified as such or otherwise determined in the relevant Final Terms or, if no means for determining the Initial Price are so provided: in respect of the Initial Valuation Date, the level of the relevant Index at the Valuation Time on the Initial Valuation Date, as determined by the Calculation Agent, and in respect of the each subsequent Valuation Date, the Final Price for the Valuation Date immediately preceding such Valuation Date, or, if Initial Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Initial Valuation Date, of the levels of the relevant Index as of the Valuation Time on each Initial Averaging Date.
Final Price:	Means the level of the relevant Index at the Valuation Time on the relevant Valuation Date, as determined by the Calculation Agent or, if Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Valuation Date, of the levels of the relevant Index as of the Valuation Time on each Averaging Date.
Initial Valuation Date:	Means the Issue Date or such other date as specified in the relevant Final Terms, and if such date is not a Scheduled Trading Day in respect of the relevant Index, the Initial Price of such Index shall be determined on the basis of the level of such Index as calculated on the immediately following Scheduled Trading Day, subject to Market Disruption, or, if Initial Averaging is specified as applicable, means the final Initial Averaging Date.

Valuation Date:	Means any date specified as such in the relevant Final Terms, and if such date is not a Scheduled Trading Day in respect of the relevant Index, the Final Price of such Index shall be determined on the basis of the level of such Index as calculated on the immediately following Scheduled Trading Day, subject to Market Disruption, or, if Averaging is specified as applicable, means the final Averaging Date.
Relevant Price	Means the level of the relevant Index determined by the Calculation Agent at the Valuation Time on the relevant Valuation Date.
Scheduled Closing Time:	Means in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

Consequences of Disrupted Days

If any Valuation Date is a Disrupted Day, then:

- if the Underlying is an Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the scheduled Valuation Date is a Disrupted Day. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent shall determine the level of the Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day); and

- if the Underlying is a Basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the scheduled Valuation Date, and the Valuation Date for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Index, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Index. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the relevant Index, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the level of that Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day).

Adjustment to Indices

- If a relevant Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then that index (the "**Successor Index**") will be deemed to be the Index.

- If (i) on or prior to any Valuation Date in respect of an Index, the relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating that Index or in any other

way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalization and other routine events) (an "**Index Modification**") or permanently cancels the Index and no Successor Index exists (an "**Index Cancellation**") or (ii) on any Valuation Date, the Index Sponsor fails to calculate and announce a relevant Index (an "**Index Disruption**" and together with an Index Modification and an Index Cancellation, each an "**Index Adjustment Event**"), the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Notes and if so, shall calculate the level of the Index, using, in lieu of a published level for that Index, the level for that Index as at that Valuation Date as determined by the Calculation Agent in accordance with the formula for and the method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities that comprised that Index immediately prior to that Index Adjustment Event.

For the purpose hereof "**Index Sponsor**" means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly or through an agent) the level of the Index on a regular basis during each Scheduled Trading Day.

For the avoidance of doubt, if the Calculation Agent determines that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Event could make, the Calculation Agent will notify the Noteholders, in accordance with the paragraph "Notices", that the relevant consequence of the Extraordinary Event shall be either in the case of a capital protected Note (i) the Monetization of the Notes, or in other cases (ii) the early redemption of the Notes at their Fair Market Value and in accordance with the principles explained under Section 8.

8.7.3.2. Terms applicable to an Index that is not Multiple Exchange

Exchange:	Means each exchange or quotation system specified as such for such Index in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Shares underlying such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange).
Related Exchange:	Means, each exchange or quotation system specified as such for the relevant Index in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where "All Exchanges" is specified as the Related Exchange in the relevant Final Terms, "Related Exchange" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index.
Valuation Time:	Means the time on the relevant Valuation Date, specified as such in the related Final Terms or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date, in relation to each Index to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.
Scheduled Trading Day:	Means any day on which the Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

Exchange Business Day:	Means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

Market Disruption

"**Market Disruption Event**" means in respect of an Index, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time or (iii) an Early Closure. For the purposes of determining whether a Market Disruption Event exists at any time, if a Market Disruption Event occurs in respect of a security included in the relevant Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

In that respect, "**Trading Disruption**" means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to securities that comprise 20 percent or more of the level of the relevant Index, or (ii) in futures or options contracts relating to the relevant Index on any relevant Related Exchange.

In that respect, "**Exchange Disruption**" means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for, (i) securities that comprise 20 percent or more of the level of the relevant Index, or (ii) in futures or options contracts relating to the relevant Index on any relevant Related Exchange.

In that respect, "**Early Closure**" means the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities that comprise 20 per cent or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

In addition, in that respect "**Disrupted Day**" means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

8.7.3.3. Terms applicable to an Index that is Multiple Exchange

Exchange:	Means in respect of each component security of the Index (each, a "Component Security"), the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent.
Related Exchange:	Means, each exchange or quotation system specified as such for the relevant Index in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where "All Exchanges" is specified as the Related Exchange in the relevant Final Terms, "Related Exchange" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index.

Valuation Time:	Means: (i) for the purposes of determining whether a Market Disruption Event has occurred: (a) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (b) in respect of any options contracts or future contracts on the Index, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the official level of the Index is calculated and published by the Index Sponsor.
Scheduled Trading Day:	Means any day on which: (i) the Index Sponsor is scheduled to publish the level of the Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session.
Exchange Business Day:	Means any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index; and (ii) the Related Exchange is open for trading during its respective regular trading session, notwithstanding any Exchange or the Related Exchange closing prior to its Scheduled Closing Time.

"**Market Disruption Event**" means either

(i) (a) the occurrence or existence, in respect of any Component Security of:

(1) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded;

(2) an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; or

(3) an Early Closure in respect of such Component Security; and

(b) the aggregate of all Component Security in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; or

(ii) the occurrence or existence, in respect of futures or options contracts relating to the Index, of: (a) a Trading Disruption; (b) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Related Exchange; or (c) an Early Closure, in each case in respect of such futures or options contracts.

For the purposes of determining whether a Market Disruption Event in respect of any Index exists at any time, if a Market Disruption Event occurs in respect of a Component Security at any time, then the relevant percentage contribution of that Component Security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security and (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data".

In that respect, "**Trading Disruption**" means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on the Related Exchange.

In that respect, "**Exchange Disruption**" means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for: (i) any Component Security on the Exchange, in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on the Related Exchange.

In that respect, "**Early Closure**" means the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier

of (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

In addition, in that respect "**Disrupted Day**" means any Scheduled Trading Day on which: (i) the Index Sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred.

8.7.4. Fund or Basket of Funds

8.7.4.1. Definitions

Reference Fund:	Means the Reference Fund specified as such in the relevant Final Terms.
Fund Basket:	Means a basket of Reference Funds as specified in the relevant Final Terms.
i:	The addition of the letter i in subscript to any term indicates that this term is meant to apply to each Reference Fund in the Fund Basket separately.
w:	Means the weight of a certain Reference Fund in the Fund Basket.
Fund Interest Unit:	Means a notional unit of account of ownership in a Reference Fund, whether a share or another type of unit.
Initial Price:	Means the price specified as such or otherwise determined in the relevant Final Terms or, if no means for determining the Initial Price are so provided: in respect of the Initial Valuation Date, the Relevant Price of a Fund Interest Unit in the relevant Reference Fund for the Initial Valuation Date, as determined by the Calculation Agent, and in respect of the each subsequent Valuation Date, the Final Price for the Valuation Date immediately preceding such Valuation Date, or, if Initial Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Initial Valuation Date, of the prices of the relevant Fund Interest Unit in the relevant Reference Fund as of the Valuation Time on each Initial Averaging Date.
Final Price:	Means the Relevant Price of a Fund Interest Unit in the relevant Reference Fund for the relevant Valuation Date, as determined by the Calculation Agent or, if Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Valuation Date, of the prices of the relevant Fund Interest Unit in the relevant Reference Fund as of the Valuation Time on each Averaging Date.
Initial Valuation Date:	Means the Issue Date or such other date as specified in the relevant Final Terms, and if such date is not a Scheduled Fund Valuation Date in respect of the relevant Reference Fund, the Initial Price of a Fund Interest Unit in such Reference Fund shall be determined on the basis of the Relevant Price of such Fund Interest Unit as calculated on the immediately following Scheduled Fund Valuation Date, or, if Initial Averaging is specified as applicable, means the final Initial Averaging Date.
Valuation Date:	Means any date specified as such in the relevant Final Terms, and if such date is not a Scheduled Fund Valuation Date in respect of the relevant Reference Fund, the Final Price of a Fund Interest Unit in such Reference Fund shall be determined on the basis of the Relevant Price of such Fund Interest Unit as calculated on the immediately following Scheduled Fund Valuation Date, or, if Averaging is specified as applicable, means the final Averaging Date.
Relevant Price:	Means the price of the relevant Fund Interest Unit as published by the Fund Administrator.

	In case a price in respect of any Valuation Date is not published by the fourth Scheduled Fund Valuation Date, the Calculation Agent may determine such price taking into account prevailing market conditions.
Scheduled Fund Valuation Date:	Means any date in respect of which the relevant Reference Fund (or its service provider that generally determines such value) is scheduled, according to its Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interest Units); to determine the value of such Fund Interest Unit or, if the relevant Reference Fund only reports its aggregate net asset value, the date in respect of which such Reference Fund is scheduled to determine its aggregate net asset value.
Fund Documents:	Means, with respect to any Fund Interest Unit, the constitutive and governing documents, subscription agreements and other agreements of the related Reference Fund specifying the terms and conditions relating to such Fund Interest Unit, as amended from time to time.

8.7.4.2. Potential Adjustment Events

Upon the occurrence on or after the Issue Date up to and including the last Valuation Date of a Potential Adjustment Event (as defined below), the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Fund Interest Units and if so will:

(i) make the corresponding adjustment(s), if any, to any relevant variable in the Variable Linked formulae of the Notes, which may include the Initial Price or the Final Price, used to calculate any Variable Linked Rate or Variable Linked Redemption Amount as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends or liquidity relative to the relevant Fund Interest Unit); and

(ii) determine the effective date(s) of the adjustment(s).

For the purpose hereof, "**Potential Adjustment Event**" shall mean any of the following:

- a subdivision, consolidation or reclassification of the relevant Fund Interest Units or a free distribution or dividend of any such Fund Interest Units to existing holders by way of bonus, capitalisation or similar issue;

- a distribution, issue or dividend to existing holders of the relevant Fund Interest Units of (a) an additional amount of such Fund Interest Units, or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Reference Fund equally or proportionately with such payments to holders of such Fund Interest Units, or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Reference Fund as a result of a spin-off or other similar transaction or (d) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;

- an extraordinary dividend as determined by the Calculation Agent;

- a repurchase by the Reference Fund of relevant Fund Interest Units whether the consideration for such repurchase is cash, securities or otherwise, other than in respect of a redemption of Fund Interest Units initiated by a Noteholder in such Fund Interest Units initiated by a Noteholder in such Fund Interest Units that is consistent with the Fund Documents; or

- any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Fund Interest Units.

If the Calculation Agent determines that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Event could make, the Calculation Agent may notify the Noteholders, in accordance with the paragraph "Notices", that the relevant consequence of the Potential Adjustment Event shall be either in the case of a capital protected Note (i) the Monetization of the Notes, with the right for the Noteholders,

as an alternative to the Monetization, to sell the Note to the Issuer at market value, or in other cases than the capital protected Note (ii) the early redemption of the Notes at their Fair Market Value and in accordance with the principles and conditions explained under Section 8.

8.7.4.3. Extraordinary Events

Means any of Nationalisation, Insolvency, Fund Insolvency Event, Fund Modification, Strategy Breach, Regulatory Action and Reporting Disruption.

"**Nationalisation**" means that all the Fund Interest Units or all or substantially all the assets of a Reference Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

"**Insolvency**" means that by reason of voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Reference Fund, (i) all the Fund Interest Units of that Reference Fund are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Fund Interest Units of that Reference Fund become legally prohibited from transferring or redeeming them.

"**Fund Insolvency Event**" means, in respect of any Fund Interest Unit, that the related Reference Fund (i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (ii) makes a general assignment or arrangement with or for the benefit of its creditors; (iii) (A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (iv) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (v) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen days thereafter; or (vi) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (v) through (vi) above.

"**Fund Modification**" means (i) any change or modification of the related Fund Documents that could reasonably be expected to affect the value of such Fund Interest or the rights or remedies of any holders thereof, in each case, as determined by the Calculation Agent, or (ii) the Reference Fund Investment Manager imposes fees or dealing rules that increase the effective dealing costs relating to any Reference Fund.

"**Strategy Breach**" means any breach or violation of any strategy or investment guidelines stated in the related Fund Documents that is reasonably likely to affect the value of such Fund Interest or the rights or remedies of any holders thereof, in each case, as determined by the Calculation Agent.

"**Regulatory Action**" means, with respect to any Fund Interest Unit, (i) cancellation, suspension or revocation of the registration or approval of such Fund Interest Unit or the related Reference Fund by any governmental, legal or regulatory entity with authority over such Fund Interest Unit or Reference Fund, (ii) any change in the legal, tax, accounting, or regulatory treatments of the relevant Reference Fund that is reasonably likely to have an adverse impact on the value of such Fund Interest Unit or on any investor therein (as determined by the Calculation Agent),

or (iii) the related Reference Fund or its Fund Investment Manager becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of such Reference Fund or Fund Investment Manager.

"**Reporting Disruption**" means, in respect of any Fund Interest Unit, the occurrence of any event affecting such Fund Interest Unit that, in the determination of the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the value of such Fund Interest Unit, and such event is expected to continue for the foreseeable future.

Upon the occurrence on or after the Issue Date up to and including the last Valuation Date, in the determination of the Calculation Agent, of an Extraordinary Event in respect of any Reference Fund, the Calculation Agent, on or after the effective date of such Extraordinary Event, may make such adjustments as it, acting in good faith, deems appropriate (including substitution of any affected Reference Fund). Such adjustments to be effective as of the date determined by the Calculation Agent, to account for the effect of the relevant Extraordinary Event to protect the theoretical value of the Notes to the Noteholders immediately prior to such Extraordinary Event.

For the avoidance of doubt, if the Calculation Agent determines that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Event could make, the Calculation Agent will notify the Noteholders, in accordance with the paragraph "Notices", that the relevant consequence of the Extraordinary Event shall be either in the case of a capital protected Note (i) the Monetization of the Notes, with the right for the Noteholders, as an alternative to the Monetization, to sell the Note to the Issuer at market value, or in other cases than the capital protected Note (ii) the early redemption of the Notes at their Fair Market Value and in accordance with the principles and conditions explained under Section 8.

8.7.5. Commodity or Basket of Commodities

8.7.5.1. Definitions

Commodity:	Means the Commodity specified as such in the relevant Final Terms.
Commodity Basket:	Means a basket of Commodities as specified in the relevant Final Terms.
i:	The addition of the letter i in subscript to any term indicates that this term is meant to apply to each Commodity in the Commodity Basket separately.
w:	Means the weight of a certain Commodity in the Commodity Basket.
Initial Price:	Means the price specified as such or otherwise determined in the relevant Final Terms or, if no means for determining the Initial Price are so provided: in respect of the Initial Valuation Date, the price of the relevant Commodity on the Initial Valuation Date, as determined by the Calculation Agent, and in respect of the each subsequent Valuation Date, the Final Price for the Valuation Date immediately preceding such Valuation Date or, if Initial Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Initial Valuation Date, of the prices of the relevant Commodity or Commodity Basket as of the Valuation Time on each Initial Averaging Date.
Final Price:	Means the price of the relevant Commodity at the Valuation Time on the relevant Valuation Date, as determined by the Calculation Agent or, if Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Valuation Date, of the prices of the relevant Commodity or Commodity Basket as of the Valuation Time on each Averaging Date.
Initial Valuation Date:	Means the Issue Date or such other date as specified in the relevant Final Terms, and if such date is not a Commodity Business Day in respect of the relevant Commodity, the Initial Price of such Commodity shall be determined on the basis of the price of such Commodity as calculated on the immediately following Commodity Business Day, subject to Market Disruption, or, if

	Initial Averaging is specified as applicable, means the final Initial Averaging Date.
Valuation Date:	Means any date specified as such in the relevant Final Terms, and if such date is not a Commodity Business Day in respect of the relevant Commodity, the Final Price of such Commodity shall be determined on the basis of the Relevant Price of such Commodity as calculated on the immediately following Commodity Business Day, subject to Market Disruption, or, if Averaging is specified as applicable, means the final Averaging Date.
Relevant Price	Means the price of the relevant Commodity determined by the Calculation Agent at the Valuation Time on the relevant Valuation Date.
Commodity Business Day:	Means for the relevant Commodity a day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which the relevant Exchange is open for trading during its regular trading session, notwithstanding any such Exchange closing prior to its scheduled closing time.
Exchange:	Means the exchange or principal trading market specified in the relevant Final Terms.

8.7.5.2. Market Disruption

"**Market Disruption Event**" means any of (i) Price Source Disruption, (ii) Trading Disruption, (iii) Disappearance of Commodity, (iv) Material Change in Formula, (v) Material Change in Content or (vi) Tax Disruption, as defined below, except that for a Commodity that is Bullion, (iv) Material Change in Formula and (v) Material Change in Content will not apply.

"**Price Source Disruption**" means (A) the failure of the Price Source to announce or publish the price (or the information necessary for determining the price) for the relevant Commodity; or (B) the temporary or permanent discontinuance or unavailability of the Price Source.

"**Trading Disruption**" means the material suspension of, or the material limitation imposed on, trading in the futures contract on the Commodity or the Commodity on the Exchange. For these purposes:

a suspension of the trading in the futures contract on the Commodity or the Commodity on any Commodity Business Day shall be deemed to be material only if:

all trading in the futures contract on the Commodity or the Commodity is suspended for the entire day; or

all trading in the futures contract on the Commodity or the Commodity is suspended subsequent to the opening of trading on that day, trading does not recommence prior to the regularly scheduled close of trading in such futures contract on the Commodity or Commodity on such day and such suspension is announced less than one hour preceding its commencement; and

a limitation of trading in the futures contract on the Commodity or the Commodity on any Commodity Business Day shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the futures contract on the Commodity or the Commodity may fluctuate and the closing or settlement price of the futures contract on the Commodity or the Commodity on such day is at the upper or lower limit of that range.

"**Disappearance of Commodity**" means:

the permanent discontinuation of trading, in the relevant futures contract on the Commodity; or

the disappearance of, or of trading in, the relevant Commodity; or

the disappearance or permanent discontinuance or unavailability of a price for the Commodity, notwithstanding the availability of the related Price Source or the status of trading in the relevant futures contract on the Commodity or the relevant Commodity.

"**Material Change in Formula**" means the occurrence of a material change in the formula for or the method of calculating the relevant price of the Commodity.

"**Material Change in Content**" means the occurrence of a material change in the content, composition or constitution of the Commodity or relevant futures contract on the Commodity.

"**Tax Disruption**" means the imposition of, change in or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the relevant Commodity (other than a tax on, or measured by reference to overall gross or net income) by any government or taxation authority, if the direct effect of such imposition, change or removal is to raise or lower the Relevant Price on the day that would otherwise be a Pricing Date from what it would have been without that imposition, change or removal.

"**Bullion**" means Gold, Silver, Platinum or Palladium, as the case may be.

In case a Market Disruption Event occurs the Calculation Agent will determine in good faith and in a commercially reasonable manner the Final Price of the relevant Commodity (or a method for determining the Final Price of the relevant Commodity).

If the Calculation Agent determines that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Event could make, the Calculation Agent may notify the Noteholders, in accordance with the paragraph "Notices", that the relevant consequence of the Potential Adjustment Event shall be either in the case of a capital protected Note (i) the Monetization of the Notes, with the right for the Noteholders, as an alternative to the Monetization, to sell the Note to the Issuer at market value, or in other cases than the capital protected Note (ii) the early redemption of the Notes at their Fair Market Value and in accordance with the principles and conditions explained under Section 8.

8.7.6. Commodity Index or Basket of Commodity Indices

8.7.6.1. Definitions

Commodity Index:	Means the Commodity Index specified as such in the relevant Final Terms.
Commodity Index Basket:	Means a basket of Commodities Indices as specified in the relevant Final Terms.
i:	The addition of the letter i in subscript to any term indicates that this term is meant to apply to each Commodity Index in the Commodity Index Basket separately.
w:	Means the weight of a certain Commodity Index in the Commodity Index Basket.
Initial Price:	Means the price specified as such or otherwise determined in the relevant Final Terms or, if no means for determining the Initial Price are so provided: in respect of the Initial Valuation Date, the level of the relevant Commodity Index or Basket on the Initial Valuation Date, as determined by the Calculation Agent, and in respect of each subsequent Valuation Date, the Final Price for the Valuation Date immediately preceding such Valuation Date or, if Initial Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Initial Valuation Date, of the levels of the relevant Commodity Index or Commodity Index Basket as of the Valuation Time on each Initial Averaging Date.
Final Price:	Means the level of the relevant Commodity Index at the Valuation Time on the relevant Valuation Date, as determined by the Calculation Agent or, if Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Valuation Date, of the levels of the relevant Commodity Index or Commodity Index Basket as of the Valuation Time on each Averaging Date.

