



BELFIUS FUNDING N.V.

(Incorporated with limited liability under the laws of the Netherlands)

Issuer

BELFIUS BANK SA/NV

(Incorporated with limited liability under the laws of Belgium)

Issuer, Guarantor, 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

Under the Notes Issuance Programme (the “Programme”) described in this Base Prospectus Belfius Bank SA/NV (also named Belfius Banque SA/Belfius Bank NV, “BELFIUS BANK”) and BELFIUS FUNDING N.V. (“BELFIUS FUNDING”, together with BELFIUS BANK 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 FUNDING as the “BELFIUS FUNDING 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 obligations of the Issuer (the “Senior Notes”) or that rank as subordinated obligations of the Issuer (the “Dated Subordinated Notes”). Senior Notes issued by BELFIUS FUNDING will be guaranteed by BELFIUS BANK (the “Guarantor”) pursuant to a senior guarantee (the “Senior Guarantee”). Dated Subordinated Notes issued by BELFIUS FUNDING will be guaranteed by BELFIUS BANK pursuant to a dated subordinated guarantee (the “Dated Subordinated Guarantee”).

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

The Base Prospectus should be read and construed in conjunction with each relevant Final Terms.

The relevant Final Terms and this Base Prospectus together constitute the prospectus (the “Prospectus”) for each Tranche.

The Notes shall be Debt Securities or Derivatives Securities in the meaning of the Regulation (EC) No 809/2004 as amended by the Commission delegated regulation (EU) No 486/2012. Debt Securities are debt instruments for which the Issuer commits itself to redeem the principal invested at maturity. Derivatives Securities are debt instruments for which the Noteholders could lose all or substantial portion of the principal invested.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in the Base Prospectus, including in particular the risk factors as described below in Section 5 (Risk Factors).

This Base Prospectus is dated 24 December 2012 and is valid for one year from that date, provided that the Base Prospectus may be updated by any supplements in accordance with articles 34 and 35 of the Belgian Law of 16 June 2006 on the public offer of investment instruments and the admission to trading of investment instruments on a regulated market. This Base Prospectus replaces and supersedes the Base Prospectus of Dexia Funding Netherlands (former name of BELFIUS FUNDING) and DEXIA BANK (former name of BELFIUS BANK) dated 11 January 2012.

The current ratings of BELFIUS BANK are Baa1, with outlook ‘Stable’ (Moody’s), A-, with outlook ‘Negative’ (Standard & Poor’s) and A-, with outlook ‘Stable’ (Fitch). An outlook is not necessarily a precursor of a rating change or future credit watch action.

BELFIUS FUNDING is a fully owned subsidiary of BELFIUS BANK, which means, for Notes issued by BELFIUS FUNDING, 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 the Guarantor become insolvent or are unable to fulfill their obligations under the Notes.

For a description of the risk factors, please revert to page 12 to 16 and the full Section 5 of this Base Prospectus.

The Base Prospectus, including the summary, and the Final Terms of each Tranche of Notes that is not made within an exemption from the requirement to publish a prospectus under the Prospectus Directive (a "Public Offer"), are available on the internet site www.belfius.be (under the heading "Sparen & beleggen/Epargner & investir") and a copy can be obtained free of charge in the offices of the Guarantor.

This Base Prospectus was approved by the Financial Services and Markets Authority on 24 December 2012 in accordance with article 23 of the Belgian Law of 16 June 2006 on the public offer of investment instruments and the admission to trading of investment instruments on a regulated market. 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.

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2 CHOICES MADE BY THE ISSUERS

The Issuers have chosen according to article 5(4) of Directive 2003/71/EC 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 as their home Member State the Kingdom of Belgium.

The Issuers have freely defined the order in the presentation of the required items included in the schedules and building blocks of the Commission Regulation (EC) n°809/2004 of 29 April 2004 implementing Directive 2003/71/EC as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (herein referred to as "Regulation (EC) 809/2004") according to which this Base Prospectus is drawn up. The chosen presentation is a consequence of the combination of Annex IV, Annex V, Annex VI and Annex XI of Regulation (EC) 809/2004. In order to enable the Noteholders to identify in the presentation below the corresponding provisions of Regulation (EC) 809/2004, cross-references will be made to the relevant annexes of Regulation (EC) 809/2004 and their subsections. Finally, any items which do not require, in their absence, an appropriate negative statement according to Regulation (EC) 809/2004, are not included in the presentation when the Issuers so determine.

3 RESPONSIBILITY STATEMENT

(Annex V.1, IV.1 and XI.1 of Regulation (EC) 809/2004)

BELFIUS FUNDING as Issuer and BELFIUS BANK as Issuer or Guarantor accept responsibility for the information given in the Base Prospectus. 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, the Issuer also accepts 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 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 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 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 Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments (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;
- (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 Issuer may give its consent to additional financial intermediaries after the date of the relevant Final Terms and, if it does so, the Issuer will publish the above 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 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 Directive. 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.

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 Issuer or any of the Dealers has any responsibility or liability for such information.

4 SUMMARY

The following summary is established in accordance with Articles 24 and 28 of the Belgian Law of 16 June 2006 on the public offer of investment instruments and the admission to trading of investment instruments on a regulated market and conveys, in a brief manner and in a non-technical language, the essential characteristics and risks associated with the Issuers, the Guarantor and the Notes.

**Summary of the
BELFIUS FUNDING N.V.
AND
BELFIUS BANK SA/NV
NOTES ISSUANCE PROGRAMME**
(the “Programme”)
EUR 20,000,000,000

Introduction and warnings

- A.1 Warning that:**
- **this summary should be read as introduction to the Base Prospectus;**
 - **any decision to invest in the securities should be based on consideration of the Base Prospectus as a whole by the investor;**
 - **where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated; and**
 - **civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.**
- A.2** The Issuer authorises that this Base Prospectus, as supplemented from time to time, may be used for the purposes of a public offer within 12 months from the date of this Base Prospectus in Belgium, by any credit institution authorised pursuant to Directive 2006/48/EC or any investment firm authorised pursuant to Directive 2004/39/EC to conduct such offers (an **Authorised Offeror**).

Each offer and each sale of the Notes by an Authorised Offeror will be made in accordance with the terms and conditions agreed between such Authorised Offeror and the investor, including in relation to the price, the allocation and the costs and/or taxes to be borne by an investor. The Issuer is not a party to any arrangements or terms and conditions in connection with the offer and sale of the Notes between the Authorised Offeror and an investor. This Base Prospectus does not contain the terms and conditions of any Authorised Offeror.

Issuers and guarantor

[Issuer: Belfius Funding NV] *Applicable if Belfius Funding is the issuer*

- B.1 Legal and commercial name of the Issuer**
Legal name: Belfius Funding NV
Commercial name: BELFIUS FUNDING
- B.2 Domicile, legal form, legislation and country of incorporation**
BELFIUS FUNDING was incorporated for an unlimited duration under the laws of the

Netherlands on 7 July 1987. Its registered office is at “Luna Arena” Herikerbergweg 238, 1101 CM Amsterdam Zuidoost, The Netherlands and with postal address P.O. Box 23393, 1100 DW Amsterdam Zuidoost, The Netherlands.

B.4b Trends affecting the Issuer and its industry

See B.4b below for BELFIUS BANK

B.5 Position of the Issuer in its group

BELFIUS FUNDING is a special purpose vehicle fully owned by BELFIUS BANK.

B.9 Profit forecast or estimate

BELFIUS FUNDING does not disclose any forecast of its future results.

B.10 Qualifications in the audit report on the historical financial information

Not applicable, there are no such qualifications

B.12 Selected historical key financial information

Audited balance sheet of BELFIUS FUNDING as at 31 December 2010 and 31 December 2011

BELFIUS FUNDING N.V.		
BALANCE SHEET		
(before appropriation of result)		
	31 December 2011	31 December 2010
	EUR '000	EUR '000
ASSETS	13,612,865	13,453,121
SHAREHOLDERS EQUITY	5,549	5,838
LIABILITIES	13,612,865	13,453,121
TOTAL	13,612,865	13,453,121

Audited Profit and Loss Account of BELFIUS FUNDING as of 31 December 2010 and 31 December 2011

BELFIUS FUNDING N.V.		
PROFIT AND LOSS ACCOUNT		
	the year 2011	the year 2010
	EUR '000	EUR '000
FINANCIAL INCOME AND EXPENSES	4,531	4,162
OPERATING RESULT	4,531	4,162
General expenses	-271	-339
RESULT BEFORE TAXATION	4,260	3,823
Taxation on result of ordinary activities	-1,049	-964
RESULT AFTER TAXATION	3,211	2,859

Material adverse change in the prospects

Not applicable, there are no relevant changes

Significant changes in the financial or trading position

Not applicable, there are no relevant changes

B.13 Recent events relevant to the evaluation of the Issuer's solvency

See B.13 for BELFIUS BANK

B.14 Dependence upon other entities within the group

See B.5

B.15 Principal activities

BELFIUS FUNDING is a special purpose vehicle fully owned by BELFIUS BANK. BELFIUS FUNDING issues notes and lends the proceeds of such issues to its parent.

B.16 Direct or indirect control over the Issuer

BELFIUS FUNDING is fully owned and controlled by BELFIUS BANK

B.17 Credit ratings assigned to the Issuer or its debt instruments

Not applicable. BELFIUS FUNDING is a non rated company.

B.18 Nature and scope of the guarantees

[A senior guarantee means that, in case of dissolution or liquidation of BELFIUS BANK (the Guarantor), the payment of the guarantee will have the same priority as all other obligations of BELFIUS BANK belonging to the same category (namely direct, unsecured, unconditionnal and unsubordinated). This category can be seen as the "ordinary creditors" and has a lower priority than the "privileged creditors" (ONSS, State, employees, etc.)] *Applicable for senior notes*

[A dated subordinated guarantee means that, in case of dissolution or liquidation of BELFIUS BANK (the Guarantor), the payment of the guarantee will have the same priority as all other obligations of BELFIUS BANK belonging to the same category (namely direct, unsecured, unconditional and senior subordinated). This category has a lower priority than the "ordinary creditors" but a higher priority than junior subordinated creditors or stakeholders.] *Applicable for dated subordinated notes*

B.19 Information about the Guarantor

See below information about Belfius Bank SA/NV

[Issuer/Guarantor]: Belfius Bank SA/NV**B.1 Legal and commercial name of the [Issuer/Guarantor]**

Legal name: Belfius Bank SA/NV

Commercial name: BELFIUS BANK

B.2 Domicile, legal form, legislation and country of incorporation

BELFIUS BANK is a limited liability company of unlimited duration incorporated under Belgian law. Its registered office is at 1000 Brussels, boulevard Pachéco 44, Belgium, telephone +32 2 222 11 11.

B.4b Trends affecting the [Issuer/Guarantor] and its industry**1. Uncertain economic conditions**

BELFIUS BANK's business activities are dependant on the level of banking, finance and financial services required by its customers. Also, the market for debt securities issued by banks is influenced by economic and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other countries. The profitability of BELFIUS BANK's businesses could, therefore, be adversely affected by a worsening of general economic conditions in its markets, as well as by foreign and domestic trading market conditions and/or related factors, including governmental policies and initiatives.

2. Global financial crisis and Eurozone debt crisis

The global financial system has suffered considerable turbulence and uncertainty in recent years and the outlook for the global economy over the near to medium term remains challenging. The default, or a significant decline in the credit rating, of one or more sovereigns or financial institutions could cause severe stress in the financial system generally and could adversely affect the markets in which BELFIUS BANK operates and the businesses and economic condition and prospects of BELFIUS BANK's counterparties, customers, suppliers or creditors, directly or indirectly.

3. Increased and changing regulation

Recent developments in the global markets have led to an increase in the involvement of various governmental and regulatory authorities in the financial sector and in the operations of financial institutions. In particular, governmental and regulatory authorities in Europe have already provided additional capital and funding requirements and or may in the future be introducing a significantly more restrictive regulatory environment.

B.5 Position of the [Issuer/Guarantor] in its group

Since 20 October 2011, the Federal Holding and Investment Company ("FHIC"), acting on behalf of the Belgian federal state, holds 100% of the shares of BELFIUS BANK.

B.9 Profit forecast or estimate

BELFIUS BANK does not disclose any forecast of its future results.

B.10 Qualifications in the audit report on the historical financial information

Statutory auditor's report on the consolidated financial statements for the year ended 31 December 2011:

"Our responsibility is to include in our report the following additional comment and information which do not change the scope of our audit opinion on the consolidated financial statements:

- The Directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

As disclosed in the annual accounts, we note that BELFIUS BANK as per yearend does not meet the imposed requirements related to the stress test of the prudential liquidity ratio's of the National Bank of Belgium and the requirements related to the concentration risk on a single counterparty. Related to this matter the bank established an action plan and submitted it to the National Bank of Belgium. Based on this plan, the bank received temporary derogations of the National Bank of Belgium for not respecting both type of regulatory ratio's."

B.12

Selected historical key financial information

Consolidated Balance Sheet

	31 December		30 June
	2010	2011	2012
	(EUR '000)		(EUR '000) Unaudited
Assets and Liabilities	Audited		
Total assets	247,902,135	232,509,043	223,028,712
Total liabilities	242,450,006	229,233,817	218,833,770
Total equity	5,452,129	3,275,226	4,194,943

	31 December		30 June	
	2010	2011	2011	2012
Consolidated Statement of Income	<i>(EUR '000)</i>		<i>(EUR '000)</i>	
	Audited		Unaudited	
Income	2,386,295	66,268	614,849	1,358,515
Gross operating income	790,364	(1,544,022)	(134,769)	595,288
Net income before tax	762,082	(2,145,704)	(161,412)	453,360
Net income	680,481	(1,366,913)	(99,451)	252,934

Consolidated Cash Flow Statement

	31 December	
	2010	2011
	<i>(EUR '000)</i>	
	Audited	
Net cash provided (used) by operating activities	10,434,696	(10,375,398)
Net cash provided (used) by investing activities	414,478	55,236
Net cash provided (used) by financing activities	(318,455)	(102,799)
Net cash provided	10,530,719	(10,422,961)
Cash and cash equivalents at the beginning of the period	27,504,177	38,035,992
Cash and cash equivalents at the end of the period	38,035,992	27,613,031

Material adverse change in the prospects

There has been no material adverse change in the prospects of the [Issuer/Guarantor] since the date of its last published audited financial statements.

Significant changes in the financial or trading position

There are no significant changes in the financial or trading position subsequent to the period covered by the historical financial information.

B.13 Recent events relevant to the evaluation of the [Issuer/Guarantor]'s solvency

Concerning the introduction of Basel III regulations in 2013, Belfius Bank will comply with all solvency ratios, taking account of transitional measures (grandfathering, phase-in...).

B.14 Dependence upon other entities within the group

Belfius Bank is fully held by the Belgian federal government, through the Federal Holding and Investment company, which manages Belfius at arm's length.

B.15 Principal activities

BELFIUS BANK's object is to carry on the business of a credit institution. Furthermore, BELFIUS BANK may distribute insurance products from third party insurance companies.

B.16 Direct or indirect control over the [Issuer/Guarantor]

Belfius Bank is fully held by the Belgian federal government, through the Federal Holding and Investment company, which manages Belfius at arm's length.

B.17 Credit ratings assigned to the [Issuer/Guarantor] or its debt instruments

As at 5 December 2012, Belfius Bank had the following long-term ratings: A- (stable outlook) with Fitch, Baa1 (stable outlook) with Moody's and A- (negative outlook) with Standard & Poor's.

Securities

C.1 Type, class and identification number

[•]

C.2 Currency

[•]

C.5 Restrictions on the free transferability

Subject to any applicable law or regulation, there are no specific restrictions on the free transferability

C.8 Rights attached to the securities including ranking and limitations to those rights

[The Notes are direct, unconditional and unsecured obligations of the Issuer and rank without any preference among themselves, with all other obligations of the Issuer of the same category, only to the extent permitted by laws relating to creditor's rights. This category can be seen as the "ordinary creditors" and has a lower priority than the "privileged creditors" (ONSS, State, Employees, etc.)] *Applicable for Senior Notes*

[The Notes are direct, unsecured and senior subordinated obligations of the Issuer and rank without any preference among themselves with all other obligations of the Issuer of the same category. This category has a lower priority than the "ordinary creditors" but a higher priority than junior subordinated creditors or stakeholders.] *Applicable for Dated Subordinated Notes*

[C.9 — nominal interest rate] *Applicable for debt securities*

[•]

— date from which interest becomes payable and due dates for interest

[•]

— where the rate is not fixed : underlying on which the rate is based

[•]

— maturity date and arrangements for the amortization of the loan, including the repayment procedures

[•]

— yield

[•]

— name of representative of debt security holders

[•]

[C.10 For the debt securities with a derivative component: How is the value of the securities affected by the value of the underlying instrument(s)?

[•] *Applicable for Notes other than Fixed Rate Notes and Floating Rate Notes*

C.11 Admission to trading

Not Applicable

[C.15 How is the value of the securities affected by the value of the underlying instrument(s)?] *Applicable for derivatives securities*

[•]

[C.16 Maturity date, exercise date, final reference date] *Applicable for derivatives securities*

[•]

[C.17 Settlement procedure] *Applicable for derivatives securities*

[•]

- [C.18 **How does the return take place?]** *Applicable for derivatives securities*
[•]
- [C.19 **Exercise price/final reference price of the underlying]** *Applicable for derivatives securities*
[•]
- [C.20 **Type of the underlying and where information on the underlying can be found.**
[•]] *Applicable for derivatives securities*

Risk factors

D.2 Key risk specific to the Issuer [and to the Guarantor]

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

General credit risks are inherent in a wide range of BELFIUS BANK's businesses. These include risks arising from changes in the credit quality of its borrowers and counterparties and the inability to recover loans and any amounts due. Being a universal commercial credit institution, BELFIUS BANK, is financing (local) public and social sector, the historical and still predominant segment, and corporates through its Public and Wholesale Banking business unit as well as households, self-employed persons and small businesses through its Retail and Commercial Banking business unit.

Market risks are all the risks linked to the fluctuations of market prices, including, principally, exposure to loss arising from adverse movements in interest rates, and, to a lesser extent, foreign exchange rates and equity prices, stemming from BELFIUS BANK's activities. Due to the nature of its activity, BELFIUS BANK is prevented from assuming significant exposure to market risk.

Operational risk is the risk of financial or non-financial impact resulting from inadequate or failed internal processes, people and systems, or from external events. The definition includes legal and reputation risk but excludes strategic risk and expenses from commercial decisions. Although BELFIUS BANK has implemented risk controls and loss mitigation actions, and has resources devoted to developing efficient procedures and staff awareness, 100 per cent coverage of operational risks can never be attained, due to the very nature of these risks.

Liquidity risk management at Belfius Bank is guided by internal and prudential liquidity ratios. Strict limits also apply with regard to the part that can be funded in the short term and the part that can be raised on the interbank market. Available 'reserves' play a central role in this: Belfius Bank must have sufficient quality assets on hand at all times that can be used to offset liquidity shortages, both in everyday management situations and in stress scenarios. Each day, the internal liquidity indicator (the ratio that shows the net cash requirement compared with the available liquid reserves, over a period of 1 to 4 weeks, in both a basic and stress scenario) is sent through by Belfius Bank to the National Bank of Belgium (NBB). The imposed prudential liquidity ratio is also calculated and submitted to the NBB on a monthly basis. Belfius Bank has not been in compliance with the NBB's prudential liquidity ratio since September 2011. The main reason for this has been the sharply increased liquidity needs experienced by the Dexia group, resulting in calls being made on the available funding capacity of BELFIUS BANK, which was also formerly the liquidity competence centre for the whole Dexia group. BELFIUS BANK has issued substantial unsecured funding to the other entities in the Dexia group. Sharply falling interest rates have also required additional cash collateral to be posted in relation to historic derivatives contracts. Since BELFIUS BANK is no longer part of the Dexia group, its liquidity situation has been monitored by the supervisory authorities on an autonomous basis. Based on a liquidity action plan submitted by BELFIUS BANK, the NBB has consented to a temporary exemption for the required liquidity ratios. Belfius Bank was not in compliance with the NBB's prudential liquidity ratio since September 2011.

This action plan required Belfius Bank to give the highest priority to structurally improving its liquidity situation by:

- gradually further reducing its funding to the Dexia group;
- restoring the confidence of its customers and winning back commercial deposits lost during the crisis;
- diversifying the sources of short-term and long-term funding;
- converting specific assets into liquid reserves.

Thanks to those efforts, Belfius Bank has not be required to ask the NBB for a renewal of the exemption in September 2012 and is in compliance with the prudential liquidity ratio.

[D.3 Key risk specific to the Debt Securities] *Applicable for debt securities*

Provisions for calling meetings of Noteholders permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

In addition, any relevant tax law or practice applicable as at the date of this Prospectus and/or the date of purchase or subscription of the Notes may change at any time.

[The ratings assigned to this issue of Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes.]

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

[Potential investors of Index Linked Notes or Dual Currency Notes should be aware that:

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

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

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

[Notes with variable interest rates can be volatile investments, especially if they are structured to include multipliers or other leverage factors, or caps or floors.]

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.

[Investment in Fixed Rate Notes and Variable Linked Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of these Notes]

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

[Notes are subject to optional redemption by the Issuer]

[The Maturity Date of the Notes may be automatically extended]

[The Notes bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate]

[The Notes bear interest at a rate that the Issuer may elect to convert from a floating rate to a fixed rate]

[The Notes are exposing investors to foreign exchange risk]

[ZeroCoupon Notes and Notes issued at a substantial discount or premium are subject to higher price fluctuations than non-discounted notes]

[The Issuer's obligations under the Dated Subordinated Notes are unsecured and subordinated and rank junior to the claims of creditors in respect of unsubordinated obligations]

[D.6 Key risk specific to the Derivative Securities] *Applicable for derivative securities*

[Warning: The holder of a Derivative Securities (i.e. a non capital guaranteed Variable Linked Rate Note) could lose all or a substantial portion of such Note.]

Provisions for calling meetings of Noteholders permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

In addition, any relevant tax law or practice applicable as at the date of this Prospectus and/or the date of purchase or subscription of the Notes may change at any time.

[The ratings assigned to this issue of Notes may not reflect the potential impact of all

risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes.]

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

[Potential investors should be aware that:

- i. the market price of such Notes may be volatile;
- ii. such index or indices may be subject to significant changes, whether due to the composition of the index itself, or because of fluctuations in value of the indexed assets;
- iii. the resulting interest rate may be less (or may be more) than that payable on a conventional debt security issued by each Issuer at the same time;
- iv. payment of principal or interest may occur at a different time or in a different currency than expected;
- v. the holder of a non capital guaranteed Index Linked Note could lose all or a substantial portion of the principal of such Note (whether payable at maturity or upon redemption or repayment), and, if the principal is lost, interest may cease to be payable on the Index Linked Note;
- vi. a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- vii. if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will likely be magnified;
- viii. the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield;
- ix. the risks of investing in an Index Linked Note encompass both risks relating to the underlying indexed securities and risks that are linked to the Note itself;
- x. any Index Linked Note that is indexed to more than one type of underlying asset, or on formulas that encompass the risks associated with more than one type of asset, may carry levels of risk that are greater than Notes that are indexed to one type of asset only;
- xi. it may not be possible for investors to hedge their exposure to these various risks relating to Index Linked Notes;
- xii. a significant market disruption could mean that the index on which the Index Linked Notes are based ceases to exist; and
- xiii. the index may cease to be published, in which case it may be replaced by an index which does not reflect the exact Relevant Factor, or, in the case where no replacement index exists, the cessation of publication of the index may lead to the early redemption of the Notes.]

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

[Notes with variable interest rates can be volatile investments, especially if they are structured to include multipliers or other leverage factors, or caps or floors.] 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.

[Investment in Fixed Rate Notes and Variable Linked Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of these Notes]

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

[Notes are subject to optional redemption by the Issuer]

[The Maturity Date of the Notes may be automatically extended]

[The Notes are exposing investors to foreign exchange risk]

[The market price of Variable Linked Rate Notes with a multiplier or other coverage factor may be volatile, and the value of such Notes on the secondary market is subject to greater levels of risk than is the value of other Notes.]

[The formula used to determine the amount of principal, premium and/or interest payable with respect to the Variable Linked Notes contains a multiplier or leverage factor, the effect of any change in the applicable currency, stock, interest rate or other index will therefore be increased.]

Offer

E.2b Reasons for the offer and use of proceeds

[●]

E.3 Terms and conditions of the offer

[●]

E.4 Interest material to the offer including conflicting interests

[●]

E.7 Estimated expenses charged to the investor

[●]

5 RISK FACTORS

(Annex V.2, IV.' And XI.3 of Regulation (EC) 809/2004)

The following sets out certain aspects of the offering of the Notes of which prospective investors should be aware. Prior to making an investment decision, prospective investors should consider carefully all of the information set out in the Base Prospectus, including in particular the following risk factors detailed below. All of these factors are contingencies which may or may not occur and neither BELFIUS BANK nor BELFIUS FUNDING is in a position to express a view on the likelihood of all or any of such contingencies occurring.

Prospective investors should also read the detailed information set out elsewhere in the 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 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 the 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 can be expected to fluctuate significantly and investors should be prepared to assume the market risks associated with these Notes.

1. Risks relating to the business of BELFIUS BANK

1.1. Credit Risk

In the first half year of 2012, the loan portfolios of the Retail and Commercial Banking (RCB) business line remained generally speaking in line with expectations relating to growth and quality of the portfolio. Overall quality remained good despite the growing concerns as to the macroeconomic environment as from early 2011. Although 2012 reveals even more challenging macroeconomic conditions, BELFIUS BANK is confident that the retail loan portfolio will remain sound and should not cause important volatility at the level of the cost of risk. The objectives of maintaining franchises in 2012 on RCB clients, or even growth of certain market niches (for example liberal professions and small enterprises), coupled with an uncertain economic context, will require constant surveillance and sustained risk management over the year.

Similar conclusions can be made for the Public and Wholesale Banking (PWB) business line loan portfolio bearing in mind however the lower degree of granularity as compared to the retail loan portfolio.

Over the first half year of 2012, cost of risk of business lines was in line with expectations. BELFIUS BANK succeeded in maintaining its credit portfolio both quantitatively and qualitatively over the year.

The bond portion of the investment portfolio of BELFIUS BANK is formed of the Legacy portfolio and the Bank ALM portfolio and amounted to EUR 23.4 billion as at the end of June 2012. The bond part of the investment portfolio of Belfius Insurance SA/NV totalled EUR 16.1 billion as at the end of June 2012. The total investment portfolio amounted to EUR 39.5 billion at the end of June 2012, a reduction of EUR 1.7 billion vs December 2011, mainly due to (i) natural amortization of EUR 1.5 billion, (ii) tactical de-risking of EUR 3.1 billion, of which EUR 2 billion for BELFIUS BANK and EUR 1.1 billion for Belfius Insurance SA/NV and (iii) reinvestment for EUR 2.9 billion in Belgian government bonds.

1.2. Credit risk with regard to Dexia Group

Since the acquisition of BELFIUS BANK by the Belgian Federal State through the Federal Holding and Investment Company (SFPI – *Société Fédérale de Participations et d'Investissement*/Federale Participatie- en Investeringsmaatschappij - FPIM) on 20 October 2011, the Dexia group has become an external counterparty for BELFIUS BANK. Under the terms of the sale and purchase agreement, the refinancing agreements in place between BELFIUS BANK and the other entities within the Dexia group were to be maintained but gradually reduced, with priority being given to the redemption of unsecured funding.

At 31 December 2011, the funding granted by BELFIUS BANK to the Dexia group amounted to EUR 44 billion, a fall of EUR 12 billion from the position at 30 September 2011. The unsecured funding was reduced over the same period from EUR 13 billion to EUR 10 billion at 31 December 2011. In 2012 the efforts to reduce those loans continued, in particular with regard to the unsecured cash exposure which was reduced to almost zero by the end of March 2012. As at the end of October 2012, the cash funding given to the Dexia Group amounted to ~ EUR 24.5 billion, totally secured: (i) ~ EUR 14 billion of government guaranteed bonds issued by Dexia Crédit Local (DCL) and backed by guarantees from Belgium / France / Luxembourg; (ii) ~ EUR 1 billion of covered bonds issued by Dexia Municipal Agency (DMA) & Dexia LdG Banque SA and (iii) ~ EUR 9 billion cash against collateral under market standard practices (haircuts, margin calls.)

Exposure to Dexia Group					
(EUR bn)					
	Sept. 2011	Dec. 2011	March 2012	June 2012	Oct. 2012
TOTAL	~ 56	~ 56	~ 28	~ 28	~ 24.5
Secured	~ 33	~ 34	~ 28	~ 28	~ 24.5
Unsecured	~ 23	~ 10	~ 0	~ 0	~ 0

The difficulties encountered by the Dexia group in 2011, the announcement of the new structural measures and the substantial fall in the value of the Dexia SA share immediately following that announcement have resulted in the demise of two reference shareholders of Dexia SA. The shareholders of the Holding Communal SA/NV, i.e. the Belgian provinces and communes, voted on 7 December 2011 to put the company into voluntary liquidation. The following day, on 8 December 2011, the shareholders of the cooperative companies Arcopar, Arcoplus, Arcosyn and Arcofin, which are all part of the ARCO Group, followed suit. Being an (important) banker of these entities, Belfius put its exposures on these entities under default, and as such books impairments thereon in its consolidated financial statements in line with requirements under applicable IFRS.

1.3. Liquidity Risk

The objective of liquidity risk management is to ensure that, at all times, BELFIUS BANK holds sufficient funds to meet its contracted and contingent commitments to customers and counterparties, at an economic price. The main issues regarding liquidity risk are managed by the Liquidity and Capital Management team within Finance, assisted and executed by the Treasury department in the dealing room, and controlled by the Asset and Liability Risk Management teams within Risk Management. They carefully manage the resources of BELFIUS BANK and their use. An emergency plan has also been developed, making the structure of governance more reactive in the case of liquidity stress necessitating rapid decision-taking.

BELFIUS BANK ensures that appropriate liquidity reserves are maintained but it is unable to anticipate all external factors which are liable to impact its liquidity situation and possibly have consequences on its ability to meet its obligations when they fall due.

At BELFIUS BANK, liquidity risk is principally influenced by:

- the amount of commercial funding gathered from retail and private clients, small, medium and large enterprises, public sector and assimilated clients;
- the volatility of the cash and securities collateral with counterparties within the framework of derivatives and repo transactions;
- the value of its liquidity reserves by virtue of which it can collect funding on the repo market or from the European Central Bank;
- the capacity to obtain interbank funding;

BELFIUS BANK sends the National Bank of Belgium (the “NBB”) the indicator of internal liquidity (a forecast ratio between the net liquidity requirement and liquidity reserves available over a period of one day to four weeks, and in a basic stress scenario) on a daily basis. Each month it also calculates and sends the required prudential liquidity ratio. Since September 2011, BELFIUS BANK has no longer observed the minimum prudential liquidity ratio imposed in the NBB stress test, principally as a consequence of, on the one hand, the sharp increase of the unsecured funding need of the Dexia group entities (without BELFIUS BANK) and, on the other hand, as a result of the climate of falling interest rates which demands an increased amount of cash collateral to be posted in relation to historic derivative contracts. The increase of the Dexia group’s unsecured funding at that time resulted from the fact that BELFIUS BANK acted as a competence centre in relation to liquidity for the Dexia group entities. BELFIUS BANK obtained from the NBB a temporary exemption for this non-observation (until 30 September 2012 inclusive), whilst presenting a management plan. The NBB granted a provisional exemption for liquidity ratios, observing certain conditions.

Accordingly, BELFIUS BANK executed the proposed management plan by putting high priority on liquidity risk management within the organization and by setting up a robust liquidity plan steered by a centralized liquidity management team.

Since the end of March 2012, the liquidity position of the bank has gradually improved, mainly due to

- the decrease of the financing granted to the Dexia Group;
- the growth of stock of funding collected from Retail & Commercial Banking and Public & Wholesale Banking clients;
- the internal securitization of loans to small and medium-sized enterprise, which enabled Belfius to liquefy formerly non-liquid assets;
- the sale of a mortgage portfolio to Belfius Insurance;
- the issuance of a Belgian pandbrief.

Since the end September 2012, Belfius Bank has complied with the prudential liquidity ratio again and as such, did not require an exemption from the NBB anymore.

1.4. Operational risk

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

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

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

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

The separation of BELFIUS BANK from the other entities within the Dexia group resulted in the need to review a number of processes, transfer specific teams and adapt IT-systems. For each of these subjects specific measures were taken. They are followed up by a centralized unwinding committee at BELFIUS BANK.

New processes were quickly defined and are meanwhile operational. Members of staff were transferred from Dexia SA to BELFIUS BANK. This was done in common agreement in order not to disrupt the services at either side.

As BELFIUS BANK used to be the IT competence center for most applications, it provided information and some development for entities of the Dexia group. Dexia SA, on the other hand, also provided information for domains which were new for the IT of BELFIUS BANK.

A Transition Committee between BELFIUS BANK and Dexia SA frequently met to follow-up the unwinding process. Specific attention was given to the existing applications to ensure the continuation of all operations for all concerned entities.

In a common agreement almost all unwinding processes and HR transfers are finished by the end of 2012. The majority of IT-projects needed to separate BELFIUS BANK from Dexia SA will be finished by March 2013. The follow-up remains key as long as this is ongoing.

1.5.Competition

BELFIUS BANK faces strong competition across all its markets from local and international financial institutions including banks, building societies, life insurance companies and mutual insurance organisations. While BELFIUS BANK believes it is positioned to compete effectively with these competitors, there can be no assurance that increased competition will not adversely affect BELFIUS BANK ’s pricing policy and lead to losing market share in one or more markets in which it operates.

1.6.Regulatory risk

Recent developments in the global markets have led to an increase in the involvement of various governmental and regulatory authorities in the financial sector and in the operations of financial institutions. In particular, governmental and regulatory authorities in various countries have already provided additional capital and funding requirements and have already introduced or may in the future be introducing a significantly more restrictive regulatory environment, including new accounting and capital adequacy rules, restriction on termination payments for key personnel in addition to new regulation of derivative instruments.

BELFIUS BANK conducts its businesses subject to on-going regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies and interpretations mainly in Belgium but also in the other regions in which the Issuer does business. Changes in supervision and regulation, in particular in

Belgium, could materially affect the Issuer's business, the products and services offered by it or the value of its assets. The recent global economic downturn has resulted in calls for significant changes to regulatory regimes. There have been significant regulatory developments in response to the global crisis, including the stress test exercise co-ordinated by the Committee of European Banking Supervisors CEBS, in co-operation with the ECB, liquidity risk assessments and the adoption of new capital regulatory requirements under Basel III. BELFIUS BANK works closely with its regulators, and continually monitors regulatory developments and plans the contemplated changes, but as the final details of the implementation are not fully determined yet, it is still highly uncertain which actions will be required from the Issuer in order to fully comply with the new rules.

1.7. Risk related to derivatives transactions

BELFIUS BANK often acts as a party to derivative transactions, including credit derivatives. Individually negotiated and non-standardized derivative instruments can make it difficult to transfer or settle the position. This may lead to BELFIUS BANK forfeiting the payments due under these contracts or result in settlement delays with the attendant credit and operational risk as well as increased costs.

Through the admission of **EMIR** (Regulation (EU) No 648/2012 of the European Parliament and the Council on "OTC derivatives, central counterparties and trade repositories" (EMIR) of **4 July 2012**, which entered into force on 16 August 2012) the environment and infrastructure in which derivatives are traded, will drastically change.

The main objectives of EMIR are to increase market transparency, reduce counterparty credit risk and to reduce operational risk.

In addition to increased market transparency, EMIR aims to reduce the counterparty credit risk through the imposition of a central clearing obligation. All derivative contracts that are deemed eligible for clearing and for which an appropriate central counterparty (CCP) can be found will have to be cleared. Central clearing will increase the need for sufficient highly liquid high quality assets to fulfil the margin calls..

For OTC contracts that fall outside the scope of the clearing obligation, EMIR imposes a sharpened collateral and risk management. First, depending on the characteristics of the contract, the trade will have to be confirmed within a shorter time frame. Second, EMIR obliges market participants to mark all non-cleared derivative contracts to the corresponding market price, and if unavailable, appropriate economic models may be used. Third, higher capital requirements are imposed for non-cleared bilateral trades.

To the extent BELFIUS BANK has estimated the indicative impact that EMIR may have on its derivatives business such estimates are preliminary, subject to uncertainties and may change. Not many provisions of EMIR took immediate effect on 16 August 2012 as most are dependent on the development by ESMA of technical standards or the development of processes which will delay the implementation of those provisions throughout 2013 (timing of which is still uncertain at this stage). It is also unclear how the markets for non-cleared bilateral trades will evolve.

1.8. A substantial part of Belfius Bank's assets is collateralized

The sum of covered bonds issued, pledged assets and guarantees given by BELFIUS BANK (on 31 December 2011) can be estimated at EUR 138,307,240,000, for EUR for 232,509 millions total Assets (see pages 170 and following of the 2011 annual report).

The amount of assets pledged is linked to the funding granted by external parties who demand collateral to mitigate the potential risk on Belfius. The collateral requirement

of Belfius was quite high at the end of 2011, mainly due to the refinancing of the significant unsecured funding given by BELFIUS BANK to the Dexia group (for more information, see Section 5.1.2, p.18), and on the other hand as a result of the climate of falling rates which demands an increased payment of collateral linked to historic derivatives contracts. During the year 2012 the amount of assets pledged has significantly decreased.

In addition, BELFIUS BANK established in November 2012 a Belgian Mortgage Pandbrieven Programme, licensed by the National Bank of Belgium, for a maximum amount of EUR 10,000,000,000. On the date of this Prospectus an amount of EUR 1,310,000,000 mortgage pandbrieven are outstanding. In accordance with the law of 3 August 2012 establishing a legal regime for Belgian covered bonds, the investors of mortgage pandbrieven benefit from a dual recourse, being an unsecured claim against the general estate of BELFIUS BANK and an exclusive claim against the special estate of BELFIUS BANK. With respect to the assets of the general estate of Belfius, the Noteholders, as unsecured and unsubordinated creditors of Belfius, will rank pari passu with the investors of mortgage pandbrieven and any other unsecured and unsubordinated creditors of Belfius.

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

2. Investment considerations relating to the business of BELFIUS BANK

2.1. Uncertain economic conditions

BELFIUS BANK's business activities are dependent on the level of banking, finance and financial services required by its customers. In particular, levels of borrowing are heavily dependent on customer confidence; the state of the economies BELFIUS BANK does business in, market interest rates and other factors that affect the economy. Also, the market for debt securities issued by banks is influenced by economic and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other countries. There can be no assurance that current events in Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have any other adverse effect. The profitability of BELFIUS BANK's businesses could, therefore, be adversely affected by a worsening of general economic conditions in its markets, as well as by foreign and domestic trading market conditions and/or related factors, including governmental policies and initiatives. An economic downturn or significantly higher interest rates could increase the risk that a greater number of BELFIUS BANK's customers would default on their loans or other obligations to BELFIUS BANK, or would refrain from seeking additional borrowing. As BELFIUS BANK currently conducts the majority of its business in Belgium, its performance is influenced by the level and cyclical nature of business activity in this country, which is in turn affected by both domestic and international economic and political events. There can be no assurance that a lasting weakening in the Belgian economy will not have a material adverse effect on BELFIUS BANK's future results.

2.2. Global financial crisis and Eurozone debt crisis

The global financial system has suffered considerable turbulence and uncertainty in recent years and the outlook for the global economy over the near to medium term remains challenging. In Europe, the on-going economic deterioration of several countries, including Greece, Italy, the Republic of Ireland, Spain and Portugal, together with the risk of contagion to other more stable countries, has further exacerbated the global economic crisis. The large sovereign debts and/or fiscal deficits of a number of European countries and the United States have raised concerns regarding the financial condition of financial institutions, insurers and other corporates (i) located in these countries, (ii) that have direct or indirect exposure to these countries, and/or (iii) whose banks, counterparties, custodians, customers, service providers, sources of funding and/or suppliers have direct or indirect exposure to these countries. BELFIUS BANK has exposure to corporates, financial institutions and securities which may have material direct and indirect exposures in these countries. Its direct exposure to the Eurozone through sovereign and private sector exposure is relatively small and has been managed steadily downward since 2008. As of 30 June 2012, BELFIUS BANK's maximum credit risk exposure "MCRE" on those countries amounted to EUR 4.4 billion (2.0% of the total assets). It should be noted that sovereign exposure on Greece and Spain has been reduced to nil in the first half of 2012. Although the high quality of BELFIUS BANK's investment portfolio has recently been confirmed by an analysis carried out internally and by a third party, these exposures may, in the future, be affected by a restructuring of their terms, principal, interest and maturity.

Despite the various rescue packages and other stabilising measures adopted throughout Europe to deal with the worsening Eurozone sovereign debt crisis, global markets continue to record high levels of volatility and uncertainty. Uncertainty over the best way forward for the highly indebted Eurozone persists and poses a serious threat to the global economic recovery, with the spread of political instability and contagion to other Eurozone countries increasing in the first quarter of 2012. Financial markets are expected to remain dislocated and volatile, with the risk of contagion unlikely to dissipate in the near term, and this continues to place strains on funding markets at a time when many financial institutions (in particular) have material on-going funding needs. In the second quarter of 2012, continuing concerns about the fiscal position in Eurozone countries resulted in increased credit spreads in the areas affected, and fears of contagion affected the euro and widened spreads between central bank and inter-bank rates.

The default, or a significant decline in the credit rating, of one or more sovereigns or financial institutions could cause severe stress in the financial system generally and could adversely affect the markets in which BELFIUS BANK operates and the businesses and economic condition and prospects of BELFIUS BANK's counterparties, customers, suppliers or creditors, directly or indirectly, in ways which are difficult to predict. The impact of the current conditions could thus be detrimental to BELFIUS BANK and could adversely affect its business, operations and profitability, its solvency and the solvency of its counterparties, custodians, customers and service providers, its credit rating, the value and liquidity of its assets and liabilities, the value and liquidity of the Notes and/or the ability of BELFIUS BANK to meet its obligations under the Notes and under its debt obligations more generally.

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

2.3. Effective capital management and capital adequacy and liquidity requirements

Effective management of BELFIUS BANK's capital is critical to its ability to operate its businesses, to grow organically and to pursue its strategy of returning to standalone strength. BELFIUS BANK is required by regulators in Belgium and other jurisdictions in which it undertakes regulated activities to maintain adequate capital resources. The maintenance of adequate capital is also necessary for BELFIUS BANK's financial flexibility in the face of continuing turbulence and uncertainty in the global economy. Accordingly, the purpose of the issuance of the Notes issued under the Programme is, among others, to allow BELFIUS BANK to strengthen its capital position.

The package of reforms to the regulatory capital framework published by the Basel Committee on Banking Supervision (the "**Basel Committee**") in December 2010 included materially increasing the minimum common equity requirement and the total Tier 1 capital requirement. In addition, banks will be required to maintain, in the form of common equity (after the application of deductions), a capital conservation buffer to withstand future periods of stress, bringing the total common equity requirements to 7%. If there is excess credit growth in any given country resulting in a system-wide build-up of risk, a countercyclical buffer within a range of 0% to 2.5% of common equity is to be applied as an extension of the conservation buffer. In addition, measures are taken to strengthen the bank's liquidity by imposing short term and long term liquidity ratios and by taking into account present and future stressed gaps and available liquid reserves.. The Basel Committee conducted further work on systemically important financial institutions and contingent capital. Measures may include capital surcharges, contingent capital and bail-in debt (which could be introduced by statute, possibly impacting existing as well as future issuances of debt and exposing them to the risk of conversion into equity and/or write-down of principal amount). Such measures would be in addition to proposals for the write-off of Tier 1 and Tier 2 debt (and its possible conversion into ordinary shares) if a bank becomes non-viable. On 25 June 2011, the Basel Committee proposed that global systemically important banks be subject to an additional common equity Tier 1 capital requirement ranging from 1% to 2.5% depending on a bank's systemic importance. To provide a disincentive for banks facing the highest charge to increase materially their global systemic importance in the future, an additional 1% surcharge would be applied in such circumstances.

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

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

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

envisaged, or may impose additional capital and liquidity requirements on Belgian banks.

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

The Basel Committee and CRD IV changes and other future changes to capital adequacy and liquidity requirements in Belgium and in other jurisdictions, including any application of increasingly stringent stress case scenarios by the regulators in Belgium, may require BELFIUS BANK to raise additional Tier 1 (including Core Tier 1) and Tier 2 capital by way of further issuances of securities, and will result in existing Tier 1 and Tier 2 securities issued by BELFIUS BANK ceasing to count towards BELFIUS BANK's regulatory capital, either at the same level as present or at all. The requirement to raise additional Core Tier 1 capital could have a number of negative consequences for BELFIUS BANK and its shareholders, including impairing BELFIUS BANK's ability to pay dividends. If BELFIUS BANK is unable to raise the requisite Tier 1 and Tier 2 capital, it may be required to further reduce the amount of its weighted risks.

As at 30 June 2012, BELFIUS BANK Tier 1 and Core Tier 1 capital ratios were at the same level of 12.0%, calculated in accordance with Basel II requirements. Any change that limits BELFIUS BANK's ability to manage effectively its balance sheet and capital resources going forward (including, for example, reductions in profits and retained earnings as a result of impairments and increases in weighted risks) or to access funding sources could have a material adverse impact on its financial condition and regulatory capital position or result in a loss of value in the Notes.

2.4. Formal investigation by the European Commission relating to the purchase of Belfius Bank (formerly Dexia Bank Belgium SA/NV) by the Belgian federal state

On 17 April 2012, the Belgian Federal State submitted BELFIUS BANK's file to the European Commission. The sustainable future and profitability of BELFIUS BANK have been clearly demonstrated from this file.

This filing is the result of the decision of 17 October 2011 where the European Commission opened a formal investigation into the purchase of BELFIUS BANK by the Belgian federal state which the latter had requested in order to ascertain whether or not the purchase constituted a State aid in favour of BELFIUS BANK.

The filing was followed by a Q&A session between the European Commission, the Belgian Federal State and BELFIUS BANK. A final decision by the European Commission is still pending.

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

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

Belgian federal state could help restore the bank's long-term viability. BELFIUS BANK has therefore undertaken to prepare a business plan demonstrating such viability and to send it to the Belgian government for submission to the European Commission for examination and approval. BELFIUS BANK considers it reasonable to assume that the European Commission will refrain from taking any measures that might undermine its stability and future development.

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

2.5. A downgrade in the credit rating

The rating agencies, Standard & Poor's, Moody's and Fitch, use ratings to assess whether a potential borrower will be able in the future to meet its credit commitments as agreed. A major element in the rating for this purpose is an appraisal of the company's net assets, financial position and earnings performance. A bank's rating is an important comparative element in its competition with other banks. It also has a significant influence on the individual ratings of the most important subsidiaries. A downgrading or the mere possibility of a downgrading of the rating of BELFIUS BANK or one of its subsidiaries might have adverse effects on the relationship with customers and on the sales of the products and services of the company in question. In this way, new business could suffer, BELFIUS BANK's competitiveness in the market might be reduced, and its funding costs would increase substantially. A downgrading of the rating would also have adverse effects on the costs to BELFIUS BANK of raising equity and borrowed funds and might lead to new liabilities arising or to existing liabilities being called that are dependent upon a given rating being maintained. It could also happen that, after a downgrading, BELFIUS BANK would have to provide additional collateral for derivative transactions in connection with rating-based collateral arrangements. If the rating of BELFIUS BANK were to fall within reach of the non-investment grade category, BELFIUS BANK would suffer considerably. In turn, this would have an adverse effect on BELFIUS BANK's ability to be active in certain business areas.

2.6. Catastrophic events, terrorist attacks and other acts of war

Catastrophic events, terrorist attacks, other acts of war or hostility, and responses to those acts may create economic and political uncertainties, which could have a negative impact on economic conditions in the regions in which BELFIUS BANK operates and, more specifically, on the business and results of operations of BELFIUS BANK in ways that cannot be predicted.

2.7. EU Crisis Management Framework and Bail-in Debt

At European level, a (provisional) legislative proposal on crisis management in the financial sector has been launched on 6 June 2012 which includes certain proposals in relation to early intervention and resolution of credit institutions as well as a debt write-down tool to be applied in certain circumstances (the "EU Proposal"). The resolution powers provide a means to restructure and wind down a failing credit institutions, as an alternative to bankruptcy. The debt write-down tool aims at maintaining a stressed bank as a going concern or sustaining a failing bank by

granting the power to the resolution authority to write down debt of the bank (or to convert such debt into equity).

Furthermore, on 2 October 2012, a high-level expert group presided by Mr. Liikanen presented its report to the European Commission on reforming the structure of the EU banking sector (the “**Liikanen Report**”). The Liikanen Report contains various proposals, including in respect of bail-in debt.

At this stage, it is uncertain whether the EU Proposal will be adopted in its current form and, if so, when this regime would be applicable and which shape it would take. Similarly, it is at this stage unclear whether and how the EU Commission will incorporate the proposals made by the Liikanen Report. If the EU Proposal or certain elements of the Liikanen Report were to be adopted, this could negatively affect the position of Noteholder as following bail in in relation to the Notes the amount of principal that will be repaid to the Noteholders will be reduced.

3. Risks relating to the business of BELFIUS FUNDING.

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

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

4. Risks related to the Notes generally.

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

4.1 WARNING: Notes may not be a suitable investment for all investors

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

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

In particular, each potential investor should:

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

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

4.2. WARNING: Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

4.3. WARNING: EU Savings Directive

Under EC Council Directive 2003/48/EC on taxation of savings income (the "Savings Directive"), Member States are required, from 1st July 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate instead a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories, including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland) with effect from the same date.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuers, the Paying Agent, nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

Effective 1st January 2010, a Belgian paying agent within the meaning of the Savings Directive will no longer apply the source tax but will exchange information with the country of tax residence of the beneficial owner regarding interest payments as defined by the Directive. It concerns payments made to an individual, beneficial owner of the interest payments and resident in another EU Member State or resident in one of the associated and dependant territories. Residual entities are subject to a specific regime.

The communicated information will include the identity and residence of the beneficial owner, the name and address of the paying agent, the account number of the beneficial owner and information concerning the interest payment.

The exchange of information cannot be avoided by the submission of a certificate.

A proposal for a Council Directive amending the Savings Directive has been published and will, once agreed upon and implemented, amend the currently applicable rules.

4.4. Change of law

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

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

4.5. The secondary market generally

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

4.6. Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings will be disclosed in the applicable Final Terms.

4.7. Legal investment considerations may restrict certain investments

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

5. Risks related to the structure of a particular issue of Notes

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

5.1. Risks that are applicable for Debt Securities as well as for Derivatives Securities

5.1.1. Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. Investors that choose to reinvest monies they receive through an optional early redemption may be able to do so only in securities with a lower yield than the redeemed Notes. Potential investors should consider reinvestment risk in light of other investments available at that time.

5.2 Index Linked Notes or other variable-linked Notes and Dual Currency Notes

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

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

asset, may carry levels of risk that are greater than Notes that are indexed to one type of asset only;

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

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

Transactions between BELFIUS BANK and third parties could impact the performance of any Index Linked Notes, which could lead to conflicts of interest between BELFIUS BANK and the holders of its Index Linked Notes.

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

5.1.3. Partly paid Notes

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

5.1.4. 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 feature

5.1.8. Notes issued at a substantial discount or premium

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

securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

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

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

5.1.10. Issuer's obligations under Dated Subordinated Notes

Each Issuer's obligations under Dated Subordinated Notes will be unsecured and subordinated and will rank junior to the claims of creditors in respect of unsubordinated obligations (as described in "Terms and Conditions of the Notes").

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

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

5.2. Risks that are specific to Debt Securities

5.2.1 Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that each Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Each Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes, since each Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If each Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

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

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having fixed interest periods. If the terms and conditions of the Notes provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. The reason therefor is that investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

5.2.3 Zero Coupon Notes are subject to higher price fluctuations than non-discounted notes

Changes in market interest rates have a substantially stronger impact on the prices of Zero Coupon Notes than on the prices of ordinary notes because the discounted issue prices are substantially below par. If market interest rates increase, Zero Coupon Notes can suffer

higher price losses than other notes having the same maturity and credit rating. Due to their leverage effect, Zero Coupon Notes are a type of investment associated with a particularly high price risk.

5.3. Risks that are specific to Derivatives Securities: the holder of a non capital guaranteed Note could lose all or a substantial portion of the principal of such Note (whether payable at maturity or upon redemption or repayment), and, if the principal is lost, interest may cease to be payable on such Note

6. Risk Indicator

In order to increase the transparency of the risks involved in investment products, BELFIUS BANK has developed a synthetic risk indicator through a scale going from 0 (lowest risk) to 6 (highest risk). The exact risk level for any investment product is determined in function of the following criteria: the degree to which capital will be refunded at maturity, the term of the relevant Note, the type of return, the credit risk and complexity (Underlying and strategy). Other important criteria, such as the liquidity risk of BELFIUS BANK and the market risk, are not taken into account. The risk level as determined by this risk indicator for any Tranche of Notes will be indicated in the relevant Final Terms. All related information can be found on the BELFIUS BANK's internet site: <https://www.belfius.be/info/nl/iws/home.html#page=%2Finfo%2FNL%2FSparenEnBelleggen%2FInfoEnPublicaties%2FInfoOverDeRisicos%2Findex.aspx> or <https://www.belfius.be/info/fr/iws/home.html#page=%2Finfo%2FFR%2FEpargnerEtInvestir%2FInformationsEtPublications%2FInfosSurLesRisques%2FInvestissements%2Findex.aspx>.

6 DOCUMENTS INCORPORATED BY REFERENCE.

This Base Prospectus should be read and construed in conjunction with the audited consolidated accounts of BELFIUS BANK and BELFIUS FUNDING for the years ended 31 December 2010 and 31 December 2011, including the reports of the statutory auditors in respect thereof, as well as for BELFIUS FUNDING the accounts for 30 June 2012 (www.belfius.be/belfiusfunding) and for BELFIUS BANK the semi-annual unaudited key financial figures for 30 June 2012 (<https://www.belfius.be/>), which are incorporated by reference in this Base Prospectus. Such documents shall be incorporated in and form part of this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of all documents incorporated by reference in this Base Prospectus may be obtained without charge from the offices of BELFIUS BANK and on the website of BELFIUS BANK (www.belfius.be).

The tables below set out the relevant page references for the accounting policies, notes and auditors' reports of BELFIUS BANK and BELFIUS FUNDING for the financial years ended 31 December 2010 and 31 December 2011, respectively, and for BELFIUS FUNDING also the references to the semi-annual report of 30 June 2012, as well as the non-consolidated statement of income, the consolidated profit and loss account, the cash flow statement, the non-consolidated balance sheet and the non-consolidated profit and loss account of BELFIUS BANK as set out in the Annual Reports of BELFIUS BANK. Information contained in the documents incorporated by reference other than information listed in the table below is for information purposes only, and does not form part of this Base Prospectus.

The consolidated balance sheet and consolidated statement of income of BELFIUS FUNDING can be found in the section headed "7. BELFIUS FUNDING" on pages 38 and 39 of this Base Prospectus.