Initial Valuation Date:	Means the Issue Date or such other date as specified in the relevant Final Terms, and if such date is not a Scheduled Publication Day in respect of the relevant Commodity Index, the Initial Price of such Commodity Index shall be determined on the basis of the price of such Commodity Index as calculated on the immediately following Scheduled Publication Day, subject to the occurrence of any Commodity Index Event, or, if Initial Averaging is specified as applicable, means the final Initial Averaging Date.
Valuation Date:	Means any date specified as such in the relevant Final Terms, and if such date is not a Scheduled Publication Day in respect of the relevant Commodity Index, the Final Price of such Commodity Index shall be determined on the basis of the Relevant Price of such Commodity Index as calculated on the immediately following Scheduled Publication Day, subject to the occurrence of any Commodity Index Event, or, if Averaging is specified as applicable, means the final Averaging Date.
Relevant Price	Means the level of the relevant Commodity Index or Commodity Index Basket determined by the Calculation Agent at the Valuation Time on the relevant Valuation Date.
Scheduled Publication Day:	Means any day on which the Commodity Index Sponsor is scheduled to publish the level of the relevant Commodity Index.
Commodity Index Sponsor:	Means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Commodity Index and (b) announces (directly or through an agent) the level of the Commodity Index on a regular basis.

8.7.6.2. Commodity Index Event

If, in the opinion of the Calculation Agent, any Commodity Index is modified by the Commodity Index Sponsor, cancelled by the Commodity Index Sponsor, replaced by a successor commodity index or remains unpublished by the Commodity Index Sponsor, or if, in the opinion of the Calculation Agent, a Commodity Index Market Disruption Event occurs (any of the above events, a "**Commodity Index Event**"), the Calculation Agent shall determine in its sole discretion, but in good faith and in a commercially reasonable manner, how such Commodity Index Event affects the Notes and what it consequences should be.

For the avoidance of doubt, if the Calculation Agent determines that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Event could make, the Calculation Agent will notify the Noteholders, in accordance with the paragraph "Notices", that the relevant consequence of the Commodity Index Event shall be either in the case of a capital protected Note (i) the Monetization of the Notes, with the right for the Noteholders, as an alternative to the Monetization, to sell the Note to the Issuer at market value, or in other cases than the capital protected Note (ii) the early redemption of the Notes at their Fair Market Value and in accordance with the principles and conditions explained under Section 8.

A "**Commodity Index Market Disruption Event**" means any of (a) the termination or suspension of, or material limitation or disruption in, the trading of any exchange-traded futures contract included in a relevant Commodity Index, and (b) the settlement price of any such contract has increased or decreased by an amount equal to the maximum permitted price change from the previous day's settlement price, or (c) the exchange fails to publish official settlement prices for any such contract.

8.7.7. Inflation Index

8.7.7.1. Definitions

Index:	Means the index specified as such in the relevant Final Terms.
Initial Index:	Means the level of the index determined by the Calculation Agent in accordance with the relevant Final Terms.
Final Index:	Means the level of the index determined by the Calculation Agent in accordance with the relevant Final Terms.
Index Sponsor:	Means the sponsor of the Index as specified in the Final Terms.
Reference Month:	Means the calendar month for which the level of the Index was reported, regardless of when this information is published or announced.

8.7.7.2. Events affecting the Index

(i) Delay of Publication

If any level of the Index for a Reference Month has not been published or announced by the day that is five Business Days prior to the next Interest Payment Date, the Calculation Agent may either determine the level of the Index based on its own calculations or make any adjustment to the Notes as it may deem appropriate.

If the Calculation Agent determines that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Event could make, the Calculation Agent may notify the Noteholders, in accordance with Condition 8.17 (*Notices*), that the Notes will be redeemed early. In case of such early redemption, the Calculation Agent shall give its good faith estimate of the value of the Notes.

(ii) Cessation of Publication

If a level for the Index has not been published or announced for two consecutive months or the Index Sponsor announces that it will no longer continue to publish or announce the Index then the Calculation Agent may determine a successor Index or make any adjustment to the Notes as it may deem appropriate.

If the Calculation Agent determines that no appropriate successor Index exists, or that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Event could make, the Calculation Agent may notify the Noteholders, in accordance with Condition 8.17 (*Notices*), that the Notes will be redeemed early. In case of such early redemption, the Calculation Agent shall give its good faith estimate of the value of the Notes.

(iii) Rebasing of the Index

If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased will be used for purposes of determining the level of the Index from the date of such rebasing; provided, however, that the Calculation Agent may make such adjustments to the Notes as it may deem appropriate.

If the Calculation Agent determines that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Event could make, the Calculation Agent may notify the Noteholders, in accordance with Condition 8.17 (*Notices*), that the Notes will be redeemed early. In case of such early redemption, the Calculation Agent shall give its good faith estimate of the value of the Notes.

(iv) Material Modification

If, on or prior to the day that is five Business Days before an Interest Payment Date, the Index Sponsor announces that it will make a material change to the Index, then the Calculation Agent may make any such adjustment to the Index or to the Notes as it may deem appropriate.

If the Calculation Agent determines that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Event could make, the Calculation Agent may notify the Noteholders, in

accordance with Condition 8.17 (*Notices*), that the Notes will be redeemed early. In case of such early redemption, the Calculation Agent shall give its good faith estimate of the value of the Notes.

If the Calculation Agent determines that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Event could make, the Calculation Agent will notify the Noteholders, in accordance with the paragraph "Notices", that the relevant consequence shall be either in the case of a capital protected Note (i) the Monetization of the Notes, with the right for the Noteholders, as an alternative to the Monetization, to sell the Note to the Issuer at market value, or in other cases than the capital protected Note (ii) the early redemption of the Notes at their Fair Market Value and in accordance with the principles and conditions explained under Section 8.

8.8. Rounding

For the purposes of any calculations required pursuant to these Terms and Conditions (unless otherwise specified in the relevant Final Terms), (i) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), and (ii) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes "unit" means, the lowest amount of such currency that is available as legal tender in the country of such currency.

8.9. Status of the Notes and waiver of set-off

8.9.1. Status of the Notes

1. Belfius Bank Notes

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 notes, 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.

The Belfius Bank Notes are 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.

2. Belfius Financing Company Notes

The Belfius Financing Company Notes are senior preferred notes issued in accordance with applicable Luxembourg laws.

8.9.2. Waiver of set-off

Subject to applicable law, no Noteholder may exercise or claim any right of set-off, netting, compensation or retention in respect of any amount owed to it by the Issuers arising under or in connection with the Notes and each Noteholder shall, by virtue of its subscription, purchase or holding of a Note, be deemed to have waived all such rights of set-off, netting, compensation or retention. In case an amount is unduly discharged by the relevant Issuer as a result of the exercise of any right of set-off, netting, compensation or retention by the Noteholder, the Noteholder shall compensate the relevant Issuer for the amount that was unduly discharged.

8.10. Clearing Systems

The clearing systems operated by Euroclear, Clearstream Banking S.A., the Securities Settlement System (NBB-SSS), and such other clearing system as may be agreed between the Issuer and the Fiscal Agent or Domiciliary Agent and as specified in the relevant Final Terms.

8.11. Events of Default

In any of the following events ("**Events of Default**") any Noteholder may by written notice to the Issuer and, in the case of Belfius Financing Company Notes, the Guarantor at its or their specified office declare his Note or Notes immediately due and payable with the following consequences (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 Notes when and as the same shall become due and payable; or

(b) in the event of default by the Issuer or, in the case of Belfius Financing Company Notes, the Guarantor, as the case may be, in the due performance of any other obligation under the terms and conditions of the Notes, unless remedied within 45 days after receipt of a written notice thereof given by any Noteholder; or

(c) in the event of a merger, consolidation or other reorganisation of the Issuer or, as applicable, the Guarantor with, or a sale or other transfer by the Issuer or, as applicable, the Guarantor 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 or, as applicable, the Guarantor, as the case may be, with respect to the Notes and, the interests of the holders of Notes are not materially prejudiced thereby; or

(d) in the event that the Issuer or, as applicable, the Guarantor 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 or, as applicable, the Guarantor and remain undismissed for a period of 30 days, or

(e) if, for any reason, the relevant Guarantee ceases to be in full force and effect.

Notice of any Event of Default shall be given to the Noteholders in accordance with Condition 8.17. *Notices*.

8.12. Modifications of the Agency Agreement

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

8.13. Responsibility of the Calculation Agent

All calculations shall be made in a commercially reasonable manner. The Calculation Agent shall have no responsibility to Noteholders for good faith errors or omissions in its calculations (without limitation, errors or omissions due to events which are not under the direct control of the Calculation Agent) and determinations as provided in the Terms and Conditions, except for those resulting from the gross negligence or wilful misconduct of the Calculation Agent. The calculations and determinations of the Calculation Agent shall be made in accordance with the Terms and Conditions (having regard in each case to the criteria stipulated herein and where relevant on the basis of information provided to or obtained by employees or officers of the Calculation Agent responsible for making the relevant calculation or determination) and shall, in the absence of manifest error, be final, conclusive and binding on the Issuer and the Noteholders. The Calculation Agent acts solely as agent of the Issuer and does not assume any obligations or duty to, or any relationship of agency or trust for or with, the Noteholders. The Calculation Agent will make its determinations in a reasonable manner, taking into account the Terms and Conditions. The Calculation Agent will not act in an entirely discretionary manner, but will instead act in a reasonable manner, taking into account market practices and the economics of the product represented by the Notes.

8.14. Prescription

Claims against the Issuer or, in the case of Belfius Financing Company Notes, the Guarantor for payment in respect of any Note shall be prescribed in accordance with Article 2262 and following of the Belgian Civil Code 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).

8.15. Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note is due (whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or, in the case of Belfius Financing Company Notes, the Guarantor or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Issuer or, in the case of Belfius Financing Company Notes, the Guarantor shall only constitute a discharge to the Issuer or, in the case of Belfius Financing Company Notes, the Guarantor, as the case may be, to the extent of the amount in the currency of payment under the relevant Note that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, the Issuer, failing whom, in the case of Belfius Financing Company Notes, the Guarantor, shall indemnify it against any loss sustained by it as a result. In any event, the Issuer, failing whom, in the case of Belfius Financing Company Notes, the Guarantor, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's and, in the case of Belfius Financing Company Notes, the Guarantor's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

8.16. Substitution

(i) In case of dissolution, liquidation, reconstruction, merger, amalgamation or any other kind of reorganization, the Issuer and, in the case of Belfius Financing Company Notes, the Guarantor may, without any further consent or co-operation from the Noteholders, at any time, procure that any affiliated or associated corporation of the Issuer or, in the case of Belfius Financing Company Notes, the Guarantor 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**"). For the avoidance of doubt, any other kind of reorganization to which reference is made in the preceding sentence, also encompasses the situation where the Guarantor decides, based on a decision of the Board of Directors of Belfius Bank, to substitute itself for Belfius Financing Company. The Substituted Issuer has to have a long-term debt rating of at least the same level as the one of the Issuer at the time of substitution, if any, and provided that:

(a) no payment of any Redemption Amount or of interest on any Note is overdue and no other circumstances exist capable of causing the acceleration or redemption of the Notes;

(b) the Substituted Issuer shall agree to indemnify the holders of each Note 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 Note 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

(c) in the case of Belfius Financing Company Notes, the Guarantor agrees on the provisions of such substitution as described herein, undertakes that the provisions in the Guarantee with respect to the relevant Issuer will apply to the Substituted Issuer in the event of such substitution and shall be bound by all the obligations to be fulfilled by it under the Guarantee and the Terms and Conditions of the Notes as a result of such substitution and such obligations shall be legal, valid and enforceable; if the Issuer is substituted by the Guarantor, there is no requirement for an additional and separate guarantee of the obligations under the Notes.

(ii) The Issuer hereby irrevocably and unconditionally guarantees that the Substituted Issuer shall pay all amounts of Redemption Amount of and interest on the Notes 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.

(iii) 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 and the references in Condition 8.19 (*Taxation*) to Luxembourg shall be deemed to be to the country where the Substituted Debtor has its domicile or tax residence.

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

(v) Any potential compensation due by Belfius 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.

Notice of any substitution shall be given to the Noteholders in accordance with Condition 8.17 (*Notices*).

8.17. Notices

All notices to holders of Notes (including notices to convene a meeting of Noteholders) will be deemed to have been validly given if given through the X/N Clearing System (in case of Belfius Bank Notes and certain Belfius Financing Company Notes) or the systems of Euroclear and Clearstream Banking S.A. in accordance with the procedures of the relevant clearing system and, if mandatorily applicable, the relevant company law rules.

The Notes being held in a securities account, all notices to the Noteholders shall be validly given by a direct notification, in the case of Belfius Financing Company Notes from the Paying Agent to the Noteholders and, in the case of Belfius Bank Notes from Belfius Bank to the Noteholders, each time as the Issuer in his discretionary opinion shall deem necessary to give fair and reasonable notice to the Noteholders.

Any such notice shall be deemed to have been given on the date immediately following the date of notification from the Paying Agent in case of Belfius Financing Company Notes, and from Belfius Bank in case of Belfius Bank Notes.

8.18. Meeting of Noteholders

8.18.1. Definitions

1. references to a meeting are to a meeting of Noteholders of a single Series of Notes and include, unless the context otherwise requires, any adjournment

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

3. "**agent**" means a holder of a voting certificate or a proxy for, or representative of, a Noteholder

4. "**block voting instruction**" means an instruction issued in accordance with clause 8.18.4. paragraphs 4 to 8

5. "**Extraordinary Resolution**" means a resolution passed at a meeting duly convened and held in accordance with this Agreement by a majority of at least 75 per cent of the votes cast

6. "**voting certificate**" means a certificate issued in accordance with clause 8.18.4 paragraphs 1, 2, and 3 and

7. references to persons representing a proportion of the Notes are to Noteholders or agents holding or representing in the aggregate at least that proportion in principal amount of the Notes for the time being outstanding.

8.18.2. Powers of meetings

A meeting shall, subject to the Terms and Conditions and without prejudice to any powers conferred on other persons by the Agency Agreement, have power by Extraordinary Resolution:

1. to sanction any proposal by the relevant Issuer or the Guarantor or any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer or the Guarantor, whether or not those rights arise under the Notes

2. to sanction the exchange or substitution for the Notes of, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer, the Guarantor or any other entity

3. to assent to any modification of the Agency Agreement, the Notes proposed by the Issuer, the Guarantor, the Fiscal Agent or the Domiciliary Agent

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

5. to give any authority, direction or sanction required to be given by Extraordinary Resolution

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

7. to approve the substitution of any entity for the relevant Issuer or the Guarantor (or any previous substitute) as principal debtor or guarantor in circumstances not provided for in the Terms and Conditions

8. provided that the special quorum provisions in clause 8.18.7. paragraph 4 shall apply to any Extraordinary Resolution (a "special quorum resolution") for the purpose of sub-paragraph 2.2 or 2.7.

8.18.3. Convening a meeting

1. The relevant Issuer or the Guarantor may at any time convene a meeting. If it receives a written request by Noteholders holding at least 10 per cent in principal amount of the Notes of any Series for the time being outstanding and is indemnified to its satisfaction against all costs and expenses, the Issuer shall convene a meeting of the Noteholders of that Series. The meeting shall be held at a time and place as determined by the Issuer or, where applicable, the Guarantor, subject to, in the case of Belfius Financing Company Notes, approval by the Fiscal Agent or the Domiciliary Agent.

2. At least 21 days' notice (exclusive of the day on which the notice is given and of the day of the meeting) shall be given to the Noteholders. A copy of the notice shall be given by the party convening the meeting to the other parties. The notice shall specify the day, time and place of meeting and the nature of the resolutions to be proposed and shall explain how Noteholders may appoint proxies or representatives, obtain voting certificates and use block voting instructions and the details of the time limits applicable.

8.18.4. Arrangements for voting

1. If a Noteholder Note wishes to obtain a voting certificate in respect of it for a meeting, he must notify the Paying Agent at least 48 hours before the time fixed for the meeting. The Paying Agent shall then issue a voting certificate in respect of it.

2. A voting certificate shall:

- be a document in the English language;
- be dated;
- specify the meeting concerned and the serial numbers of the Notes; and
- entitle, and state that it entitles, its bearer to attend and vote at that meeting in respect of those Notes.

3. Once a Paying Agent has issued a voting certificate for a meeting in respect of a Note, it shall not release the Note until either:

- the meeting has been concluded; or
- the voting certificate has been surrendered to the Paying Agent.

4. If a Noteholder wishes the votes attributable to it to be included in a block voting instruction for a meeting, then, at least 48 hours before the time fixed for the meeting, (i) he must notify for that purpose the Paying Agent and (ii) he or a duly authorised person on his behalf must direct the Paying Agent how those votes are to be cast. The Paying Agent shall issue a block voting instruction in respect of the votes attributable to all Notes for which it has received such notification.

5. A block voting instruction shall:

- be a document in the English language
- be dated

- specify the meeting concerned
- list the total number and serial numbers of the Notes, distinguishing with regard to each resolution between those voting for and those voting against it
- certify that such list is in accordance with directions received as provided in paragraphs 8, 10 and 13 and
- appoint a named person (a "proxy") to vote at that meeting in respect of those Notes and in accordance with that list. A proxy need not be a Noteholder.

6. Once a Paying Agent has issued a block voting instruction for a meeting in respect of the votes attributable to any Notes the directions to which it gives effect may not be revoked or altered during the 48 hours before the time fixed for the meeting.

7. Each block voting instruction shall be deposited at least 24 hours before the time fixed for the meeting at the specified office of the relevant Issuer or the Guarantor or such other place as the Issuer shall designate or approve, and in default it shall not be valid unless the chairman of the meeting decides otherwise before the meeting proceeds to business. If the Issuer requires, a notarial certified copy of each block voting instruction shall be produced by the proxy at the meeting but the Issuer need not investigate or be concerned with the validity of the proxy's appointment.

8. A vote cast in accordance with a block voting instruction shall be valid even if it or any of the Noteholders' instructions pursuant to which it was executed has previously been revoked or amended, unless written intimation of such revocation or amendment is received from the relevant Issuer by the chairman of the meeting in each case at least 24 hours before the time fixed for the meeting.

9. No instructions may be giving by the Noteholder to the Paying Agent at the same time for the purposes of both paragraph 5 and paragraph 8 for the same meeting.

8.18.5. Chairman

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

8.18.6. Attendance

The following may attend and speak at a meeting:

1. Noteholders and agents

2. the chairman

3. the Issuer, the Guarantor and the Fiscal Agent or Domiciliary Agent as applicable (through their respective representatives) and their respective financial and legal advisers.

8.18.7. Quorum and Adjournment

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

2. Two or more Noteholders or agents present in person shall be a quorum:

(i) in the cases marked "No minimum proportion" in the table below, whatever the proportion of the Notes which they represent; and

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

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4
Purpose of Meeting	Any meeting except one referred to in column 3	Meeting previously once adjourned through want of a quorum	Meeting previously twice adjourned through want of a quorum
	Required proportion	Required Proportion	Required Proportion
To pass a special quorum resolution	two thirds of the principal amount of the Notes	one third of the principal amount of the Notes	No minimum proportion
To pass any other Extraordinary Resolution	A clear majority of the principal amount of the Notes	No minimum proportion	No minimum proportion
Any other purpose	10 per cent of the principal amount of the Notes	No minimum proportion	No minimum proportion

3. The chairman may (and shall if directed by a meeting) adjourn the meeting "from time to time and from place to place". Only business which could have been transacted at the original meeting may be transacted at a meeting adjourned in accordance with this clause.

4. At least 10 days' notice of a meeting adjourned for want of a quorum shall be given in the same manner as for an original meeting and that notice shall state the quorum required at the adjourned meeting. No notice need, however, otherwise be given of an adjourned meeting.

8.18.8. Voting

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

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

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

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

5. On a show of hands every person who is present in person and who produces a voting certificate or is a proxy or representative has one vote. On a poll every such person has one vote in respect of each principal amount equal to the minimum denomination of such Series of Notes so produced or represented by the voting certificate so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.

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

8.18.9. Effect and Publication of an Extraordinary Resolution

An Extraordinary Resolution shall be binding on all the Noteholders, whether or not present at the meeting and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed. The Issuer shall give notice of the passing of an Extraordinary Resolution to Noteholders within 14 days but failure to do so shall not invalidate the resolution.

8.18.10. Minutes

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

8.19. Taxation

Investors should take into account that the tax aspects of the Notes could differ depending on, amongst others:

1. the Issuer: Belfius Bank or Belfius Financing Company; and
2. the clearing of the Notes: i) Notes issued in the X/N clearing system of the NBB (ISIN codes starting with "BE", hereafter referred to as "'**BE**' **Notes**") or, for Notes which are non-eligible for the X/N clearing system, ii) Notes issued outside the X/N clearing system (ISIN codes starting with "XS", hereafter referred to as "'**XS**' **Notes**").

Some differences that may be relevant are briefly summarised below:

Interest payments (including any amounts repaid on maturity date in excess of the issue price):

'BE' Notes:

- Exempt "X" investors (including but not limited to Belgian companies and non-residents) qualify for a Belgian withholding tax exemption.
- Non-exempt "N" investors (including but not limited to Belgian private persons and entities subject to the Belgian tax on legal entities regime) are subject to a Belgian withholding tax of currently 30%.

'XS' Notes:

- Interest payments on Notes issued by Belfius Financing Company are not subject to Luxembourg withholding tax. A Belgian withholding tax of currently 30% will be borne by a.o. Belgian private investors and investors subject to the tax on legal entities (*rechtspersonenbelasting/impôt des personnes morales*) who hold the Notes on a Belgian bank account. If no Belgian withholding tax is levied (*e.g.* because the interest is paid outside of Belgium without the intervention of a Belgian financial intermediary), then these investors are obliged to spontaneously declare the related interest income in their Belgian tax return.
- Interest payments on Notes issued by Belfius Bank are subject to a 30% Belgian withholding tax. Certain investors may be able to recover, in full or in part, the Belgian withholding tax, *e.g.* through their tax return or by filing a request for reclaim with the Belgian tax authorities based on the applicable double tax treaty.

Taxation upon sale of the Notes on the secondary market:

'BE' Notes:

- Non-exempt "N" investors will be subject to a Belgian withholding tax of currently 30% on the *pro rata* interest amount. The residual capital gain is tax exempt.

'XS' Notes:

- Notes issued by Belfius Financing Company: no withholding is levied upon sale of the Notes to Belfius Bank. However, Belgian private investors and investors subject to the tax on legal entities (*rechtspersonenbelasting/impôt des personnes morales*) will need to spontaneously declare the corresponding taxable *pro rata* interest amount in their tax return.
- Notes issued by Belfius Bank: if the Notes are sold to Belfius Bank, the positive difference between the redemption price and the initial issue price will be subject to a Belgian withholding tax of currently 30%. Certain investors may be able to recover, in full or in part, the Belgian withholding tax, *e.g.* through their tax return or by filing a request for reclaim with the Belgian tax authorities based on the applicable double tax treaty.

In any event, investors should consult their professional advisers on the possible tax consequences of subscribing for, purchasing, holding, selling or converting the Notes issued by Belfius Bank and/or Belfius Financing Company under the laws of their countries of citizenship, residence, ordinary residence or domicile, for reasons that, among others, the tax legislation of the investor's Member State and of the Issuer's country of incorporation may have an impact on the income received from the securities.

8.20. Governing Law and Jurisdiction

8.20.1. Governing law

The Notes and the Guarantee are governed by Belgian law.

The Agency Agreement is (or would be, once established) governed by Luxembourg law with respect of the Belfius Financing Company Notes and by Belgian law with respect of the Belfius Bank Notes.

8.20.2. Jurisdiction

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

8.21. Acknowledgment and Consent of the Bail-in Power with regards to the Guarantee

Under the Guarantee, the Guarantor has guaranteed the obligations owed by Belfius Financing Company to the holders of Notes issued by Belfius Financing Company. Each Noteholder (which includes any current or future holder of a beneficial interest in the Notes) hereby acknowledges and agrees the Guarantee may be subject to the Bail-in Power by the Resolution Authority and acknowledges and accepts to be bound by (i) the variation of the terms and conditions of the Notes, as deemed necessary by the Resolution Authority, to give effect to the exercise of any Bail-in Power by the Resolution Authority and (ii) the effect of the exercise of the Bail-in Power by the relevant Resolution Authority. For the avoidance of doubt, as a result of the foregoing, the Bail-in Power, if applied to the Notes or to liabilities of the Guarantor, could effectively limit the extent of a recovery under the Guarantee.

In this Condition,

"**Bail-in Power**" means any statutory write-down and/or conversion power existing from time to time under any laws, regulations (including delegated or implementing measures such regulatory technical standards), requirements, guidelines, rules, standards and policies relating to the resolution of credit institutions, investment firms and their parent undertakings, and minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments of the Kingdom of Belgium, the NBB (or any successor or replacement entity having primary responsibility for the prudential oversight and supervision of the Issuer), the Resolution Authority, the Financial Stability Board and/or of the European Parliament or of the Council of the European Union then in

effect in the Kingdom of Belgium, pursuant to which obligations of the Issuer or Guarantor can be cancelled, written down and/or converted into shares, securities or obligations of the Issuer or Guarantor, or any other person.

8.22. Acknowledgment and Consent of the Bail-in Power with regards to the Notes

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

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

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

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

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

In this Condition,

"**Bail-in Power**" has the same meaning as provided under Condition 8.21 (*Acknowledgment and Consent of the Bail-in Power with regards to the Guarantee*).

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

8.23. Financial Service

The financial service will be performed by Belfius Bank (in Belgium) and BIL (in Luxembourg).

8.24. Representation of Noteholders

There is no representation of the holders of the Notes in relation to any offer of Notes.

8.25. Guarantee

The section below only applies to Belfius Financing Company Notes.

The Guarantor has, by a senior preferred guarantee (the "**Guarantee**", see Annex 2), unconditionally and irrevocably guaranteed on a senior preferred unsubordinated basis the due and punctual payment of the principal of and interest on the Notes issued by Belfius Financing Company as well as of any additional amounts which may be required to be paid by Belfius Financing Company (as described under *Condition 8.19. Taxation*) subject to the exercise by the resolution authority of the "bail-in" resolution tool, which may apply to the guarantee.

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

9. TERMS AND CONDITIONS OF THE OFFER

(Annex 14.5 of Commission delegated regulation (EU) 2019/980)

The Notes will be offered for subscription during the Offering Period (specified in the relevant Final Terms) at the relevant Issue Price. Any applicable fees or commissions will be specified in the relevant Final Terms. The relevant Issuer has the right to cancel any issue of Notes under the Programme during their Offering Period until the fifth Business Day before their Issue Date, either (i) when it reasonably believes that investors will not subscribe to the offer for an amount of at least the Minimum Amount specified in the relevant Final Terms or (ii) in case it considers there is a material adverse change in market conditions. Investors that have subscribed to these Notes will be notified pursuant to Condition 8.17 of such cancellation. The relevant Issuer has the right to anticipatively terminate the Offering Period.

The cash account of the Noteholder will be debited on the Issue Date. At the same date, the Notes will be transferred on the securities accounts of the Noteholders.

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

As described in this section, the distribution of this Base Prospectus and the offering or sale of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuers to inform themselves about and to observe any such restriction. The Notes 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 Notes in Belgium.

The Notes and the Guarantee 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 Notes and the Guarantee 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 Notes and the Guarantee 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 Notes and the Guarantee are sold during the restricted period will receive a confirmation or other notice setting forth the restrictions on offers and sales of the Notes and the Guarantee 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 Notes and the Guarantee 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 Notes 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 Notes, 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 Notes in, from or otherwise involving the United Kingdom have been complied with and will be complied with.

10. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

(Annex 14.6 of Commission delegated regulation (EU) 2019/980)

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

If liquidity is provided to be "Applicable" in the relevant Final Terms for any Notes, the price of the Notes is available on demand in the offices of Belfius Bank or on the website www.belfius.be, and this on each Business Day during the term of such Notes in every office of Belfius Bank until 28 calendar days preceding their Maturity Date and 56 calendar days for equity linked notes, unless in Belfius Bank's determination, market conditions preclude it from quoting a price. If Belfius Bank quotes a price, it can be considered market maker for the Notes and will organise the secondary market, thereby providing liquidity through bid and offer rates. The main terms of the commitment of Belfius Bank will be specified in the relevant Final Terms and (i) "**Maximum Spread**" means on any given moment the maximum spread between the then applicable bid and offer rates; (ii) "**Maximum Commission**" means the maximum commission on the bid and offer rates; and (iii) "**Maximum Exit Penalty**" means the maximum exit penalty applicable to the nominal amount of the Notes. The bid and offer rates of the Notes on any given moment are subject to the market conditions, interest rates, forward rates; credit spreads of the relevant Issuer or, in the case of Belfius Financing Company Notes, the Guarantor, etc.

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

11. USE OF PROCEEDS

The net proceeds of Notes, *i.e.* the Nominal Amount less any expenses and fees, will be used for general corporate purposes of Belfius Bank. If, in respect of any particular issuance, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

In particular, each Issuer may provide in the applicable Final Terms that, in the case of "green notes", an amount equivalent to the net proceeds of the issue of the relevant Notes is intended to be applied to finance and/or refinance, in whole or in part, loans and investments realised by Belfius to finance projects and/or assets (the "**Eligible Green Assets**"), as described in the applicable Final Terms and in Belfius' green bond framework (as amended and/or supplemented from time to time, the "**Green Bond Framework**"), such Notes being referred to as "**Green Notes**".

In the case of Belfius Financing Company Notes, the proceeds of the issued notes are fully transferred to Belfius Bank.

12. GREEN BOND FRAMEWORK

In relation to Green Notes, the Green Bond Framework is structured in compliance with the Green Bond Principles published by the International Capital Markets Association in its 2018 edition (the "**Green Bond Principles**") and is available on Belfius' website (https://www.belfius.be/about-us/en/investors/debt-issuance/green-bonds). It may be further updated or expanded, among other things to reflect updates to the Taxonomy Regulation and the EU Green Bond Standards and evolutions in the activities of Belfius. The Green Bond Framework sets out categories of Eligible Green Assets which have been identified by Belfius.

Belfius has appointed Sustainalytics to provide a second party opinion (the "**Second Party Opinion**") on the Green Bond Framework who has verified and confirmed the sustainability of the Green Bond Framework and alignment of it with the Green Bond Principles. This Second Party Opinion is available on Belfius' website (https://www.belfius.be/about-us/en/investors/debt-issuance/green-bonds). The Second Party Opinion does not form part of, and is not incorporated by reference into, the Base Prospectus.

Belfius will publish annual reports on its website detailing:

– the allocation of proceeds; and

– the environmental impact of the green portfolio of Belfius.

Belfius will also have an external auditor providing a limited assurance report of the allocation of the Green Notes proceeds to its green portfolio (as described in Belfius' Green Bond Framework). The limited assurance report will be available on Belfius' website (https://www.belfius.be/about-us/en/investors/debt-issuance/green-bonds).

The reports will not form part of, and will not be incorporated by reference into, the Base Prospectus.

Prior to any investment in Green Notes, investors are advised to consult the Green Bond Framework for further information. Furthermore, investors should have regard to the factors described under the section headed "Risk Factors" in the Base Prospectus, in particular the risk factor entitled "*Risks related to Notes which qualify as "Green Notes" which have a particular use of proceeds identified in the applicable Final Terms*".

Notwithstanding any use of the net proceeds of the Green Notes identified in the applicable Final Terms, investors should note that (i) such transactions will be fully subject to the CRR eligibility criteria and BRRD requirements for own funds and eligible liabilities instruments, as applicable, (ii) the Green Notes can be subject to bail-in and write-down or conversion powers and (iii) this will not affect the particular status of such Green Notes as identified in the applicable Final Terms, including, as applicable, in terms of subordination, loss absorbency features and regulatory treatment.

13. 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.

14. DOCUMENTS ON DISPLAY

(Annex 6.14 of Commission delegated regulation (EU) 2019/980)

Copies of (i) the annual reports dated 31 December 2020 and 31 December 2021 for the Issuers and, as applicable, the Guarantor and of all subsequent annual reports to be published and (ii) copies of the articles of association of the Issuers and, as applicable, the Guarantor are available free of charge at the office of Belfius Bank and will be available during the entire lifetime of the Notes.

Additionally, the annual reports of Belfius Bank are available on its website https://www.belfius.be/about-us/en/investors/results-reports/reports, and the annual reports of Belfius Financing Company are available in Annex 5 of this Base Prospectus.

Annex 1: Template for Final Terms

APPLICABLE FINAL TERMS

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

[MiFID II PRODUCT GOVERNANCE – Solely for the purposes of the product approval process of [the/each] Manufacturer (i.e., each person deemed a manufacturer for purposes of the EU Delegated Directive 2017/593, hereinafter referred to as a "Manufacturer"), the target market assessment in respect of the Notes as of the date hereof has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients [and retail clients] each as defined in Directive 2014/65/EU (as amended, "MiFID II"); [and] (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate; [and (iii) the following channels for distribution of the Notes to retail clients are appropriate – investment advice, portfolio management, non-advised sales and pure execution services – subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the Notes (a "Distributor") should take into consideration [the/each] Manufacturer['s/s'] target market assessment. A distributor subject to MiFID II is, however, responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining [the/each] Manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

Final Terms dated [●]

[Belfius Financing Company S.A.] [Belfius Bank SA/NV]

Issue of [Title of Notes]
[Guaranteed by Belfius Bank SA/NV]
under the

Belfius Financing Company S.A.

and

Belfius Bank SA/NV

Notes Issuance Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in this Base Prospectus dated 24 May 2022, which constitutes a base prospectus for the purposes of the Prospectus Regulation (Regulation (EU) 2017/1129) (the "**Prospectus Regulation**"). **This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with such Base Prospectus and any supplement thereto.** These Final Terms and this Base Prospectus together constitute the Programme for the Tranche. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for inspection at [the office of the Guarantor,] the office of the Issuer and the website www.belfius.be. A summary of the offer of the Notes is provided in an annex to the Final Terms.

[This 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 24 May 2023 inclusive. The updated base prospectus will be available for inspection at [the office of the Guarantor,] 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 for completing the Final Terms.]

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

1	(i)	Issuer:	[Belfius Bank SA/NV][Belfius Financing Company S.A.]
	(ii)	Guarantor:	[N/A][Belfius Bank SA/NV]
	(iii)	Calculation Agent:	Belfius Bank SA/NV
2	(i)	Series Number:	[●]
	[(ii)	Tranche Number:	[●] *(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).*
3	Specified Currency or Currencies:		[●]
4	Maximum Amount:		
	[(i)	]Series:	[●]
	[(ii)	Tranche:	[●]]
5	Minimum Amount:		
	[(i)	]Series:	[●]
	[(ii)	Tranche:	[●]]
6	Offering Period:		[●] (except in case of early closing)
7	Issue Price:		[●] per cent. [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable)*]
8	Denominations:		[●]
9	[(i)]	Issue Date:	[●]
	[[(ii)]	Interest Commencement Date:	[●]]
10	[Scheduled] Maturity Date:		[●]
11	Interest Basis:		[[●] per cent. Fixed Rate] [Floating Rate] [Zero Coupon] [Variable Linked Rate] [Not Applicable] (further particulars specified below)
12	Redemption/Payment Basis:		[Redemption at par] [Variable Linked Redemption] (further particulars specified below)
13	Change of Interest or Redemption/Payment Basis:		[Not Applicable/(Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis, including the (mandatory) scheduled dates for any Change of Interest in the case of Fixed to Floating Rate Notes or Floating to Fixed Rate Notes)]
14	Call Options:		[Applicable/Not Applicable] [(further particulars specified below)]
15	Mandatory Early Redemption:		[Applicable/Not Applicable] [(further particulars specified below)]
16	Status of the Notes:		Senior preferred notes

17	[Date [Board] approval for issuance of Notes obtained:	[25 February 2022]/[●] (N.B Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes)]
18	Form of Notes:	[Bearer Notes/Dematerialised Notes]
19	New Global Note:	Not Applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

20	Fixed Rate Note Provisions		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Fixed Rate:	[●] per cent. per annum
	(ii)	Interest Payment Date(s):	[annually/semi-annually/quarterly on ●]
	(iii)	Business Days:	[●]
	(iv)	Business Day Convention:	[●]
	[(v)	Fixed Interest Amount:	[●]]
	[(v)/(vi)	Day Count Fraction:	[●]]
	[(v)/(vi)/(vii)	Interest Period End Date(s):	[Adjusted/No Adjustment/Other]]
	[(v)/(vi)/(vii)/(viii)	Calculation Amount:	[●]]
	[Other terms relating to the method of calculating interest for Fixed Rate Notes:		[●](*N.B. Give details*)]
21	Floating Rate Note Provisions		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Publication Source:	[EUR-EURIBOR-Reuters (ISDA)/Other]
	(ii)	Designated Maturity:	[●]
	(iii)	Spread:	[●]
	(iv)	Interest Payment Date(s):	[annually/semi-annually/quarterly on ●]
	(v)	Day Count Fraction:	[●]
	(vi)	Interest Determination Date:	[●]
	(vii)	Business Days:	[●]
	(viii)	Business Day Convention:	[●]
	(ix)	Interest Period End Date(s)	[●] [Adjusted/No Adjustment/Other]
	[(x)	Maximum Rate:	[●]]
	[(x)/(xi)	Minimum Rate:	[●]]
22	Zero Coupon Note Provisions		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	Amortisation Yield:		[●] per cent. per annum
	Business Days:		[●]
	Business Day Convention:		[●]
	Any other formula/basis of determining amount payable:		[●]
23	Variable Linked Rate Note Provisions		[Applicable/Not Applicable]

		(If not applicable, delete the remaining sub-paragraphs of this paragraph)
	(i) Underlying:	[Market Rate/Share/Basket of Shares/Share Index/Basket of Share Indices/Fund/Basket of Funds/Commodity/Basket of Commodities/Commodity Index/Basket of Commodity Indices/Inflation Index]
	(ii) Variable Linked Rate:	[●] *(Provide the formula or other method of determination)*
	(iii) Interest Payment Date(s):	[●]
	(iv) Business Days:	[●]
	(v) Business Day Convention:	[●]

PROVISIONS RELATING TO REDEMPTION

24	Call Option	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	Optional Redemption Date(s):	[●]
	Optional Redemption Period:	[●]
	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Note of [●] Denomination
	[If redeemable in part:]	[Applicable/Not Applicable]
	[Minimum Redemption Amount:	[●]]
	[Maximum Redemption Amount:	[●]]
	Notice period:	[●] *(being a minimum of 5 Business Days)*
25	Mandatory Early Redemption	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Trigger Event(s):	[●]
	(ii) Mandatory Early Redemption Date(s):	[The Interest Payment Date immediately following the occurrence of the Trigger Event(s) as determined by the Calculation Agent. Should the Trigger Event(s) occur on an Interest Payment Date, then the Mandatory Early Redemption Date shall be postponed until the next Interest Payment Date/[●]]
	(iii) Mandatory Early Redemption Amount:	[●] per Note of [●] Denomination
26	Redemption Amount(s) of each Note	[[●] per Note of [●] Denomination] *(delete in case of Variable Linked Redemption)*

(Include below provisions in case of a Variable Linked Redemption)

Variable Linked Redemption

	(i) Underlying:	[Market Rate/Share/Basket of Shares/Share Index/Basket of Share Indices/Fund/Basket of Funds/Commodity/Basket of Commodities/Commodity Index/Basket of Commodity Indices/Inflation Index]
	(ii) Variable Linked Redemption Amount:	[●] *(Provide the formula or other method of determination)*

(iii) Business Days: [●]

(iv) Business Day Convention: [●]

(v) Initial Averaging: [Not Applicable / Applicable]

(vi) Averaging: [Not Applicable / Applicable]

[(vi) Initial Averaging Dates: [●]]

[(vi) Averaging Dates: [●]]

27 Partial Redemption: [Applicable/Not Applicable]

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

(i) Partial Redemption Date(s) [●]

(ii) Partial Redemption Amounts: [●]

VARIABLE LINKED PROVISIONS

*(Include the relevant provisions below, if the Underlying is one or more **Market Rates**)*

(i) Publication Source: [●]

(ii) Designated Maturity: [●]

(iii) Spread: [●]

(iv) Interest Determination Date: [●]

[(v) Day count Fraction: [●]]

*(Include the relevant provisions below, if the Underlying is a **Share**)*

(i) Share: [●] *(Insert full title of the Share, its ISIN code and the name of the issuer)*

(ii) Exchange: [●]

(iii) Related Exchange: [[●]/All Exchanges]

(iv) Valuation Date(s): [●]

[(v) Initial Valuation Date: [●]]

[(v) Initial Price: [●]]

*(Include the relevant provisions below, if the Underlying is **Share Basket**)*

(i) Share Basket:

i	$w_{(j=1)}$	$w_{(j=2)}$	…	Share	Exchange	Related Exchange	Securities code
1	[●]%	[●]%	[●]%	[●]	[●]	[●]/All Exchanges	[●]
2	[●]%	[●]%	[●]%	[●]	[●]	[●]/All Exchanges	[●]
…	[●]%	[●]%	[●]%	[●]	[●]	[●]/All Exchanges	[●]

(ii) Valuation Date(s): [●]

[(iii) Initial Valuation Date: [●]]

*(Include the relevant provisions below, if the Underlying is a **Share Index**)*

(i) Index: [●]

(ii) Exchange: [[●]/Multiple Exchange]

(iii) Related Exchange: [[●]/All Exchanges]

(iv) Valuation Date(s): [●]

[(v) Initial Valuation Date: [●]]

[(v) Initial Price: [●]]

*(Include the relevant provisions below, if the Underlying is a **Basket of Share Indices**)*

(i) Index Basket:

i	$w_{(j=1)}$	$w_{(j=2)}$	…	Index	Exchange	Related Exchange
1	[●]%	[●]%	[●]%	[●]	[●]/Multiple Exchange	[●]/All Exchanges
2	[●]%	[●]%	[●]%	[●]	[●]/Multiple Exchange	[●]/All Exchanges
…	[●]%	[●]%	[●]%	[●]	[●]/Multiple Exchange	[●]/All Exchanges

(ii) Valuation Date(s): [●]

[(iii) Initial Valuation Date: [●]]

*(Include the relevant provisions below, if the Underlying is a **Fund**)*

(i) Reference Fund: [●] *(Insert full title of the Reference Fund, including its sponsor, the ISIN code, class, if applicable, and a short description)*

(ii) Valuation Date(s): [●]

[(iii) Initial Valuation Date: [●]]

[(iii) Initial Price: [●]]

*(Include the relevant provisions below, if the Underlying is a **Basket of Funds**)*

(i) Fund Basket:

i	$w_{(j=1)}$	$w_{(j=2)}$	…	Reference Fund	Class	Fund Description	Fund Administrator	ISIN Code
1	[●]%	[●]%	[●]%	[●]	[●]	[●]	[●]	[●]
2	[●]%	[●]%	[●]%	[●]	[●]	[●]	[●]	[●]
…	[●]%	[●]%	[●]%	[●]	[●]	[●]	[●]	[●]

(ii) Valuation Date(s): [●]

[(iii) Initial Valuation Date: [●]]

*(Include the relevant provisions below, if the Underlying is a **Commodity**)*

(i) Commodity: [●]

(ii) Exchange: [●]

(iii) Price Source: [●]

(iv) Valuation Time: [●]

(v) Valuation Date(s): [●]

[(vi) Initial Valuation Date: [●]]

[(vi) Initial Price: [●]]

*(Include the relevant provisions below, if the Underlying is a **Basket of Commodity**)*

(i) Commodity Basket:

i	$w_{(j=1)}$	$w_{(j=2)}$	…	Commodity	Exchange	Price Source	Valuation Tim
1	[●]%	[●]%	[●]%	[●]	[●]	[●]	[●]
2	[●]%	[●]%	[●]%	[●]	[●]	[●]	[●]
…	[●]%	[●]%	[●]%	[●]	[●]	[●]	[●]

(ii) Valuation Date(s): [●]

[(iii) Initial Valuation Date: [●]]

*(Include the relevant provisions below, if the Underlying is a **Commodity Index**)*

(i) Commodity Index: [●]

(ii) Valuation Time: [●]

(iii) Valuation Date(s): [●]

[(iv) Initial Valuation Date: [●]]

[(iv) Initial Price: [●]]

*(Include the relevant provisions below, if the Underlying is a **Basket of Commodity Indices**)*

(i) Commodity Index Basket:

i	$w_{(j=1)}$	$w_{(j=2)}$	…	Commodity Index	Valuation Time
1	[●]%	[●]%	[●]%	[●]	[●]
2	[●]%	[●]%	[●]%	[●]	[●]
…	[●]%	[●]%	[●]%	[●]	[●]

(ii) Valuation Date(s): [●]

[(iii) Initial Valuation Date: [●]]

*(Include the relevant provisions below, if the Underlying is an **Inflation Index**)*

(i) Index: [●]

[The first publication or announcement of a level of such index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.]