BELFIUS FUNDING

	Annual Report 2010	Annual Report 2011	Semi- annual Report 2012
balance sheet	13	14	11
profit and loss account.....	14	15	12
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notes to the accounts	15	16	-

The consolidated balance sheet and consolidated statement of income of BELFIUS BANK can be found in the section headed “8. BELFIUS BANK” on pages 57 to 60 of this Base Prospectus.

	Belfius Bank SA/NV	
	Annual Report 2010	Annual Report 2011
consolidated profit and loss account	62	66
consolidated cash flow statement	68	72
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7 BELFIUS FUNDING N.V.

(Annex IV of Regulation (EC) 809/2004)

7.1 GENERAL INFORMATION

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

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

BELFIUS FUNDING is registered in the Commercial Register of the Chamber of Commerce in Amsterdam under file number 33.194.789.

The authorised share capital of BELFIUS FUNDING amounts to EUR 2,268,900.00 divided into 5,000 ordinary shares of EUR 453.78 each. As of 31 December 2006, and without any changes since then, 1,000 shares have been issued of which 250 shares are called and paid up, amounting to EUR 113,445.

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

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

BELFIUS FUNDING acts as a finance company. BELFIUS FUNDING issues notes in the market, whereby proceeds of the issued notes are fully lent on to BELFIUS BANK.

There are no recent events particular to BELFIUS FUNDING 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 FUNDING’s business which could result in BELFIUS BANK being under an entitlement that is material to BELFIUS FUNDING’s ability to meet its obligations to Noteholders.

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

The auditors of BELFIUS FUNDING are Deloitte, P.O. Box 58110, 1040 HC Amsterdam since 30 September 2004, being member of Deloitte Touche Tohmatsu.

The relevant auditor's report with respect to the audited annual accounts of BELFIUS FUNDING for the years ended 31 December 2010 and 31 December 2011, as incorporated by reference (See *Condition 6. Documents incorporated by reference*), were delivered without any reservations.

7.2 MANAGEMENT AND SUPERVISION

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

BELFIUS FUNDING does not comply with the corporate governance regime of the Noteholders because such regime does not apply to it.

The supervisory board, as of 24 December 2012 is composed of the following members:

- Mr. W. Wouters general manager, BELFIUS BANK and chairman of the supervisory board
- Mrs. K. Claessens, general manager, BELFIUS BANK;
- Mr. P. Franck, general manager, BELFIUS BANK; and
- Mr. B. Westendorp, independent.

The business address of Mr. W. Wouters, Mrs K. Claessens and Mr. P. Franck is at the address of BELFIUS BANK.

The managing directors of BELFIUS FUNDING and their respective business addresses are as of 24 December 2012:

- TMF Netherlands B.V., Luna Arena, Herikerbergweg 238 1101 CM Amsterdam Zuidoost, the Netherlands;
- BELFIUS BANK SA/NV, Boulevard Pachéco 44, 1000 Brussels, Belgium;
- Mr. J. van Burg, Managing Director, TMF Netherlands B.V.,Luna Arena, Herikerbergweg 238 1101 CM Amsterdam Zuidoost, the Netherlands;
- Mr. R. de Koning, Managing Director, TMF Netherlands B.V., Luna Arena, Herikerbergweg 238 1101 CM Amsterdam Zuidoost, the Netherlands;

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

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

7.3 SELECTED FINANCIAL INFORMATION

The following tables summarise (i) the audited balance sheet, income statement and cash flow statement of BELFIUS FUNDING for the periods ending 31 December 2010 and 31 December 2011 and (ii) the unaudited balance sheet and income statement of BELFIUS FUNDING for the periods ending 30 June 2011 and 30 June 2012.

Audited balance sheet of BELFIUS FUNDING as at 31 December 2010 and 31 December 2011

	31 December 2011	31 December 2010
	EUR '000	EUR '000
ASSETS		
FIXED ASSETS		
Subordinated loans to BELFIUS BANK	679,174	758,840
Non-subordinated loans to BELFIUS BANK	11,638,737	11,774,723
	12,317,911	12,533,563
CURRENT ASSETS		
Short-term portion of Non-subordinated loans	1,033,693	677,982
Other amounts receivable	257,621	237,577
Cash	3,640	3,999
	1,294,954	919,558
	13,612,865	13,453,121
SHAREHOLDERS EQUITY		
Share capital	113	113
Retained earnings	2,225	2,866
Result for the year	3,211	2,859
	5,549	5,838
LIABILITIES		
LONG-TERM LIABILITIES		
Issued subordinated notes	679,174	758,840
Issued non-subordinated notes	11,638,737	11,774,723
	12,317,911	12,533,563
CURRENT LIABILITIES		
Short-term portion long-term liabilities	1,033,693	677,982
Corporate income tax	228	208
Other liabilities and accrued expenses	255,484	235,530
	1,289,405	913,720
	13,612,865	13,453,121

Audited Profit and Loss Account of BELFIUS FUNDING as of 31 December 2010 and 31 December 2011

BELFIUS FUNDING N.V.
PROFIT AND LOSS ACCOUNT

	the year 2011	the year 2010
	EUR '000	EUR '000
FINANCIAL INCOME AND EXPENSES		
Interest income and premium income group	510,462	468,334
Interest expense notes and discount expense	-505,971	-464,224
	<u>4,491</u>	<u>4,110</u>
Other income	40	52
	<u>4,531</u>	<u>4,162</u>
Realized/unrealized capital gains and losses	<u>0</u>	<u>0</u>
CAPITAL GAINS AND LOSSES	<u>0</u>	<u>0</u>
OPERATING RESULT	4,531	4,162
General expenses	-271	-339
RESULT BEFORE TAXATION	<u>4,260</u>	<u>3,823</u>
Taxation on result of ordinary activities	-1,049	-964
RESULT AFTER TAXATION	<u><u>3,211</u></u>	<u><u>2,859</u></u>

Unaudited Cash Flow Statement of BELFIUS FUNDING as at 31 December 2010 and 31 December 2011

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 Directive 2003/71/EC. As a consequence, these cash flow statements have been established after the date on which the audited financial statements for the financial years 2010 and 2011 have been published and therefore have not been audited by the statutory auditors of BELFIUS FUNDING. The cash flow statements for the financial years 2010 and 2011 are based on the audited financial statements of the said years and have been drawn up in accordance with Dutch GAAP.

In thousands of EUR

CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the period	2,859	3,211
Net income attributable to minority interests		
ADJUSTMENT FOR :		
Depreciation, amortization and other impairment		
Impairment on bonds, equities, loans and other assets		
Net gains on investments		
Charges for provisions		
Unrealised fair value (gains) losses via P & L, i.e. for investment property, PPE, intangible assets,...		
Net unrealised gains from cash flow hedges		
Net unrealised gains from available-for-sale investments		
Income from associates (except dividends received)		
Dividends received from associates		
Deferred tax income		
Deferred taxes charges		
Other adjustments		
Changes in operating assets and liabilities	(67,308)	212,119
NET CASH PROVIDED BY OPERATING ACTIVITIES	(64,449)	215,330
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets		
Sale of fixed assets		
Acquisitions of unconsolidated equity shares		
Sales of unconsolidated equity shares		
Acquisitions of subsidiaries and of business units		
Sales of subsidiaries and of business units		
NET CASH PROVIDED BY INVESTING ACTIVITIES		
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of new shares		
Reimbursement of capital		
Issuance of subordinated debt		
Reimbursement of subordinated debt		(100,000)
Purchase of treasury shares		
Sales of treasury shares		
Dividend paid	(2,500)	(3,500)
NET CASH PROVIDED BY FINANCING ACTIVITIES	(2,500)	(103,500)
Effect of exchange rates changes and change in scope of consolidation on cash and cash equivalents		
CASH & CASH EQUIVALENT AT THE BEGINNING OF PERIOD	173,864	106,915
NET CASH PROVIDED BY OPERATING ACTIVITIES	(64,449)	215,330
NET CASH PROVIDED BY INVESTING ACTIVITIES		
NET CASH PROVIDED BY FINANCING ACTIVITIES	(2,500)	(103,500)
EFFECT OF EXCHANGE RATES CHANGES ON CASH AND CASH EQUIV.		
CASH & CASH EQUIVALENT AT THE END OF PERIOD	106,915	218,745

Unaudited balance sheet of BELFIUS FUNDING as at 30 June 2011 and 30 June 2012

BALANCE SHEET (UNAUDITED)

(before appropriation of result)

	30 June 2012	31 December 2011
	EUR '000	EUR '000
ASSETS		
FIXED ASSETS		
Subordinated loans to Dexia Bank Belgium	683,512	679,174
Non-subordinated loans to Dexia Bank Belgium	11,632,635	11,638,737
	12,316,147	12,317,911
CURRENT ASSETS		
Short-term portion of Non-subordinated loans	1,223,401	1,033,693
Other amounts receivable	220,124	257,621
Cash	2,371	3,640
	1,445,896	1,294,954
	13,762,043	13,612,865
SHAREHOLDERS EQUITY		
Share capital	113	113
Retained earnings	2,226	2,225
Result for the year	1,566	3,211
	3,905	5,549
LIABILITIES		
LONG-TERM LIABILITIES		
Issued subordinated notes	683,512	679,174
Issued non-subordinated notes	11,632,635	11,638,737
	12,316,147	12,317,911
CURRENT LIABILITIES		
Short-term portion long-term liabilities	1,223,401	1,033,693
Corporate income tax	333	228
Other liabilities and accrued expenses	218,257	255,484
	1,441,991	1,289,405
	13,762,043	13,612,865

Unaudited profit and loss account of BELFIUS FUNDING as at 30 June 2011 and 30 June 2012

PROFIT AND LOSS ACCOUNT (UNAUDITED)

	01/01/2012 - 30/06/2012	the year 2011
	EUR '000	EUR '000
FINANCIAL INCOME AND EXPENSES		
Interest income and premium income group	228,634	510,462
Interest expense notes and discount expense	(226,446)	(505,971)
	<u>2,188</u>	<u>4,491</u>
Other income	22	40
	<u>2,210</u>	<u>4,531</u>
Realized/unrealized capital gains and losses	0	0
	<u>0</u>	<u>0</u>
CAPITAL GAINS AND LOSSES		
	<u>0</u>	<u>0</u>
OPERATING RESULT	2,210	4,531
General expenses	(135)	(271)
	<u>2,075</u>	<u>4,260</u>
RESULT BEFORE TAXATION		
Taxation on result of ordinary activities	(509)	(1,049)
	<u>1,566</u>	<u>3,211</u>
RESULT AFTER TAXATION		

Unaudited Cash Flow Statement of BELFIUS FUNDING as at 30 June 2011 and 30 June 2012

	2011.06	2012.06
BELFIUS FUNDING		
in EUR		
CASH FLOW FROM OPERATING ACTIVITIES		
Net income after income taxes	1,538,775	1,565,591
ADJUSTMENT FOR :		
Depreciation, amortization and other impairment		
Impairment on bonds, equities, loans and other assets		
Net gains on investments		
Charges for provisions		
Unrealized gains or losses of revisions to expectations of future income		
Income from associates (except dividends received)		
Dividends received from associates		
Deferred taxes		
Other adjustments		
Changes in operating assets and liabilities	422,018,636	-92,729,675
NET CASH PROVIDED BY OPERATING ACTIVITIES	423,557,411	-91,164,084
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets		
Sale of fixed assets		
Acquisitions of unconsolidated equity shares		
Sales of unconsolidated equity shares		
Acquisitions of subsidiaries and of business units		
Sales of subsidiaries and of business units		
NET CASH PROVIDED BY INVESTING ACTIVITIES		
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of new shares		
Reimbursement of capital		
Issuance of subordinated and convertible debt		
Reimbursement of subordinated and convertible debt	-100,000,000	
Purchase of treasury shares		
Sales of treasury shares		
Dividend paid	-3,500,000	-3,210,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	-103,500,000	-3,210,000
Effect of exchange rates changes on cash and cash equivalents		
CASH & CASH EQUIVALENT AT THE BEGINNING OF PERIOD	106,914,501	218,744,860
NET CASH PROVIDED BY OPERATING ACTIVITIES	423,557,411	-91,164,084
NET CASH PROVIDED BY INVESTING ACTIVITIES		
NET CASH PROVIDED BY FINANCING ACTIVITIES	-103,500,000	-3,210,000
EFFECT OF EXCHANGE RATES CHANGES ON CASH AND CASH EQUIV.		
CASH & CASH EQUIVALENT AT THE END OF PERIOD	426,971,912	124,370,776

8 BELFIUS BANK SA/NV

(Annex XI of Regulation (EC) 809/2004)

8.1 GENERAL INFORMATION

8.1.1 BELFIUS BANK profile

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

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

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

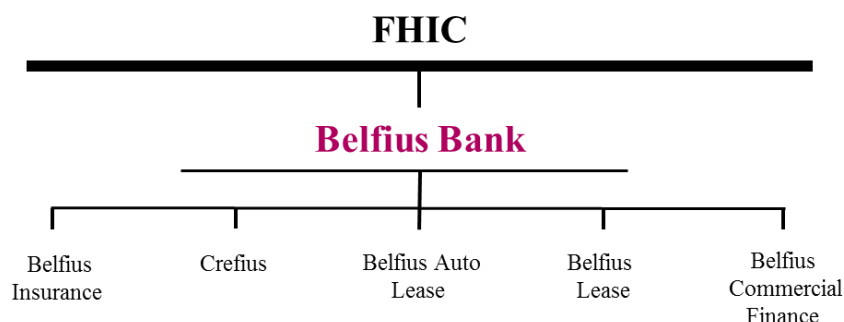
Following the aggravation of the sovereign debt crisis and, more generally, the hardening of the macroeconomic environment, Dexia SA/NV faced increased pressures on its liquidity. Against that deteriorating economic background and considering (a) the risks caused by the situation of the Dexia group to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

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

The purchase of Dexia Bank Belgium SA/NV was finalised on 20 October 2011. Since then, the Federal Holding and Investment Company (“FHIC”), acting on behalf of the Belgian federal state (based upon the Royal Decree of 16 September 2011 entrusting the FHIC with a task within the meaning of Article 2 §3 of the Law of 2 April 1962 relating to the FHIC and to regional investment companies), holds 100% of the shares of Dexia Bank Belgium SA/NV. All ties between BELFIUS BANK and the Dexia group are progressively being unwound, especially the funding still granted to Dexia entities. BELFIUS BANK's remaining exposure to Dexia amounted to EUR 28 billion at the end of June 2012 and is fully secured. Full disclosure about the remaining cash exposure to Dexia can be found in the 1H 2012 presentation to investors available on the website of BELFIUS BANK (www.belfius.be/financial/NL/index.aspx and www.belfius.be/financial/FR/index.aspx and). On 15 November 2012, the FHIC has transferred the possession of 5,000 shares (on 359,412,616) to its daughter company Certi-Fed NV.

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

Since 1 March 2012 Dexia Bank Belgium SA/NV has been operating under the brand name of “BELFIUS BANK and Insurance”. The legal name of the company was changed to BELFIUS BANK on 11 June 2012.



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

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

(A) Retail and commercial banking

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

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

The investment offer is made taking into account the outcome of the specific client risk assessment, which shows the level of risk a client is willing to take. The investor portraits range from fixed to protected, tactical or dynamic. Each portrait allows for a corresponding range of specific products to be offered in line with the level of risk acceptable to the client. For wealthy clients, discretionary management and advisory packages have been developed, as well as financial estate planning packages.

As for credits, BELFIUS BANK offers mortgage loans for the purchase of land or construction and/or house or apartment conversions with different formulae: fixed rate, semi-fixed or variable rate, mainly for terms of 15, 20, 25 or 30 years. Consumer loans include the car purchase package and its green variant (for instance when the car

has lower emission due to specific ecological features), green loans, personal loans and budget lines (i.e. current account overdrafts). The self-employed and small enterprises can obtain traditional credit in the form of investment loans, straight loans and loans for the advanced payment of professional withholding tax.

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

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

“Belfius Direct Net” is an internet transaction portal offering all products and services and acting as a vital supplement to the country-wide branch network.

After a difficult year in 2011, marked by the economic environment and by the situation of the Dexia group, customer confidence was regained in the first half of 2012. This resulted in an increase of customer investments to EUR 91 billion (of which EUR 61.5 billion on-balance-sheet and EUR 29.7 billion off-balance-sheet). As at the end of June 2012, outstanding savings accounts amounted to EUR 31.2 billion – a rise of almost 7% in comparison with the end of December 2011.

Evolution customer investments (*)			
(EUR bn)			
	June 11	Dec .11	June 12
RCB - clients	64.3	60.0	61.5
(*) on balance sheet products			

As for the granting of loans, BELFIUS BANK granted EUR 1.4 billion of mortgage loans and EUR 220 million of consumer loans. Additionally, during the same period, BELFIUS BANK issued EUR 1.1 billion of credit facilities to SMEs, the self-employed and the liberal professions. In order to promote the creation of companies, the bank signed, with the European Investment Fund, an extensive guarantee agreement, covering up to total loans of EUR 450 million for starters in Belgium over the next two of years.

Further performances of note were posted by MasterCard Prepaid (more than 10 000 cards in just one month), the Travel App (more than 23,000 downloads in two months) and the Mobile Banking application (more than 50,000 contracts in one year) – evidence of the changes in Belgian banking expectations and habits.

(B) Public and wholesale banking

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

- *public banking and social profit*

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

“**Immo Line**” groups a wide range of finance packages ranging from classic finance to public-private partnerships tailored to the size of the particular public or social client and the desired level of ancillary assistance. This wide range includes specialist services such as real estate loans for the implementation of real estate projects, housing certificates offering senior citizens the opportunity to participate in the funding of residential services, public-private partnerships and existing asset management.

“**Energy Line**” encompasses solutions for a green automobile fleet (“**Green Fleet**”) and green IT facilities (“**Green IT**”), the latter being a formula for cogeneration systems and solar panels. In 2012, BELFIUS BANK benefited from a special credit line provided by the European Investment Bank to fund innovative projects in renewable energy or energy performance.

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

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

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

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

A team of public bankers and relationship managers for the public and social sectors establish and maintain contacts with clients in the relevant sectors. BELFIUS BANK regularly organises seminars and strategy breakfasts on topics of interest for their clients which highlights BELFIUS BANK’s expertise and the added value it may create. Each year, BELFIUS BANK also publishes studies on the financial situation of the various local authorities and of general, university and psychiatric hospitals.

- *corporate banking*

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

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

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

Public and Wholesale Banking activity was sustained in the first half of 2012. There has been a strong recovery of funding since the separation of the Group Dexia. Deposits amounted to EUR 17.8 billion at the end of June 2012, up 3% on the end of 2011.

Evolution customer investments (*)			
(EUR bn)			
	June 11	Dec .11	June 12
PWB - clients	16.9	17.2	17.8
<i>(*) on balance sheet products</i>			

As for the granting of loans, BELFIUS BANK booked EUR 1.6 billion of loans to the public & social sector in the first half of 2012. Loans granted to corporates were stable during the period, at EUR 240 million.

During the first half of 2012, Belfius was, in particular, confirmed as cash contractor for the Walloon Region for the period 2013-2017, a function it also exercises on behalf of the French-speaking Community, Brussels-Capital Region and the German-speaking Community as well as many other public bodies. Finally, with respect to project financing, Belfius took part, in particular, in the consortial financing of the offshore wind farm Northwind at the North Sea, confirming its wish to continue to contribute to the development of renewable energy in Belgium.

(C) Insurance

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

Belfius Insurance SA/NV combines the advantages of *Les AP Assurances/DVV Verzekeringen SA/NV*, an exclusive network of agents (principally non-life) with a bank-insurance approach via the BELFIUS BANK network, and occupies the fifth place on the insurance market in Belgium with a total market share of almost 8% (10% in life and 5% in non-life). This multi-channel approach is enhanced by using the services of Corona Direct SA/NV, a direct insurer.

In the first half-year, insurance activities – both life and non-life – grew, through all distribution channels in Belgium (bank-insurance, the DVV network, Wholesale, Direct).

In **Life insurance**, gross written premiums amounted to EUR 975 million during 1H 2012.

Life insurance reserves increased further, from EUR 19.1 billion at the end of 2011 to EUR 19.5 billion at the end of June 2012.

The growth of the **non-Life activities** has its roots in price-optimising and bigger volumes.

Gross written premiums stood at EUR 291 million in the first half of 2012, up 5% on the same period last year. Higher gross written premiums resulted in an improvement of the combined ratios.

8.1.2. BELFIUS BANK's commitments

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

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

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

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

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

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

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

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

3. BELFIUS BANK supports clear and transparent communication

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

8.1.3. Recent developments

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

1. Profitability

In the first half of 2012, BELFIUS BANK reported a net income group share of EUR 252 million, partly due to some important one-off items.

Those items included a capital gain of approximately EUR 430 million after tax stemming from the buy-back of subordinated and hybrid capital (Tier 2 and Tier 1) issuances of BELFIUS BANK, partially offset by:

- an impairment of EUR 216 million as a result of de-risking actions within the investment portfolio, mainly the sale of GIIPS and CEE government bonds, both in bank and insurance;
- additional provisioning for legacy activities (EUR -101 mio net impact).

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

2. Exposure to PIIGS

BELFIUS BANK has in the first half-year substantially reduced its concentration risk on certain PIIGS countries despite very stressed market conditions, especially from the second quarter of 2012 onwards. Accordingly, outstanding Greek and Spanish government bonds have been reduced to nil, and outstanding Portuguese government bonds to EUR 74 million at the end of June 2012. At the same date, EUR 3.1 billion of assets from the investment portfolio have been disposed of, of which EUR 2 billion at the level of the bank and EUR 1.1 billion at the level of the insurance company.

Outstanding exposure on sovereign GIIPS

(EUR m)	31/12/2010	31/12/2011	30/06/2012	△ 30/06/2012 31/12/2011
Portugal	336	253	73	-71%
Ireland	326	352	203	-42%
Greece	1,810	670	0	-100%
Spain	1,225	853	0	-100%
Subtotal	3,697	2,128	276	-87%
Italy	5,659	4,355	4,138	-5%
Total	9,356	6,483	4,414	-32%

Note: the table above presents the credit risk measure MCRE (Maximum Credit Risk Exposure). In case of bonds classified in the available-for-sale category, the MCRE corresponds to the fair value, after deduction of specific provisions

Total GIIPS exposure stood at EUR 4.4 bn as at the end of June 2012, a significant decrease with 32% compared to Dec. 2011, mainly driven by a 87% reduction of total exposure on Portugal, Ireland, Greece and Spain.

Exposure on Spanish & Greek government bonds reduced to nil.

3. Liquidity Position see risk factors

4. Funding given to Dexia SA/NV see risk factors

8.1.4. Ratings

As at 8 November 2012, BELFIUS BANK had the following long-term ratings:

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

8.1.5. Other information

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

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

8.1.6. Management and Supervision of BELFIUS BANK

Composition of the management board and the board of directors

Management board

The management board has currently nine members who have all acquired experience in the banking and financial sector. The members of the management board constitute a collegial body.

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

Name	Position	Other major functions performed outside BELFIUS BANK
Jozef Clijsters	chairman	none
Marc Lauwers	vice chairman	none
Ann De Roeck	member	none
Dirk Gyselincx.....	member	none
Eric Hermann.....	member	none
Roger Leyssens.....	member	none
Luc Van Thielen.....	member	none

<u>Name</u>	<u>Position</u>	<u>Other major functions performed outside BELFIUS BANK</u>
Dirk Vanderschrick	member	none
Johan Vankelecom	member	none

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

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

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

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

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

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

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

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

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

Board of directors

In accordance with Belgian law governing Belgian *naamloze vennootschappen/sociétés anonymes* and the articles of association of BELFIUS BANK, BELFIUS BANK is administered by its board of directors, which is entitled to take any action the right to which is not expressly reserved to the general meeting of shareholders of BELFIUS BANK by law or the articles of association of BELFIUS BANK. In accordance with Belgian banking law, the board of directors may delegate all or part of its powers, provided that such delegation does not affect either the determination of general policy or any actions which are reserved to the board of directors by law.

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

Pursuant to the articles of association of BELFIUS BANK, the board of directors of BELFIUS BANK is composed of a minimum of 3 members appointed for maximum terms of four years,

and includes members with professional banking experience proposed by the board of directors of BELFIUS BANK. The table below sets forth the names of the directors, their position within BELFIUS BANK and the other major functions they perform outside BELFIUS BANK. The board of directors counts currently 18 members.

The executive members of the board of directors shall withdraw on the date of the general shareholders' meeting held in the year in which they reach the age of 65.

The non-executive members of the board of directors shall withdraw on the date of the general shareholders' meeting held in the year in which they reach the age of 70.

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

The business address for the members of the board of directors is Boulevard Pachéco 44, B-1000 Brussels, Belgium.

Composition at 18 December 2012

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

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

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

Ms Durez resigned as of 5 September 2012 as member of the management board. Since 5 September 2012 the board consists of 18 members, 7 of whom are independent directors.

The board of directors of 4 December 2012 has appointed with immediate effect Ms. Carine Doutrelepon as director of BELFIUS BANK.

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

Name	Position	Other major functions performed outside BELFIUS BANK
Alfred Bouckaert	Chairman, independent director	none
Jozef Clijsters	chairman of the management board of BELFIUS BANK	none
Marc Lauwers	vice chairman of the management board of BELFIUS BANK responsible for retail and commercial banking	none
Johan Vankelecom	member of the management board of BELFIUS BANK chief financial officer responsible for finance, research and balance sheet management	none
Ann De Roeck	member of the management board of BELFIUS BANK secretary general responsible for the legal and tax departments, the	none

<u>Name</u>	<u>Position</u>	<u>Other major functions performed outside BELFIUS BANK</u>
	department for wealth analysis & planning and the general secretariat & participations	
Dirk Gyselincx.....	member of the management board of BELFIUS BANK responsible for public and wholesale banking	none
Dirk Vanderschrick.....	member of the management board of BELFIUS BANK responsible for treasury and financial markets	none
Eric Hermann.....	member of the management board of BELFIUS BANK chief risk officer	none
Roger Leyssens.....	member of the management board of BELFIUS BANK responsible for the management of human resources	none
Luc Van Thielen.....	member of the management board of BELFIUS BANK chief operations officer responsible for IT, operations, facility management and organisation	none
Marie Gemma Dequae.....	member of the Board of Directors of BELFIUS BANK, independent director	former risk manager of the Bekaert Group former president of the <i>Federation of European Risk Management Associations</i>
Wouter Devriendt.....	member of the Board of Directors of BELFIUS BANK	independent consultant at the Federal Participations and Investment Company (FPIC)
Carine Doutrelepon	member of the Board of Directors of BELFIUS BANK	Lawyer and law professor at the ULB.
Pierre Francotte.....	member of the Board of Directors of BELFIUS BANK, independent director	former CEO of Euroclear and professor at the <i>Solvay Brussels School of Economics and Management</i>
Guy Quaden.....	member of the Board of Directors of BELFIUS BANK, independent director	former governor of the National Bank of Belgium
Chris Sunt.....	member of the Board of Directors of BELFIUS BANK	lawyer
Lutgart Van Den Berghe	member of the Board of Directors of BELFIUS BANK, independent director	executive director at Guberna and professor at the <i>Vlerick Leuven Ghent Management School</i>

<u>Name</u>	<u>Position</u>	<u>Other major functions performed outside BELFIUS BANK</u>
Rudi Vander Vennet	member of the Board of Directors of BELFIUS BANK, independent director	professor of financial economics and banking
Serge Wibaut.....	member of the Board of Directors of BELFIUS BANK, independent director	independent consultant

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

Specialised committees set up by the board of directors

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

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

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

Appointments and compensation committee

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

<u>Name</u>	<u>Position</u>
Alfred Bouckaert	Chairman chairman of the board of directors of BELFIUS BANK
Lutgart Van Den Berghe ...	member director of BELFIUS BANK
Wouter Devriendt	member director of BELFIUS BANK

Three independent directors sit on the appointments and compensation committee. The chairman Martine Durez resigned as of 5 September and a new member of the board of directors has to be appointed. The committee is constituted in such a manner as to enable it to formulate a competent and independent judgment of the policies and practices of remuneration and on the incentives created for the management of risks, capital and reserves and liquidity.