(ii) Initial Index: [●]

(iii) Final Index: [●]

(iv) Index Sponsor: [●]

(v) Reference Month: [●]

(include, if applicable, relevant disclaimer with respect to the index sponsor) [●]

REASONS FOR THE OFFER

Reasons for the offer:	[●] [The Notes constitute Green Notes and an amount equivalent to the net proceeds will be used to finance and/or refinance Eligible Green Assets as described in the Green Bond Framework of Belfius. Investors should have regard to the factors described under the section headed "Risk Factors" in the Base Prospectus, in particular the risk factor entitled "*Risks related to Notes which qualify as "Green Notes" which have a particular use of proceeds identified in the applicable Final Terms*".] (*See "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from general corporate purposes of the Issuer, will need to include those reasons here*.)

DISTRIBUTION

Dealer(s):	[Belfius Bank SA/NV/ [●]]
Offer period:	[*Specify date*] until [*specify date*]
General consent:	[Not Applicable] [Applicable]
Other Authorised Offeror terms:	[Not Applicable] [*Add here any other Authorised Offeror Terms*]. (*Authorised Offeror Terms should only be included here where General Consent is Applicable*)
[Total commission and concession:	1. **Fees and other costs included in the Issue Price**, linked to the structuration and management of the Notes and borne by the investors: • **Upfront fee**: [Not Applicable] [[Maximum] [●]% of the subscribed nominal amount of Notes;] • **One-off product costs**: [Not Applicable] [[Maximum] [●]% of the subscribed nominal amount of Notes]; • **Recurring annual product costs**: [Not Applicable] [[Maximum] [●]% of the subscribed nominal amount of Notes, *i.e.* a maximum of [●] % if the Notes are held until the scheduled Maturity Date.] [The above-mentioned fees are indicative only. These fees may fluctuate either upwards or downwards depending on the market conditions during the Offer Period.] 2. **Fees and other costs not included in the Issue Price, and borne by the investors**: **Brokerage fee**: [Not Applicable] [[●]% of the subscribed nominal amount of Notes, payable upfront];

	[**Foreign exchange costs**: a foreign exchange rate commission of maximum [●]% could be charged to the investors.]
[Additional selling restrictions:	[●]]

OPERATIONAL INFORMATION

ISIN Code:	[●]
Common Code:	[●]
Clearing System(s):	[●]
Principal Paying Agent:	[Belfius Bank SA/NV][Banque Internationale à Luxembourg, SA]
Paying Agent:	[Not Applicable][Belfius Bank SA/NV]
[Relevant Benchmark[s]]	[Not Applicable]/[[specify benchmark] is provided by [*administrator legal name*]. As at the date hereof, [*administrator legal name*][appears]/[does not appear] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmark Regulation.]/[As far as the Issuer is aware, as at the date hereof, [specify benchmark] does not fall within the scope of the Benchmark Regulation.]

SECONDARY MARKET *(Include this provision if Secondary Market is provided)*

[Applicable]	
Maximum Spread:	[●]
Maximum Commission:	[●]
Maximum Exit Penalty:	[●]

RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:.....

Duly authorised

[Signed on behalf of the Guarantor:

By:.....

Duly authorised]

Annex 2: Guarantee

A form of the Guarantee is reproduced here below:

BELFIUS FINANCING COMPANY S.A.
And
BELFIUS BANK SA/NV

Notes Issuance Programme

GUARANTEE
by
Belfius Bank SA/NV
IN RELATION TO NOTES ISSUED BY Belfius Financing Company

24 May 2022

WHEREAS the Board of Directors of Belfius Financing Company S.A. (the "**Issuer**" or "**Belfius Financing Company**") has decided on 25 February 2022 to update the Notes Issuance Programme (the "**Programme**") under which it may from time to time issue Notes (the "**Belfius Financing Company Notes**"), which may be linked to various underlyings (the "**Underlying**"), that rank as senior preferred obligations of the Issuer according to the terms and conditions enumerated in such decision. Belfius Financing Company Notes will be guaranteed by Belfius Bank SA/NV (also named Belfius Banque SA/Belfius Bank NV) (the "**Guarantor**" or "**Belfius Bank**") pursuant to this senior preferred guarantee (the "**Guarantee**");

WHEREAS the Management Board of Belfius Bank has approved to guarantee the issuance by Belfius Financing Company of Belfius Financing Company Notes under the Programme by its decision of 18 May 2022;

WHEREAS the Management Board of Belfius Bank in its decision of 18 May 2022 has delegated all powers to execute such Guarantee to Mr. D. Gyselinck, member of the Management Board, with the right for him to delegate his powers;

The Guarantor hereby unconditionally and irrevocably guarantees as and for its own debt to each holder of each Belfius Financing Company Note (each a "**Noteholder**" and together the "**Noteholders**") to pay or procure to pay such amounts to the Noteholders who have not obtained due payment from the Issuer if and when such amounts fall due under the Terms and Conditions. The Terms and Conditions are those enumerated in the Base Prospectus and the relevant Final Terms, and which are included by reference in the present Guarantee. This Guarantee is enforceable against the Guarantor upon first demand sent by the holder by registered mail to the statutory seat of the Guarantor.

The Base Prospectus has been approved by the Financial Services and Markets Authority in its decision of 24 May 2022.

It is understood that any payments to be made under this Guarantee shall be made in the currency of the underlying Notes.

This Guarantee is a continuing guarantee and nothing but payment in full of the amounts due by the Issuer in application of the Notes hereby guaranteed shall discharge the Guarantor of its obligations hereunder in respect of such Notes.

This Guarantee shall be governed by, and interpreted in accordance with, the laws of Belgium.

This Guarantee may be executed in any number of counterparts.

All actions arising out of or based upon this Guarantee are to be brought before the competent Courts in Brussels.

In witness whereof, the Guarantor has authorised and caused this Guarantee to be duly executed and delivered as of 24 May 2022.

On behalf of Belfius Bank SA/NV

Dirk Gyselinck
Member of the Management Board

Annex 3: Articles of Association

A. 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 “Who we are” (link https://www.belfius.be/about-us/en/corporate-governance/governance/articles-of-association).

B. Belfius Financing Company

BELFIUS FINANCING COMPANY S.A.
Société anonyme
R.C.S. Luxembourg B 156.767

Articles of Association
Dated 7 May 2014

Title I. - Denomination, Registered office, Object, Duration

Art. 1. There is hereby established a *société anonyme* under the name of "Belfius Financing Company".

Art. 2. The registered office of the company is established in the municipality of Koerich.

It may be transferred to any other place in the municipality of Koerich by a decision of the board of directors

If extraordinary political or economic events occur or are imminent, which might interfere with the normal activity at the registered office, or with easy communication between this office and abroad, the registered office may be declared to have been transferred abroad provisionally until the complete cessation of these abnormal circumstances.

Such decision, however, shall have no effect on the nationality of the company. Such declaration of the transfer of the registered office shall be made and brought to the attention of third parties by the organ of the corporation, which is best situated for this purpose under such circumstances.

Art. 3. The company is established for an unlimited period.

Art. 4. The purpose of the Company is: (a) to hold shareholdings and stakes, in any form whatsoever, in any commercial, industrial, financial or other Luxembourg or foreign company or undertakings, as well as to manage and optimise these stakes, (b) to acquire by way of participations, contributions, guarantees, acquisitions or options, negotiation or any other means, securities, rights, patents, licenses and other assets, provided the Company considers it appropriate to do so, and in general to hold, manage, optimise, sell or transfer the aforementioned, in whole or in part; (c) to take part in commercial, financial or other transactions and to grant to any holding company, subsidiary, associated or affiliated company or any other company belonging to the same corporate group as the Company any financial assistance, loan, advance or guarantee; (d) to borrow, raise funds by any means whatsoever (including without limitation the issuance of preferred equity certificates (PECs) (nonconvertible or convertible into shares), loans, bonds, acknowledgements of debt and any other form of debt or type of instrument) and to ensure the reimbursement of any borrowed amount; to perform all operations directly or indirectly related to this purpose.

The Company may grant pledges, guarantees, liens, mortgages and any other type of security (surety), as well as any form of compensation, to Luxembourg or foreign entity(ies) in relation to its own obligations and debts, or in relation to the obligations and debts of subsidiaries, associated or affiliated companies or any company belonging to the same corporate group.

The Company may acquire immovable property located abroad or in Luxembourg.

The Company may moreover perform any commercial, technical or financial transactions, involving movable or immovable property, which are directly or indirectly related to the abovementioned purpose.

Title II. - Capital, Shares

Art. 5. The share capital of the Company is set at three million ninety-four thousand four euro (EUR 3,094,004) divided into two hundred and fifty-one (251) shares, without nominal value.

The shares are in registered form.

The company may, to the extent and under the terms permitted by law, purchase its own shares.

The corporate capital may be increased or reduced in compliance with the legal requirements.

The company recognises only one single owner per share. If one or more shares are jointly owned or if the ownership of such share(s) is disputed, all persons claiming a right to such share(s) have to appoint one single attorney to represent such share(s) towards the company.

The failure to appoint such attorney implies a suspension of all rights attached to such share(s).

Title III. – Management

Art. 6. The Company shall be managed by a board of directors composed of at least three (3) directors, who need not be shareholders of the Company. The directors shall be elected by the shareholders at a general meeting, which shall determine their number, remuneration and term of office. The term of office of a director may not exceed six (6) years and the directors shalt hold office until their successors are elected. The directors may be re-elected for consecutive terms of office. The directors are split in two (2) categories, directors of category A and directors of category B.

In case the company is incorporated by a sole shareholder, or if, at a general meeting of shareholders, it is noted that the company only has one shareholder, the composition of the board of directors may be limited to one sole director until the next annual general meeting at which it is noted that the company has (again) more than one shareholder.
In this case, the sole director exercises the powers devolving on the board of directors.
The directors are elected by a simple majority vote of the shares present or represented. Any director may be removed at any time with or without cause by the general meeting of shareholders.
In the event of a vacancy in the office of a director because of death, retirement or otherwise, this vacancy may be filled out on a temporary basis until the next meeting of shareholders, in compliance with the applicable legal provisions.
Art. 7. The board of directors will elect from among its members a chairman. When he is prevented, he is replaced by the eldest director. The first chairman may be appointed by the extraordinary general shareholders meeting following the incorporation of the company.
The board of directors convenes upon call by the chairman or by the eldest director, when the chairman is prevented, as often as the interest of the corporation so requires. It must be convened each time two directors so request.
Any director may act at any meeting of the board of directors by appointing in writing or by telegram, telex or facsimile another director as his proxy. A director may represent one or more of his colleagues.
The board of directors can deliberate and/or act validly only if all the directors are present or represented at a meeting of the board of directors. If the required presence quorum is not attained, the meeting shall be adjourned and a second meeting shall be convened at the same hour, five business days later, which will deliberate and/or act validly only if a majority of the directors is present or represented at such meeting.
Decisions shall be taken by a majority vote of the directors present or represented at such meeting. In case of a tie in votes, the vote of the chairman of the meeting will be decisive.
Board resolutions can also be taken by circular letter, the signatures of the different board members may be apposed on several exemplars of the board resolution in writing.
Any director may also participate in any meeting of the board of directors by conference call, videoconference or by other similar means of communication allowing all the persons taking part in the meeting to hear one another. The participation in a meeting by these means is equivalent to a participation in person at such meeting.
Art. 8. The board of directors is vested with the broadest powers do perform all acts of administration and disposition in compliance with the corporate object.
All powers not expressly reserved by law or by the present articles of association to the general meeting of shareholders fall within the competence of the board of directors. The board of directors may pay interim dividends, in compliance with the legal requirements.
Art. 9. The Company will only be bound by the joint signature of any A director together with any B director or by the single signature to whom such signatory power has been validly delegated by the board of directors or by a decision signed by a director A and by a director B jointly
Art. 10. The board of directors may delegate its powers to conduct the daily management of the company to one or more directors, officers, managers or other agents, shareholder or not, acting alone or jointly.
The board of directors may also commit the management of all the affairs of the corporation or of a special branch to one or more managers, and give special powers for determined matters to one or more proxy holders, selected from its own members or not, either shareholders or not.
Art. 11. Any litigations involving the company either as plaintiff or as defendant, will be handled in the name of the company by the board of directors, represented by its chairman or by the director delegated for this purpose.

Title IV. - Supervision

Art. 12. The company is supervised by one or several statutory auditors, appointed by the general meeting of shareholders which will fix their number and their remuneration, as well as the term of their office, which must not exceed six years.
Whenever required by law the company is supervised by one or several independent auditors in lieu of the statutory auditor(s).
The independent auditors are appointed, pursuant to the related legal provisions, either by the general meeting of shareholders or by the board of directors. The independent auditors shall fulfil all the duties set forth by the related law.

Title V. - General meeting

Art. 13. The general meeting of shareholders of the company represents all the shareholders of the company. It has the broadest powers to order, carry out or ratify acts relating to the operations of the company, unless the present articles of association provide otherwise.
The annual general meeting will be held in the city of Luxembourg at the place specified in the convening notices on the third Wednesday of March at 10.00 a.m.

If such day is a legal holiday, the general meeting will be held on the next following business day.
Other general meetings of shareholders may be held at such places and dates as may be specified in the respective notices of meeting.
Each share entitles one vote. Each shareholder may participate to the meetings of the shareholders by appointing in writing, by telecopy, email or any other similar means of communication, another person as his proxy-holder.
If all shareholders are present or represented at a meeting of the shareholders, and if they declare knowing the agenda, the meeting may be held without convening notice or prior publication.
If the company only has one sole shareholder, the latter exercises the powers devolving on the general meeting,

Title VI. - Accounting year, Allocation of profits

Art. 14. The accounting year of the company shall begin on January 1 and shall terminate on December 31 of each year.

Art. 15. After deduction of any and all of the expenses of the company and the amortizations, the credit balance represents the net profits of the company. Of the net profits, five percent (5,00 %) shall he appropriated for the legal reserve; this deduction ceases to be compulsory when the reserve amounts to ten percent (10,00 %) of the capital of the company, but it must be resumed until the reserve is entirely reconstituted if, at any time, for any reason whatsoever, it has been touched.
The balance is at the disposal of the general meeting.

Title VII. - Dissolution, Liquidation

Art. 16. The company may be dissolved by a resolution of the general meeting of shareholders. The liquidation will be carried out by one or more liquidators, physical or legal persons, appointed by the general meeting of shareholders which will specify their powers and fix their remunerations.

Title VIII. - General provisions

Art. 17. All matters not governed by these articles of association are to be construed in accordance with the law of August 10th 1915 on commercial companies and the amendments hereto.

Annex 4: Agency Agreement

BELFIUS FINANCING COMPANY S.A.
as Issuer
and
BELFIUS BANK SA/NV
as Guarantor of Notes issued by Belfius Financing Company S.A., Paying Agent and Calculation Agent

BANQUE INTERNATIONALE A LUXEMBOURG SA
as Fiscal Agent and Principal Paying Agent

AGENCY AGREEMENT

Relating to the Notes issued in bearer form by Belfius Financing Company S.A. (hereafter the "Bearer Notes")

under the
BELFIUS FINANCING COMPANY S.A.
AND
BELFIUS BANK SA/NV

NOTES ISSUANCE PROGRAMME

24 May 2022

This Agency Agreement (the "**Agreement**") is made as of 24 May 2022 and amends and restates the Agency Agreement dated 25 May 2021 as modified from time to time **BETWEEN**:

(1) **Belfius Financing Company S.A.** with its registered office located at 20, rue de l'Industrie, L-8399 Koerich, Grand Duchy of Luxembourg ("**Belfius Financing Company**", the "Issuer"):

(2) **Belfius Bank SA/NV**, with its registered office at Place Charles Rogier 11, B-1210 Brussels, Belgium ("**Belfius Bank**" in its capacity as guarantor of the Notes the "**Guarantor**", in its capacity as paying agent, the "**Paying Agent**" and its capacity as calculation agent, the "**Calculation Agent**" in the case of Notes issued by Belfius Financing Company under the Notes Issuance Programme); and

(3) **BANQUE INTERNATIONALE A LUXEMBOURG, SOCIETE ANONYME** with its register office at 69, route d'Esch, L-2953, Luxembourg, Grand Duchy of Luxembourg ("**BIL**", in its capacity as fiscal agent the "**Fiscal Agent**" and its capacity as principal paying agent the "**Principal Paying Agent**").

WHEREAS

(A) Belfius Financing Company, in accordance with the resolutions of the Board of Directors of Belfius Financing Company, passed on 25 February 2022, may from time to time issue Bearer Notes (the "**Belfius Financing Company Notes**") under the updated Notes Issuance Programme to be dated on or around 24 May 2022 (the "**Programme**"), which may be linked to various underlyings (the "**Underlying**"), that rank as senior obligations of the Issuer (the "**Notes**"). The Notes will be guaranteed by the Guarantor pursuant to a senior guarantee (the "**Guarantee**") in accordance with the resolutions of the Management Board of the Guarantor passed on 18 May 2022.

(B) The Programme is described in the prospectus (the "**Prospectus**") dated 24 May 2022 that replaces and supersedes, as of such date, the Prospectus dated 25 May 2021.

(C) For the purposes of the Programme the parties (or their predecessors) to this Agency Agreement entered into an agency agreement dated 25 May 2021 (the "**Original Agency Agreement**") to be amended, restated and superseded by this Agency Agreement.

(D) Any Bearer Notes issued on or after the date of this Agency Agreement shall be issued under the Programme pursuant to this Agency Agreement. The amendments to the Original Agency Agreement made by this Agency Agreement shall not apply in respect of any further Belfius Financing Company Notes issued pursuant to the Original Agency Agreement on or after the date hereof that are consolidated and form a single series with any Notes issued prior to the date hereof.

IT HAS BEEN AGREED AS FOLLOWS:

Article 1

The Issuer hereby warrants as follows:

(i) That it is duly incorporated and validly existing under the laws of its country of incorporation and that it has corporate power and authority to conduct its business and to execute, deliver and comply with the provisions of this Agreement and the Notes, as the case may be;

(ii) that all necessary consents, authorizations, notifications, registrations and filings have been obtained or made (and are in full force and effect) in connection with the compliance by the Issuer with the respective terms of this Agreement and the Notes including all payments to be made by the Issuer thereunder or in connection therewith;

(iii) that this Agreement constitutes, and upon due execution, issue and/or delivery as aforesaid the Notes will constitute, valid and legally binding obligations of the Issuer in accordance with their respective terms;

(iv) that the Prospectus is accurate in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading;

(v) that the financial statements and other financial information in the Programme present fairly its financial position and since the date of the most recent financial statements therein contained there has been no material adverse change, financial or otherwise in the condition, general affairs, results of operation or prospects other than as referred to in the Prospectus;

(vi) that no events exist which, had any Notes been issued, would (or, with the giving of notice or lapse of time or both, could) constitute an event of default under the Notes;

(vii) that no litigation, arbitration or administrative proceedings are presently current or pending or, to the knowledge of the Issuer threatening which would or might have a material adverse effect on the Issuer or on the ability of the Issuer to perform its obligations under this Agreement and the Notes;

(viii) that under presently applicable rules, all payments to be made by the Issuer under this Agreement and the Notes are exempt from any taxes, by way of deduction or withholding, and the Issuer is not required by law to make any deduction or withholding therefrom;

(ix) that the Issuer will pay all and any stamp and other similar taxes and duties payable in its country of incorporation in connection with the authorization, execution and delivery of the Notes, the initial delivery of the Notes and the execution and delivery of this Agreement.

Article 2

The Bearer Notes are issued in bearer form in the Denominations specified in the relevant Final Terms. They will be represented by a Permanent Global Note, deposited with the common depositary for Euroclear Bank SA/NV and Clearstream Banking S.A. and will not be exchangeable for definitive notes.

The Bearer Notes will not be physically delivered. They will be held in a securities account.

Article 3

The Issuer appoints BIL as Principal Paying Agent and Fiscal Agent and Belfius Bank as Calculation Agent and Paying Agent (together referred to as the "**Agents**") in respect of any Tranche of Bearer Notes issued under the Programme upon the terms and subject to the conditions herein set forth, unless otherwise specified in the relevant Final Terms.

Article 4

The Issuer or the Guarantor authorises and directs the Fiscal Agent, from the funds provided to it, to make payments of principal and interest on the Bearer Notes on the relevant due dates.

(1) The Issuer will, before 10.00 a.m. (Central European Time), on each date on which any payment in respect of any Bearer Notes becomes due under the Conditions, transfer to an account specified by the Fiscal and Principal Paying Agent from time to time such amount in the relevant currency as shall be sufficient for the purposes of such payment in funds settled through such payment system as the Fiscal and Principal Paying Agent and the Issuer may from time to time agree.

(2) Any funds paid by or by arrangement with the Issuer to the Fiscal and Principal Paying Agent pursuant to subclause (1) shall be held by the relevant Agent for payment to the Noteholders, until any payments under the Bearer Notes become prescribed under the Conditions.

(3) The Issuer will ensure that no later than 10.00 a.m. (Central European Time) on the second Business Day (as defined below) immediately preceding the date on which any payment is to be made to the relevant Agent pursuant to subclause (1), the Fiscal and Principal Paying Agent shall receive an irrevocable payment confirmation by authenticated SWIFT from the paying bank of the Issuer. For the purposes of this subclause, **"Business Day"** means any day on which TARGET2 (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open and any other day so specified in the relevant Final Terms.

(4) The Fiscal and Principal Paying Agent shall notify by facsimile or by e-mail the Issuer forthwith:

(a) if it has not by the relevant date specified in subclause (1) received unconditionally the full amount in the Specified Currency required for the payment; and

(b) if it received unconditionally the full amount of any sum payable in respect of the Bearer Notes after such date.

(5) If for any reason the Fiscal and Principal Paying Agent considers in its sole discretion that the amounts to be received by it pursuant to subclause (1) will be, or the amounts actually received by it pursuant thereto are, insufficient to satisfy all claims in respect of all payments then falling due in respect of the Bearer Notes, the Agents shall not be obliged to pay any such claims until the Fiscal and Principal Paying Agent have received the full amount of all such payments.

(6) Without prejudice to subclause (5), if the Fiscal and Principal Paying Agent pays any amounts to the holders of Bearer Notes or to any other Paying Agent at a time when it has not received payment in full in respect of the relevant Bearer Notes in accordance with subclause (1) (the excess of the amounts so paid over the amount so received being the "**Shortfall**"), the Issuer will, in addition to paying amounts due under subclause (1), pay to

the Fiscal and Principal Paying Agent on demand interest (at a rate which represents the Fiscal and Principal Paying Agent's cost of funding the Shortfall) on the Shortfall (or the unreimbursed portion thereof) until receipt in full by the Fiscal and Principal Paying Agent of the Shortfall.

(7) The Fiscal and Principal Paying Agent shall on demand promptly reimburse each other Paying Agent for payments in respect of Bearer Notes properly made by such Paying Agent in accordance with this Agreement and the Conditions unless the relevant Agent has notified the relevant Paying Agent that the Fiscal and Principal Paying Agent does not expect to receive on the due date of a payment in respect of the Bearer Notes sufficient funds to make payment of all amounts falling due in respect of such Bearer Notes.

(8) Whilst any Bearer Notes are represented by a Permanent Global Note, all payments due in respect of such Notes shall be made to, or to the order of, the holder of the Permanent Global Note, subject to and in accordance with the provisions of the Permanent Global Note. On the occasion of any such payment, the Paying Agent to which any Permanent Global Note was presented for the purpose of making such payment shall cause the appropriate Schedule to the relevant Permanent Global Note to be annotated in order to evidence the amounts and dates of such payments of principal and/or interest as applicable.

(9) If the amount or principal and/or interest then due for payment is not paid in full (otherwise than by reason of a deduction required by law to be made therefrom or a certification required by the terms of a Note not being received), the Paying Agent to which a Note is presented for the purpose of making such payment shall make a record of such shortfall on the relevant Note and such record shall, in the absence of manifest error, be *prima facie* evidence that the payment in question has not to that extent been made.

Article 5

The Calculation Agent shall in respect of the Notes:

(a) obtain such quotes and rates and/or make such determinations, calculations, adjustments, notifications and publications as may be required to be made by it by the chapter Terms and Conditions of the Notes in the Prospectus (the "**Terms and Conditions**") at the times and otherwise in accordance with the Terms and Conditions;

(b) maintain a record of all quotations obtained by it and of all amounts, rates and other items determined or calculated by it and make such record available for inspection at all reasonable times by the Issuer, the Guarantor and the Paying Agents;

(c) promptly notify (and confirm in writing to) the Issuer, the other Paying Agents of each Interest Amount, Interest Rate and Interest Payment Date and all other amounts, rates and dates which it is obliged to determine or calculate under the Conditions as soon as practicable after their determination and of any subsequent amendments to them under the Conditions; and

(d) use its best endeavours to cause each Interest Amount, Interest Rate and Interest Payment Date and all other amounts, rates and dates which it is obliged to determine or calculate under the Conditions to be published as required in accordance with the Conditions as soon as possible after their determination or calculation.

Article 6

The Issuer, or failing whom the Guarantor, will indemnify the Fiscal Agent against any loss, liability and reasonable expenses which may be incurred by it by reason of, or in connection with the exercise of its duties as Fiscal Agent, except such as may result from the Fiscal Agent's own negligence or wilful misconduct. The Fiscal Agent shall not be liable to pay interest on any moneys deposited with it by the Issuer and/or the Guarantor for the purpose of its functions as Fiscal Agent.

The indemnities contained in this Article 6 shall survive the termination or expiry of this Agreement.

Article 7

The Issuer, failing whom the Guarantor, shall pay the fees and expenses in respect of the Agents' services in relation to any Tranche of Notes to the Fiscal Agent as separately agreed with the Fiscal Agent.

The Issuer will also reimburse the Fiscal Agent all reasonable out-of-pocket expenses (including, *inter alia*, publication, cable and telex costs and postage) incurred by it in connection with the services rendered hereunder, upon its written request.

The Fiscal Agent shall be responsible for the remuneration of the Agents and for the reimbursement of the expenses incurred by them.

Article 8

(1) Each Agent shall be entitled to deal with money paid to it by the Issuer for the purpose of this Agreement in the same manner as other money paid to a banker by its customers except:

(a) that it shall not exercise any right of set-off, lien or similar claim in respect thereof except in the case of money due to the Issuer, and any amounts that are due but unpaid or are to be reimbursed by the Issuer under this Agreement; and

(b) that it shall not be liable to account to the Issuer for any interest thereon.

No monies held by any Agent need be segregated except as required by law.

(2) In acting hereunder and in connection with the Bearer Notes, each Agent shall act solely as an agent of the Issuer and will not thereby assume any obligations towards or relationship of agency or trust for or with any of the owners or holders of the Bearer Notes.

(3) Each Agent hereby undertakes to the Issuer to perform such obligations and duties, and shall be obliged to perform such duties and only such duties, as are herein specified and in the Conditions, and no implied duties or obligations shall be read into any such document against any Agent, other than the duty to act honestly and in good faith and to exercise the diligence of a reasonably prudent agent in comparable circumstances.

(4) The Fiscal and Principal Paying Agent may consult with legal and other professional advisers and the opinion of such advisers shall be full and complete protection in respect of any action taken, omitted or suffered hereunder in good faith and in accordance with the opinion of such advisers.

(5) Each Agent may rely upon and shall be protected and shall incur no liability for or in respect of any action taken, omitted or suffered in reliance upon any instruction, request or order from the Issuer or any notice, resolution, direction, consent, certificate, affidavit, statement, cable, facsimile, telex or other paper or document which it reasonably believes to be genuine and to have been delivered, signed or sent by the proper party or parties or upon written instructions from the Issuer.

(6) Any Agent and its officers, directors and employees may become the owner of and/or acquire any interest in, any Notes with the same rights that it or they would have had if the Paying Agent concerned were not appointed hereunder, and may engage or be interested in any financial or other transaction with the Issuer and may act on, or as depositary, trustee or agent for, any committee or body of holders of Notes or in connection with any other obligations of the Issuer as freely as if the Agent were not appointed hereunder.

(7) The Issuer shall provide the Fiscal and Principal Paying Agent with a certified copy of the list of persons authorised to execute documents and take action on its behalf in connection with this Agreement and shall notify the Fiscal and Principal Paying Agent immediately in writing if any of such persons ceases to be so authorised or if any additional person becomes so authorised together, in the case of any additional authorised person, with evidence satisfactory to the Agent that such person has been so authorised.

(8) Except as ordered by a court of competent jurisdiction or as required by law or applicable regulations, the Issuer and each of the Agents shall be entitled to treat the bearer of any Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof).

Article 9

This Agreement may be amended by the parties hereto without the consent of the Noteholders, for the purpose of curing any ambiguity or in any manner which the parties may mutually deem necessary or desirable.

Article 10

The Issuer agrees that there shall at all times be a Fiscal Agent, until all the Notes shall have been redeemed and/or purchased and cancelled or shall have become void under the provisions of the prescription clause in the Terms and Conditions.

Each of the Agents may be removed at any time by the filing with it of at least 90 days written notice to that effect signed by or on behalf of the Issuer, specifying the date on which such removal shall become effective, and each of the Agents may at any time resign by giving at least 90 days written notice (unless the Issuer agrees to accept less notice) to that effect to the Issuer, specifying the date on which such resignation shall become effective, provided however that no such notice shall take effect less than 45 days prior to and 45 days after a payment date under the Notes in any year and that no such resignation or removal shall take effect until a new Fiscal Agent, Principal Paying Agent, Paying Agent or Calculation Agent has been appointed by the Issuer and such appointment

has been accepted by the Issuer. Upon its removal or resignation becoming effective, the successor Fiscal Agent shall be entitled to receive all funds and documents on deposit with or held by its predecessor as Fiscal Agent.

Article 11

The Issuer and the Guarantor undertake to deliver to the Principal Paying Agent during the term of the Notes, upon its request, copies of its annual report and interim report, if any.

Article 12

The Issuer and the Guarantor may at any time convene a meeting of Noteholders. The provisions for convening a meeting of Noteholders are detailed in the Programme.

Article 13

Any notice hereunder shall be addressed

if to Belfius Financing Company:

to: Belfius Financing Company S.A.
20 rue de l'Industrie
L-8399 Koerich
Grand Duchy of Luxembourg
Attn.: Laurent Lassine
Fax: +352 27 32 95 20
Tel: +352 27 32 95 1
mailto: cp@belfius-fc.lu

if to Belfius Bank:

to: Belfius Bank SA/NV
Place Charles Rogier 11
B-1210 Bruxelles
Belgium
P/A RT 06/22
Attn: Financial Markets Transaction Services
Fax: +32 2 285 10 87
Phone: + 32 2 222 14 08
Swift: GKCCBEBB
mailto: CMcustodymgt@belfius.be
CMtransrelease@belfius.be

if to BIL:

to: Banque Internationale à Luxembourg, société anonyme
69, route d'Esch
L-2953 Luxembourg
Grand Duchy of Luxembourg
Attn.: Agency Services
Phone: +352 4590 1
Fax: +352 4590 3473
Swift: BILLLULL
mailto: paying.agency@bil.com and Agency.Services@bil.com

All such notices shall be sent by registered mail. Such notices shall be effective upon receipt of the registered mail.

Article 14

(1) No Paying Agent shall be responsible or accountable to anyone with respect to the validity of this Agreement or the Notes or for any act or mission by it in connection with this Agreement or any Note except for its own gross negligence, wilful default or bad faith, including that of its officers, directors and employees.

(2) No Paying Agent shall have any duty or responsibility in case of any default by the Issuer in the performance of its obligations under the Terms and Conditions or, in the case of receipt of a written demand from a Noteholder, with respect to such default, provided however that forthwith upon receipt by the Agent of a notice given by a Noteholder in accordance with Condition *"Events of Default"*, the Agent will notify the Issuer and the

Guarantor thereof and furnish them with a copy of such notice.

Whenever in the performance of its duties under this Agreement a Paying Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Issuer prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by an authorised officer of the Issuer and delivered to such Paying Agent and such certificate shall be full authorisation to such Paying Agent, in its capacity as such, for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

Article 15

This Agreement is governed by and construed in accordance with the laws of the Grand Duchy of Luxembourg. All disputes arising in connection herewith between the Issuer, the Guarantor, the Fiscal Agent, the Principal Paying Agent, the Calculation Agent shall be subject to the non-exclusive jurisdiction of the courts of Luxembourg.

THUS DONE AND SIGNED ON 24 May 2022

Belfius Financing Company S.A.
as Issuer

By:

Belfius Bank SA/NV
as Guarantor of Notes issued by Belfius Financing Company SA, Paying Agent and Calculation Agent

By:

BANQUE INTERNATIONALE A LUXEMBOURG société anonyme
as Fiscal Agent and Principal Paying Agent

By:

ANNEX 1: TEMPLATE FOR PERMANENT GLOBAL NOTE

BELFIUS FINANCING COMPANY S.A.

(*Incorporated with limited liability under the laws of the Grand Duchy of Luxembourg*)

Issuer

BELFIUS BANK SA/NV

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

Issuer, Guarantor, Domiciliary Agent, Principal Paying Agent, Paying Agent and Calculation Agent

BANQUE INTERNATIONALE A LUXEMBOURG,

SOCIETE ANONYME

Fiscal Agent and Principal Paying Agent

NOTES ISSUANCE PROGRAMME

EUR 20,000,000,000

PERMANENT GLOBAL NOTE

Permanent Global Note Series No: [●]

Nominal Amount of the Tranche: [●]

ISIN Code of the Notes: [●]

This Permanent Global Note is issued in respect of the Bearer Notes (the "**Notes**") of the Tranche(s) and Series specified in Part A of the Schedule hereto of Belfius Financing Company S.A. (the "**Issuer**") and guaranteed by Belfius Bank SA/NV (the "**Guarantor**") pursuant to the Guarantee dated 24 May 2022, as amended and supplemented from time to time.

Interpretation and Definitions

References in this Permanent Global Note to the "**Conditions**" are to the Terms and Conditions of the Notes (which are in the form set out in Annex 2 to the Agency Agreement dated 24 May 2022 between Belfius Financing Company S.A. as the Issuer, Belfius Bank SA/NV as the Guarantor of Notes issued by Belfius Financing Company S.A., Calculation Agent and Paying Agent and Banque Internationale à Luxembourg, société anonyme as the Fiscal Agent and Principal Paying Agent, as such form is supplemented and/or modified and/or superseded by the provisions of this Permanent Global Note (including the supplemental definitions and any modifications or additions set out in Part A of the Schedule hereto). Other capitalised terms used in this Permanent Global Note shall have the meanings given to them in the Conditions or in the Agency Agreement. No provisions of this Permanent Global Note shall alter or impair the obligation of the Issuer and the Guarantor to pay the principal of and interest on the Notes when due in accordance with the Conditions and the relevant Guarantee.

Subject as provided in this Permanent Global Note, the Issuer (failing whom the Guarantor), promises to pay the Noteholder on Maturity Date and/or on such earlier date(s) as all or any of the Notes represented by this Permanent Global Note may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of the Notes represented by this Global Note on each such date and to pay interest (if any) on the nominal amount of the Notes from time to time represented by this Permanent Global Note.

This Permanent Global Note shall not be valid or become obligatory for any purpose until authenticated by or on behalf of the Fiscal Agent.

This Permanent Global Note shall be governed by and construed in accordance with Belgian law.

IN WITNESS whereof the Issuer has caused this Permanent Global Note to be duly signed on its behalf.

[Dated as of the Issue Date]

Belfius Financing Company S.A.

By:

CERTIFICATE OF AUTHENTICATION

This Permanent Global Note is authenticated by or on behalf of the Fiscal Agent.

BANQUE INTERNATIONALE A LUXEMBOURG, société anonyme

as Fiscal Agent

By:

Authorised Signatory
For the purposes of authentication only.

SCHEDULE: FINAL TERMS

[Insert the relevant Final Terms that relate to the Permanent Global Note]

ANNEX 2: TERMS AND CONDITIONS

See prospectus Section 8 TERMS AND CONDITIONS

Annex 5: Reports Belfius Financing Company

A. Audited accounts of Belfius Financing Company as at 31 December 2020

See below.

B. Audited accounts of Belfius Financing Company as at 31 December 2021

See below.

BELFIUS FINANCING COMPANY S.A.
SOCIETE ANONYME

Annual accounts and Report of the Réviseur

d'Entreprises agréé

as at December 31, 2020

20, rue de l'Industrie

L-8399 Windhof

R.C.S. Luxembourg: B 156767

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- Notes to the accounts 15 - 25

To the Sole Shareholder of
Belfius Financing Company S.A.
20, rue de l'Industrie
L-8399 Windhof
Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of Belfius Financing Company S.A. (the "Company"), which comprise the balance sheet as at 31 December 2020, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2020 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Debt instruments issuances and bond investments

Description

Short-term and long-term debt issuances amounting to KEUR 9,270,111 are presented under Creditors in the annual accounts. These issuances are backed by bonds recognized under Investments in the annual accounts for an amount of KEUR 9,270,868.

These transactions form the core activity of the Company and are the most material items of its financial position, investments representing 99% of total assets and creditors 99% of total liabilities.

Therefore, we have considered the completeness and accuracy of the Creditors, the existence and accuracy of the Investments as key audit matters for the purpose of our audit.

How our audit addressed the area of focus

Our procedures included, but were not limited to the following:

- We performed substantive procedures over the Investments and Creditors by obtaining external confirmations and reconciling year-end positions.

Other interest income and similar income and interest payable and similar expenses

Description

The result of the Company is significantly driven by interest income on investments and interest expenses on creditors. As of 31 December 2020, other interest income and similar income amounted to KEUR 136,392 and interest payable and similar expenses amounted to KEUR 134,821.

Therefore, we have considered the accuracy of interest revenue recognition and completeness of interest expenses as key audit matters for the purpose of our audit.

How our audit addressed the area of focus

Our procedures included, but were not limited to the following:

- Assess the design and implementation of key control activities which the Company performs in relation to debt instrument issuances and bond investments.

- Perform test of operating effectiveness of the identified relevant controls.

- Perform substantive analytical procedures on the interests generated from Investments and Creditors.

Other matter relating to comparative information

The annual accounts of the Company for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those annual accounts on 18 March 2020.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report and the Corporate Governance Statement but does not include the annual accounts and our report of "Réviseur d'Entreprises agréé" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "Réviseur d'Entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "Réviseur d'Entreprises agréé" by the Shareholders on 18 March 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is one year.

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the management report. The information required by Article 68ter paragraph (1) letter c) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Luxembourg, 15 March 2021

KPMG Luxembourg
Société coopérative

Cabinet de révision agréé

Stéphanie Smets

Partner

BELFIUS FINANCING COMPANY S.A.