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

- remuneration policy;
- the compensation paid to the chairman of the management board and, at its proposal, the compensation of the members of the management board; and

- the remuneration report published in the annual report.

Audit committee

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

<u>Name</u>	<u>Position</u>
Guy Quaden	chairman director of BELFIUS BANK
Chris Sunt.....	member director of BELFIUS BANK
Rudi Vander Vennet.....	member director of BELFIUS BANK

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

Strategy committee

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

<u>Name</u>	<u>Position</u>
Alfred Bouckaert	chairman chairman of the board of directors of BELFIUS BANK
Jozef Clijsters	Chairman of the management board of BELFIUS BANK
Wouter Devriendt.....	member director of BELFIUS BANK
Guy Quaden.....	member director of BELFIUS BANK
Serge Wibaut.....	member director of BELFIUS BANK

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

Capital & risk management committee

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

Name	Position
Rudi Van der Vennet	chairman director of BELFIUS BANK
Serge Wibaut.....	member director of BELFIUS BANK
Alfred Bouckaert	member chairman of the board of directors of BELFIUS BANK
Pierre Francotte.....	member director of BELFIUS BANK

To assist the board of directors in the following tasks:

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

8.2 SELECTED FINANCIAL INFORMATION

The following tables summarise (i) the audited consolidated balance sheet, consolidated income statement and consolidated cash flow statement of BELFIUS BANK for the periods ending 31 December 2010 and 31 December 2011 and (ii) the unaudited consolidated balance sheet of BELFIUS BANK for the period ending 30 June 2012 and the unaudited consolidated income statement for the periods ending 30 June 2011 and 30 June 2012.

Consolidated Balance Sheet

	31 December		30 June
	2010	2011	2012
	<i>(EUR '000)</i>		<i>(EUR '000)</i>
Assets	Audited		Unaudited
Cash and balances with central banks	1,460,908	713,586	3,521,477
Loans and advances due from banks	67,936,784	46,174,903	46,245,552
Loans and advances to customers	99,472,471	91,933,190	90,724,963
Financial assets measured at fair value through profit or loss	6,320,036	5,500,634	5,269,150
Financial investments	36,475,085	44,911,922	31,950,696
Derivatives	30,313,229	34,933,281	36,744,111

	31 December		30 June
	2010	2011	2012
Fair value revaluation of portfolio hedge	1,812,004	3,198,807	3,822,442
Investments in associates	277,969	93,154	92,539
Tangible fixed assets	1,241,293	1,401,028	1,355,937
Intangible assets and goodwill	229,235	218,533	212,790
Tax assets	953,365	2,062,324	1,522,758
Other assets	1,393,092	1,344,716	1,544,881
Non current assets held for sale	16,664	22,965	21,416
Total assets	247,902,135	232,509,043	223,028,712

	31 December		30 June
	2010	2011	2012
	<i>(EUR '000)</i>		<i>(EUR '000)</i>
Liabilities	Audited		Unaudited
Due to banks	62,368,244	59,415,413	41,341,869
Customer borrowings and deposits	82,876,531	70,264,724	78,409,440
Financial liabilities measured at fair value through profit or loss			10,991,688
Derivatives	34,902,906	41,372,637	43,008,270
Fair value revaluation of portfolio hedge	(42,023)	30,204	59,760
Debt securities	28,957,883	24,361,727	23,314,363
Subordinated debts	2,715,641	2,685,467	1,225,999
Technical provisions of insurance companies	15,619,891	16,786,233	17,240,270
Provisions and other obligations	900,859	977,211	932,588
Tax liabilities	34,936	38,449	77,801
Other liabilities	1,920,469	2,219,740	2,231,721
Liabilities included in disposal groups held for sale	2	0	0
Total liabilities	242,450,006	229,233,817	218,833,770

	31 December		30 June
	2010	2011	2012
	<i>(EUR '000)</i>		<i>(EUR '000)</i>
Equity	Audited		Unaudited
Subscribed capital	3,458,066	3,458,066	3,458,066

	31 December		30 June
	2010	2011	2012
Additional paid-in capital	209,232	209,232	209,232
Treasury shares	0	0	0
Reserves and retained earnings	3,604,061	4,290,275	2,923,672
Net income for the period	678,322	(1,366,816)	252,407
Core shareholders' equity	7,949,681	6,590,757	6,843,377
Gains and losses not recognised in the statement of income	(2,517,932)	(3,331,416)	(2,909,405)
– Available-for-sale reserve on securities	(1,247,197)	(2,368,136)	-
– Frozen fair value adjustment of financial assets reclassified to L&R	(1,254,618)	(952,603)	-
– Other reserves	(16,117)	(10,677)	-
Total shareholders' equity	5,431,749	3,259,341	3,933,972
Non-controlling interests	20,380	15,865	16,565
Discretionary participation features of insurance contracts	0	20	244,405
Total equity	5,452,129	3,275,226	4,194,943
Total liabilities and equity	247,902,135	232,509,043	223,028,712

	31 December		30 June	
	2010	2011	2011	2012
	<i>(EUR '000)</i>		<i>(EUR '000)</i>	
Consolidated Statement of Income	Audited		Unaudited	
Interest income	25,238,192	26,888,549	13,191,717	11,581,207
Interest expense	(23,128,386)	(24,747,323)	(12,140,757)	(10,457,048)
Dividend income	66,133	69,218	50,583	37,237
Net income from associates	28,672	(2,739)	15,505	846
Net income from financial instruments at fair value through profit or loss	(28,264)	(60,765)	75,203	(71,376)
Net income on investments	207,150	(2,043,040)	(550,464)	377,259
Fee and commission income	489,436	487,152	247,737	225,248
Fee and commission expense	(121,060)	(154,922)	(63,511)	(62,471)
Premiums and technical income from insurance activities	3,449,474	2,698,278	1,787,088	1,386,661
Technical expense from insurance activities ⁽¹⁾	(3,891,767)	(3,029,733)	(2,006,816)	(1,625,625)
Other net income	76,715	(38,407)	8,563	(33,424)
Income	2,386,295	66,268	614,849	1,358,515

	31 December		30 June	
	2010	2011	2011	2012
Staff expense	(669,167)	(660,055)	(307,072)	(318,314)
General and administrative expense	(502,982)	(528,474)	(232,352)	(239,418)
Network costs ⁽¹⁾	(308,014)	(305,480)	(151,757)	(149,290)
Depreciation & amortisation	(115,768)	(116,281)	(58,436)	(56,205)
Expenses	(1,595,931)	(1,610,290)	(749,618)	(763,227)
Gross operating income	790,364	(1,544,022)	(134,769)	595,288
Impairment on loans and provisions for credit commitments	(26,371)	(555,289)	(16,686)	(142,139)
Impairment on tangible and intangible assets	(12)	(46,965)	(10,756)	211
Impairment on goodwill	0	0	0	0
Provisions for legal litigations	(1,899)	572	798	0
Net income before tax	762,082	(2,145,704)	(161,412)	453,360
Tax expense	(81,601)	778,791	61,961	(200,426)
Net income of continuing operations	680,481	(1,366,913)	(99,451)	252,934
Discontinued operations (net of tax)	0	0	0	0
Net income	680,481	(1,366,913)	(99,451)	252,934
Attributable to non-controlling interests	2,159	(97)	(544)	(527)
Attributable to equity holders of the parent	678,322	(1,366,816)	(99,995)	252,407

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

Consolidated Cash Flow Statement

	31 December	
	2010	2011
	(EUR '000)	
Cash flow from operating activities	Audited	
Net income after income taxes	680,481	(1,366,913)
<i>Adjustment for:</i>		
Depreciation , amortization and other impairment	130,930	179,977
Impairment on bonds , equities, loans and other assets	(130,870)	1,860,848
Net gains or losses on investments	(71,119)	211,373
Charges for provisions (mainly insurance provision)	2,201,528	1,275,893
Unrealized gains or losses	(44,996)	20,644
Income from associates	(28,672)	2,739
Dividends from associates	31,384	38,474
Deferred taxes	43,244	(789,719)
Other adjustments	912	151
Changes in operating assets and liabilities	7,621,874	(11,808,865)
Net cash provided (used) by operating activities	10,434,696	(10,375,398)

	31 December	
	2010	2011
	(EUR '000)	
Cash flow from investing activities	Audited	
Purchase of fixed assets	(293,540)	(425,375)
Sales of fixed assets	260,312	114,951
Acquisitions of unconsolidated equity shares	(1,049,261)	(461,840)
Sales of unconsolidated equity shares	1,509,824	807,923
Acquisitions of subsidiaries and of business units	0	0
Sales of subsidiaries and of business units	(12,857)	19,577
Net cash provided (used) by investing activities	414,478	55,236

	31 December	
	2010	2011
	<i>(EUR '000)</i>	
	Audited	
Cash flow from financing activities		
Issuance of new shares	0	0
Issuance of subordinated debts	1,354	0
Reimbursement of subordinated debts	(315,482)	(101,888)
Purchase of treasury shares	0	0
Sale of treasury shares	0	0
Dividends paid	(4,327)	(911)
Net cash provided (used) by financing activities	(318,455)	(102,799)
Net cash provided	10,530,719	(10,422,961)
Cash and cash equivalents at the beginning of the period	27,504,177	38,035,992
Cash flow from operating activities	10,434,696	(10,375,398)
Cash flow from investing activities	414,478	55,236
Cash flow from financing activities	(318,455)	(102,799)
Effect of exchange rate changes and change in scope of consolidation on cash and cash equivalents	1,096	0
Cash and cash equivalents at the end of the period	38,035,992	27,613,031
Additional information		
Income tax paid	5,620	(11,750)
Dividends received	97,517	107,692
Interest received	25,708,999	28,200,125
Interest paid	(24,533,728)	(25,910,012)

9 TERMS AND CONDITIONS OF THE NOTES

(Annex V.4 of Regulation (EC) 809/2004)

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.

The BELFIUS FUNDING Notes are issued under an agency agreement dated 24 December 2012 (as amended or supplemented as at the date of issue of the Notes (the “Issue Date”), referred to as the “Agency Agreement”), between BELFIUS FUNDING as Issuer, BELFIUS BANK as Guarantor, the Fiscal Agent, the Principal Paying Agent, the Paying Agent (together with the Principal Paying Agent the “Paying Agents”) and the Calculation Agent.

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.

9.1 FORM, DENOMINATION AND TITLE

The BELFIUS FUNDING Notes are issued in bearer form (“Bearer Notes”) in the Denominations specified in the relevant Final Terms.

The Denomination of BELFIUS FUNDING Notes will be at least EUR 1,000. They will be represented by a permanent global note, deposited with BIL as common depositary for Euroclear and Clearstream Luxembourg and will not be exchangeable for definitive notes, unless specified otherwise in the relevant Final Terms.

The BELFIUS BANK Notes are issued in dematerialised form (“Dematerialised Notes”) in the Denomination(s) specified in the relevant Final Terms.

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

Transfer of Dematerialised Notes will be effected only through records maintained by the BNB System, BELFIUS BANK, Euroclear and Clearstream, Luxembourg or other BNB System participants and in accordance with the applicable procedures of the BNB System, Euroclear and Clearstream, Luxembourg or other BNB System participants.

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

Title to the BELFIUS FUNDING Notes shall pass by transfer to or from the securities account. In these Terms and Conditions, the “Noteholder” means the person who has the Notes on his or her securities account.

9.2 PAY OFFS

Introduction

The pay-offs allowed in the Note Issuance Program can be divided into 5 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:

- 1) structures with a periodic payment;
- 2) structures with one payment at maturity with cap;
- 3) structures with one payment at maturity without cap;
- 4) structures with a sum of periodic calculations and payment at maturity; and
- 5) structures with a periodic payment and physical settlement.

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. 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, 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]:

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

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

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

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 : Underlying₁ – Underlying₂

- 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) $\frac{Final\ Price}{Initial\ Price}$
- f) $\sum_{z=1}^w \frac{1}{w} \times \max \left(U\%, \min \left(\left(\frac{Final\ Price_z - Initial\ Price_z}{Initial\ Price_z} \right), Z\% \right) \right)$, with or without reset of the initial price

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

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

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

Redemption Amount :

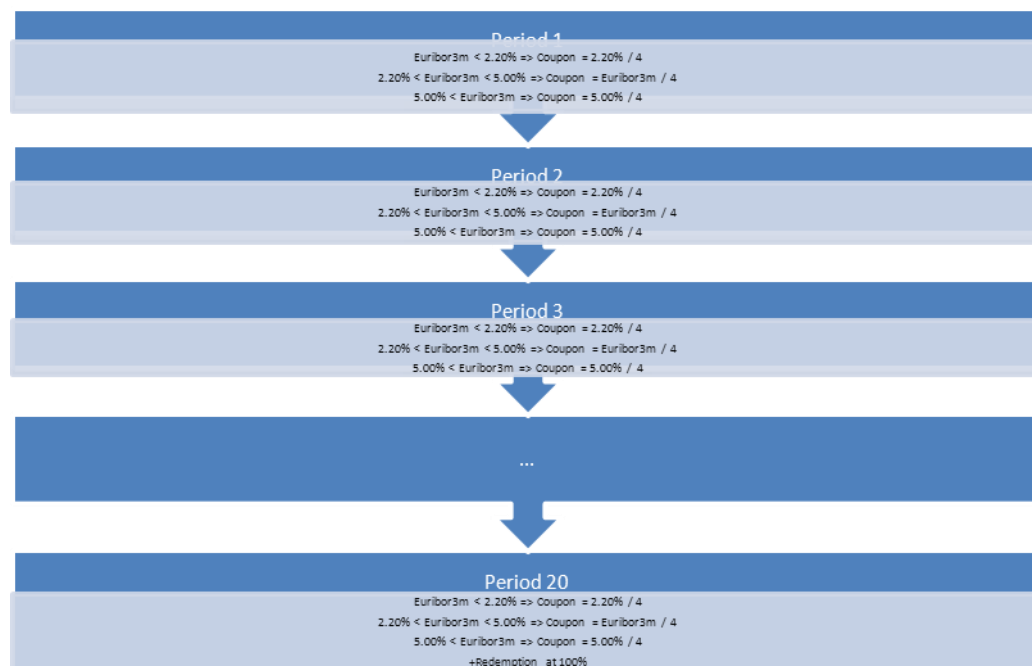
1. Not Applicable
2. Underlying: Euribor3months
3. Single fixing 2 Business Days before start of the Interest Period (subformula 3.a) is applicable).
4. Not applicable
5. Not applicable
6. Bonus = 0%
7. Participation Rate = 0%
8. X% = 0%
9. Y% = 0%
10. No Daycount

The formula for the Redemption Amount will be

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

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

$$= Denomination$$



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 $\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$ (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: = $-\sum_{w=1}^{i-1} \text{Formula}_w$ 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

$$(\text{Participation Rate}_i \times \max(X\%_i, \min(\text{Performance}_i, Y\%_i)) + \text{Bonus}_i)$$

$$= (i \times \max(7.50\%, \min(\text{Performance}_i, 7.50\%))) - \sum_{w=1}^{i-1} \text{Formula}_w$$

➡ = $(i \times (7.50\%)) - \sum_{w=1}^{i-1} \text{Formula}_w$ If Performance_i < -30%,

Formula for the Periodic Payments will be

$$(\text{Participation Rate}_i \times \max(X\%_i, \min(\text{Performance}_i, Y\%_i)) + \text{Bonus}_i)$$

$$= (0\% \times \max(0\%, \min(\text{Performance}_i, 0\%))) + 0\% = 0$$

➡ If Performance_i ≥ 0%, then the transaction terminates automatically (autocallable).

Formula for Redemption Amount will be:

$$\text{Denomination} + [\text{Denomination} \times (\text{Participation Rate}_i \times \max(X\%_i, \min(\text{Performance}_i, Y\%_i)) + \text{Bonus}_i)]$$

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

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

Redemption Amount:

1. Periods: 5
2. Underlying: SX5E
3. Performance will be $\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$ (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 = $-\sum_{w=1}^{i-1} \text{Formula}_w$ 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:

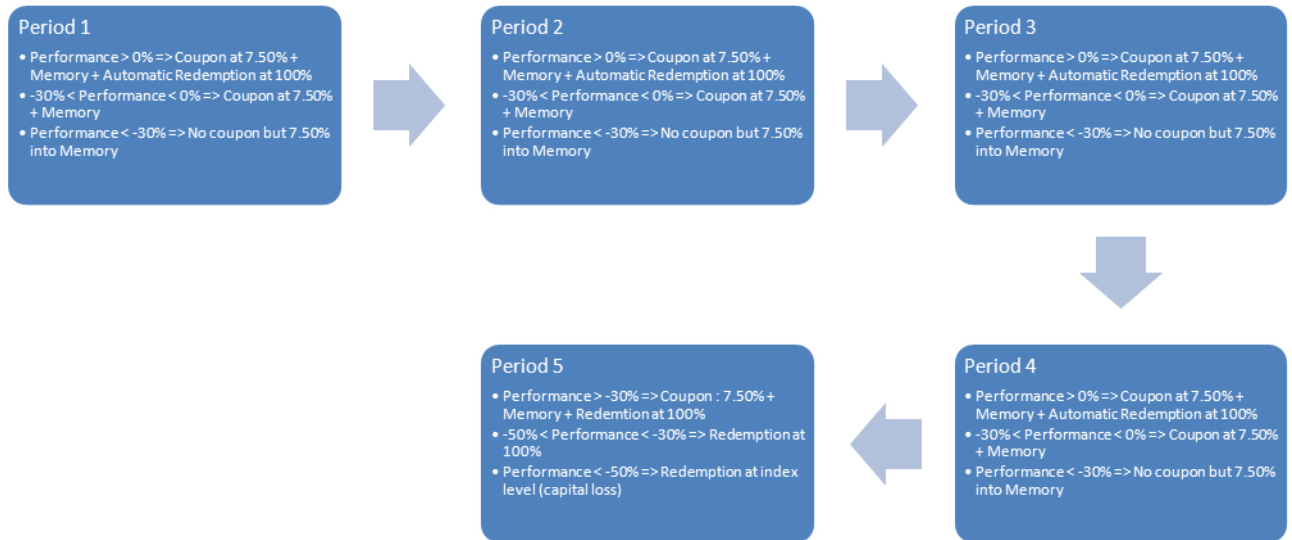
$$\begin{aligned} & \text{Denomination} + [\text{Denomination} \times (\text{Participation Rate}_i \times \max(X\%_i, \min(\text{Performance}_i, Y\%_i)) + \text{Bonus}_i)] \\ & = \\ & \text{Denomination} + \text{Denomination} \times [(5 \times \max(7.50\%, \min(\text{Performance}_i, 7.50\%))) - \sum_{w=1}^{i-1} \text{Formula}_w] \\ & = \text{Denomination} + \left[\text{Denomination} \times \left(i \times 7.50\% - \sum_{w=1}^{i-1} \text{Formula}_w \right) \right] \end{aligned}$$

➡ If Performance_i < -30% and ≥ -50%, then Formula_i will be:

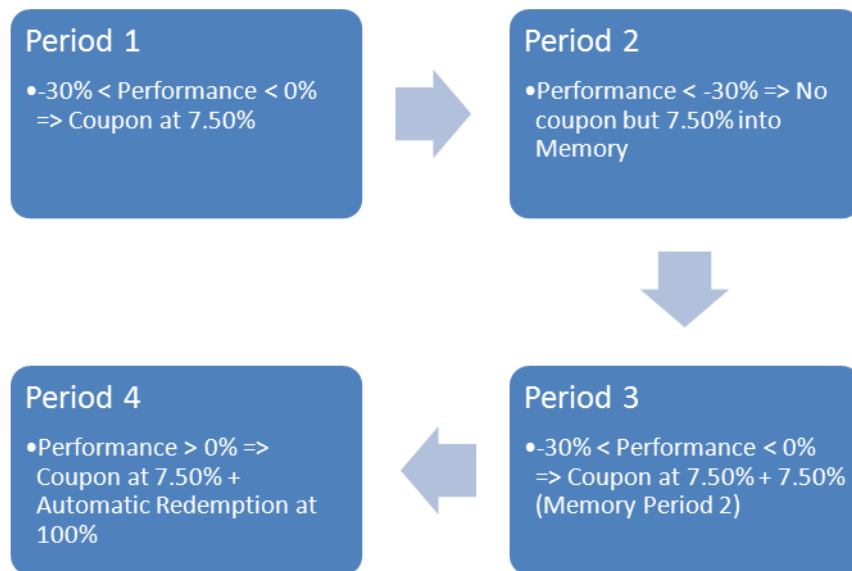
$$\begin{aligned} & \text{Denomination} + [\text{Denomination} \times (\text{Participation Rate}_i \times \max(X\%_i, \min(\text{Performance}_i, Y\%_i)) + \text{Bonus}_i)] \\ & = \text{Denomination} + [\text{Denomination} \times (0\% \times \max(0\%, \min(\text{Performance}_i, 0\%)) + 0\%)] \\ & = \text{Denomination} \end{aligned}$$

➡ If Performance_i < -50%, then Formula_i will be :

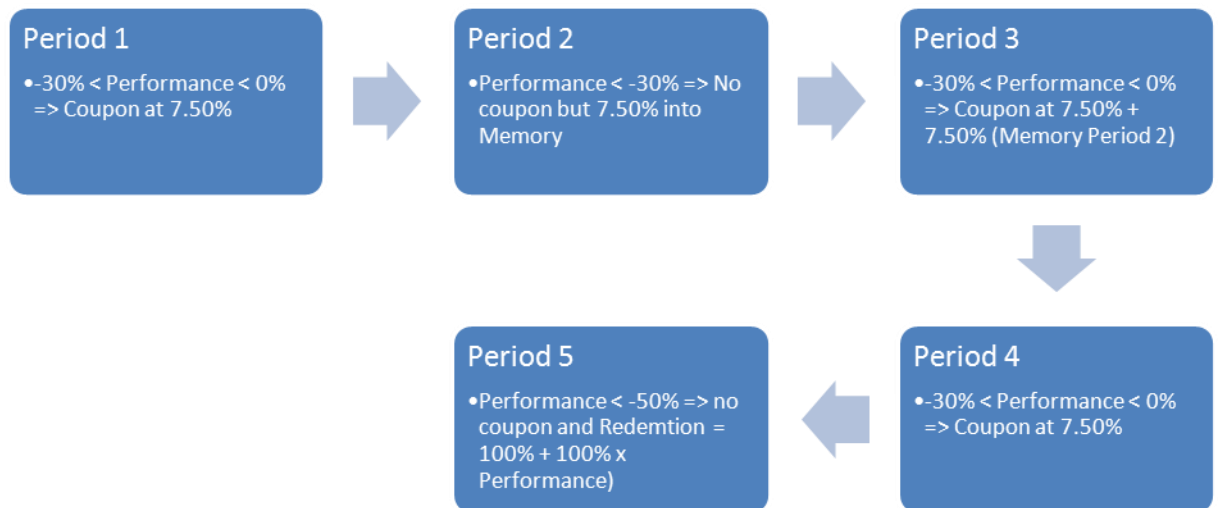
$$\begin{aligned} & \text{Denomination} + [\text{Denomination} \times (\text{Participation Rate}_i \times \max(X\%_i, \min(\text{Performance}_i, Y\%_i)) + \text{Bonus}_i)] \\ & = \text{Denomination} + [\text{Denomination} \times (100\% \times \max(-100\%, \min(\text{Performance}_i, 100\%)) + 0\%)] \end{aligned}$$



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 $\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$ (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

$$(\text{Participation Rate}_i \times \max(X\%_i, \min(\text{Performance}_i, Y\%_i)) + \text{Bonus}_i)$$

$$= (0\% \times \max(0\%, \min(\text{Performance}, 0\%)) + 5.50\%) = 5.50\%$$

Redemption Amount :

1. Periods: Not Applicable
2. Underlying: Eurostoxx 50 (SX5E)
3. Performance is $\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$ (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 \geq -40%;
100% if Performance $<$ -40%.
- 8. X% = 0% if Performance \geq -40%;
-100% if Performance $<$ -40%.
- 9. Y% = 0% if Performance \geq -40%;
100% if Performance $<$ -40%.
- 10. Daycount: 30/360, unadjusted, following

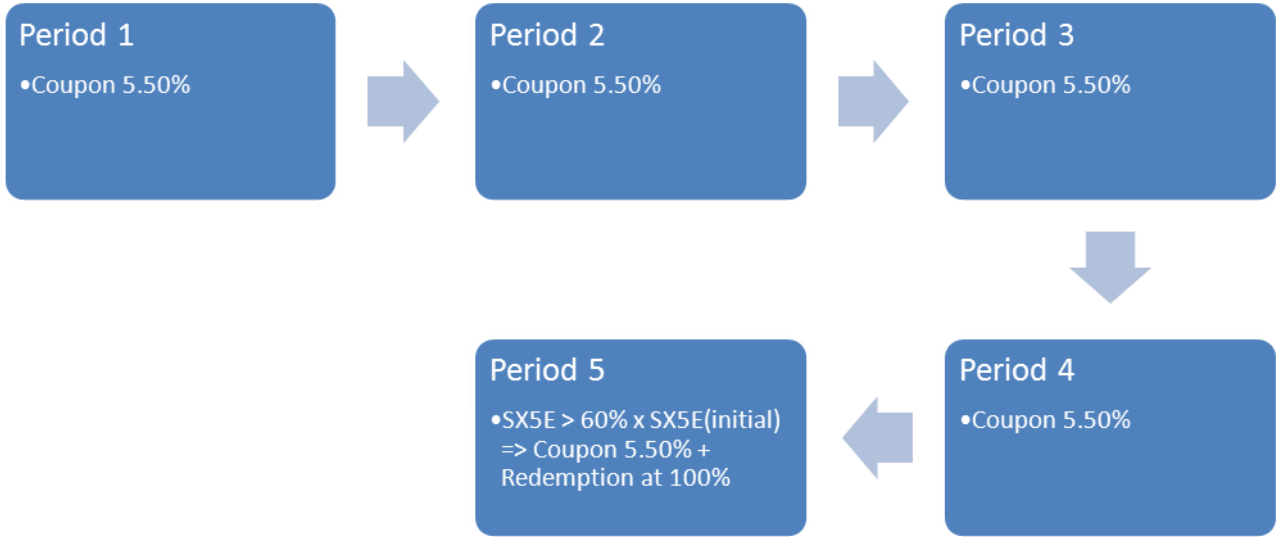
➔ If Performance \geq -40%, then formula for the Redemption Amount will be

$$\begin{aligned}
 & \text{Denomination} + [\text{Denomination} \times (\text{Participation Rate}_i \times \max(X\%_i, \min(\text{Performance}_i, Y\%_i)) + \text{Bonus}_i)] \\
 &= \text{Denomination} + [\text{Denomination} \times (0\% \times \max(0\%, \min(\text{Performance}_i, 0\%)) + 0\%)] \\
 &= \text{Denomination}
 \end{aligned}$$