Société Anonyme

BALANCE SHEET

As at December 31, 2020

(expressed in EUR)

Annual Accounts Helpdesk :

Tel. : (+352) 247 88 494
Email : centralebilans@statec.etat.lu

RCSL Nr. : B156767 | Matricule : 2010 2227 922

eCDF entry date :

BALANCE SHEET

Financial year from 01 01/01/2020 **to** 02 31/12/2020 *(in* 03 EUR *)*

Belfius Financing Company

20, Rue de l'Industrie
L-8399 Windhof

ASSETS

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101 7	101 981.000,00	102 981.000,00
I. Subscribed capital not called	1103	103 981.000,00	104 981.000,00
II. Subscribed capital called but unpaid	1105	105	106
B. Formation expenses	1107 3	107	108
C. Fixed assets	1109	109 14.141,31	110 8.965,81
I. Intangible assets	1111	111	112
1. Costs of development	1113	113	114
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115	115	116
a) acquired for valuable consideration and need not be shown under C.I.3	1117	117	118
b) created by the undertaking itself	1119	119	120
3. Goodwill, to the extent that it was acquired for valuable consideration	1121	121	122
4. Payments on account and intangible assets under development	1123	123	124
II. Tangible assets	1125 4	125 14.141,31	126 8.965,81
1. Land and buildings	1127	127	128
2. Plant and machinery	1129	129	130

RCSL Nr. : B156767 | Matricule : 2010 2227 922

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131	131 14.141,31	132 8.965,81
4. Payments on account and tangible assets in the course of construction	1133	133	134
III. Financial assets	1135	135	136
1. Shares in affiliated undertakings	1137	137	138
2. Loans to affiliated undertakings	1139	139	140
3. Participating interests	1141	141	142
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143	143	144
5. Investments held as fixed assets	1145	145	146
6. Other loans	1147	147	148
D. Current assets	1151	151 9.274.112.857,54	152 10.792.037.606,08
I. Stocks	1153	153	154
1. Raw materials and consumables	1155	155	156
2. Work in progress	1157	157	158
3. Finished goods and goods for resale	1159	159	160
4. Payments on account	1161	161	162
II. Debtors	1163 5	163 223.058,00	164 228.222,00
1. Trade debtors	1165	165	166
a) becoming due and payable within one year	1167	167	168
b) becoming due and payable after more than one year	1169	169	170
2. Amounts owed by affiliated undertakings	1171	171	172
a) becoming due and payable within one year	1173	173	174
b) becoming due and payable after more than one year	1175	175	176
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	177	178
a) becoming due and payable within one year	1179	179	180
b) becoming due and payable after more than one year	1181	181	182
4. Other debtors	1183	183 223.058,00	184 228.222,00
a) becoming due and payable within one year	1185	185 223.058,00	186 228.222,00
b) becoming due and payable after more than one year	1187	187	188

RCSL Nr. : B156767	Matricule : 2010 2227 922

		Reference(s)		Current year		Previous year
III.	Investments	1189	189	9.270.868.049,12	190	10.789.261.476,76
	1. Shares in affiliated undertakings	1191	191		192	
	2. Own shares	1209	209		210	
	3. Other investments	1195 6	195	9.270.868.049,12	196	10.789.261.476,76
IV.	Cash at bank and in hand	1197	197	3.021.750,42	198	2.547.907,32
E.	**Prepayments**	1199	199	9.196,92	200	6.725,16
	TOTAL (ASSETS)		201	9.275.117.195,77	202	10.793.034.297,05

RCSL Nr. : B156767	Matricule : 2010 2227 922

CAPITAL, RESERVES AND LIABILITIES

		Reference(s)		Current year		Previous year
A.	**Capital and reserves**	1301 7	301	4.616.612,98	302	4.627.449,33
I.	Subscribed capital	1303	303	3.094.004,00	304	3.094.004,00
II.	Share premium account	1305	305		306	
III.	Revaluation reserve	1307	307		308	
IV.	Reserves	1309	309	1.007.286,17	310	886.954,45
1.	Legal reserve	1311	311	299.586,17	312	270.404,45
2.	Reserve for own shares	1313	313		314	
3.	Reserves provided for by the articles of association	1315	315		316	
4.	Other reserves, including the fair value reserve	1429	429	707.700,00	430	616.550,00
a)	other available reserves	1431	431		432	
b)	other non available reserves	1433	433	707.700,00	434	616.550,00
V.	Profit or loss brought forward	1319	319	88.434,16	320	62.856,52
VI.	Profit or loss for the financial year	1321	321	426.888,65	322	583.634,36
VII.	Interim dividends	1323	323		324	
VIII.	Capital investment subsidies	1325	325		326	
B.	**Provisions**	1331	331		332	223.069,28
1.	Provisions for pensions and similar obligations	1333	333		334	
2.	Provisions for taxation	1335	335		336	223.069,28
3.	Other provisions	1337	337		338	
C.	**Creditors**	1435	435	9.270.362.035,86	436	10.788.102.747,21
1.	Debenture loans	1437	437		438	
a)	Convertible loans	1439	439		440	
i)	becoming due and payable within one year	1441	441		442	
ii)	becoming due and payable after more than one year	1443	443		444	
b)	Non convertible loans	1445	445		446	
i)	becoming due and payable within one year	1447	447		448	
ii)	becoming due and payable after more than one year	1449	449		450	
2.	Amounts owed to credit institutions	1355	355		356	
a)	becoming due and payable within one year	1357	357		358	
b)	becoming due and payable after more than one year	1359	359		360	

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	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361	361	362
a) becoming due and payable within one year	1363	363	364
b) becoming due and payable after more than one year	1365	365	366
4. Trade creditors	1367	367	368
a) becoming due and payable within one year	1369	369	370
b) becoming due and payable after more than one year	1371	371	372
5. Bills of exchange payable	1373	373	374
a) becoming due and payable within one year	1375	375	376
b) becoming due and payable after more than one year	1377	377	378
6. Amounts owed to affiliated undertakings	1379	379	380
a) becoming due and payable within one year	1381	381	382
b) becoming due and payable after more than one year	1383	383	384
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	385	386
a) becoming due and payable within one year	1387	387	388
b) becoming due and payable after more than one year	1389	389	390
8. Other creditors	1451 8	451 9.270.362.035,86	452 10.788.102.747,21
a) Tax authorities	1393	393 240.212,91	394 106.671,56
b) Social security authorities	1395	395 10.530,11	396 10.579,73
c) Other creditors	1397	397 9.270.111.292,84	398 10.787.985.495,92
i) becoming due and payable within one year	1399	399 1.473.905.265,14	400 3.014.272.444,44
ii) becoming due and payable after more than one year	1401	401 7.796.206.027,70	402 7.773.713.051,48
D. Deferred income	1403	403 138.546,93	404 81.031,23
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405 9.275.117.195,77	406 10.793.034.297,05

BELFIUS FINANCING COMPANY S.A.

Société Anonyme

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2020

(expressed in EUR)

Annual Accounts Helpdesk :

Tel. : (+352) 247 88 494
Email : centralebilans@statec.etat.lu

RCSL Nr. : B156767 | Matricule : 2010 2227 922

eCDF entry date :

PROFIT AND LOSS ACCOUNT

Financial year from 01 01/01/2020 **to** 02 31/12/2020 (in 03 EUR)

Belfius Financing Company

20, Rue de l'Industrie
L-8399 Windhof

	Reference(s)	Current year	Previous year
1. Net turnover	1701	701	702
2. Variation in stocks of finished goods and in work in progress	1703	703	704
3. Work performed by the undertaking for its own purposes and capitalised	1705	705	706
4. Other operating income	1713	713 13.612,13	714
5. Raw materials and consumables and other external expenses	1671	671 -683.684,82	672 -792.405,32
a) Raw materials and consumables	1601	601	602
b) Other external expenses	1603 9	603 -683.684,82	604 -792.405,32
6. Staff costs	1605 13	605 -286.250,33	606 -305.096,65
a) Wages and salaries	1607	607 -244.616,42	608 -260.171,54
b) Social security costs	1609	609 -30.638,42	610 -31.307,96
i) relating to pensions	1653	653 -20.069,66	654 -20.550,84
ii) other social security costs	1655	655 -10.568,76	656 -10.757,12
c) Other staff costs	1613	613 -10.995,49	614 -13.617,15
7. Value adjustments	1657	657 -2.742,49	658 -7.953,15
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 3,4	659 -2.742,49	660 -7.953,15
b) in respect of current assets	1661	661	662
8. Other operating expenses	1621 12	621 -19.532,60	622 -19.530,00

The accompanying notes form an integral part of these annual accounts.

RCSL Nr.: B156767	Matricule: 2010 2227 922

		Reference(s)		Current year		Previous year
9. Income from participating interests	1715		715		716	
a) derived from affiliated undertakings	1717		717		718	
b) other income from participating interests	1719		719		720	
10. Income from other investments and loans forming part of the fixed assets	1721		721		722	
a) derived from affiliated undertakings	1723		723		724	
b) other income not included under a)	1725		725		726	
11. Other interest receivable and similar income	1727	14	727	136.391.443,90	728	146.308.765,45
a) derived from affiliated undertakings	1729		729	136.390.773,01	730	146.291.816,36
b) other interest and similar income	1731		731	670,89	732	16.949,09
12. Share of profit or loss of undertakings accounted for under the equity method	1663		663		664	
13. Value adjustments in respect of financial assets and of investments held as current assets	1665		665		666	
14. Interest payable and similar expenses	1627	10	627	-134.821.415,87	628	-144.377.078,33
a) concerning affiliated undertakings	1629		629		630	
b) other interest and similar expenses	1631		631	-134.821.415,87	632	-144.377.078,33
15. Tax on profit or loss	1635	11	635	-164.541,27	636	-223.067,74
16. Profit or loss after taxation	1667		667	426.888,65	668	583.634,26
17. Other taxes not shown under items 1 to 16	1637	11	637		638	
18. Profit or loss for the financial year	1669		669	426.888,65	670	583.634,26

The accompanying notes form an integral part of these annual accounts.

BELFIUS FINANCING COMPANY S.A.

Société Anonyme

NOTES TO THE ACCOUNTS

As at December 31, 2020

(expressed in thousands of EUR)

NOTE 1 - GENERAL

Belfius Financing Company S.A. (the “Company”) is a wholly-owned subsidiary of Belfius Bank S.A./N.V.

Belfius Financing Company S.A. falls under the requirements of Luxembourg rules and regulations applicable to companies issuing debt securities having no voting rights on the regulated market of the Luxembourg Stock Exchange.

The current debt issuance programmes of the Company are:

a) Long Term: Notes Issuance Programme (NIP)

The limit of the Notes Issuance Programme amounts to EUR 20.000.000.000. The debt securities issued under this program are guaranteed by Belfius Bank S.A./N.V. Notes may be issued on a preferred senior basis. The Notes are not listed and are governed by Belgian law and are mainly placed with retail investors.

b) Short Term: Euro-Commercial Paper Programme (ECP)

The Euro-Commercial Paper Programme amounts to maximum EUR 10.000.000.000. These debt securities issued under this programme are not listed and are guaranteed by Belfius Bank S.A./N.V. and have a minimum maturity of one day and a maximum maturity of 364 days.

Although issues under the two current programs are not listed, there is still an older issue listed on the Luxembourg Stock Exchange, which will mature in 2022.

According to Article 4 of its restated articles of association, the purpose of the Company is: "(a) to hold shareholdings and stakes, in any form whatsoever, in any commercial, industrial, financial or other Luxembourg or foreign company or undertakings, as well as to manage and optimize these stakes, (b) to acquire by way of participations, contributions, guarantees, acquisitions or options, negotiation or any other means, securities, rights, patents, licenses and other assets, provided the Company considers it appropriate to do so, and in general to hold, manage, optimize, sell or transfer the aforementioned, in whole or in part; (c) to take part in commercial, financial or other transactions and to grant to any holding company, subsidiary, associated or affiliated company or any other company belonging to the same corporate group as the Company any financial assistance, loan, advance or guarantee; (d) to borrow, raise funds by any means whatsoever (including without limitation the issuance of preferred equity certificates (PECs) (nonconvertible or convertible into shares), loans, bonds, acknowledgements of debt and any other form of debt or type of instrument) and to ensure the reimbursement of any borrowed amount; to perform all operations directly or indirectly related to this purpose.

The Company may grant pledges, guarantees, liens, mortgages and any other type of security (surety), as well as any form of compensation, to Luxembourg or foreign entity (ies) in relation to its own obligations and debts, or in relation to the obligations and debts of subsidiaries, associated or affiliated companies or any company belonging to the same corporate group.

The Company may acquire immovable property located abroad or in Luxembourg.

The Company may moreover perform any commercial, technical or financial transactions, involving movable or immovable property, which are directly or indirectly related to the abovementioned purpose."

NOTE 1 – GENERAL (CONTINUED)

The Company is registered with the Luxembourg Register of Commerce and Companies under number B 156 767.

The financial year of the Company runs from January 1 until December 31 of each year.

The Company is not required to draw up consolidated accounts in accordance with Article 1711-1 of the commercial Law of August 10, 1915, as amended.

Its registered office is established in the municipality of Koerich, at 20, rue de l'Industrie, L-8399 Windhof, Grand-Duchy of Luxembourg.

The Company's annual accounts are included in the consolidated accounts of Belfius Bank S.A./N.V., incorporated under the Law of Belgium. These can be obtained from Belfius Bank S.A./N.V., Place Charles Rogier 11, B-1210 Brussels, Belgium.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General principles

These annual accounts are prepared in accordance with generally accepted accounting principles and in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg and on a going concern basis.

External expenses were reclassified from "Other operating expenses" to "Other external expenses" for the year ended December 31, 2019 in the amount of KEUR 792.

Translation of currencies

The Company maintains its accounting records in euro (EUR) and the annual accounts are prepared in this currency.

Assets and liabilities denominated in currencies other than EUR are translated at rates of exchange applicable at the balance sheet date. Transactions denominated in other currencies are translated at the approximate rates applicable at the time of the transactions. Exchange gains and losses are credited or charged to the profit and loss account. This, as well, applies to all current assets and liabilities considering the intrinsic economic link between these positions.

Formation expenses and similar expenses

The formation expenses and similar expenses are amortized linearly over a period of 5 years. Similar expenses include debt issuance costs.

Tangible assets

Office Equipment is carried at its acquisition cost less any accumulated depreciation and any accumulated impairment losses. Office equipment is depreciated on a reducing balance basis over a period of 9 years.

IT materials are amortized linearly on a period of 5 years.

Debtors

Loans defined as debtors are stated in the balance sheet at their acquisition value. The carrying value of the loans includes the interest accrued. Incidental costs related to new loans are expensed in the financial year in which they are incurred.

Other debtors and receivables are stated at nominal value which includes interest which is due or accrued.

They are subject to value adjustments where their recovery is compromised or in case of durable depreciation in value according to the opinion of the Board of Directors.

Investments

Bonds are stated in the balance sheet at their acquisition value determined according to the principle of the individualized price or the average acquisition price. Incidental costs related are expensed in the financial period in which they are incurred.

The carrying value of the bonds includes the interest accrued.

The bonds do not expose the Company to market risk and therefore, value adjustments are made in respect of these investments in case of durable depreciation in value according to the opinion of the Board of Directors.

Provisions

At the end of each period, provisions are recorded to cover all foreseeable liabilities and charges related to events which occurred before period end.

Provisions relating to previous periods are regularly reviewed and released if the reasons for which the provisions were recorded have ceased to apply.

Creditors

Amounts payable represented by promissory notes are stated at their net proceeds corresponding to the repayment value. The carrying value includes the interests which are due or accrued.

Amounts payable represented by promissory notes for which the repayment value differs from the issue price are stated at their reimbursement value considering the application of the following rule: the positive difference (premium) or negative difference (discount) between the issue price and the reimbursement price is amortized over the period between issue date and maturity date.

Other interest receivable and similar income

Other interest receivable and similar income are recognised on an accrual basis.

Interest payable and similar expenses

Interest payable and similar expenses are recognised on the accrual basis.

Taxes

Taxes are accounted for on an accrual basis.

NOTE 3 - FORMATION EXPENSES

The caption includes costs in relation with the ECP and NIP programmes which have been activated in 2013 and 2014 respectively. They are amortized on a period of five years straight line.

	Cost EUR '000	Amortization EUR '000	Net book value EUR '000
Costs activated in relation to the ECP	195	195	0
Costs activated in relation to the NIP	99	99	0
	294	**294**	**0**

NOTE 4 - TANGIBLE ASSETS

This caption includes costs in relation with the acquisition of Office Equipment and IT materials. Office Equipment are depreciated over a period of nine years and on a reducing balance basis while IT materials are depreciated linearly on a period of five years.

	Cost EUR '000	Amortization EUR '000	Net book value EUR '000
Office Equipment	10	3	7
IT Materials	8	1	7
	18	**4**	**14**

NOTE 5 - DEBTORS

As at December 31, 2020, debtors consist of prepayments made to the Tax Authorities.

The carrying value of the debtors is as follows:

	2020 EUR '000	2019 EUR '000
Within one year	223	228
After one year and within five years	0	0
More than five years	0	0
TOTAL	**223**	**228**

In the opinion of the Board of Directors, no durable deprecations exist to justify a value adjustment on the debtors.

NOTE 6 - INVESTMENTS

As at December 31, 2020, investments consist of bonds issued by Belfius Bank S.A./N.V. which are repayable at nominal value.

The carrying value of the investments includes the related accrued interest and is as follows:

	2020 EUR '000	2019 EUR '000
Within one year	1.474.031	3.014.866
After one year and within five years	4.683.556	4.957.139
More than five years	3.113.281	2.817.256
TOTAL	**9.270.868**	**10.789.261**

In the opinion of the Board of Directors, no durable deprecations exist to justify a value adjustment on the bonds.

NOTE 7 - CAPITAL AND RESERVES

The movements in capital and reserves during the year were as follows:

	Subscribed capital EUR '000	Legal reserve EUR '000	Other reserves EUR '000	Profit brought forward EUR '000	Profit for the financial year EUR '000
Balance as at January 1, 2020	**3.094**	**270**	**617**	**63**	**584**
Allocation of prior year result	0	30	91	463	(584)
Dividend paid	0	0	0	(438)	0
Result for the year	0	0	0	0	427
Balance as at December 31, 2020	**3.094**	**300**	**708**	**88**	**427**

Subscribed capital and results brought forward

As at December 31, 2020, the share capital of the Company amounts to EUR 3.094.004, fully subscribed and paid up to the extent of the aggregate amount of EUR 2.113.004, represented by 251 shares without par value, held by its Sole Shareholder, Belfius Bank S.A./N.V.

Legal reserve

In accordance with Luxembourg Company Law, the Company is required to transfer a minimum of 5% of its net gain for each financial year to a legal reserve. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the Sole Shareholder.

Other reserves

For the year ended December 31, 2020, the Company reduced its wealth tax liability in accordance with tax legislation by setting up a special reserve (classified under "reserves") in an amount equal to five times the amount of the payable wealth tax.

This reserve shall be maintained during the period of five years from the year following that during which the wealth tax was reduced.

NOTE 8 - CREDITORS

As at December 31, 2020, creditors are composed of long-term debts in relation with the NIP programme and of short-term debts in relation with the ECP programme fully and irrevocably guaranteed by Belfius Bank S.A./N.V. Reference is made to note 10 in relation to the interest payable and similar expenses.

The creditors, due and payable within one year, include also the trade creditors and tax and social security debts for a total amount of EUR 250.743 (2019: EUR 117.251).

The carrying value of creditors includes the related accrued interest, as follows:

	2020 EUR '000	2019 EUR '000
Within one year	1.474.156	3.014.389
After one year and within five years	4.683.167	4.956.663
More than five years	3.113.039	2.817.050
TOTAL	**9.270.362**	**10.788.102**

The movements on debts occurring during the year ended December 31, 2020 are attributable to new issues made under the ECP and NIP programmes net of repayments during the year.

NOTE 9 – OTHER EXTERNAL EXPENSES

As at December 31, 2020, other external expenses are composed as follows:

	2020 EUR '000	2019 EUR '000
Occupancy fees	27	27
Service providers		
Accounting / administrative fees	270	400
Technology & system fees	137	132
Legal & tax fees	56	37
External statutory audit fees	29	34
Rating agencies fees	101	106
Professional associations costs	18	16
Training fees	2	1
Bank fees & assimilated	35	31
Other fees	9	8
TOTAL	**683**	**792**

NOTE 10 - INTEREST PAYABLE AND SIMILAR EXPENSES

Interest payable and similar expenses are composed as follows:

	2020 EUR '000	2019 EUR '000
Interest payable and similar expenses on notes payable *(NIP programme)*	133.985	140.477
Interest payable and similar expenses on notes payable *(ECP programme)*	830	3.900
Other financial expenses	6	0
TOTAL	**134.821**	**144.377**

NOTE 11 - TAXATION

The Company is subject to the common tax law applicable to Luxembourg commercial companies.

NOTE 12 - EMOLUMENTS, ADVANCES AND LOANS GRANTED TO THE MEMBERS OF THE ADMINISTRATIVE MANAGERIAL AND SUPERVISORY BODIES

The Company granted Directors' fees of EUR 19.530 (2019: EUR 19.530) in total to the independent members of the Board of Directors for the services rendered during the year.

NOTE 13 - EMPLOYEES

The Company has employed 4 people during the financial year (2019: 4 people).