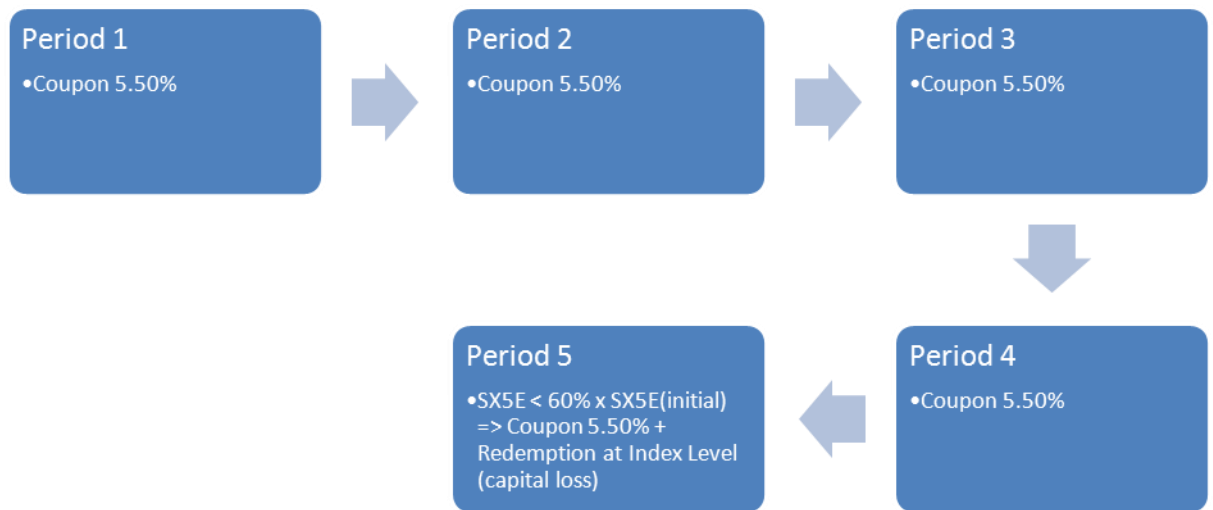
➔ If Performance $<$ -40%, then formula for the Redemption Amount will be

$$\begin{aligned}
 & \text{Denomination} + [\text{Denomination} \times (\text{Participation Rate}_i \times \max(X\%_i, \min(\text{Performance}_i, Y\%_i)) + \text{Bonus}_i)] \\
 &= \text{Denomination} + [\text{Denomination} \times (100\% \times \max(-100\%, \min(\text{Performance}_i, 100\%)) + 0\%)] \\
 &= \text{Denomination} + [\text{Denomination} \times \text{Performance}_i]
 \end{aligned}$$

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)

$$\text{Denomination} + [\text{Denomination} \times (\text{Participation Rate}_i \times \max(X\%_i, \min(\text{Performance}_i, Y\%_i)) + \text{Bonus}_i)]$$

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 : Underlying₁ – Underlying₂
 - c) $\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$, with or without reset of the initial price
 - d) $\frac{\text{Initial Price} - \text{Final Price}}{\text{Initial Price}}$, with or without reset of the initial price
 - e) $\frac{\text{Final Price}}{\text{Initial Price}}$
 - f) $\sum_{z=1}^w \frac{1}{w} \times \max\left(U\%_0, \min\left(\left(\frac{\text{Final Price}_z - \text{Initial Price}_z}{\text{Initial Price}_z}\right), Z\%_0\right)\right)$, with or without reset of the Initial Price

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.
 - 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:

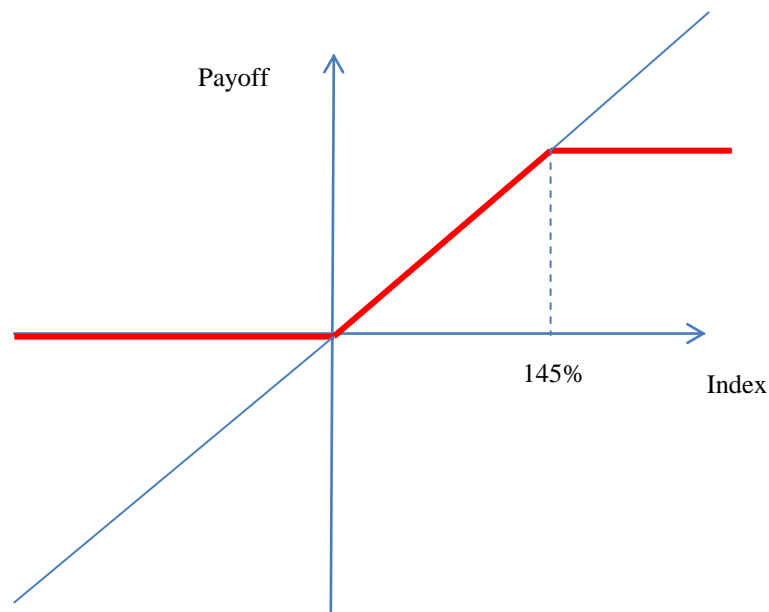
Redemption Amount :

1. Underlying : Eurostoxx 50 (SX5E)
2. Performance is $\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$ (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

$$\text{Denomination} + [\text{Denomination} \times (\text{Participation Rate}_i \times \max(X\%_i, \min(\text{Performance}_i, Y\%_i)) + \text{Bonus}_i)]$$

$$\text{Denomination} + [\text{Denomination} \times (100\% \times \max(0\%, \min(\text{Performance}, 45\%)) + 0\%)] =$$



Optimistic Scenario

Performance = 30% =>

$$\text{Denomination} + [\text{Denomination} \times (100\% \times \max(0\%, \min(30\%, 45\%)) + 0\%)] = 130\%$$

Pessimistic Scenario

Performance = -30%

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

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

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

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

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

➔ If CMS10y ≥ 2.10%, then

Formula for the Redemption Amount will be

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

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

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

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)
 $Denomination + [Denomination \times (Participation Rate_i \times \max(X\%, Performance_i) + Bonus_i)]$
 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 : $Underlying_1 - Underlying_2$
 - 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) $\frac{Final Price}{Initial Price}$
 - f) $\sum_{z=1}^w \frac{1}{w} \times \max\left(U\%, \min\left(\left(\frac{Final Price_z - Initial Price_z}{Initial Price_z}\right), Z\%\right)\right)$, with or without reset of the initial price

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
 - 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. 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 will 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 = $\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$ if Final Price is \geq Initial Price (Subdivision 2.c) is applicable), no Reset for the Initial Price
 $= \frac{\text{Final Price}}{\text{Initial Price}}$ if Final Price is $<$ Initial Price (Subdivision 2.c) 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 \geq Initial Price
 - 100% if Final Price is $<$ Initial Price
6. Participation Rate = 100% if Final Price is \geq Initial Price
 150% if Final Price is $<$ Initial Price
7. X% = 50% if Final Price is \geq Initial Price
 Not applicable if Final Price is $<$ Initial Price
8. Y% = not applicable
9. No daycount



If Final Price is \geq Initial Price

Formula for the Redemption Amount will be

$$\text{Denomination} + [\text{Denomination} \times (\text{Participation Rate}_i \times \max(X\%_i, \min(\text{Performance}_i, Y\%_i)) + \text{Bonus}_i)]$$

$$= \text{Denomination} + [\text{Denomination} \times (100\% \times \max(50\%, \min(\text{Performance}))) + 0\%]$$

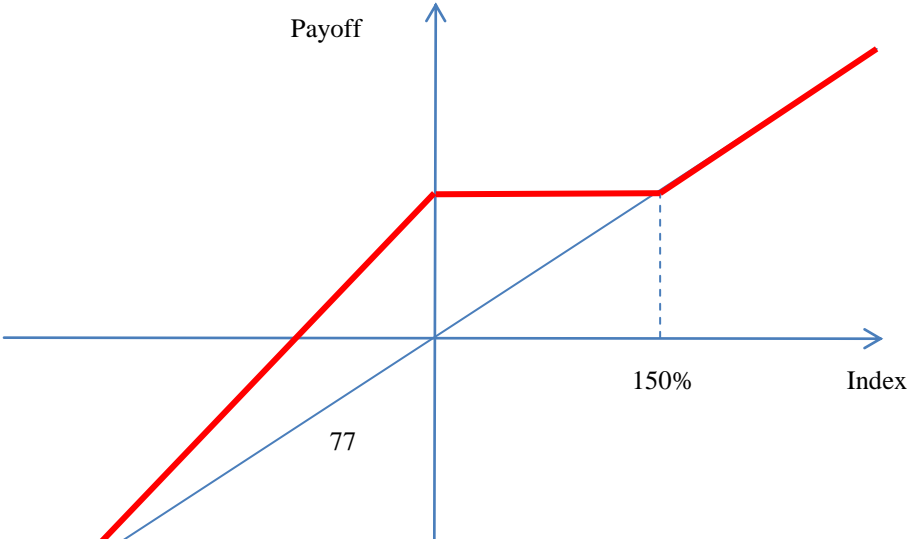


If Final Price is $<$ Initial Price then

Formula for the Redemption Amount will be

$$\text{Denomination} + [\text{Denomination} \times (\text{Participation Rate}_i \times \max(X\%_i, \min(\text{Performance}_i, Y\%_i)) + \text{Bonus}_i)]$$

$$= \text{Denomination} + [\text{Denomination} \times (150\% \times \max(\min(\text{Performance})) - 100\%)]$$



Optimistic Scenario

Final Price = 135% x Initial Price =>

$$\text{Denomination} + [\text{Denomination} \times (100\% \times \max(50\%, \min(35\%))) + 0\%] = 150\%$$

Pessimistic Scenario

Final Price = 40% x Initial Price =>

$$\text{Denomination} + [\text{Denomination} \times (150\% \times \max(\min(80\%) - 100\%))] = 90\%$$

2. Digital on CMS

Definition:

The Digital on CMS product is the combination of a classical 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

The formula for the Redemption Amount will be

$$\begin{aligned} & \text{Denomination} + [\text{Denomination} \times (\text{Participation Rate}_i \times \max(X\%_i, \min(\text{Performance}_i, Y\%_i)) + \text{Bonus}_i)] \\ & \quad \text{Denomination} + [\text{Denomination} \times (0\% \times \max(0\%, \min(\text{Performance}_i, 0\%)) + 25.20\%)] \\ & = \text{Denomination} + [\text{Denomination} \times (25.20\%)] \end{aligned}$$

➡ If CMS10y ≥ 2.10%, then

The formula for the Redemption Amount will be

$$\begin{aligned} & \text{Denomination} + [\text{Denomination} \times (\text{Participation Rate}_i \times \max(X\%_i, \min(\text{Performance}_i, Y\%_i)) + \text{Bonus}_i)] \\ & \quad \text{Denomination} + [\text{Denomination} \times (100\% \times \max(10.40\%, \min(10.40\%)) + 25.20\%)] \\ & = \text{Denomination} + [\text{Denomination} \times (10.40\% + 25.20\%)] \end{aligned}$$

Period 1

- $\text{CMS}_{10y} < 2.10\% \Rightarrow$
Redemption Price = $100\% + 25.20\% + 0\%$
- $\text{CMS}_{10y} > 2.10\% \Rightarrow 100\% + 25.20\% + 10.40\%$

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)

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

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 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: $\text{Underlying}_1 - \text{Underlying}_2$
 - c) $\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$, with or without reset of the initial price
 - d) $\frac{\text{Initial Price} - \text{Final Price}}{\text{Initial Price}}$, with or without reset of the initial price
 - e) $\frac{\text{Final Price}}{\text{Initial Price}}$
 - f) $\sum_{z=1}^w \frac{1}{w} \times \max \left(U\%, \min \left(\left(\frac{\text{Final Price}_z - \text{Initial Price}_z}{\text{Initial Price}_z} \right), Z\% \right) \right)$, with or without reset of the initial price

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.
- 12)

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.

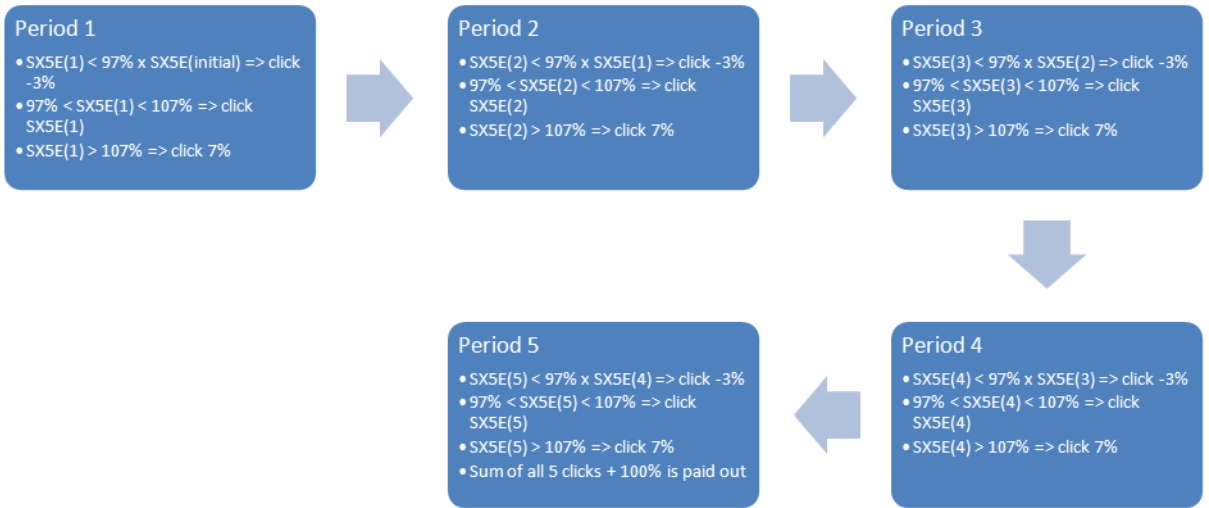
Product:

Redemption Amount :

1. Periods (n) : 5
2. Underlying : SX5E
3. Performance is $\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$ (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 :

$$\begin{aligned} & \text{Denomination} + \left[\text{Denomination} \right. \\ & \quad \left. \times \max \left(V\%, \sum_{i=1}^n (\text{Participation Rate}_i \times \max(X\%_i, \min(\text{Performance}_i, Y\%_i))) + \text{Bonus}_i \right) \right] \\ & = \text{Denomination} + \left[\text{Denomination} \times \max \left(0\%, \sum_{i=1}^5 (100\% \times \max(-3\%, \min(\text{Performance}_i, 7\%))) + 0\% \right) \right] \end{aligned}$$



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)

$$\left(\text{Participation Rate}_i \times \max(X\%_i, \min(\text{Performance}_i, Y\%_i)) + \text{Bonus}_i \right)$$

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

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

Fractional Share Amount

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

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 : $\text{Underlying}_1 - \text{Underlying}_2$
 - c) $\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$, with or without reset of the Initial Price
 - d) $\frac{\text{Initial Price} - \text{Final Price}}{\text{Initial Price}}$, with or without reset of the Initial Price
 - e) $\frac{\text{Final Price}}{\text{Initial Price}}$

$$f) \sum_{z=1}^w \frac{1}{w} \times \max \left(U\%, \min \left(\left(\frac{\text{FinalPrice}_z - \text{InitialPrice}_z}{\text{InitialPrice}_z} \right), Z\% \right) \right), \text{ with or without}$$

reset of the Initial Price

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.

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 $\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$ (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

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

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

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,

$$\left[\frac{1000}{38.20} - \left(Non - integer amount of \frac{1000}{38.20} \right) \right] = 26 \text{ shares of Total.}$$

And

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

9.3 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 (as defined below) 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.

9.3.1 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.

9.3.2 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.

9.3.3 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.

9.3.4 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 the Netherlands.

9.3.5 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.

9.4 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**”:

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 place(s) and days, or such terms, are not so specified in the related Final Terms.

“**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 9.12 “Responsibility of the Calculation Agent” in the Base Prospectus)

“Calculation Amount”:

means the Denomination.

“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:

$$\text{Day Count Fraction} = \frac{\lfloor 60 \times (Y_2 - Y_1) \rfloor + \lfloor 0 \times (M_2 - M_1) \rfloor + (D_2 - D_1)}{360}$$

Where:

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

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

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

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

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

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ 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:

$$\text{Day Count Fraction} = \frac{\lfloor 60 \times (Y_2 - Y_1) \rfloor + \lfloor 0 \times (M_2 - M_1) \rfloor + (D_2 - D_1)}{360}$$

Where:

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

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

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

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

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

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the

	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 FUNDING 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 0 <i>Payment of the Interest</i> . 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.

9.5 REDEMPTION AND PURCHASE

9.5.1 FINAL REDEMPTION

Unless previously 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.

9.5.2 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.

Early Redemption for any Dated Subordinated Notes can only occur at the option of the Issuer. In case of early redemption by the Issuer an approval must be obtained from the National Bank of Belgium.

9.5.3 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.

9.5.4 REPURCHASE

The Issuer or, in the case of BELFIUS FUNDING Notes, the Guarantor and any of their subsidiaries may at any time purchase Notes in the open market or otherwise at any price.

9.5.5 CANCELLATION

All Notes purchased by or on behalf of the Issuer, in the case of BELFIUS FUNDING Notes the Guarantor or any of their subsidiaries may thereafter be cancelled by the Fiscal 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, in the case of BELFIUS FUNDING Notes, the Guarantor in respect of any such Notes shall be discharged.

9.6 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.

9.7 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.

9.7.1 Market Rate

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

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.

9.7.2 Share or Basket of Shares

9.7.2.1 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.

9.7.2.2 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:

- (a) 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
- (b) 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.

9.7.2.3 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:

(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, stock loan rate or liquidity relative to the relevant Share) and

(ii) 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; or
- 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 no adjustment that it could make would produce a commercially reasonable result, the Calculation Agent may notify the Noteholders, in accordance with the paragraph “Notices”, that the relevant consequence of the Potential Adjustment Event shall be the early redemption of the Notes. In case of such early redemption, the Calculation Agent shall give its good faith estimate of the value of such Notes.

9.7.2.4 Extraordinary Events

“**Extraordinary Event**” means any of Merger Event, Tender Offer, Nationalisation, Insolvency, Delisting, De-merger Event, Change in Law 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.

“Change in Law” means that on or after the Issue Date of the Notes (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that it has become illegal to hold, acquire or dispose of Hedge Positions relating to the Notes.

“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 no adjustment that it could make would produce a commercially reasonable result, the Calculation Agent will notify the Noteholders, in accordance with the paragraph “Notices”, that the relevant consequence of the

Extraordinary Event shall be the early redemption of the Notes. In case of such early redemption, the Calculation Agent shall give its good faith estimate of the value of such Notes.

9.7.3 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.

9.7.3.1 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:

- (a) 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
- (b) 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

(A) 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.

(B) 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.

Change in Law

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 a Change in Law in respect of any Index, the Calculation Agent, on or after the effective date of such Change in Law, may make such adjustments as it, acting in good faith, deems appropriate. Such adjustments to be effective as of the date determined by the Calculation Agent, to account for the effect of the Change in Law to

protect the theoretical value of the Notes to the Noteholders immediately prior to such Change in Law.

In that respect, "**Change in Law**" means that, on or after the Issue Date (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that it has become illegal to hold, acquire or dispose of Hedge Positions relating to the Notes.

For the avoidance of doubt, if the Calculation Agent determines that no adjustment that it could make would produce a commercially reasonable result, the Calculation Agent will notify the Noteholders, in accordance with the paragraph "Notices", that the relevant consequence of the Index Adjustment Event or Change in Law shall be the early redemption of the Notes. In case of such early redemption, the Calculation Agent shall give its good faith estimate of the value of such Notes.

9.7.3.2 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.

9.7.3.3 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

“**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.

9.7.4 Fund or Basket of Funds

9.7.4.1 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.

9.7.4.2 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 no adjustment that it could make would produce a commercially reasonable result, the Calculation Agent may notify the Noteholders, in accordance with the paragraph “Notices”, that the relevant consequence of the Potential Adjustment Event shall be the early redemption of the Notes. In case of such early redemption, the Calculation Agent shall give its good faith estimate of the value of such Notes.

9.7.4.3 Extraordinary Events

Means any of Nationalisation, Insolvency, Fund Insolvency Event, Fund Modification, Strategy Breach, Fund Hedging Disruption, Regulatory Action, Reporting Disruption, Change in Law and Increased Cost of Hedging.

“**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.

"Fund Hedging Disruption" means that the Issuer [or the Guarantor] is unable, or it is impractical for the Issuer [or Guarantor], after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to such Fund Interest Unit of entering into and performing its obligations under the Notes, or (ii) realize, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (A) any restrictions or increase in charges or fees imposed by the relevant Reference Fund on any investor's ability to redeem such Fund Interest Unit, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Fund Interest Unit, or (B) any mandatory redemption, in whole or in part, of such Fund Interest Unit imposed by the relevant Reference Fund.

"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.

"Change in Law" means that on or after the Issue Date (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that it has become illegal to hold, acquire or dispose of Hedge Positions in the Notes.

"Increased Cost of Hedging" means that the Issuer [or the Guarantor] would incur a materially increased amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transactions(s) or asset(s) it deems necessary to hedge the price risk relating to any Fund Interest Unit under the Notes, or (ii)

realize, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer [or Guarantor] shall not be deemed an Increased Cost of Hedging.

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 no adjustment that it could make would produce a commercially reasonable result, the Calculation Agent will notify the Noteholders, in accordance with the paragraph “Notices”, that the relevant consequence of the Extraordinary Event shall be the early redemption of such Notes. For Nationalisation and Insolvency, the relevant consequence will always be the early redemption of the Notes. In case of such early redemption, the Calculation Agent shall give its good faith estimate of the value of such Notes.

9.7.5 Commodity or Basket of Commodities

9.7.5.1 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:	Business	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.

9.7.5.2 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.

- (i) “**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.
- (ii) “**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) 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:
 - (1) all trading in the futures contract on the Commodity or the Commodity is suspended for the entire day; or
 - (2) 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
 - (B) 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.
- (iii) “**Disappearance of Commodity**” means:
 - (A) the permanent discontinuation of trading, in the relevant futures contract on the Commodity; or
 - (B) the disappearance of, or of trading in, the relevant Commodity; or
 - (C) 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.
- (iv) “**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.
- (v) “**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.
- (vi) “**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 no adjustment that it could make would produce a commercially reasonable result, the Calculation Agent may notify the Noteholders, in accordance with the paragraph “Notices”, that the relevant consequence of the Market Disruption Event shall be the early redemption of the Notes. In case of such early redemption, the Calculation Agent shall give its good faith estimate of the value of such Notes.

9.7.6 Commodity Index or Basket of Commodity Indices

9.7.6.1 Definitions

Commodity Index:		Means the Commodity Index specified as such in the relevant Final Terms.
Commodity Index Basket:	Index	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 Day:	Publication	Means any day on which the Commodity Index Sponsor is scheduled to publish the level of the relevant Commodity Index.
Commodity Sponsor:	Index	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.

9.7.6.2 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 its consequences should be.

If the Calculation Agent determines that no adjustment that it could make would produce a commercially reasonable result, the Calculation Agent may notify the Noteholders, in accordance with the paragraph “Notices”, that the relevant consequence of the Commodity Index Event shall be the early redemption of the Notes. In case of such early redemption, the Calculation Agent shall give its good faith estimate of the value of such Notes.

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.

9.7.7 Inflation Index

9.7.7.1 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.

9.7.7.3 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 no adjustment that it could make would produce a commercially reasonable result, the Calculation Agent may notify the Noteholders, in accordance with Condition 9.16 “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 no adjustment that it could make would produce a commercially reasonable result, the Calculation Agent may notify the Noteholders, in accordance with Condition 9.17 “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 no adjustment that it could make would produce a commercially reasonable result, the Calculation Agent may notify the Noteholders, in accordance with Condition 9.17 “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 no adjustment that it could make would produce a commercially reasonable result, the Calculation Agent may notify the Noteholders, in accordance with Condition 9.16 “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.

9.8 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.

9.9 STATUS

9.9.1 Status of Senior Notes

The Notes that are specified in the Final Terms to be Senior 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 the relevant Issuer, present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors’ rights.

9.9.2 Status of Dated Subordinated Notes

The Notes that are specified in the Final Terms to be Dated Subordinated Notes and the payments of principal and interest relating to them are direct, unsecured and senior subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligation of the Issuer under the Dated Subordinated Notes and the payments of principal and interest relating to them shall at all times rank equally with all other Dated Subordinated Obligations (as defined below).

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

Early Redemption for any Dated Subordinated Notes can only occur at the option of the relevant Issuer. In case of early redemption by the Issuer an approval must be obtained from the National Bank of Belgium.

In the event of a moratorium (in the case of BELFIUS BANK “réorganisation judiciaire/gerechtelijke reorganisatie” and in the case of BELFIUS FUNDING “surseance van

*betaling*¹]), bankruptcy (“*faillite/faillissement*”) or liquidation of the Issuer (other than a voluntary liquidation in connection with a reconstruction, merger or amalgamation where the continuing corporation assumes all the liabilities of the Issuer), the rights of the holders of Dated Subordinated Notes shall rank ahead of:

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

but shall be subordinated to the claims of:

- (iii) all Senior Creditors of the relevant Issuer.

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

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

9.10 CLEARING SYSTEMS

The clearing systems operated by Euroclear Bank SA/NV (“Euroclear”), Clearstream Banking, société anonyme (“Clearstream, Luxembourg”), the BNB system, and such other clearing system as may be agreed between the Issuer and the Fiscal Agent and as specified in the relevant Final Terms.

9.11 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 FUNDING Notes, the Guarantor at its or their specified office declare his Note or Notes immediately due and payable, and thereupon an early redemption shall occur, unless, prior to the giving of such notice, all Events of Default shall have been cured:

- (a) if default is made by the Issuer for a period of 30 calendar days or more in the payment of the final Redemption Amount, or 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 FUNDING 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, in the case of BELFIUS FUNDING Notes, the Guarantor with, or a sale or other transfer by the Issuer or, in the case of BELFIUS FUNDING Notes, 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, in the case of BELFIUS FUNDING Notes, 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, in the case of BELFIUS FUNDING Notes, 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

¹ This concept under Dutch law means “suspension of payment”.

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, in the case of BELFIUS FUNDING Notes, the Guarantor and remain undismised 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 0 *Notices*.

9.12 MODIFICATIONS OF THE AGENCY AGREEMENT

The Issuer and, in the case of BELFIUS FUNDING Notes, 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.

9.13 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.

9.14 PRESCRIPTION

Claims against the Issuer or, in the case of BELFIUS FUNDING Notes, the Guarantor for payment in respect of any Note shall be prescribed and become void unless made within five years from the date on which such payment first becomes due.

9.15 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 FUNDING 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 FUNDING Notes, the Guarantor shall only constitute a discharge to the Issuer or, in the case of BELFIUS FUNDING 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 FUNDING 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 FUNDING 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 FUNDING 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.

9.16 SUBSTITUTION

- (i) The Issuer and, in the case of BELFIUS FUNDING 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 FUNDING 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”), provided that the Substituted Issuer has 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 FUNDING Notes, the Guarantor agrees on the provisions of such substitution as described herein, undertakes that the provisions in the relevant Guarantee with respect to the 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 relevant 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 0 *Taxation* to the Netherlands shall be deemed to be to the country where the Substituted Debtor has its domicile or tax residence.

Notice of any substitution shall be given to the Noteholders in accordance with Condition 0 *Notices*.

9.17 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) or the systems of Euroclear and Clearstream Luxembourg in accordance with the procedures of the relevant clearing system.

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 FUNDING 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 FUNDING Notes, and from BELFIUS BANK in case of BELFIUS BANK Notes.

9.18 MEETING OF NOTEHOLDERS

9.18.1 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 9.18.4 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 9.18.4 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.

9.18.2 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 or the Fiscal 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 9.18.7 paragraph 4 shall apply to any Extraordinary Resolution (a “special quorum resolution”) for the purpose of sub-paragraph 2.2 or 2.7, any of the proposals listed in Condition 12(a) or any amendment to this provision.

9.18.3 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 FUNDING Notes, approval by the Fiscal 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.

9.18.4 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.

2. 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.

9.18.5 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.

9.18.6 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 as applicable (through their respective representatives) and their respective financial and legal advisers

9.18.7 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.

(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	one third	No minimum proportion
To pass any other Extraordinary Resolution	A clear majority	No minimum proportion	No minimum proportion
Any other purpose	10 per cent	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.