NOTE 14 - OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

Other interest receivable and similar income are composed as follows:

	2020 EUR '000	2019 EUR '000
Interest income and similar income concerning affiliated undertakings *(bonds in relation with ECP programme)*	926	4.057

Interest income and similar income concerning affiliated undertakings		
(loans and bonds in relation with NIP programme)	135 465	142.235
Other financial income	1	17
TOTAL	**136.392**	**146.309**

NOTE 15 - FEES TO THE RÉVISEUR D'ENTREPRISES AGRÉÉ

The fees to the *Réviseur d'Entreprises Agréé* accounted for the year ended December 31, 2020 are equal to the amount to EUR 33.170 inclusive of VAT (2019: EUR 33.613).

NOTE 16 - COVID-19 - IMPACT

Economic developments in 2020 were dominated by the Covid-19 crisis. The outbreak of the pandemic in the eurozone and the subsequent lockdowns resulted in a heavy decline in GDP in the second quarter of 2020. The economic impact of the Covid-19 crisis in the eurozone differs greatly among member states.

Luxembourg has been severely affected by the Covid-19. The authorities announced in March 2020 a nationwide lockdown, requesting individuals to stay at home and companies to implement homeworking whenever possible. Luxembourg went into deconfinement at the beginning of May 2020. Since then, the authorities have regularly adapted the measures and restrictions, depending on the evolution of the situation.

The Company reacted very early to the Covid-19 situation regarding, on the one hand the operational risks, especially for safeguarding the health of our staff and the business continuity and on the other hand the global financial risks.

On the closing date of the Company's accounts by the Board of Directors, the latter was not aware of any significant uncertainties which call into question the Company's ability to continue operating, therefore no impact linked to this crisis health is taken into account in the Company's annual accounts at December 31, 2020.

Covid-19 is not expected to have a significant impact on the entity and the ability to continue as a going concern. The Board of Directors closely follows the situation as it evolves.

NOTE 17 – SUBSEQUENT EVENTS

There have been no material subsequent events which would require disclosure in the Company's annual accounts as at December 31, 2020.

BELFIUS FINANCING COMPANY S.A.
SOCIETE ANONYME

Annual accounts and Report of the Réviseur

d'Entreprises agréé

as at December 31, 2021

20, rue de l'Industrie

L-8399 Windhof

R.C.S. Luxembourg: B 156767

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To the Sole Shareholder of
Belfius Financing Company S.A.
20, rue de l'Industrie
L-8399 Windhof
Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of Belfius Financing Company S.A. (the "Company"), which comprise the balance sheet as at 31 December 2021, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2021 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accounts, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Debt instruments issuances and bond investments

Description

Short-term and long-term debt issuances amounting to KEUR 9,044,663 are presented under creditors in the annual accounts. These issuances are backed by bonds recognized under investments in the annual accounts for an amount of KEUR 9,045,383.

These transactions form the core activity of the Company and are the most material items of its financial position, investments representing 99% of total assets and creditors 99% of total liabilities.

Therefore, we have considered the completeness and accuracy of the creditors, the existence of the investments as key audit matters for the purpose of our audit.

How our audit addressed the area of focus

Our procedures included, but were not limited to the following:

- We performed substantive procedures over the Investments and Creditors by obtaining external confirmations and reconciling year-end positions.

Other interest income and similar income and interest payable and similar expenses

Description

The result of the Company is significantly driven by interest income on investments and interest expenses on creditors. As of 31 December 2021, other interest income and similar income amounted to KEUR 162,247 and interest payable and similar expenses amounted to KEUR 160,797.

Therefore, we have considered the accuracy of interest revenue recognition and completeness of interest expenses as key audit matters for the purpose of our audit.

How our audit addressed the area of focus

Our procedures included, but were not limited to the following:

- Assess the design and implementation of key control activities which the Company performs in relation to debt instrument issuances and bond investments.

- Perform test of operating effectiveness of the identified relevant controls.

- Perform substantive analytical procedures and tests of details on the interests generated from Investments and Creditors.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report does not include the annual accounts and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the réviseur d'entreprises agréé for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the Shareholders on 03 June 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is one year.

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Luxembourg, 10 March 2022

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

S. Smets

Partner

BELFIUS FINANCING COMPANY S.A.

Société Anonyme

BALANCE SHEET

As at December 31, 2021

(expressed in EUR)

Annual Accounts Helpdesk :

Tel. : (+352) 247 88 494
Email : centralebilans@statec.etat.lu

RCSL Nr.: B156767	Matricule : 2010 2227 922
	eCDF entry date :

BALANCE SHEET

Financial year from 01 01/01/2021 **to** 02 31/12/2021 (in 03 EUR)

Belfius Financing Company

20, Rue de l'Industrie
L-8399 Windhof

ASSETS

		Reference(s)		Current year		Previous year
A.	**Subscribed capital unpaid**	1101 6	101	981.000,00	102	981.000,00
I.	Subscribed capital not called	1103	103	981.000,00	104	981.000,00
II.	Subscribed capital called but unpaid	1105	105		106	
B.	**Formation expenses**	1107	107		108	
C.	**Fixed assets**	1109 3	109	11.109,35	110	14.141,31
I.	Intangible assets	1111	111		112	
1.	Costs of development	1113	113		114	
2.	Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115	115		116	
a)	acquired for valuable consideration and need not be shown under C.I.3	1117	117		118	
b)	created by the undertaking itself	1119	119		120	
3.	Goodwill, to the extent that it was acquired for valuable consideration	1121	121		122	
4.	Payments on account and intangible assets under development	1123	123		124	
II.	Tangible assets	1125	125	11.109,35	126	14.141,31
1.	Land and buildings	1127	127		128	
2.	Plant and machinery	1129	129		130	

RCSL Nr.: B156767	Matricule : 2010 2227 922

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1121	121 11.109,35	122 14.141,31
4. Payments on account and tangible assets in the course of construction	1123	123	124
III. Financial assets	1125	125	126
1. Shares in affiliated undertakings	1127	127	128
2. Loans to affiliated undertakings	1139	139	140
3. Participating interests	1141	141	142
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143	143	144
5. Investments held as fixed assets	1145	145	146
6. Other loans	1147	147	148
D. Current assets	1151	151 9.048.259.134,02	152 9.274.112.857,54
I. Stocks	1153	153	154
1. Raw materials and consumables	1155	155	156
2. Work in progress	1157	157	158
3. Finished goods and goods for resale	1159	159	160
4. Payments on account	1161	161	162
II. Debtors	1163 4	163 164.510,00	164 223.058,00
1. Trade debtors	1165	165	166
a) becoming due and payable within one year	1167	167	168
b) becoming due and payable after more than one year	1169	169	170
2. Amounts owed by affiliated undertakings	1171	171	172
a) becoming due and payable within one year	1173	173	174
b) becoming due and payable after more than one year	1175	175	176
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	177	178
a) becoming due and payable within one year	1179	179	180
b) becoming due and payable after more than one year	1181	181	182
4. Other debtors	1183	183 164.510,00	184 223.058,00
a) becoming due and payable within one year	1185	185 164.510,00	186 223.058,00
b) becoming due and payable after more than one year	1187	187	188

RCSL Nr.: B156767	Matriculo: 2010 2227 922

		Reference(s)		Current year		Previous year
III.	Investments	5	189	9.045.382.693,59	190	9.270.868.049,12
	1. Shares in affiliated undertakings		191		192	
	2. Own shares		209		210	
	3. Other investments		194	9.045.382.693,59	196	9.270.868.049,12
IV.	Cash at bank and in hand		197	2.711.930,43	198	3.021.750,42
E.	**Prepayments**		199	11.449,19	200	9.196,92
	TOTAL (ASSETS)		201	9.049.262.692,56	202	9.275.117.195,77

RCSL Nr.: B156767	Matricula: 2010 2227 922

CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves	6	4.198.512,35	4.616.612,98
I. Subscribed capital		3.094.004,00	3.094.004,00
II. Share premium account			
III. Revaluation reserve			
IV. Reserves		779.300,17	1.007.286,17
1. Legal reserve		309.400,17	299.586,17
2. Reserve for own shares			
3. Reserves provided for by the articles of association			
4. Other reserves, including the fair value reserve		469.900,00	707.700,00
a) other available reserves			
b) other non available reserves		469.900,00	707.700,00
V. Profit or loss brought forward		13.308,82	88.131,16
VI. Profit or loss for the financial year		281.899,36	426.888,65
VII. Interim dividends			
VIII. Capital investment subsidies			
B. Provisions			
1. Provisions for pensions and similar obligations			
2. Provisions for taxation			
3. Other provisions			
C. Creditors	7	9.044.870.202,96	9.270.362.035,86
1. Debenture loans			
a) Convertible loans			
i) becoming due and payable within one year			
ii) becoming due and payable after more than one year			
b) Non convertible loans			
i) becoming due and payable within one year			
ii) becoming due and payable after more than one year			
2. Amounts owed to credit institutions			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			

RCSL Nr.: B156767	Matricule : 2010 2227 922

	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361	361	362
a) becoming due and payable within one year	1363	363	364
b) becoming due and payable after more than one year	1365	365	366
4. Trade creditors	1367	367 10.870,54	368
a) becoming due and payable within one year	1369	369 10.870,54	370
b) becoming due and payable after more than one year	1371	371	372
5. Bills of exchange payable	1373	373	374
a) becoming due and payable within one year	1375	375	376
b) becoming due and payable after more than one year	1377	377	378
6. Amounts owed to affiliated undertakings	1379	379	380
a) becoming due and payable within one year	1381	381	382
b) becoming due and payable after more than one year	1383	383	384
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	385	386
a) becoming due and payable within one year	1387	387	388
b) becoming due and payable after more than one year	1389	389	390
8. Other creditors	1451	451 9.044.859.332,42	452 9.270.362.035,86
a) Tax authorities	1393	393 184.759,99	394 240.212,91
b) Social security authorities	1395	395 11.386,15	396 10.530,11
c) Other creditors	1397	397 9.044.663.186,28	398 9.270.111.292,84
i) becoming due and payable within one year	1399	399 1.753.381.395,55	400 1.473.905.265,14
ii) becoming due and payable after more than one year	1401	401 7.291.281.790,73	402 7.796.206.027,70
D. Deferred income	1403	403 193.977,25	404 138.546,93
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405 9.049.262.692,56	406 9.275.117.195,77

BELFIUS FINANCING COMPANY S.A.

Société Anonyme

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2021

(expressed in EUR)

Annual Accounts Helpdesk :

Tel. : (+352) 247 88 494
Email : centralebilans@statec.etat.lu

RCSL Nr. : B156767	Matricule : 2010 2227 922
	eCDF entry date :

PROFIT AND LOSS ACCOUNT

Financial year from (01) 01/01/2021 **to** (02) 31/12/2021 (in (03) EUR)

Belfius Financing Company

20, Rue de l'Industrie
L-8399 Windhof

	Reference(s)	Current year	Previous year
1. Net turnover	1701	701	702
2. Variation in stocks of finished goods and in work in progress	1703	703	704
3. Work performed by the undertaking for its own purposes and capitalised	1705	705	706
4. Other operating income	1713	713 2.935,29	714 13.612,13
5. Raw materials and consumables and other external expenses	1671 8	671 -690.953,86	672 -683.684,82
a) Raw materials and consumables	1601	601	602
b) Other external expenses	1603	603 -690.953,86	604 -683.684,82
6. Staff costs	1605 9	605 -352.387,08	606 -286.250,33
a) Wages and salaries	1607	607 -296.982,11	608 -244.616,42
b) Social security costs	1609	609 -37.110,66	610 -30.638,42
i) relating to pensions	1653	653 -23.442,79	654 -20.069,66
ii) other social security costs	1655	655 -13.667,87	656 -10.568,76
c) Other staff costs	1613	613 -18.295,21	614 -10.995,49
7. Value adjustments	1657	657 -3.031,96	658 -2.742,49
a) in respect of formation expenses and of tangible and intangible fixed assets	1659	659 -3.031,96	660 -2.742,49
b) in respect of current assets	1661	661	662
8. Other operating expenses	1621 10	621 -19.530,68	622 -19.532,60

RCSL Nr.: B156767	Matricule : 2010 2227 922

		Reference(s)		Current year		Previous year
9.	**Income from participating interests**	1710	710		716	
a)	derived from affiliated undertakings	1711	711		718	
b)	other income from participating interests	1719	719		720	
10.	**Income from other investments and loans forming part of the fixed assets**	1721	721		722	
a)	derived from affiliated undertakings	1722	723		724	
b)	other income not included under a)	1726	726		726	
11.	**Other interest receivable and similar income**	1727	727	162.251.790,46	728	136.391.443,90
a)	derived from affiliated undertakings	1728	729	162.246.893,83	730	136.390.773,01
b)	other interest and similar income	1731	731	4.896,63	732	670,89
12.	**Share of profit or loss of undertakings accounted for under the equity method**	1663	663		664	
13.	**Value adjustments in respect of financial assets and of investments held as current assets**	1665	665		666	
14.	**Interest payable and similar expenses**	1627	627	-160.796.528,99	628	-134.821.415,87
a)	concerning affiliated undertakings	1626	626		630	
b)	other interest and similar expenses	1651	651	-160.796.528,99	652	-134.821.415,87
15.	**Tax on profit or loss**	1635	635	-110.392,92	636	-164.541,27
16.	**Profit or loss after taxation**	1661	667	281.899,36	668	426.888,65
17.	**Other taxes not shown under items 1 to 16**	1667	667		668	
18.	**Profit or loss for the financial year**	1668	668	281.899,36	670	426.888,65

BELFIUS FINANCING COMPANY S.A.

Société Anonyme

NOTES TO THE ACCOUNTS

As at December 31, 2021

(expressed in thousands of EUR)

NOTE 1 - GENERAL

Belfius Financing Company S.A. (the "Company") was incorporated in Luxembourg on 29 October 2010 and is organized as "Société Anonyme" for an unlimited period. The Company is a wholly-owned subsidiary of Belfius Bank S.A./N.V..

Belfius Financing Company S.A. falls under the requirements of Luxembourg rules and regulations applicable to companies issuing debt securities having no voting rights on the regulated market of the Luxembourg Stock Exchange.

The current debt issuance programmes of the Company are:

a) Long Term: Notes Issuance Programme (NIP)

The limit of the Notes Issuance Programme amounts to EUR 20.000.000.000. The debt securities issued under this program are guaranteed by Belfius Bank S.A./N.V.. Notes may be issued on a preferred senior basis. The Notes are not listed and are governed by Belgian law and are mainly placed with retail investors.

b) Short Term: Euro-Commercial Paper Programme (ECP)

The Euro-Commercial Paper Programme amounts to maximum EUR 10.000.000.000. These debt securities issued under this programme are not listed and are guaranteed by Belfius Bank S.A./N.V. and have a minimum maturity of one day and a maximum maturity of 364 days.

Although issues under the two current programs are not listed, there is still an older issue listed on the Luxembourg Stock Exchange, which will mature in 2022.

According to Article 4 of its restated articles of association, the purpose of the Company is: "(a) to hold shareholdings and stakes, in any form whatsoever, in any commercial, industrial, financial or other Luxembourg or foreign company or undertakings, as well as to manage and optimize these stakes, (b) to acquire by way of participations, contributions, guarantees, acquisitions or options, negotiation or any other means, securities, rights, patents, licenses and other assets, provided the Company considers it appropriate to do so, and in general to hold, manage, optimize, sell or transfer the aforementioned, in whole or in part; (c) to take part in commercial, financial or other transactions and to grant to any holding company, subsidiary, associated or affiliated company or any other company belonging to the same corporate group as the Company any financial assistance, loan, advance or guarantee; (d) to borrow, raise funds by any means whatsoever (including without limitation the issuance of preferred equity certificates (PECs) (nonconvertible or convertible into shares), loans, bonds, acknowledgements of debt and any other form of debt or type of instrument) and to ensure the reimbursement of any borrowed amount; to perform all operations directly or indirectly related to this purpose.

The Company may grant pledges, guarantees, liens, mortgages and any other type of security (surety), as well as any form of compensation, to Luxembourg or foreign entity (ies) in relation to its own obligations and debts, or in relation to the obligations and debts of subsidiaries, associated or affiliated companies or any company belonging to the same corporate group.

The Company may acquire immovable property located abroad or in Luxembourg.

The Company may moreover perform any commercial, technical or financial transactions, involving movable or immovable property, which are directly or indirectly related to the abovementioned purpose."

The Company is registered with the Luxembourg Register of Commerce and Companies under number B 156 767.

NOTE 1 – GENERAL (CONTINUED)

The financial year of the Company runs from January 1 until December 31 of each year.

The Company is not required to draw up consolidated accounts in accordance with Article 1711-1 of the commercial Law of August 10, 1915, as amended.

Its registered office is established in the municipality of Koerich, at 20, rue de l'Industrie, L-8399 Windhof, Grand-Duchy of Luxembourg.

The Company's annual accounts are included in the consolidated accounts of Belfius BankS.A./N.V., incorporated under the Law of Belgium. These can be obtained from Belfius BankS.A./N.V., Place Charles Rogier 11, B-1210 Brussels, Belgium.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General principles

These annual accounts are prepared in accordance with generally accepted accounting principles and in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg and on a going concern basis.

Translation of currencies

The Company maintains its accounting records in euro (EUR) and the annual accounts are prepared in this currency.

Assets and liabilities denominated in currencies other than EUR are translated at rates of exchange applicable at the balance sheet date. Transactions denominated in other currencies are translated at the approximate rates applicable at the time of the transactions. Exchange gains and losses are credited or charged to the profit and loss account. This, as well, applies to all current assets and liabilities considering the intrinsic economic link between these positions.

Tangible assets

Office Equipment is carried at its acquisition cost less any accumulated depreciation and any accumulated impairment losses. Office equipment is depreciated on a reducing balance basis over a period of 9 years.

IT materials are amortized linearly on a period of 5 years.

Debtors

Loans defined as debtors are stated in the balance sheet at their acquisition value. The carrying value of the loans includes the interest accrued. Incidental costs related to new loans are expensed in the financial year in which they are incurred.

Other debtors and receivables are stated at nominal value which includes interest which is due or accrued.

They are subject to value adjustments where their recovery is compromised or in case of durable depreciation in value according to the opinion of the Board of Directors.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Bonds are stated in the balance sheet at their acquisition value determined according to the principle of the individualized price or the average acquisition price. Incidental costs related are expensed in the financial period in which they are incurred.

The carrying value of the bonds includes the interest accrued.

The bonds do not expose the Company to market risk and therefore, value adjustments are made in respect of these investments in case of durable depreciation in value according to the opinion of the Board of Directors.

Provisions

At the end of each period, provisions are recorded to cover all foreseeable liabilities and charges related to events which occurred before period end.

Provisions relating to previous periods are regularly reviewed and released if the reasons for which the provisions were recorded have ceased to apply.

Creditors

Amounts payable represented by promissory notes are stated at their net proceeds corresponding to the repayment value. The carrying value includes the interests which are due or accrued.

Amounts payable represented by promissory notes for which the repayment value differs from the issue price are stated at their reimbursement value considering the application of the following rule: the positive difference (premium) or negative difference (discount) between the issue price and the reimbursement price is amortized over the period between issue date and maturity date.

Other interest receivable and similar income

Other interest receivable and similar income are recognised on an accrual basis.

Interest payable and similar expenses

Interest payable and similar expenses are recognised on the accrual basis.

Taxes

Taxes are accounted for on an accrual basis.

NOTE 3 – TANGIBLE ASSETS

This caption includes costs in relation with the acquisition of Office Equipment and IT materials. Office Equipment are depreciated over a period of nine years and on a reducing balance basis while IT materials are depreciated linearly on a period of five years.

	Cost	**Amortization**	**Net book value**
	EUR '000	**EUR '000**	**EUR '000**
Office Equipment	10	5	5
IT Materials	8	2	6
	18	**7**	**11**

NOTE 4 - DEBTORS

As at December 31, 2021, debtors consist of prepayments made to the Tax Authorities.

The carrying value of the debtors is as follows:

	2021	**2020**
	EUR '000	**EUR '000**
Within one year	165	223
After one year and within five years	0	0
More than five years	0	0
TOTAL	**165**	**223**

In the opinion of the Board of Directors, no durable deprecations exist to justify a value adjustment on the debtors.

NOTE 5 - INVESTMENTS

As at December 31, 2021, investments consist of bonds issued by Belfius Bank S.A./N.V. which are repayable at nominal value.

The carrying value of the investments includes the related accrued interest and is as follows:

	2021 EUR '000	2020 EUR '000
Within one year	1.753.523	1.474.031
After one year and within five years	4.403.804	4.683.556
More than five years	2.888.056	3.113.281
TOTAL	**9.045.383**	**9.270.868**

In the opinion of the Board of Directors, no durable deprecations exist to justify a value adjustment on the bonds.