9.18.8 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.

9.18.9 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.

9.18.10 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.

9.19 TAXATION

BELGIAN TAXATION ON THE NOTES

The following is a general description of the principal Belgian tax consequences for investors receiving interest in respect of or disposing of, the Notes issued by BELFIUS and the Notes issued by BELFIUS FUNDING and is of a general nature based on the issuers' understanding of current law and practice. This general description is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date (for example the rate of the withholding tax). Investors should appreciate that, as a result of changing law or practice, the tax consequences may be otherwise than as stated below. Investors should consult their professional advisers on the possible tax consequences of subscribing for, purchasing, holding, selling or converting the Notes issued by BELFIUS and/or BELFIUS FUNDING under the laws of their countries of citizenship, residence, ordinary residence or domicile.

Preliminary remark: within the framework of the Belgian 2013 budget, the Belgian federal government has agreed on certain tax reforms, including a.o. the increase of the Belgian withholding tax rate on investment income to 25%, the abolishment of the 4 per cent. additional tax on investment income, the re-introduction of the principle of "liberatory" withholding tax etc. The tax reform is meant to become effective as from January 1, 2013. At the time of publication, however, the related legislation was not yet introduced in Belgian Parliament so the precise impact and timing of the tax reform can not yet be ascertained and may be subject to changes. The below tax comments have to be read accordingly.

1 Notes issued by BELFIUS BANK

Belgian Withholding Tax

All payments by or on behalf of BELFIUS BANK of interest on the Notes are in principle subject to the 21 per cent. (25 per cent. as from 2013) Belgian withholding tax on the gross amount of the interest. A possible additional tax on investment income is described below.

In this regard, "interest" means the periodic interest income and any amount paid by BELFIUS in excess of the issue price (whether or not on the maturity date).

However, payments of interest and principal under the Notes by or on behalf of BELFIUS BANK may be made without deduction of withholding tax in respect of the Notes if and as long as at the moment of payment or attribution of interest they are held by certain eligible investors (the "Eligible Investors", see hereinafter) in an exempt securities account (an "X Account") that has been opened with a financial institution that is a direct or indirect participant (a "Participant") in the X/N Clearing System operated by the National Bank of Belgium (the "NBB" and the "X/N System"). Euroclear and Clearstream, Luxembourg are directly or indirectly Participants for this purpose.

Holding the Notes through the X/N System enables Eligible Investors to receive the gross interest income on their Notes and to transfer the Notes on a gross basis.

Participants to the X/N system must enter the Notes which they hold on behalf of Eligible Investors in an X Account.

Eligible Investors are those entities referred to in article 4 of the *Arrêté Royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier* (Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax) which include, *inter alia*:

- (i) Belgian corporations subject to Belgian corporate income tax;
- (ii) institutions, associations or companies specified in article 2, §3 of the law of 9 July 1975 on the control of insurance companies other than those referred to in 1° and 3° subject to the application of article 262, 1° and 5° of the Income Tax Code of 1992;
- (iii) state regulated institutions (“*institutions parastatales*”, “*parastatalen*”) for social security, or institutions which are assimilated therewith, provided for in article 105, 2° of the Royal Decree implementing the Income Tax Code 1992;
- (iv) non-resident investors provided for in article 105, 5° of the same decree;
- (v) investment funds, recognised in the framework of pension savings, provided for in article 115 of the same decree;
- (vi) tax payers provided for in article 227, 2° of the Income Tax Code 1992 which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident income tax pursuant to article 233 of the same code;
- (vii) the Belgian State in respect of investments which are exempt from withholding tax in accordance with a article 265 of the Income Tax Code 1992;
- (viii) investment funds governed by foreign law which are an indivisible estate managed by a management company for the account of the participants, provided the fund units are not offered publicly in Belgium or traded in Belgium; and,
- (ix) Belgian resident corporations, not provided for under (i), when their activities exclusively or principally consist of the granting of credits and loans.

Eligible Investors do not include, *inter alia*, Belgian resident investors who are individuals or non-profit making organisations, other than those mentioned under (ii) and (iii) above.

Participants to the X/N System must keep the Notes which they hold on behalf of the non-Eligible Investors in a non-exempt securities account (an “N Account”). In such instance all payments of interest are subject to the 21 per cent. (25 per cent. as from 2013) withholding tax. This withholding tax is withheld by the NBB and paid to the Belgian Treasury.

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

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

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

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

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

In accordance with the X/N System, a Noteholder who is withdrawing Notes from an Exempt Account will, following the payment of interest on those Notes, be entitled to claim an indemnity from the Belgian tax authorities of an amount equal to the withholding on the interest payable on the Notes from the last preceding Interest Payment Date until the date of withdrawal of the Notes from the X/N System. As a condition of acceptance of the Notes into the X/N System, the Noteholders waive the right to claim such indemnity.

Belgian income tax and capital gains

1.1 Belgian resident individuals

Natural persons who are Belgian residents for tax purposes, i.e., who are subject to the Belgian personal income tax (“*Personenbelasting*”/“*Impôt des personnes physiques*”) and who hold the Notes as a private investment, are subject to the following tax treatment with respect to the Notes. Other tax rules apply to Belgian resident individuals who do not hold the Notes as a private investment.

In accordance with Belgian tax law, the following amounts are qualified and taxable as “interest”: (i) periodic interest income (ii) amounts paid by the Issuer in excess of the issue price (whether or not on the maturity date) (iii) if the Notes qualify as “fixed income securities” (in the meaning of article 2, §1, 8^o Belgian Income Tax Code), in case of a transfer of the Notes between two interest payment dates, the pro rata of accrued interest corresponding to the detention period. “Fixed income securities” are defined as bonds, specific debt certificates issued by banks (*‘kasbon’/‘bon de caisse’*) and other similar securities, including securities where income is capitalised or securities which do not generate a periodic payment of income but are issued with a discount corresponding to the capitalised interest up to the maturity date of the security.

Payments of interest on the Notes as defined under 1.1, 2nd § (i) and (ii) will in principle be subject to a 21 per cent. (25 per cent. as from 2013) withholding tax in Belgium. Belgian natural persons do not have to declare the interest on the Notes in their personal income tax return. For tax year 2012 (only), however, this is subject to the condition that an election was made for a withholding of the 4 per cent. additional tax on investment income (see below) in addition to the 21 per cent. Belgian withholding tax and provided that this additional tax has effectively been borne by the beneficiary of the interest income.

Interest amounts as defined under 1.1, 2nd § (iii) on Notes issued within X/N, will be subject to Belgian withholding tax levied by NBB (cfr supra) on behalf of the transferor. For tax year 2012 only, the transferor will be required to declare this (accrued) interest amount in his/her personal income tax return, but is entitled to claim a tax credit in his tax return for the withholding tax levied at source.

Interest amounts as defined under 1.1, 2nd § (iii) on Notes issued outside X/N, are not subject to Belgian withholding tax at the level of the Issuer. The transferor will be required to declare this (accrued) interest amount in his/her personal income tax return. The transferor is in principle

entitled to claim a credit in his tax return for the financial withholding tax i.e. the discount on the sales price demanded by the transferee in relation to the cost of 21% (25% as from 2013) Belgian withholding tax on the accrued interest which will be borne by the transferee at a later date (“financial withholding tax”). Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gains are realised outside the scope of the management of one’s private estate or unless the capital gains qualify as interest (as defined in section 1.1 entitled “Belgian Withholding Tax”). Capital losses are in principle not tax deductible.

Other tax rules apply to Belgian resident individuals who do not hold the Notes as a private investment.

Important remark: *below §§ regarding the 4 per cent. additional tax on investment income, only apply to interest income paid or attributed during **tax year 2012**. The Belgian federal government has indeed announced that the 4 per cent. additional tax will be abolished as from tax year 2013 (cfr preliminary remark above).*

If the 4 per cent. additional tax on investment income has not been withheld in addition to the Belgian withholding tax, the Noteholder will be required to declare the interest income in his/her personal income tax return..

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

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

1.2 Belgian resident companies

Interest attributed or paid to corporations Noteholders who are Belgian residents for tax purposes, i.e. who are subject to the Belgian Corporate Income Tax (“*vennootschapsbelasting*”/“*impôt des sociétés*”), as well as capital gains realized upon the sale of the Notes are taxable at the ordinary corporate income tax rate of in principle 33.99 per cent. Capital losses realized upon the sale of the Notes are in principle tax deductible.

1.3 Belgian legal entities

Belgian legal entities subject to the Belgian legal entities tax (“*rechtspersonenbelasting*”, “*impôts des personnes morales*”) which do not qualify as Eligible Investors are subject to a withholding tax of 21 per cent. (25 per cent. as from 2013) on interest payments as defined under 1.1, 2nd § (i) and (ii). The withholding tax constitutes the final taxation.

Belgian legal entities which qualify as Eligible Investors (see Section 1.1 above entitled “Belgian Withholding Tax”) and which consequently have received gross interest income are required to declare and pay the 21 per cent. (25 per cent. as from 2013) withholding tax to the Belgian tax authorities.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gains qualify as interest (as defined as defined under 1.1, 2nd § (iii)). Capital losses are in principle not tax deductible.

1.4 Organization for Financing Pensions

Interest and capital gains derived by Organizations for Financing Pensions in the meaning of the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision, are in principle exempt from Belgian Corporate Income Tax. Capital losses are in principle not tax deductible. Subject to certain conditions, the Belgian withholding tax that has been levied can be credited against any corporate income tax due and any excess amount is in principle refundable.

1.5 Belgian non-residents

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

Tax on stock exchange transactions

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

A *taxe sur les reports* (tax on repurchase transactions) at the rate of 0.085 per cent. will be due from each party to any such transaction entered into or settled in Belgium in which a stockbroker acts for either party (with a maximum amount of Euro 650 per transaction and per party).

However none of the taxes referred to above will be payable by exempt persons acting for their own account including investors who are not Belgian residents provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors as defined in Article 126.1 2° of the *Code des droits et taxes divers* (Code of various duties and taxes) for the *taxe sur les opérations de bourse* and Article 139, second paragraph, of the same code for the *taxe sur les reports*.

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

The EU has adopted a directive (European Council Directive 2003/48/EC) regarding the taxation of savings income (hereinafter “Savings Directive”). The Savings Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual or to certain other persons resident in another Member State (hereinafter “Disclosure of Information Method”), except that Austria and Luxembourg may instead impose a withholding system (hereinafter “Source Tax”) for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld), unless during such period they elect otherwise. A number of third countries and territories have adopted similar measures to the Savings Directive.

1.1 Individuals not resident in Belgium

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

1.2 Individuals resident in Belgium

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

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

2 Notes issued by BELFIUS FUNDING

Withholding Tax and Income Tax

2.1 Tax rules applicable to natural persons resident in Belgium

Natural persons who are Belgian residents for tax purposes, i.e., who are subject to the Belgian personal income tax (“*Personenbelasting*”/“*Impôt des personnes physiques*”) and who hold the Notes as a private investment, are in Belgium subject to the following tax treatment with respect to the Notes. Other tax rules apply to Belgian resident individuals who do not hold the Notes as a private investment.

In accordance with Belgian tax law, the following amounts are qualified and taxable as “interest”: (i) periodic interest income (ii) amounts paid by BELFIUS FUNDING in excess of the issue price (whether or not on the maturity date) (iii) if the Notes qualify as “fixed income securities” (in the meaning of article 2, §1, 8° Belgian Income Tax Code), in case of a transfer of the Notes between two interest payment dates, the pro rata of accrued interest corresponding to the detention period. “Fixed income securities” are defined as bonds, specific debt certificates issued by banks (*kasbon*/'*bon de caisse*') and other similar securities, including securities where income is capitalised or securities which do not generate a periodic payment of income but are issued with a discount corresponding to the capitalised interest up to the maturity date of the security.

Payments of interest on the Notes as defined under 2.1, 2nd § (i) and (ii) made through a paying agent in Belgium will in principle be subject to a 21 per cent. (25 per cent. as from 2013) withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). If such Belgian withholding tax was levied, then Belgian natural persons do not have to declare the interest on the Notes in their personal income tax return. For tax year 2012 (only), however, this is subject to the condition that an election was made for a withholding of the 4 per cent. additional tax on investment income (see below) in addition to the 21 per cent. Belgian withholding tax and provided that this additional tax has effectively been borne by the beneficiary of the interest income.

Interest amounts on Notes as defined under 2.1, 2nd § (iii) made through a paying agent in Belgium are not subject to Belgian withholding tax. The transferor will be required to declare this (accrued) interest amount in his/her personal income tax return.

If the interest is paid outside Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return and will be taxed at a flat rate of 21 per cent. (25 per cent. as from

2013) increased, as the case may be, with the 4 per cent. additional tax on investment income (tax year 2012 only).

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gains are realised outside the scope of the management of one's private estate or unless the capital gains qualify as interest (as defined above). Capital losses are in principle not tax deductible. **Important remark:** *below §§ regarding the 4 per cent. additional tax on investment income, only apply to interest income paid or attributed during **tax year 2012**. The Belgian federal government has indeed announced that the 4 per cent. additional tax will be abolished as from tax year 2013 (cfr preliminary remark above).*

If the 4 per cent. additional tax on investment income has not been withheld in addition to the Belgian withholding tax, the Noteholder will be required to declare the interest income in his/her personal income tax return.

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

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

2.2 Belgian resident companies

Corporations Noteholders who are Belgian residents for tax purposes, i.e. who are subject to Belgian Corporate Income Tax ("*Vennootschapsbelasting*" / "*Impôt des sociétés*") are in Belgium subject to the following tax treatment with respect to the Notes.

Interest derived by Belgian corporate investors on the Notes and capital gains realised on the Notes will be subject to Belgian corporate income tax of 33.99 per cent. Capital losses are in principle deductible.

Interest payments on the Notes made through a paying agent in Belgium can under certain circumstances be exempt from withholding tax, provided a special certificate is delivered. The Belgian withholding tax that has been levied is creditable in accordance with the applicable legal provisions.

2.3 Belgian legal entities

Legal entities Noteholders who are Belgian residents for tax purposes, i.e. who are subject to Belgian tax on legal entities ("*Rechtspersonenbelasting*" / "*impôt des personnes morales*") are in Belgium subject to the following tax treatment with respect to the Notes.

Payments of interest, as defined under 2.1, 2nd § (i) and (ii), on the Notes made through a paying agent in Belgium will in principle be subject to a 21 per cent. (25 per cent. as from 2013) withholding tax in Belgium and no further tax on legal entities will be due on the interest.

However, if the interest is paid outside Belgium without the intervention of a Belgian paying agent and without the deduction of Belgian withholding tax, the legal entity itself is required to declare and pay the 21 per cent. (25 per cent. as from 2013) withholding tax to the Belgian tax authorities.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gain qualifies as interest (as defined under 2.1 2nd § (iii) above). Capital losses are in principle not tax deductible.

2.4 Organization for Financing Pensions

Belgian pension fund entities that have the form of an Organization for Financing Pensions (OFP) are subject to Belgian Corporate Income Tax (“*Vennootschapsbelasting*”/“*Impôt des sociétés*”). OFPs are in Belgium subject to the following tax treatment with respect to the Notes.

Interest derived by OFP Noteholders on the Notes and capital gains realised on the Notes will be exempt from Belgian Corporate Income Tax. Capital losses are in principle not tax deductible.

The Belgian withholding tax that has been levied is creditable in accordance with the applicable legal provisions.

2.5 Belgian non-residents

The interest income as defined under 2.1, 2nd § (i) and (ii) on the Notes paid through a professional intermediary in Belgium will, in principle, be subject to a 21 per cent. (25 per cent. as from 2013) withholding tax, unless the Noteholder is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit. If the income is not collected through a financial institution or other intermediary established in Belgium, no Belgian withholding tax is due.

Non-resident investors can also obtain an exemption of Belgian withholding tax on interest from the Notes if they are the owners or *usufructors* of the Notes and they deliver an affidavit confirming that they have not allocated the Notes to business activities in Belgium and that they are non-residents, provided that (i) the interest is paid through a Belgian credit institution, stock market company or clearing or settlement institution and that (ii) the Notes are not used by the Issuer for carrying on a business in Belgium.

The non-residents who use the Notes to exercise a professional activity in Belgium through a permanent establishment are subject to the same tax rules as the Belgian resident companies (see 2.2 above). Non-resident Noteholders who do not allocate the Notes to a professional activity in Belgium are not subject to Belgian income tax, save, as the case may be, in the form of withholding tax.

Tax on stock exchange transactions

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

A *taxe sur les reports* (tax on repurchase transactions) at the rate of 0.085 per cent. will be due from each party to any such transaction entered into or settled in Belgium in which a stockbroker acts for either party (with a maximum amount of Euro 650 per transaction and per party).

However none of the taxes referred to above will be payable by exempt persons acting for their own account including investors who are not Belgian residents provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors as defined in Article 126.1 2° of the *Code des droits et taxes divers* (Code of various duties and taxes) for the *taxe sur les opérations de bourse* and Article 139, second paragraph, of the same code for the *taxe sur les reports*.

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

The EU has adopted a directive (European Council Directive 2003/48/EC) regarding the taxation of savings income (hereinafter “Savings Directive”). The Savings Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual or to certain other persons resident in another Member State (hereinafter “Disclosure of Information Method”), except that Austria and Luxembourg may instead impose a withholding system (hereinafter “Source Tax”) for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld), unless during such period they elect otherwise. A number of third countries and territories have adopted similar measures to the Savings Directive.

1.1 Individuals not resident in Belgium

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

1.2 Individuals resident in Belgium

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

If the interest received by an individual resident in Belgium has been subject to a Source Tax, such Source Tax does not liberate the Belgian individual from declaring the interest income in the personal income tax declaration. The Source Tax will be credited against the personal income tax. If the Source Tax withheld exceeds the personal income tax due, the excessive amount will be reimbursed, provided it reaches a minimum of Euro 2.50.

9.20 GOVERNING LAW AND JURISDICTION

The Notes and the Guarantee are governed by Belgian law.

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

The Agency Agreement is governed by Luxembourg law.

9.21 FINANCIAL SERVICE

The financial service will be performed by BELFIUS BANK (in Belgium) and BIL (in Luxembourg).

9.22 REPRESENTATION OF NOTEHOLDERS

There is no representation of the holders of the Notes in relation to any offer of Notes.

9.23 GUARANTEE

Sections 9.22.1 and 9.22.2 below only apply to BELFIUS FUNDING Notes.

9.23.1 Senior Guarantee

The Guarantor has, by a Senior Guarantee, unconditionally and irrevocably guaranteed on an unsubordinated basis the due and punctual payment of the principal of and interest on the Senior Notes as well as of any additional amounts which may be required to be paid by BELFIUS FUNDING (as described under Condition 0 *Taxation*) (the “Senior Guarantee” and a “Guarantee”, see Annex 2).

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

9.23.2 Dated Subordinated Guarantee

The Guarantor has, by a subordinated guarantee, unconditionally and irrevocably guaranteed on a senior subordinated basis, the due and punctual payment of the principal of and interest on the Dated Subordinated Notes, as well as of any additional amounts which may be required to be paid by BELFIUS FUNDING (as described under Condition 0 *Taxation*) (the “Dated Subordinated Guarantee” and a “Guarantee”, see Annex 3).

In the event of a dissolution or liquidation of the Guarantor (including the following events creating a “*concours de créanciers/samenloop van schuldeisers*”: bankruptcy (“*faillite/faillissement*”); judicial composition (“*concordat judiciaire/gerechtigd akkoord*”) and judicial or voluntary liquidation (“*liquidation volontaire ou force/vrijwillige of gedwongen liquidatie*”) (other than a voluntary liquidation in connection with a reconstruction, merger or amalgamation where the continuing corporation assumes all the liabilities of the Guarantor)), the Holders of Dated Subordinated Notes irrevocably waive their rights to equal treatment with other unsecured creditors (“*créanciers chirographaires/chirografaire schuldeisers*”). Consequently, the Holders of Dated Subordinated Notes agree that upon the occurrence of any of the events described in the preceding sentence, the Guarantor will have no obligation to pay any principal or interest due to them until all Senior Creditors of the Guarantor have been paid, or the funds necessary to satisfy the Senior Creditors (as defined above) have been put in escrow (“*en consignation/in consignatie*”).

On demand, the Noteholders can have access to a copy of the Guarantee by contacting one of the Paying Agents during normal business hours.

10. TERMS AND CONDITIONS OF THE OFFER

(Annex V.5 of Regulation (EC) 809/2004)

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 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 9.16 of such cancellation. The Issuer has the right to anticipatively terminate the Offering Period if the Maximum Amount of the relevant Notes issue has been reached or if the market conditions adversely affect the interest or the redemption amounts to be paid by the Issuer.

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.

The Notes have not been offered or sold and will not be offered or sold directly or indirectly and the 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.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and are subject to U.S. tax law requirements and, subject to certain exceptions, Notes may not be offered, sold or delivered within the United States of America, including its territories and possessions, or to U.S. persons.

The Notes 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 are sold during the restricted period, will receive a confirmation or other notice setting forth the restrictions on offers and sales of the Notes 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 Notes within the U.S. by a dealer that is 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 otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "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 FSMA does not apply to the Issuer and all applicable provisions of the 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.

11 ADMISSION TO TRADING AND DEALING ARRANGEMENTS

(Annex V.6 of Regulation (EC) 809/2004)

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 30 Business Days preceding their Maturity Date or, if applicable, 10 Business Days before the Optional Redemption Date, 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 FUNDING Notes, the Guarantor, etc.

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

12 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. In the case of BELFIUS FUNDING Notes, BELFIUS FUNDING will grant a loan to BELFIUS BANK.

13 THIRD PARTY INFORMATION, EXPERT STATEMENTS AND DECLARATIONS

(Annex IV.16 and XI.13 of Regulation (EC) 809/2004)

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 IV.17 and XI.14 of Regulation (EC) 809/2004)

Copies of the annual reports dated December 31st, 2011 for BELFIUS BANK and BELFIUS FUNDING and of all subsequent annual reports to be published, copies of the articles of association of BELFIUS BANK and BELFIUS FUNDING 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 internet site: <http://www.dexia.be/Nl/Particulier/VIADExIA-P29/Publications/> or <http://www.dexia.be/fr/Particulier/VIADExIA-P29/Publications/>. Moreover, copies of the semi-annual and annual reports of BELFIUS FUNDING and copies of the annual reports of BELFIUS BANK are available on the Luxembourg Stock Exchange-website: www.bourse.lu.

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.

Final Terms dated [●]

[BELFIUS FUNDING N.V./BELFIUS BANK SA/NV]

Issue of [Title of Notes]
[Guaranteed by Belfius Bank SA/NV]
under the

BELFIUS FUNDING N.V.

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 the Base Prospectus dated 24 December 2012, which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”). **This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus and any supplement thereto.** These Final Terms and the 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.

[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 16 of the Prospectus Directive.]

- | | | | |
|---|-------|--------------------|--|
| 1 | (i) | Issuer: | [Belfius Bank SA/NV][Belfius Funding N.V.] |
| | (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	Brokerage Fee:	[●]
9	Denominations:	[●]
10	[(i)] Issue Date:	[●]
	[[ii)] Interest Commencement Date:	[●]]
11	[Scheduled] Maturity Date:	[●]
12	Interest Basis:	[[●] per cent. Fixed Rate] [Floating Rate] [Zero Coupon] [Variable Linked Rate] [Other (specify)] (further particulars specified below)
13	Redemption/Payment Basis:	[Redemption at par] [Variable Linked Redemption] [Other (specify)] (further particulars specified below)
14	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)]
15	Call Options:	[Call/Not Applicable] [(further particulars specified below)]
16	Mandatory Early Redemption:	[Applicable/Not Applicable] [(further particulars specified below)]
17	Status of the Notes:	[Senior Notes/Dated Subordinated Notes]
18	[Date [Board] approval for issuance of Notes obtained:	[●] <i>(N.B Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes)]</i>
19	Form of Notes:	Bearer Notes/Dematerialised Notes
20	New Global Note:	Not Applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

21	Fixed Rate Note Provisions	<p>[Applicable/Not Applicable]</p> <p><i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i></p> <p>(i) Fixed Rate: [●] per cent. per annum</p> <p>(ii) Interest Payment Date(s): [annually/semi-annually/quarterly on ●]</p> <p>(iii) Business Days: [●]</p> <p>(iv) Business Day Convention: [●]</p> <p>[(v) Fixed Interest Amount: [●]]</p> <p>[(v)/(vi) Day Count Fraction: [●]]</p> <p>[(v)/(vi)/(vii) Interest Period End Date(s): [Adjusted/No Adjustment/Other]]</p> <p>[Other terms relating to the method of calculating interest for Fixed Rate Notes: [●](N.B. Give details)]</p>
22	Floating Rate Note Provisions	<p>[Applicable/Not Applicable]</p> <p><i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i></p> <p>(i) Publication Source: [EUR-EURIBOR-Reuters (ISDA)/Other]</p> <p>(ii) Designated Maturity: [●]</p> <p>(iii) Spread: [●]</p> <p>(iv) Interest Payment Date(s): [annually/semi-annually/quarterly on ●]</p> <p>(v) Day Count Fraction: [●]</p> <p>(vi) Interest Determination Date: [●]</p> <p>(vii) Business Days: [●]</p> <p>(viii) Business Day Convention: [●]</p> <p>(ix) Interest Period End Date(s) [●] [Adjusted/No Adjustment/Other]</p> <p>[(x) Maximum Rate: [●]]</p> <p>[(x)/(xi) Minimum Rate: [●]]</p>
23	Zero Coupon Note Provisions	<p>[Applicable/Not Applicable]</p> <p><i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i></p> <p>(i) Amortisation Yield: [●] per cent. per annum</p> <p>(ii) Business Days: [●]</p> <p>(iii) Business Day Convention: [●]</p> <p>(iv) Any other formula/basis of determining amount payable: [●]</p>
24	Variable Linked Rate Note Provisions	<p>[Applicable/Not Applicable]</p> <p><i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i></p> <p>(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/Other]</p>

- (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

25 Call Option [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Period: [●]
- (iii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Note of [●] Denomination
- (iv) If redeemable in part:
 - (a) Minimum Redemption Amount: [●]
 - (b) Maximum Redemption Amount: [●]
- (v) Notice period: [●]

26 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

27 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/Other]
- (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: [●]]

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 and its ISIN code)*
- (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>i</i>	<i>w</i>	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 an **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>i</i>	<i>w</i>	Index	Exchange	Related Exchange
1	[●]%	[●]	[●]/Multiple Exchange	[●]/All Exchanges
2	[●]%	[●]	[●]/Multiple Exchange	[●]/All Exchanges
...	[●]%	[●]	[●]/Multiple Exchange	[●]/All xchanges

(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>i</i>	<i>w</i>	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>i</i>	<i>w</i>	Commodity	Exchange	Price Source	Valuation Time
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>i</i>	<i>w</i>	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: [•]

DISTRIBUTION

Dealer(s): [Belfius Bank SA/NV/ [•]]

[Selling fees: [•]]

[Additional selling restrictions: [●]]

OPERATIONAL INFORMATION

ISIN Code: [●]
Common Code: [●]
Clearing System(s): [●]
Principal Paying Agent: *[Belfius Bank SA/NV][BIL]
Paying Agent: *[N/A][Belfius Bank SA/NV]

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]

[PART B – OTHER INFORMATION]

RISK INDICATOR

In order to increase the transparency of the risks involved in investment products, Belfius Bank SA/NV has developed a synthetic risk indicator through a scale going from 0 (lowest risk) to 6 (highest risk). The exact risk level for any investment product is determined in function of following criteria: the degree to which capital will be refunded at maturity, term of the relevant Note, type of return (distribution or capitalisation), credit risk and complexity (Underlying and strategy). Other important criteria, such as the liquidity risk of Belfius Bank SA/NV and the market risk, are not taken into account.

Risk Level: [●]

[SIMULATIONS [AND INTERNAL RATE OF RETURN]]

[●] *(Please insert simulations for the Variable Rate or the Variable Linked Redemption Amount)*

[IRR: The internal rate of return is a rate of return used to measure the profitability of an investment: it is the annualized effective compounded return rate that makes the net present value of all cash flows from a particular investment equal to zero.]

[These simulations are fictitious examples and by no means represent reliable indicators.]

[OTHER INFORMATION]

[●] *(Insert other information such as the historical evolution of the Floating Rate or the Underlying(s))*

[This information has been extracted from [Insert source]. [Each of] the Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading]

ANNEX 2: SENIOR GUARANTEE

A form of the Senior Guarantee is reproduced here below:

BELFIUS FUNDING N.V.
and
BELFIUS BANK SA/NV
Notes Issuance Programme
SENIOR GUARANTEE
by
BELFIUS BANK SA/NV
IN RELATION TO NOTES ISSUED BY BELFIUS FUNDING N.V.

24 December 2012

WHEREAS the Board of Managing Directors of Belfius Funding N.V. (the "Issuer" or "BELFIUS FUNDING") has decided on 25 June 2012, to update the Notes Issuance Programme (the "Programme") under which it may from time to time issue Notes (the "BELFIUS FUNDING Notes"), which may be linked to various underlyings (the "Underlying"), that rank as senior obligations of the Issuer (the "Senior BELFIUS FUNDING Notes") or that rank as senior subordinated obligations to the issuer (the "Dated Subordinated BELFIUS FUNDING Notes") according to the terms and conditions enumerated in such decision. Senior BELFIUS FUNDING Notes will be guaranteed by Belfius Bank SA/NV (also named Belfius Banque SA/Belfius Bank NV) (the "Guarantor" or "BELFIUS BANK") on a senior basis pursuant to this Senior Guarantee;

WHEREAS the Management Board of BELFIUS BANK has approved to guarantee on a senior basis the issue by BELFIUS FUNDING of Senior BELFIUS FUNDING Notes under the Programme by its decision of 30 May 2012;

WHEREAS the Management Board of BELFIUS BANK in its decision of 30 May 2012 has delegated all powers to execute such Senior Guarantee to Ms. A. De Roeck, member of the Management Board, with the right for her to delegate her powers;

The Guarantor hereby unconditionally and irrevocably guarantees as and for its own debt to each holder of each Senior BELFIUS FUNDING 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 Senior Guarantee. This Senior Guarantee is enforceable against the Guarantor upon first demand sent by the holder by registered mail to the registered office of the Guarantor.

The Base Prospectus has been approved by the Financial Services and Markets Authority in its decision of 24 December 2012.

It is understood that any payments to be made under this Senior Guarantee shall be made in the currency of the underlying Notes.

This Senior 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 Senior Guarantee shall be governed by, and interpreted in accordance with, the laws of Belgium.

This Senior Guarantee may be executed in any number of counterparts.

All actions arising out of or based upon this Senior Guarantee are to be brought before the competent Courts in Brussels.

In witness whereof, the Guarantor has authorised and caused this Senior Guarantee to be duly executed and delivered as of 24 December 2012.

On behalf of BELFIUS BANK SA/NV

Ann De Roeck
Member of the Management Board

Luc Van Thielen
Member of the Management Board

ANNEX 3: DATED SUBORDINATED GUARANTEE

A form of the Dated Subordinated Guarantee is reproduced here below:

BELFIUS FUNDING N.V.
and
BELFIUS BANK SA/NV

Notes Issuance Programme

DATED SUBORDINATED GUARANTEE

by
BELFIUS BANK SA/NV
IN RELATION TO NOTES ISSUED BY BELFIUS FUNDING N.V.

24 December 2012

WHEREAS the Board of Managing Directors of Belfius Funding N.V. (the "Issuer" or "BELFIUS FUNDING") has decided on 25 June 2012, to update the Notes Issuance Programme (the "Programme"), under which it may from time to time issue Notes (the "BELFIUS FUNDING Notes"), which may be linked to various underlyings (the "Underlying"), that rank as senior obligations of the Issuer (the "Senior BELFIUS FUNDING Notes") or that rank as senior subordinated obligations to the issuer (the "Dated Subordinated BELFIUS FUNDING Notes") according to the terms and conditions enumerated in such decision. Dated Subordinated BELFIUS FUNDING Notes will be guaranteed by Belfius Bank SA/NV (also named Belfius Banque SA/Belfius Bank NV) (the "Guarantor" or "BELFIUS BANK") on a senior subordinated basis pursuant to this Dated Subordinated Guarantee;

WHEREAS the Management Board of BELFIUS BANK has approved to guarantee on a senior subordinated basis the issue by BELFIUS FUNDING of Dated Subordinated Notes under the Programme by decision of 30 May 2011;

WHEREAS the Management Board of BELFIUS BANK in its decision of 30 May 2012 has delegated all powers to execute such Dated Subordinated Guarantee to Ms. A. De Roeck, member of the Management Board, with the right for her to delegate her powers.

The Guarantor hereby unconditionally and irrevocably guarantees as and for its own debt to each holder of each Dated Subordinated BELFIUS FUNDING 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 Dated Subordinated Guarantee. This Dated Subordinated Guarantee is enforceable against the Guarantor upon first demand sent by the holder of Dated Subordinated Notes by registered mail to the registered office of the Guarantor.

This Dated Subordinated Guarantee is granted by the Grantor on a senior subordinated basis. This means that in the event of a dissolution or liquidation of the Guarantor (including the following events creating a "*conours de créanciers/samenloop van schuldeisers*": bankruptcy ("*faillite/faillissement*"); judicial composition ("*réorganisation judiciaire/gerechtigd reorganisatie*") and judicial or voluntary liquidation ("*liquidation volontaire ou force/vrijwillige of gedwongen liquidatie*") (other than a voluntary liquidation in connection with a reconstruction, merger or amalgamation where the continuing corporation assumes all the liabilities of the Guarantor)), the holders of Dated Subordinated BELFIUS FUNDING Notes irrevocably waive their rights to equal treatment with other unsecured creditors ("*créanciers chirographaires/chirografaire schuldeisers*"). Consequently, the holders of Dated Subordinated BELFIUS FUNDING Notes agree that upon the occurrence of any of the events described in the preceding sentence, the Guarantor will have no obligation to pay any principal or interest due to them until all Senior Creditors of the Guarantor have been paid, or the funds necessary to satisfy the Senior Creditors have been put in escrow ("*en consignation/in consignatie*").

"Senior Creditors" means all creditors who are depositors or other general, unsecured, unsubordinated creditors.

The Base Prospectus has been approved by the Financial Services and Markets Authority in its decision of 24December 2012.

It is understood that any payments to be made under this Dated Subordinated Guarantee shall be made in the currency of the underlying BELFIUS FUNDING Notes.

This Dated Subordinated 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 BELFIUS FUNDING Notes.

This Dated Subordinated Guarantee shall be governed by, and interpreted in accordance with, the laws of Belgium.

This Dated Subordinated Guarantee may be executed in any number of counterparts.

All actions arising out of or based upon this Dated Subordinated Guarantee are to be brought before the competent Courts in Brussels.

In witness whereof, the Guarantor has authorised and caused this Dated Subordinated Guarantee to be duly executed and delivered as of 24 December 2012.

On behalf of BELFIUS BANK SA/NV

Ann De Roeck
Member of the Management Boar

Luc Van Thielen
Member of the Management Board

A. Belfius Bank

“BELFIUS BANK”

Société Anonyme

1000 Brussels, boulevard Pachéco 44

VAT Business number BE0403.201.185 (Brussels Register of legal entities)

Company incorporated under the name “Lending Bank” under the terms of a deed executed by notary Albert Raucq in Brussels, with the intervention of Rudy Pauwels, Master of Law, in Deinze, on the twenty-third of October nineteen sixty-two, published in the annex to the Moniteur Belge [official gazette] of the eighth of November thereafter, under number 29878. The Articles of Association have been amended further to records drawn up by:

1) the notary Albert RAUCQ, aforementioned:

- on the fifteenth of October nineteen sixty-five, published in the annex to the Moniteur Belge of the sixth of November thereafter, under number 32196;
- on the thirtieth of December ninety sixty-six, published in the annex to the Moniteur Belge of the twenty-first of January nineteen sixty-seven under number 149-1;
- on the fourteenth of June nineteen sixty-eight, published in the annex to the Moniteur Belge of the twenty-ninth of June thereafter, under number 1822-1 (change of company name);
- on the twenty-third of June nineteen sixty-nine, published in the annex to the Moniteur Belge of the fourth of July thereafter, under number 1840-1;

2) the notary Gilberte RAUCQ, in Brussels:

- on the twentieth of September nineteen seventy-two, published in the annex to the Moniteur Belge of the fourteenth of October thereafter, under number 2811-3;
- on the eleventh of October nineteen seventy-nine, published in the form of an excerpt in the annex to the Moniteur Belge of the eighth of November thereafter, under number 1847-5;
- on the twenty-seventh of October nineteen eighty-two, published in the annex to the Moniteur Belge of the twenty-third of November thereafter, under number 2238-9;
- on the thirtieth of May nineteen eighty-three, published in the form of an excerpt in the annex to the Moniteur Belge of the twenty-third of June thereafter, under number 1605-4;
- on the sixteenth of December nineteen eighty-three, published in the form of an excerpt in the annex to the Moniteur Belge of the fourteenth of January nineteen eighty-four, under number 366-13;
- on the seventeenth of October nineteen eighty-five, published in the form of an excerpt in the annex to the Moniteur Belge of the thirteenth of November thereafter, under number 851113-22 and the thirty-first of October nineteen eighty-six, published in the form of an excerpt in the annex to the Moniteur Belge of the second of December nineteen eighty-six under numbers 861202-142 and 143;
- on the seventeenth of November nineteen eighty-six, published in the form of an excerpt in the annex to the Moniteur Belge of the sixteenth of December thereafter, under numbers 861216-221 and 222;
- on the thirtieth of October nineteen eighty-seven, published in the form of an excerpt in the annex to the Moniteur Belge of the twenty-eighth of November thereafter, under numbers 871128-284 and 285;

- on the fourth of December nineteen eighty-nine, published in the form of an excerpt in the annex to the Moniteur Belge of the third of January nineteen ninety, under numbers 900103-75 and 76;
- on the twenty-seventh of June nineteen ninety, published in the form of an excerpt in the annex to the Moniteur Belge of the twenty-sixth of July thereafter, under numbers 920618-54 and 55;
- on the twenty-fifth of May nineteen ninety-two, published in the form of an excerpt in the annex to the Moniteur Belge of the eighteenth of June thereafter, under numbers 920618-56 and 57;
- on the first of June nineteen ninety-three, published in the form of an excerpt in the annex to the Moniteur Belge of the twenty-sixth of June thereafter, under numbers 930626-26 and 27;
- on the twenty-sixth of June nineteen ninety-five, published in the form of an excerpt in the annex to the Moniteur Belge of the twentieth of July thereafter, under numbers 950720-31 and 32;
- on the twenty-sixth of May nineteen ninety-seven, published in the form of an excerpt in the annex to the Moniteur Belge of the twenty-fifth of June thereafter, under numbers 970625-14 and 15;
- on the twelfth of February nineteen ninety-eight (containing a change of company names), published in the form of an excerpt in the annex to the Moniteur Belge of the eighteenth of February thereafter, under numbers 980218-434 and 435;
- on the twenty-fourth of September nineteen ninety-eight, published in the form of an excerpt in the annex to the Moniteur Belge of the twenty-first of October thereafter, under numbers 981021-351 and 352;
- on the twenty-fourth of February nineteen ninety-nine, published in the form of an excerpt in the annex to the Moniteur Belge of the eighteenth of March thereafter, under numbers 990318-36 and 37.

3) the notary Eric SPRUYT, in Brussels:

- on the first of April nineteen ninety-nine (change of company name), published in the annex to the Moniteur Belge of the thirteenth of May thereafter, under numbers 990513-142 and 143;
- on the thirty-first of May nineteen ninety-nine, published in the annex to the Moniteur Belge of the twenty-third of June thereafter, under number 990623-458;
- on the twenty-ninth of December nineteen ninety-nine, published in the annex to the Moniteur Belge of the seventeenth of February two thousand, under numbers 20000217-211 and 212.
- on the thirty-first of October two thousand, published in the annex to the Moniteur Belge of the twenty-fourth of November thereafter, under numbers 20001124-567 and 568.

4) The notaries Herwig VAN DE VELDE and Eric SPRUYT, both in Brussels:

- on the twenty-eighth of March two thousand and two, published in the annexes to the Moniteur Belge of the nineteenth of April thereafter, under numbers 20020419-483 and 484, containing, inter alia, the adoption of the current company name and the merger and takeover by the company of the limited liability company "Dexia Bank Belgium", shortened to "Dexia Bank", the limited liability cooperative company "Artesia Services" and the limited liability company "Bacob".

5) The notary Herwig VAN DE VELDE, aforesaid:

- on the thirtieth of April two thousand and three, published in the annexes to the Moniteur Belge under numbers 2003-05-19/0055624 and 0055625;
- on the twenty-ninth of August two thousand and three, published in the Annexes to the Moniteur Belge under numbers 20030919/0096816 and 0096817.

6) The notary Carole GUILLEMYN, in Brussels:

- on the twelfth of July two thousand and four, published in the Annex to the Moniteur Belge of the fifth of August two thousand and four, under numbers 04116572 and 04116573

7) The notary Herwig VAN DE VELDE aforesaid:

- on the thirty-first of August two thousand and four, published in the Annexes to the Moniteur Belge of the twenty-second of September thereafter, under numbers 04134061 and 04134062.
- on the thirty-first of May two thousand and five, published in the Annex to the Moniteur Belge of the twenty-seventh of June thereafter, under numbers 090336 and 090337.
- on the first of July two thousand and five, published in the Annex to the Moniteur Belge under numbers 2005-08-05/0113834 and 0113835.
- on the thirty-first of August two thousand and five, published in the Annex to the Moniteur Belge of the twentieth of September two thousand and five, under numbers 0131421 and 0131422.
- on the fifteenth of December two thousand and five, published in the Annex to the Moniteur Belge of the eleventh of January two thousand and six, under numbers 06011365 and 0601366.

8) The notary Carole GUILLEMYN, aforesaid:

- on the eighteenth of June two thousand and seven, published in the Annex to the Moniteur Belge of 12 July thereafter, under numbers 2007-07-12/07101587 and 07101588.

9) The notary Carole GUILLEMYN, aforesaid:

- on the twenty-ninth of December two thousand and eight, published in the Annex to the Moniteur Belge of 23 January 2009, under numbers 2009-01-23/0012192 and 12193

10) The notary Herwig VAN DE VELDE, aforesaid:

- on the twenty-seventh of February two thousand and nine, published in the Annex to the Moniteur Belge on 19 March 2009, under numbers 09040827 and 09040828.

11) The notary Carole GUILLEMYN, aforesaid:

- on 15 December 2011, published in the Annex to the Moniteur Belge of 31 January 2012, under numbers 26315 and 26316.

12) The notary Carole GUILLEMYN, aforesaid:

- on 9 May 2012, published in the Annex to the Moniteur Belge of 29 May 2012, under numbers 12095628 and 12095627.

COORDINATED ARTICLES OF ASSOCIATION
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SECTION 1 – LEGAL FORM – NAME – REGISTERED OFFICE - OBJECT

Article 1 – NAME, LEGAL FORM, DURATION

The Company is a limited liability Company.

The name of the company is “Belfius Bank” in Dutch, “Belfius Banque” in French, “Belfius Bank” in German and “Belfius Bank” in English.

The Company may carry on its commercial activities under the following denominations: its

name and its commercial denominations "Belfius Bank & Verzekeringen", "Belfius Banque & Assurances", "Belfius Bank & Versicherungen", "Belfius Bank & Insurance", "Belfius", "Dexia Bank België", "Dexia Banque Belgique", "Dexia Bank Belgien", "Dexia Bank Belgium", "Dexia Bank", "Dexia Banque", "Artesia Banking Corporation", "Artesia BC", "Artesia Bank", "Banque Artesia", "Artesia", "BACOB", "BACOB Bank" and "BACOB Banque".

The Company is established for an indefinite duration.

The Company has the capacity of a Company that currently publicly appeals, or has previously publicly appealed to saving funds.

Article 2 – REGISTERED OFFICE, OTHER OFFICES

The registered office of the Company is situated at Brussels, boulevard Pachéco 44. The registered office may be transferred to another place, within the region of Brussels-capital, by decision of the Board of Directors.

The company may establish offices and branches wherever in the world the Board of Directors deems it useful.

Article 3 - OBJECT

The Company's object is to carry on the business of a credit institution in accordance with the conditions stipulated by the law and regulations governing credit institutions that have been approved by the National Bank of Belgium.

As such, the Company may - for its own account and for the account of third parties or in cooperation with third parties – by itself or by intermediary of natural persons or legal entities, both in Belgium and abroad, undertake any and all permitted activities of a credit institution, any and all banking transactions and associated transactions, all investment services transactions and associated transactions, including inter alia:

1° transactions regarding deposits, credits within the broadest sense, brokerage, stock exchange related operations, launches of issues, guarantees and surety;

2° short, medium and long-term credit transactions, sustain investments by provinces, municipalities and organisations of a regional character, as well as investments effected by all public establishments, companies, associations and organisations, which are constituted for provincial, municipal or regional purposes, and which provinces, municipalities and organisations of a regional character are authorised to support;

3° to further, by means of appropriate credit transactions, the day-to-day operation of the budgets of provinces, municipalities and organisations of a regional character, and of all other institutions referred to in 2° above, as well as the day-to-day management of their exploitations, companies and enterprises

4° transactions in financial derivatives

Furthermore, the Company aims to distribute insurance products from third party insurance companies. The Company may acquire, own and sell shares and participations in one or more companies, within the limits provided for by the legal status of credit institutions.

The Company is entitled to carry out any transactions of whatever nature, inter alia financial,

commercial, including goods and estate, relating directly or indirectly to the furtherance of its object or of such a nature as to facilitate the achievement thereof.

All the provisions of the present article must be interpreted in the broadest sense and within the context of the laws and regulations governing transactions of credit institutions.

SECTION II – CAPITAL - SHARES

Article 4 – CAPITAL, SHARES

The issued and fully paid-up capital amounts to three billion four hundred fifty eight million sixty six thousand two hundred twenty seven euros and forty one cent (EUR 3,458,066,227.41).

The capital is divided into three hundred fifty-nine million four hundred twelve thousand six hundred sixteen registered shares (359,412,616) with no face value, each representing one / three hundred fifty-nine million four hundred twelve thousand six hundred sixteenth ($1/359,412,616^{\text{th}}$) fraction of the share capital.

Article 5 - AUTHORISED CAPITAL

The Board of Directors is authorised to increase the authorised capital of the company in one or more instalments at such times and on such terms and conditions as it shall determine up to a maximum amount of three billion four hundred fifty eight million sixty six thousand two hundred twenty seven euros and forty one cent (EUR 3.458.066.227,41). Such authority shall be valid for a period of five years from the gazetting in the annexes to the Moniteur Belge [Official Gazette] of the alteration of the Articles resolved by the extraordinary general meeting of February 27th 2009. It shall be renewable.

The Board of Directors is authorised to issue in one or more instalments and on the conditions permitted by law, convertible or repayable bonds, equity notes, warrants or other financial instruments that in time entitle to acquire shares up to a maximum amount fixed such that the capital resulting from the conversion or redemption of bonds or the exercise of the warrants or other financial instruments is not increased above the remaining maximum limit to which the Board of Directors is authorised to increase the capital pursuant to paragraph 1 hereof.

Increases of capital decided pursuant to these authorisations may be made by way of cash subscriptions, non-cash contributions, within the permitted legal limits, as well as by capitalisation of available or appropriated reserves, or share premiums, with or without an issue of new shares.

The Board of Directors shall act in observance of shareholders' statutory preferential rights.

Any share premium resulting from an increase of capital resolved by the Board of Directors shall be recorded in a reserve account not available for distribution, which shall offer the same third

party guarantees as the capital, and may not, other than where capitalised by resolution of the General Meeting or Board of Directors as provided above, be reduced or cancelled other than by resolution of the General Meeting taken in the conditions prescribed by article 612 of the Belgian Companies Code.

Article 6 – FORM OF THE SECURITIES

The securities issued by the Company will be registered or dematerialised, as specified by the Board of Directors or by the General Meeting on the occasion of their issue.

Article 7 – BENEFICIAL SHARES

There are three hundred thousand (300,000) registered beneficial shares. These beneficial shares have no face value and do not represent the share capital.

The beneficial shares are neither negotiable nor transferable, either for consideration or free of charge, except with the prior approval of the Board of Directors. Moreover, they cannot be pledged and may not be subject to the right of usufruct or any other form of splitting up economic and legal ownership, except with the prior approval of the Board of Directors.

Unless there are legal provisions to the contrary, beneficial shares shall not entitle their holders to attend General Meetings of the Company or to exercise any voting right.

They may only be cancelled by observing the procedure as provided for in article 560 of the Belgian Companies Code.

In case of a share capital increase, the holders of beneficial shares shall not enjoy any right of preferential subscription. Neither shall they have any preferential right when beneficial shares are issued on a later date.

Beneficial shares shall give right to a preferential dividend to be determined in a separate agreement. The total amount of dividends attributable each financial year to the entirety of the beneficial shares may not be more than two point two eight per cent (2.28%) of the available net profits as defined in article 27 of the articles of association, specific legal limits included. Beneficial shares shall give no right to the normal dividends distributed to the shareholders representing the share capital. A beneficial share shall no longer give right to a dividend when the beneficiary ceases to exist, after having received the dividend for the financial year preceding the financial year during the course of which the aforementioned occurs.

In the event of a winding up of the Company, if the beneficial shares still exist at that moment, and after all corporate debts being discharged or after allocation of the funds necessary to discharge those debts being made, the net proceeds of the winding up shall serve in the first place to pay the dividends to which the holders of beneficial shares are entitled until the date of winding up and which have not yet been paid. The holders of beneficial shares shall have no other right to participate in the distribution of the remaining portion of the net proceeds from the winding up of the Company.

SECTION III – BOARD OF DIRECTORS – MANAGEMENT BOARD – OTHER COMMITTEES

A. BOARD OF DIRECTORS

Article 8 - COMPOSITION

8.1 The Company is managed by a Board of Directors composed of a minimum of three members, who are appointed and may be revoked by the General Meeting.

One third of the members of the Board of Directors must be of a different gender to the other members.

8.2 The mandates of the members of the Board of Directors are granted for a period of maximum four years.

The non-executive Board members are eligible for re-election for a maximum of two mandates.

The tasks of a Board member shall end on conclusion of the ordinary General Meeting that decides on the accounts for the previous year, held in the year in which that member's mandate elapses.

8.3 The General Meeting determines the remuneration of the Board members, with the exception of the executive members.

8.4 In the event of there being a vacancy on the Board, the Board of Directors provides for an interim appointment, in accordance with the nomination procedures referred to in this article. The following General Meeting shall make a permanent appointment. The mandate of the person so appointed shall be granted for a period of maximum four years.

8.5 The Board of Directors shall elect a Chairman from among its non-executive members and, if appropriate, one or more Vice-Chairmen, as well as the holders of other positions. The Board of Directors appoints its Secretary, who is either a member of the Board or not.

8.6 The Board of Directors draws up regulations governing its procedures and regularly reviews those procedures.

Article 9 – EXECUTIVE AND NON-EXECUTIVE MEMBERS

9.1 The members of the Board of Directors have, both together and individually, the right profile for leading the institution and the composition of the Board of Directors guarantees that decisions are taken in the light of a sound and prudent policy.

9.2 The Board of Directors comprises executive and non-executive members.

9.3 The majority of members of the Board of Directors are non-executive.

9.4 The executive members are appointed on the proposal of the Management Board as a member of the Management Board.

9.5 At least four of the non-executive members are independent, it being understood that, for the purposes of the present article, independent means the Board members who have the characteristics described in article 526ter of the Belgian Companies Code, namely:

1^o for a period of five years prior to his appointment, he has not held the mandate of executive member of the management organ or the position of member of the Management Board or been entrusted with the day-to-day management either at the Company or at an associated Company or for an associated person as described in article 11;

2^o Has not held more than three consecutive mandates as non-executive board member on the

Board of Directors, for a period not exceeding twelve years;

3° has not, for a period of three years prior to his appointment, formed part of the managerial personnel with the meaning of article 19, 2°, of the Belgian Law of 20 September 1948 on the Organisation of the Economy, of the Company or of a Company or person associated with the Company, as described in article 11;

4° does not and has not received from the Company or from a Company or person associated with the Company as described in article 11 any remuneration or other significant benefit of a proprietary nature, other than the bonuses and remuneration he may receive or have received as a non-executive member of the management organ or member of the supervisory organ;

5°

a) does not own any rights in the company that represent one tenth or more of the capital, of the social fund or of a category of shares in the Company;

b) if he holds entitlements that represent a quota of less than 10%:

- those entitlements, together with the entitlements held in the same Company by companies over which the independent Board member exerts control, must equal less than one tenth of the capital, of the social fund or of a category of shares in the Company; or

- acts of disposal of the shares or the exercising of the rights associated with those shares may not be subject to agreements or unilateral commitments entered into by the independent member of the management organ;

c) under no circumstances represents a shareholder to whom the conditions of this point apply;

6° has no significant business relationship, nor has had any such relationship in the previous financial year, with the Company or with a Company or person associated with it as described in article 11, either directly or as a partner, shareholder, member of the management organ or member of the managerial personnel within the meaning of article 19, 2° of the Belgian Law of 20 September 1948 on the Organisation of the Economy, of a Company or person that does have such a relationship;

7° has not, in the last three years, been a partner in or employee of the current or previous auditor of the Company or of a Company or person associated with the Company within the meaning of article 11;

8° is not an executive member of the management organ of another company on which an executive Board member of the Company has a seat in the capacity of non-executive member of the management organ or as member of the supervisory organ, and has no other significant links with executive Board members of the Company as a result of positions held at other companies or on other organs;

9° does not have a spouse, civil-law partner or relation by blood or affinity up to the second degree who exercise at the Company or at a Company or for a person associated with the

Company as described in article 11 a mandate as member of the management organ, member of the Management Board, person entrusted with the day-to-day management or member of the managerial personnel, within the meaning of article 19, 2° of the Belgian Law of 20 September 1948 on the Organisation of the Economy, or to whom one of the other circumstances described in points 1° to 8° apply.

Article 10 - ROLE OF THE BOARD OF DIRECTORS

10.1 The Board of Directors determines the Company's business strategy and oversees the implementation of that strategy.

10.2 The Board of Directors is actively involved in everything related to this responsibility for general policy, in particular as regards supervision of risk policy, the organisation, the financial stability of the bank and its management, including by determining the objectives and values of the institution.

The Board of Directors appoints people to the necessary roles and assigns the necessary powers and supervises those roles and powers.

10.3 The Board of Directors draws up a corporate governance memorandum.

Article 11 – POWERS OF THE BOARD OF DIRECTORS

11.1 The Board of Directors shall have the powers to carry out all acts which are useful or necessary for the achievement of the object of the Company, except for the powers reserved to the General Meeting by law.

11.2 The Board of Directors may delegate special powers to its Chairman, its Vice-Chairmen or one or more of its members.

Article 12 - MEETINGS OF THE BOARD OF DIRECTORS

12.1 The Board meets when convened by the Chairman or, in the event of his absence, by one of the Vice-Chairmen or, in the event of the absence of the latter, two other members of the Board, whenever the interests of the Company so require. A meeting must be convened if three members of the Board so request.

Notices of meetings shall be validly made by letter, fax, email or any other means referred to in article 2281 of the Civil Code. Any Board member present or duly represented shall be assumed automatically to have been properly convened.