NOTE 6 - CAPITAL AND RESERVES

The movements in capital and reserves during the year were as follows:

	Subscribed capital EUR '000	Legal reserve EUR '000	Other reserves EUR '000	Profit brought forward EUR '000	Profit for the financial year EUR '000
Balance as at January 1, 2021	**3.094**	**300**	**708**	**88**	**427**
Allocation of prior year result	0	9	(238)	655	(427)
Dividend paid	0	0	0	(700)	0
Result for the year	0	0	0	0	282
Balance as at December 31, 2021	**3.094**	**309**	**470**	**43**	**282**

Subscribed capital and results brought forward

As at December 31, 2021, the share capital of the Company amounts to EUR 3.094.004, fully subscribed and paid up to the extent of the aggregate amount of EUR 2.113.004, represented by 251 shares without par value, held by its Sole Shareholder, Belfius Bank S.A./N.V..

Legal reserve

In accordance with Luxembourg Company Law, the Company is required to transfer a minimum of 5% of its net gain for each financial year to a legal reserve. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the issued share capital and this threshold was reached in 2021. The legal reserve is not available for distribution to the Sole Shareholder.

NOTE 6 - CAPITAL AND RESERVES (CONTINUED)

Other reserves

For the year ended December 31, 2021, the Company reduced its wealth tax liability in accordance with tax legislation by setting up a special reserve (classified under "reserves") in an amount equal to five times the amount of the payable wealth tax.

This reserve shall be maintained during the period of five years from the year following that during which the wealth tax was reduced.

As at December 31, 2021, the company has allocated the amount of EUR 91.150 to the net wealth tax reserve and released an amount of EUR 328.950.

NOTE 7 - CREDITORS

As at December 31, 2021, creditors are composed of long-term debts in relation with the NIP programme and of short-term debts in relation with the ECP programme fully and irrevocably guaranteed by Belfius Bank S.A./N.V.. Reference is made to note 12 in relation to the interest payable and similar expenses.

The creditors, due and payable within one year, include also the trade creditors and tax and social security debts for a total amount of EUR 207.017 (2020: EUR 250.743).

The carrying value of creditors includes the related accrued interest, as follows:

	2021 EUR '000	2020 EUR '000
Within one year	1.753.588	1.474.156
After one year and within five years	4.403.462	4.683.167
More than five years	2.887.820	3.113.039
TOTAL	**9.044.870**	**9.270.362**

The movements on debts occurring during the year ended December 31, 2021 are attributable to new issues made under the ECP and NIP programmes net of repayments during the year.

NOTE 8 – OTHER EXTERNAL EXPENSES

As at December 31, 2021, other external expenses are composed as follows:

	2021 EUR '000	2020 EUR '000
Occupancy fees	26	27
Service providers		
Accounting / administrative fees	248	270
Technology & system fees	127	137
Legal & tax fees	73	56
External statutory audit fees	34	29
Rating agencies fees	104	101
Professional associations costs	17	18
Training fees	6	2
Bank fees & assimilated	44	35
Other fees	12	9
TOTAL	**691**	**683**

NOTE 9 - EMPLOYEES

The Company has employed 4 people during the financial year (2020: 4 people).

NOTE 10 - EMOLUMENTS, ADVANCES AND LOANS GRANTED TO THE MEMBERS OF THE ADMINISTRATIVE MANAGERIAL AND SUPERVISORY BODIES

The Company granted Directors' fees of EUR 19.530 (2020: EUR 19.530) in total to the independent members of the Board of Directors for the services rendered during the year.

NOTE 11 - OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

Other interest receivable and similar income are composed as follows:

	2021 EUR '000	2020 EUR '000
Interest income and similar income concerning affiliated undertakings *(bonds in relation with ECP programme)*	-223	926
Interest income and similar income concerning affiliated undertakings *(loans and bonds in relation with NIP programme)*	162.470	135 465
Other financial income	5	1
TOTAL	**162.252**	**136.392**

EUR denominated Commercial Papers issues have been done with a premium (instead of a discount for USD & GBP currencies) due to negative yields.

This implicates that interest incomes/charges for EUR Denominated Commercial Papers must be booked with a negative sign (minus).

NOTE 12 - INTEREST PAYABLE AND SIMILAR EXPENSES

Interest payable and similar expenses are composed as follows:

	2021 EUR '000	2020 EUR '000
Interest payable and similar expenses on notes payable *(ECP programme)*	-295	830
Interest payable and similar expenses on notes payable *(NIP programme)*	161.092	133.985
Other financial expenses	0	6
TOTAL	**160.797**	**134.821**

EUR denominated Commercial Papers issues have been done with a premium (instead of a discount for USD & GBP currencies) due to negative yields.

NOTE 12 - INTEREST PAYABLE AND SIMILAR EXPENSES (CONTINUED)

This implicates that interest incomes/charges for EUR Denominated Commercial Papers must be booked with a negative sign (minus).

NOTE 13 - TAXATION

The Company is subject to the common tax law applicable to Luxembourg commercial companies.

NOTE 14 - FEES TO THE RÉVISEUR D'ENTREPRISES AGRÉÉ

The fees to the *Réviseur d'Entreprises Agréé* accounted for the year ended December 31, 2021 are equal to the amount to EUR 34.030 inclusive of VAT (2020: EUR 33.170), all of which relate to the audit of the statutory annual accounts. The fees to the *Réviseur d'Entreprises Agréé* are included within the other operating expenses in the Profit and Loss Account.

NOTE 15 - COVID-19 - IMPACT

The exceptional and successive lockdown and health measures had a far-reaching impact on the global economy during the last 2 years.

The Luxembourg authorities have regularly adapted the measures and restrictions, depending on the evolution of the situation. The most recent health measures[35] taken on 15 January 2022 by the Luxembourg Government concern the obligation to implement the Covid-Safe check by both the public and private sectors.

The Company has implemented the required safety measures in order to safeguard the health of our staff and follows the instructions and guidelines issued by the Government of the Grand Duchy of Luxembourg and the World Health Organization.

On the closing date of the Company's accounts by the Board of Directors, the latter was not aware of any significant uncertainties which call into question the Company's ability to continue operating. Regarding the Company's annual accounts at December 31, 2021, there is no impact linked to this health crisis.

Covid-19 is not expected to have a significant effect on the Company and ability to continue as a going concern. The Board of Directors closely follows the situation as it evolves.

NOTE 16 – SUBSEQUENT EVENTS

There have been no material subsequent events which would require disclosure in the Company's annual accounts as at December 31, 2021.

[35] Law of 17 July 2020 including a series of measures to combat the Covid-19 pandemic.

REGISTERED OFFICE OF
Belfius Bank SA/NV
Place Charles Rogier 11
B-1210 Brussels
Belgium

REGISTERED OFFICE OF
Belfius Financing Company S.A.
20 rue de l'Industrie
L-8399 Koerich
Grand Duchy of Luxembourg

FISCAL AGENT, PRINCIPAL PAYING AGENT

Banque Internationale à Luxembourg, société anonyme
69 route d'Esch
L-2953 Luxembourg
Grand Duchy of Luxembourg

DOMICILIARY AGENT, PRINCIPAL PAYING AGENT, PAYING AGENT, CALCULATION AGENT, GUARANTOR

Belfius Bank SA/NV
Place Charles Rogier 11
B- 1210 Brussels
Belgium

AUDITORS

To Belfius Bank SA/NV

KPMG Reviseurs d'Entreprises SCRL
Gateway building, Luchthaven Nationaal 1 K
1930 Zaventem
Belgium

To Belfius Financing Company

KPMG Luxembourg
36, Avenue John F. Kennedy,
L-1855 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISOR

Linklaters LLP
Rue Brederode 13
1000 Brussels
Belgium

FIRST SUPPLEMENT DATED 9 AUGUST 2022
TO THE BASE PROSPECTUS DATED 24 MAY 2022

BELFIUS FINANCING COMPANY S.A.

(Incorporated with limited liability under the laws of the Grand Duchy of Luxembourg)

Issuer

BELFIUS BANK SA/NV

(Incorporated with limited liability under the laws of Belgium)

Issuer, Guarantor, Domiciliary Agent, Principal Paying Agent, Paying Agent and Calculation Agent

BANQUE INTERNATIONALE A LUXEMBOURG SA,

Fiscal Agent and Principal Paying Agent

NOTES ISSUANCE PROGRAMME

EUR 20,000,000,000

This first supplement (the "**First Supplement**") is supplemental to, and should be read in conjunction with, the Base Prospectus dated 24 May 2022 (the "**Base Prospectus**") prepared in relation to the Programme and prepared in respect of the issuance of Belfius Bank Notes and Belfius Financing Company Notes. On 24 May 2022, the Belgian Financial Services and Markets Authority (the "**FSMA**") approved the Base Prospectus as a base prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**").

The FSMA approves this First Supplement on 9 August 2022 as supplement to the Base Prospectus for the purposes of Article 23 of the Prospectus Regulation.

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

Unless the context otherwise requires, terms defined in the Base Prospectus shall have the same meaning when used in this First Supplement. The Base Prospectus and the First Supplement are available on the internet site www.belfius.be and a copy can be obtained free of charge in the offices of Belfius Bank SA/NV.

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

On 5 August 2022, Belfius Bank published its half-yearly report for the period ending 30 June 2022 (the "**Half-Year Report 2022**"), available on https://www.belfius.be/about-us/en/investors/results-reports/reports. The First Supplement has been prepared for the purposes of incorporating by reference (i) the Half-Year Report 2022, (ii) the disclosure document on Alternative Performance Measures of Belfius, for the period ending 30 June 2022 and (iii) disclosure of a post balance sheet event

Save as disclosed in this Supplement and any other previously approved Supplement to the Base Prospectus, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

In accordance with article 23 paragraph 2a of the Prospectus Regulation, investors who have, before the publication of this First Supplement, already agreed to purchase or subscribe notes for which the offer period is still open as of 5 August 2022 and which are not yet settled at the date of such publication, have the right to revoke their acceptance until 12 August 2022 (included). This right of revocation relates to the following Notes:

- Belfius Financing company (LU) – Private Notes Banks 09/2027
- Belfius Financing company (LU) – Step up 09/2026
- Belfius Financing company (LU) – Active Interest 09/2030
- Belfius Financing company (LU) – Health Care 95 10/2028
- Belfius Financing company (LU) – CAD 09/2022 – 09/2026

1. Results in the first half of 2022 of Belfius Bank SA/NV

The section 5. "Documents incorporated by reference" on page 30 is amended as follows:

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

- the audited consolidated accounts of Belfius Bank for the years ended 31 December 2020[1] and 31 December 2021[2], including the reports of the statutory auditors in respect thereof;
- the disclosure document on alternative performance measures ("**APM**") for the years ended 31 December 2020[3] and 31 December 2021;
- the half-yearly report of Belfius Bank for the period ending 30 June 2022[4]; and
- the half-yearly disclosure document on APMs for the period ended 31 December 2020[5] and 31 December 2021[6]
- the half-yearly disclosure document on APMs for the period ended 30 June 2022[7],

each of which are incorporated by reference in this Base Prospectus.

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

This Base Prospectus should also be read and construed in conjunction with the audited accounts of Belfius Financing Company for the years ended 31 December 2020 and 31 December 2021, including the reports of the statutory auditors in respect thereof, each as incorporated in Annex 5 of this Base Prospectus.

In accordance with Article 8 (1) of the Prospectus Regulation, this Base Prospectus should also be read and construed in conjunction with the form of the Final Terms, the relevant Final Terms and the relevant Terms and Conditions of the Notes from the previous base prospectus relating to the Programme which was approved by the FSMA on 25 May 2021 (and which was replaced and superseded by this Base Prospectus) with respect to any Notes offered to the public and which offer continues after the expiration of such previous base prospectus under which it was commenced, which are incorporated by reference in 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 Belfius Bank (https://www.belfius.be).

The tables below set out the relevant page references for:

(a) the (i) consolidated balance sheet, (ii) consolidated statement of income, (iii) consolidated statement of comprehensive income, (iv) consolidated statement of change in equity, (v) consolidated cash flow statement, (vi) notes to the consolidated financial statements, (vii) audit report on the consolidated accounts, (viii) non-consolidated balance sheet, (ix) non-consolidated statement of income, (x) audit report on the non-consolidated accounts, (xi) APMs of Belfius Bank for the financial years ended 31 December 2020 and 31 December 2021; and

(b) the (i) unaudited consolidated balance sheet, (ii) unaudited consolidated statement of income, (iii) unaudited consolidated statement of comprehensive income, (iv) unaudited consolidated statement of

[1] Available on https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/bel_RA2020_eng.pdf

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

[3] Available on https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/bel_APM_2020.pdf

[4] Available on https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/Half%20yearly%20report_1H2022.pdf

[5] Available on https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/bel_APM_2020.pdf

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

[7] Available on https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/1H%202022%20APM.pdf

change in equity, (v) unaudited consolidated cash flow statement, (vi) audit report on the consolidated accounts, (vii) notes to the consolidated financial statements of Belfius Bank for the period ended 30 June 2022 as set out in the Half-Year Report 2022, (viii) APMs of Belfius Bank for the period ended 30 June 2022, and;

(c) the accounting policies, notes and auditors' reports of Belfius Financing Company for the financial years ended 31 December 2020 and 31 December 2021 (each as also incorporated in Annex 5 of this Base Prospectus).

Information contained in the documents incorporated by reference or incorporated in Annex 5 (as applicable) other than information listed in the table below is for information purposes only and does not form part of this Base Prospectus. Such non-incorporated parts are deemed not relevant for the investor or are covered elsewhere in this Base Prospectus.

The balance sheet and statement of income of Belfius Financing Company can be found in the section headed "6. Belfius Financing Company S.A." of this Base Prospectus.

Belfius Financing Company

(reference to pages of the Reports)	**Annual Report 2020 Audited**	**Annual Report 2021 Audited**
Balance Sheet	6	6
Statement of Income	12	12
Audit Report on the Accounts	1	1
Notes to the Accounts	15	15

The consolidated balance sheet and consolidated statement of income of Belfius Bank can be found in the section headed "7. Belfius Bank SA/NV" of this Base Prospectus.

Belfius Bank SA/NV

(reference to pages of the Reports)	**Annual Report 2020 (English version) audited**	**Annual Report 2021 (English version) audited**	**Half-Year Report 2022 (English version) Unaudited - condensed**
Consolidated balance sheet	194	238	94
Consolidated statement of income	196	240	96
Consolidated statement of comprehensive income	198	241	98
Consolidated statement of change in equity	200	243	100
Consolidated cash flow statement	205	248	105
Notes to the consolidated financial statements	208	252	107
Audit report on the consolidated accounts	344	395	170
Non-consolidated balance sheet	352	404	N/A
Non-consolidated statement of income	355	407	N/A
Audit report on the non-consolidated accounts	357	409	N/A

(reference to pages of the documents)	**Alternative performance measures 2020**	**Alternative performance measures 2021**	**Alternative performance measures June 2022**
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
net interest margin	3	3	3
cost-income ratio	3	3	3
asset quality ratio	3	4	4
coverage ratio	4	4	4
liquidity coverage ratio	2	2	2
net stable funding ratio	2	2	2
return on equity	4	4	4
total savings and investments	5	5	5
total loans to customers	6	6	6
ALM liquidity bond portfolio	6	6	6
ALM yield bond portfolio	6	6	7
credit guarantee portfolio	6	7	7
funding diversification	7	7	7
adjusted results	9	10	10

2. Post balance sheet events

Extension credit protection contracts on certain utility and infrastructure bonds

In order to keep the Total Risk Exposure Amount and hence credit risk on certain utility and infrastructure bonds (part of Belfius Run-Off ALM Yield Portfolio) within Belfius risk appetite limits, Belfius hedges part of the loss at default exposure thereof with dedicated credit protections. New protection contracts, extending the formerly existing credit protection mechanisms to final maturity date of the relevant underlying bonds, have been finalized in July 2022. As these protections are designed to lower the potential loss at default on the relevant underlying bonds during full life-time of those underlying bonds, in Q3 2022 Belfius will have to reassess its 1H 2022 stock of "impairments on financial instruments and provisions for credit commitments" relative to the relevant underlying bonds. If those new protection contracts would have been finalized before the end of June 2022, this would have resulted in a lower full life-time Total Risk Exposure Amount on these exposures and a positive contribution to cost of risk 1H 2022 of EUR +48 million. The effective cost of risk impact in Q3 2022 and FY 2022 accounts will depend, amongst others, on the evolution of the rating of the issuer of the credit protection as well as on the further evolution of the parameters that drive the amount of the impairment on a global basis.

Save as disclosed in the section post balance sheet events of this Supplement, there has been no significant change in the financial position or the financial performance of Belfius Bank since 30 June 2022.

SECOND SUPPLEMENT DATED 23 AUGUST 2022
TO THE BASE PROSPECTUS DATED 24 MAY 2022

BELFIUS FINANCING COMPANY S.A.

(Incorporated with limited liability under the laws of the Grand Duchy of Luxembourg)

Issuer

BELFIUS BANK SA/NV

(Incorporated with limited liability under the laws of Belgium)

Issuer, Guarantor, Domiciliary Agent, Principal Paying Agent, Paying Agent and Calculation Agent

BANQUE INTERNATIONALE A LUXEMBOURG SA,

Fiscal Agent and Principal Paying Agent

NOTES ISSUANCE PROGRAMME

EUR 20,000,000,000

This second supplement (the "**Second Supplement**") is supplemental to, and should be read in conjunction with, the Final Terms dated 30 June 2022 related to the issue of **Belfius Financing Company Active Interest 09/2030 Notes** (the "**Final Terms**"), the Base Prospectus dated 24 May 2022 (the "**Base Prospectus**") and the First Supplement dated 9 August 2022 (the "**First Supplement**"). The Base Prospectus constitute a base prospectus for the purposes of the prospectus Regulation (Regulation (EU) 2017/1129) prepared in relation to the Programme and prepared in respect of the issuance of Belfius Bank Notes and Belfius Financing Company Notes. On 24 May 2022, the Belgian Financial Services and Markets Authority (the "**FSMA**") approved the Base Prospectus as a base prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The FSMA approved the First Supplement on 9 August 2022 as supplement to the Base Prospectus for the purposes of Article 23 of the Prospectus Regulation.

The FSMA approves this Second Supplement on 23 August 2022 as supplement to the Base Prospectus for the purposes of Article 23 of the Prospectus Regulation.

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

Unless the context otherwise requires, terms defined in the Base Prospectus shall have the same meaning when used in this Second Supplement. The Base Prospectus, the Final Terms, the First Supplement and the Second Supplement are available on the internet site www.belfius.be and a copy can be obtained free of charge in the offices of Belfius Bank SA/NV.

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

The purpose of this Second Supplement is to correct an error made in respect of the maximum coupon specified in the Final Terms dated 30 June 2022, in line with the maximum coupon of 3% mentioned in the overall documentation relating to the issue :

1) **The point 23 (Variable Linked Rate Provisions) (ii) (9) of the Final Terms is replaced as follows:**

   "9) $Y\%_i$ = 1.50%"

   Instead of :

   "9) $Y\%_i$ = 3.00%", **as initially published.**

2) **The point 23 (Variable Linked Rate Provisions) (ii), last paragraph is replaced as follows:**

   "By applying the components above to the Formula mentioned above, the Variable Linked Rate $Amount_i$ to be paid on each of the Interest Payment Dates below shall be calculated by applying the following formula:

   Denomination x [200% x max [0%, min (CMS 30i – CMS 2i, **1.50**%)]]"

   Instead of:

   "By applying the components above to the Formula mentioned above, the Variable Linked Rate $Amount_i$ to be paid on each of the Interest Payment Dates below shall be calculated by applying the

   following formula:

   Denomination x [200% x max [0%, min (CMS 30i – CMS 2i, **3.00**%)]]", **as initially published.**

An erratum dated 12 August 2022 has also been added on the first page of the related Summary and its translated versions as follows:

Summary BFC Active Interest 09-2030:

Erratum on 12-08-2022 – In section C.1.7 of the summary of the final terms: … and with a maximum gross yield set at 3.00% in case the difference between the two CMS rates on each Interest Determination is equal to or higher than ~~3.00%~~ 1.50%.

Samenvatting BFC Active Interest 09-2030

Erratum op 12-08-2022 - In sectie C.1.7 van de samenvatting van de final terms: … en met een maximum bruto-opbrengst van 3.00% aangenomen dat het verschil tussen de twee CMS-rentes op elke observatiedatum gelijk aan of hoger dan ~~3.00%~~ 1.50% is.

Résumé BFC Active Interest 09-2030

Erratum le 12-08-2022 – Dans section C.1.7 du résumé des final terms: …et avec un rendement brut maximum fixé à 3.00% dans le cas où la différence entre les deux taux CMS telle que fixée à chaque date d'observation annuelle est égale ou supérieure à ~~3.00%~~ 1.50%

The Amended and restated Final Terms dated 12 August 2022 and the related summaries are available on the internet site www.belfius-financingcompany.lu and a copy can be obtained free of charge in the offices of Belfius Bank SA/NV.

Save as disclosed in this Supplement and any other previously approved Supplement to the Base Prospectus, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

In accordance with article 23 paragraph 2a of the Prospectus Regulation, investors who have, before the publication of this Second Supplement, already agreed to purchase or subscribe the relevant notes (**Belfius Financing company (LU) – Active Interest 09/2030 – ISIN XS2493297381**) have the right to revoke their acceptance until 26 August 2022 (included).