The Board of Directors may always hold valid deliberations, even if no meeting has been convened, providing all members are present or represented.

12.2 The meetings are chaired by the Chairman of the Board. In the absence of the Chairman, he shall be replaced by one of the Vice-Chairmen and, in the latter's absence, by a member designated by the other members of the Board from among the non-executive members.

All deliberations require at least half of the members to be present or represented.

Decisions are taken by a majority of votes cast by the members present or represented, and in the event of a tied vote, the Chairman or the person representing him has the casting vote.

12.3 A member of the Board who is unable to be present may, by letter or any other means of

communication in which the authority to vote on his behalf is recorded in a document, authorise another member to represent him and vote in his stead.

However, no member of the Board may represent more than one other member.

12.4 In exceptional cases, duly justified by their urgency and in the interests of the Company, the decisions of the Board of Directors may be taken through the unanimous written consent of its members. The signatures of members of the Board may be placed either on one single document or on several copies of the same document. The decisions shall bear the date of the last signature placed on the said document or documents. However, recourse to this procedure shall not be possible for the closing of the annual accounts.

Meetings may also be held by telephone conference or by videoconference. In that case, the meeting of the Board of Directors shall be deemed to be held at the Company's registered office.

12.5 The minutes of the meetings are approved by the Board and signed by the Chairman or one of the Vice-Chairmen.

Copies and extracts of the minutes of the Board are signed either by the Chairman or one of the Vice-Chairmen of the Board, by the Chairman or the Vice-Chairman or a member of the Management Board, or by the Secretary of the Board.

B. MANAGEMENT BOARD

Article 13 – DELEGATION BY THE BOARD OF DIRECTORS

13.1 In accordance with the law, the Board of Directors may delegate all or part of the powers referred to in article 522, paragraph 1, 1 of the Belgian Companies Code to a Management Board, for which only members of the Board of Directors can qualify.

However, this delegation may not involve either the determination of general policy or acts reserved to the Board of Directors by other provisions of the said Companies Code.

13.2 The Management Board exercises the effective management of the bank.

The Management Board ensures that the bank's activities are in keeping with the strategy, the risks and the policy approved by the Board of Directors and provides the Board of Directors with the relevant information, in order that the Board can make well-informed decisions.

The Management Board establishes the most suitable systems for internal audit and ensures that the bank operates in a transparent manner.

Article 14 - COMPOSITION

14.1 The Board of Directors determines the number of members of the Management Board.

The members of the Management Board constitute a collegial body.

14.2 The Chairman, Vice-Chairman and members are appointed by the Board of Directors from among the members referred to in article 9.4, on nomination of the Management Board and in accordance with the regulations governing financial institutions.

14.3 The Chairman, Vice-Chairman and members may be removed from office by the Board of Directors, on the advice of the Management Board and in accordance with the regulations

governing financial institutions.

Termination of the mandate of a member of the Management Board will result in the immediate termination of his mandate as a member of the Board of Directors.

14.4 The remuneration of members of the Management Board is determined by the Board of Directors, in consultation with the Chairman of the Management Board.

14.5 The Management Board may appoint a Secretary, who is either a member of the Committee or not.

14.6 The Management Board draws up regulations governing its procedures and regularly reviews those procedures.

Article 15 - DISCHARGE

Each year, the Board of Directors will advise on the discharge to be given to the members of the Management Board regarding the execution of their missions during the previous year.

Article 16 – MEETING OF THE MANAGEMENT BOARD

16.1 The quorum with which the committee may validly transact its business is at least half the directors present in person or by proxy.

Each member may give a proxy to a fellow committee member by ordinary letter, telefax, printed email or any other written document.

Each member can only represent one of his colleagues.

Meetings may also be held by telephone conference or by videoconference. In that case, the meeting of the Management Board shall be deemed to be held at the Company's registered office.

16.2 The decisions of the Management Board shall be taken by the simple majority of votes of all members present or presented. In case of a tied vote, the vote of the Chairman of the Management Board shall prevail.

16.3 Copies and extracts of the minutes of the Management Board are signed by its Chairman, its Vice-Chairman, one of its members or the Secretary.

16.4 The Management Board may delegate special powers to its Chairman, Vice-Chairman, one or more of its members, one or more members of the staff or any other person. The Committee may authorise sub-delegation thereof.

C. OTHER COMMITTEES

Article 17 – AUDIT COMMITTEE – APPOINTMENTS AND COMPENSATION COMMITTEE – STRATEGIC COMMITTEE AND CAPITAL & RISK MANAGEMENT BOARD

17.1 The Board of Directors shall establish an Audit Committee, an Appointments and Compensation Committee, a Strategic Committee and a Capital & Risk Management Board, and any other committee the Board deems necessary, and will determine the composition, functioning, manner of deliberation and tasks of those committees.

17.2 The Audit Committee comprises at least one independent member of the Board of Directors, appointed by the Board of Directors, who has the required accountancy and auditing expertise.

The members of the Audit Committee have combined expertise in the field of the activities of the credit institution concerned and in accountancy and auditing.

The primary task of the Audit Committee is to assist the Board of Directors with analysing the financial information, including the annual accounts, the annual report and the interim reports.

In addition, the Audit Committee carries out the tasks entrusted to it by the Board of Directors or the Articles of Association.

The annual report of the statutory management organ demonstrates the individual and combined expertise of the members of the Audit Committee.

17.3 The Appointments and Compensation Committee comprises at least one independent Board member, appointed by the Board of Directors from among its members.

The composition of the Appointments and Compensation Committee is such that it can form an expert and independent opinion on the remuneration policy and remuneration practices, in accordance with the applicable regulatory and supervisory requirements.

The Appointments and Compensation Committee submits a proposal for a decision to either the Board of Directors or the General Meeting as appropriate, for each decision about the direct or immediate, indirect or deferred pecuniary benefits associated with the function of or awarded to the members of the management organs.

In addition, each year the Committee prepares a report on the remuneration paid, to be appended to the management report.

The annual report of the statutory management organ demonstrates the individual and combined expertise of the members of the Appointments and Compensation Committee.

17.4 The Board of Directors decides on the composition of the Strategic Committee. The Strategic Committee comprises, as a minimum, the Chairman of the Board of Directors and the Chairman of the Management Board.

The Strategic Committee assists the Board of Directors with determining the bank's strategic objectives and in specific tasks that are entrusted to the Committee.

17.5 The Board of Directors decides on the composition of the Capital & Risk Management Board.

The members of the Committee are chosen for their risk management expertise.

The task of the Committee is to assist the Board of Directors in determining the risk policy, the monitoring of the bank's risk profile and supervising the risk management function, in accordance with the sound and prudent management of the bank.

17.6 The Board of Directors may establish one or more additional advisory committees from among its members and on its responsibility.

17.7 The Board of Directors approves the regulations governing the procedures of each of these committees.

Each committee conducts an annual review of its procedures.

D. REPRESENTATION

Article 18 – REPRESENTATION OF THE COMPANY

18.1 The Company is represented either by two members of the Management Board or by one member of the Management Board acting jointly with the persons delegated for this purpose.

18.2 The Company is also validly represented by one or more specially authorised agents within the limits of the powers conferred upon them.

E. CONFLICTS OF INTEREST

Article 19 – DUTY OF DELICACY

19.1 Without prejudice to article 523 and 524ter of the Belgian Companies Code, if a Board member or a member of the Management Board has a direct or indirect interest of any nature whatsoever that is in conflict with a proposed act or decision which, as applicable, is or may become within the sphere of competence of the Board of Directors or the Management Board, including as a result of a dual function, he shall inform the Chairman at once and may not take part in the deliberations or the vote on that proposal.

In a general sense, the bank operates a transparent and detailed policy on conflicts of interest.

SECTION IV – MEETINGS OF SHAREHOLDERS

Article 20 – MEETINGS OF SHAREHOLDERS

20.1 The General Meeting of shareholders represents all shareholders.

Decisions of the General Meeting are binding, even in respect of shareholders who abstain or vote against the motion.

Each share gives entitlement to one vote. If the shares are split into sub-shares, in sufficient quantity the sub-shares shall confer the same rights as a share, unless the law provides to the contrary.

20.2 Bondholders, holders of warrants and certificates, issued in collaboration with the Company, may only attend the General Meeting in an advisory capacity.

20.3 For as long as the Federal Holding and Investment Company is the sole shareholder, the powers of the General Meeting will be exercised by the Board of Directors of the Federal Holding and Investment Company.

Article 21 – CONVENING GENERAL MEETINGS

The ordinary General Meetings are convened by the Board of Directors.

The Board of Directors or the auditors may convene extraordinary and special General Meetings. They are obliged to do so at the request of one or more shareholders who own at least one fifth of the shares or who represent at least one fifth of the share capital, within two weeks of the date of the postmark of the registered letter sent to the Board of Directors which states and justifies the items on the agenda and the motions.

Article 22 – ANNUAL MEETING

The Annual Meeting of shareholders takes place on the last Wednesday of April at 2.30 p.m., at the registered office or any other place indicated in the attendance notice. If that day is a legal or bank holiday, the Meeting will take place on the following bank working day.

For as long as the Federal Holding and Investment Company is the sole shareholder of the Company, the Company's General Meeting will meet during May of each year in Brussels, at the registered office of the Federal Holding and Investment Company, on a date and at a time set for a meeting of the Board of Directors of the Federal Holding and Investment Company which will be held in the course of the same month.

Article 23 – FORMALITIES FOR ADMISSION TO THE GENERAL MEETING

The holders of registered shares must give notice of their intention to attend the General Meeting. Any shareholder may be represented at the General Meeting by a proxy holder, whether the latter is himself a shareholder or not.

Bondholders, holders of warrants and certificates, issued in collaboration with the Company, may only attend the General Meeting in an advisory capacity.

Registered bondholders, registered holders of warrants and certificates, issued in collaboration with the Company, must at least five days prior to the date of the General Meeting, give notice in writing of their intention to attend the General Meeting.

Bearer bondholders, holders of warrants and certificates, issued in collaboration with the Company, must at least five days prior to the date of the General Meeting, deposit their securities at the registered office of the Company or at another place mentioned in the attendance notice; the holders of dematerialised securities must in the same manner deposit a certificate which is drawn up by the certified account holder or clearing institution, confirming that the securities are unavailable until the date of the Meeting, inclusive. They shall be admitted to the General Meeting upon presentation of the certificate proving that their securities or the certificate was deposited in time.

Co-owners, beneficial owners and bare owners, secured creditors and secured debtors must be represented respectively by one and the same person.

With the exception of resolutions which have to be passed by notarial act, the shareholders may adopt all resolutions, unanimously and in writing, for which the General Meeting is empowered. For this purpose the Board of Directors shall send the shareholders a registered circular and send the Board members and statutory auditors a circular by ordinary mail, fax, e-mail or any other medium stating the agenda and motions and requesting approval of the motions by the shareholders and return of the letter, duly signed, to the address stated in the circular, within a period of fifteen banking days of receipt. If the approval of all shareholders is not received within

this period, the resolution shall be deemed not passed. The holders of bonds, warrants and certificates issued with the company's collaboration may take note of these resolutions at the registered office of the company.

Article 24 – ORGANISATION OF THE MEETING

The Chairman of the Board of Directors chairs the Meeting. He designates the other members of the board of the Meeting.

In the event of his absence, the Chairman is replaced by one of the Vice-Chairmen or, in event of the latter's absence, by a member of the board of directors, designated by the other members.

The minutes of the Meeting shall be signed by the members of the board of the Meeting and by the shareholders who so request.

Copies and extracts of the minutes of the Meeting shall be signed by the Chairman or one of the Vice-Chairmen of the Board of Directors or by the Chairman, the Vice-Chairman or a member of the Management Board or by the Secretary of the Management Board.

SECTION V - AUDITORS

Article 25 - AUDITORS

The auditing of the financial situation and the annual accounts of the Company is entrusted to one or more auditors approved by the National Bank of Belgium, who are appointed for a period of three years by the General Meeting, on the proposal of the Board of Directors and on the nomination of the Works Council.

If several auditors are appointed, they shall form a collegial body.

SECTION VI – ANNUAL ACCOUNTS

Article 26 – FINANCIAL YEAR, INVENTORY, ANNUAL ACCOUNTS

The financial year starts on the first of January and ends on the thirty-first of December.

On the thirty-first of December of each year, the Board of Directors draws up an inventory of all assets, rights, receivables, debts and liabilities of whatever kind relating to the business activity of the Company and the Company's own funds allocated to this.

It reconciles the accounts with the inventory data and draws up the annual accounts.

Article 27 – DISTRIBUTION OF PROFITS

27.1 To the amount of the legal minimum, at least one twentieth of the net profits is taken each year to be allocated to the legal reserve.

Distributable profits are made up of the net profits for the financial year, minus prior losses and the allocation provided for in the preceding paragraph, increased by the amount of credit balances carried forward.

27.2 The General Meeting, on the proposal of the Board of Directors, determines the portion of the distributable profits to be allocated to shareholders in the form of dividends, taking into account the provisions of article 7 of the present articles of association. With regard to any surplus, if any, the General Meeting decides either to carry it forward or to enter it under one or more reserve items of which it regulates the use and application. Furthermore, the General Meeting may decide to

distribute sums withdrawn from the reserves available to it; in this case, the decision shall expressly indicate the reserve items from which the withdrawals are made. However, dividends are in the first instance taken from the distributable profits of the respective financial year.

27.3 The terms of payment of dividends are determined by the Board of Directors. Under the conditions provided for the Belgian Companies Code, the Board of Directors may pay interim dividends.

SECTION VII – WINDING-UP

Article 28 – WINDING-UP, DISTRIBUTION OF AVAILABLE ASSETS

In the event of the Company being wound up, the General Meeting appoints one or more liquidators, and determines their powers and fees and fixes the liquidation procedure.

The Board of Directors is as a matter of law responsible for the liquidation until the liquidators are appointed.

After clearance of the Company's debts and liabilities, the liquidation proceeds are distributed equally between the shareholders in one or more instalments.

SECTION VIII – MISCELLANEOUS PROVISIONS

Article 29 – ELECTION OF DOMICILE

The shareholders, members of the Board, auditors and liquidators are obliged to elect domicile in Belgium for all their dealings with the Company. If they do not comply with this obligation, they shall be deemed to have elected domicile at the registered office of the Company, where all writs, notices and summons will be served upon them and where all letters and communications may be sent to them.

Article 30 – TRANSITIONAL PROVISIONS

Article 8.1, paragraph 2 will not take effect until the fiscal year commencing on 1 January 2019.

In the interim the Company will ensure that the objective described in that article is gradually achieved as further appointments and reappointments are made.

Coordinated text of the Articles of Association certified true by Carole Guillemyn, Master of Law, notary in partnership in Brussels, 13 June 2012

B. Belfius Funding

NOTE ABOUT TRANSLATION:

This document is an English translation of a document prepared in Dutch. In preparing this document, an attempt has been made to translate as literally as possible without jeopardizing the overall continuity of the text. Inevitably, however, differences may occur in translation and if they do, the Dutch text will govern by law.

In this translation, Dutch legal concepts are expressed in English terms and not in their original Dutch terms. The concepts concerned may not be identical to concepts described by the English terms as such terms may be understood under the laws of other jurisdictions.

Amendment of the Articles of Association NV

(Dexia Funding Netherlands N.V., new name: Belfius Funding N.V.)

This eleventh day of June two thousand twelve, there appeared before me, Dominique François Margaretha Maria Zaman, civil law notary at Rotterdam, the Netherlands:

Catharine Elisabeth Parlevliet, born in Harlingen, the Netherlands, on the tenth day of December nineteen hundred and eighty-one, employed at Blaak 31, 3011 GA Rotterdam, the Netherlands.

The person appearing declared that on the seventh day of June two thousand twelve the general meeting of shareholders of **Dexia Funding Netherlands N.V.**, a public company under Dutch law ('*naamloze vennootschap*'), having its official seat in Amsterdam, the Netherlands, and its office address at 1101 CM Amsterdam Zuidoost, the Netherlands, Herikerbergweg 238, Luna ArenA, hereinafter: **Company**, resolved to partially amend the Articles of Association of the Company, as well as to authorize the person appearing to have this deed executed. The adoption of such resolutions is evidenced by a written shareholder's resolution attached to this deed (Annex).

The Articles of Association of the Company were last amended by a deed, executed on the twentieth day of August two thousand four, before D.F.M.M. Zaman, aforementioned, with respect to which a ministerial Statement of No Objections was granted on the seventeenth day of August two thousand four, under number B.V. 319816.

In implementing the aforementioned resolution, the Articles of Association of the Company are hereby amended as follows.

Article 2, paragraph 1 is amended and shall read as follows:

"1. The name of the Company is:
Belfius Funding N.V."

Article 25 paragraph 1 is amended and shall read as follows:

"1. The supervisory board shall elect a chairman from among its members."

Article 25 paragraph 2 is amended and shall read as follows:

"2. In the absence of the chairman at a meeting, the meeting shall itself designate a chairman."

Article 25 paragraph 4 is amended and shall read as follows:

"4. The secretary, appointed by the chairman, shall keep minutes of the proceedings at meetings of the supervisory board. The minutes shall be adopted in the same meeting or in a following meeting of the supervisory board and shall be signed by the chairman and the secretary as evidence thereof."

Article 25 paragraph 8 is amended and shall read as follows:

"8. The supervisory board may also adopt resolutions without a meeting, provided the proposal concerned is submitted to all supervisory board members and none of them objects to this manner of adopting resolutions. The secretary, appointed by the chairperson, shall draw up a report regarding a resolution thus adopted and shall attach the replies received to the report, which shall be signed by the chairman and the secretary."

Article 38 is amended and shall read as follows:

"Article 38. Chairman.

The chairman of a general meeting of shareholders shall be appointed by the supervisory board. If no such appointment is made, the chairman of the meeting shall be appointed with more than half of the votes cast by the persons with voting rights present at the meeting. Until such appointment is made, a management board member shall act as chairman, or, if no management board member is present at the meeting, the eldest person present at the meeting shall act as chairman."

End

The person appearing is known to me, civil law notary.

This deed was executed in Rotterdam, the Netherlands on the date stated in the first paragraph of this deed.

The contents of the deed have been stated and clarified to the person appearing.

The person appearing has declared not to wish the deed to be fully read out, to have noted the contents of the deed timely before its execution and to agree with the contents.

After limited reading, this deed was signed first by the person appearing and thereafter by me, civil law notary.



STATEMENT ABOUT ARTICLES OF ASSOCIATION

The undersigned,

Dominique François Margaretha Maria Zaman, civil law notary, officiating in Rotterdam, the Netherlands,

declares

that the attached document is a fair office translation of the consecutive wording of the articles of association in the Dutch language of:

Belfius Funding N.V., with official seat in Amsterdam, the Netherlands,
including the amendment of the articles, effected by notarial deed, executed on 11 June 2012 before me, civil law notary.

In preparing this document an attempt has been made to translate as literally as possible without jeopardizing the overall continuity of the text. Inevitably, however, differences may occur in translation, and if they do, the Dutch text will by law govern. In the attached document, Dutch legal concepts are expressed in English terms and not in their original Dutch terms; the concepts concerned may not be identical to concepts described by the English terms as such terms may be understood under the laws of other jurisdictions.

Rotterdam, the Netherlands, 12 June 2012.


D.F.M.M. Zaman



In this translation an attempt has been made to be as literal as possible without jeopardizing the overall continuity. Inevitably, differences may occur in translation, and if so, the Dutch text will by law govern.

This document is a fair office translation of the consecutive wording in the Dutch language of Belfius Funding N.V., with official seat in Amsterdam, the Netherlands, including the amendment of the articles, effected by notarial deed, executed on 11 June 2012 before civil law notary D.F.M.M. Zaman, officiating in Rotterdam, the Netherlands.

CHAPTER I

Definitions.

Article 1.

In these articles of association the following expressions shall have the following meanings:

- a. the general meeting: the body of the company formed by shareholders and other persons entitled to vote;
- b. the general meeting of shareholders: the meeting of shareholders and other persons entitled to attend the general meetings;
- c. the distributable part of the net assets: that part of the company's net assets which exceeds the aggregate of the part of the capital which has been paid in and called in, and the reserves which must be maintained by virtue of the law;
- d. the annual accounts: the balance sheet and the profit and loss account with the explanatory notes;
- e. accountant: a "registeraccountant" or other accountant referred to in Article 393, Book 2 of the Civil Code, as well as an organisation within which such accountants practice;
- f. the annual meeting: the general meeting of shareholders held for the purpose of discussion and adoption of the annual accounts.

CHAPTER II

Name, seat, objects.

Article 2. Name and seat.

1. The name of the company is:
Belfius Funding N.V..
2. The official seat of the company is in Amsterdam.

Article 3. Objects.

The objects of the company are to enter into and to grant loans, to conduct all other acts of financial nature, as well as to participate in, to manage and to finance other enterprises and companies, to provide security for the debts of third parties and to do all that is connected therewith or may be conducive thereto, all this to be interpreted in the widest sense.

CHAPTER III

Capital and shares. Register.

Article 4. Authorised capital.

1. The authorised capital amounts to two million two hundred sixty eight thousand nine hundred euro (EUR 2,268,900).
2. The authorised capital is divided into five thousand (5,000) shares of four hundred fifty three euro and seventy-eight eurocent (EUR 453.78) each.
3. All shares are to be registered shares. No share certificates shall be issued.

Article 5. Register of shareholders.

1. The management board shall keep a register in which the names and addresses of all shareholders are recorded and the amount paid on each share.
2. The register shall be kept accurate and up to date. All entries and notes in the register shall be signed by a member of the management board and a member of the supervisory board.
3. On application by a shareholder the management board shall furnish an extract from the register, free of charge, insofar as it relates to his rights in a share. The extract is non-negotiable.
4. The management board shall make the register available at the company's office for inspection by the shareholders. The details of the register with respect to shares not fully paid in shall be available for inspection by any person; copies of or extracts from these details shall be provided at a charge not exceeding the costs.

CHAPTER IV

Issuance of shares. Own shares.

Article 6. Issuance of shares. Body competent to issue shares.

The issuance of shares may only be effected pursuant to a resolution of the general meeting, or another body of the company designated thereto by the general meeting for a period of ultimately five years.

Article 7. Conditions of issuance. Rights of pre-emption.

1. A resolution for the issuance of shares shall stipulate the price and further conditions of issuance.
2. Upon issuance of shares, each shareholder shall have a right of pre-emption in proportion to the aggregate nominal amount of his shares, subject to the limitations set by law.
3. Shareholders shall have a similar right of pre-emption if options are granted to subscribe for shares.
4. Prior to each single issuance the right of pre-emption may be limited or excluded by the general meeting or another body of the company thereto designated by the general meeting for a period of ultimately five years.

Article 8. Payment for shares. Payment in cash.

1. The full nominal amount of each share must be paid in on issue, as well as if the share has been taken for a higher amount, the balance of these amounts. It may be stipulated that a part of the nominal amount not exceeding three-quarters thereof, need only be paid after the company has called it in.
2. Payment for a share must be made in cash insofar as no other manner of payment has been agreed on. Payment in foreign currency can be made only after approval by the company.

Article 9. Own shares.

1. When issuing shares, the company shall not be entitled to subscribe for its own shares.
2. The company may acquire fully paid in shares in its own capital or depository receipts thereof, provided either no valuable consideration is given or provided that:

- a. the distributable part of the net assets is at least equal to the purchase price; and
 - b. the nominal amount of the shares or depository receipts thereof to be acquired, and of the shares or depository receipts thereof already held by the company and its subsidiaries, or held in pledge, do not exceed one tenth of the issued capital.
3. For the validity of the acquisition, the amount of equity appearing from the last adopted balance sheet, reduced by the acquisition price for shares in the capital of the company or depository receipts thereof and distributions out of profits or reserves to others, which have become due by the company and its subsidiaries after the balance sheet date, shall be decisive. An acquisition in accordance with paragraph 2 shall not be permitted, if more than six months have elapsed after the end of a financial year without the annual accounts being adopted.
 4. An acquisition other than for no consideration can take place only unless the management board has been authorised thereto by the general meeting. Subject authorisation will be valid for ultimately eighteen months. The general meeting must stipulate in subject authorisation how many shares or depository receipts thereof may be acquired, how these are going to be acquired and the range of the purchase price.
 5. An acquisition of shares in contravention of paragraphs 2 – 4 shall be void.
 6. No voting rights may be exercised for shares held by the company in its own capital.

CHAPTER V

Article 10. Transfer of shares. Limited rights.

1. The transfer of a share shall require a notarial deed, to be executed for that purpose before a civil law notary registered in the Netherlands, to which deed those involved in the transfer shall be parties.
2. The aforementioned provisions of paragraph 1 of this article shall apply by analogy, to the transfer of not fully paid in shares, to the pledging of shares and to the creation or transfer of a usufruct in shares.

Article 11. Issuance of depository receipts.

The company shall not cooperate with the issuance of depository receipts for its shares.

CHAPTER VI

Article 12. Management board.

The management of the company shall be constituted by a management board, consisting of one or more management board members A and one or more management board members B.

Article 13. Appointment.

The general meeting shall appoint the members of the management board. The general meeting shall determine the number of members of the management board.

Article 14. Suspension and dismissal.

1. A member of the management board may at any time be suspended or dismissed by the general meeting.
2. A member of the management board may at any time be suspended by the supervisory board. Such suspension may be discontinued by the general meeting at any time.
3. Any suspension may be extended one or more times, but may not last longer than three months in the aggregate. If at the end of that period no decision has been taken on termination of the suspension, or on dismissal, the suspension shall cease.

Article 15. Remuneration.

The general meeting shall determine the remuneration and further conditions of employment for each member of the management board.

Article 16. Duties of the management board. Decision making process.

Allocation of duties.

1. Subject to the restrictions imposed by these articles of association, the management board shall be entrusted with the management of the company.
2. The management board may lay down rules regarding its own decision making process. The rules shall require the approval of the supervisory board.
3. The management board may determine the duties with which each member of the management board will be charged in particular. The allocation of duties shall require the approval of the supervisory board.

Article 17. Representation.

1. The company shall be represented by:
 - a. either the management board;
 - b. or a management board member A acting jointly with a management board member B.
2. The management board may appoint staff members with general or limited power to represent the company. Each of these staff members shall be able to represent the company with due observance of any restrictions imposed on him. The management board shall determine their titles.
3. In the event of a conflict of interest between the company and a member of the management board, the company shall be represented by such member of the management board or of the supervisory board as the supervisory board shall designate for this purpose. The general meeting shall at all times be competent to designate one or more other persons for this purpose.

Article 18. Approval of decisions of the management board.

1. The supervisory board may determine that resolutions by the management board are subjected to its approval. Subject resolutions are to be clearly defined and to be stated to the management board in writing.
2. The lack of approval referred to in this article does not affect the authority of the management board or its members to represent the company.

Article 19. Absence of prevention.

1. If a seat is vacant on the management board (*'ontstentenis'*) or a management board member is unable to perform his duties (*'beleef'*), the remaining management board members or member shall be temporarily entrusted with the management of the company, provided that at least one member A and one member B are not absent or prevented from performing their duties.
2. If all management board members or the sole management board member of a certain class are absent or prevented from performing their duties, the person appointed for that purpose by the supervisory board, shall be temporarily entrusted with the management of the company together with the management board member or management board members of the other class, or together with the person appointed by the meeting of holders of shares of the other class for the purpose of being temporarily entrusted with the management of the company.

CHAPTER VII

Supervisory board.

Article 20. Number of members.

The company shall have a supervisory board, consisting of at least three individuals.

Article 21. Appointment.

The members of the supervisory board shall be appointed by the general meeting.

Article 22. Suspension and dismissal.

1. Every member of the supervisory board may be suspended or dismissed by the general meeting at any time.
2. The supervisory board members shall retire periodically in accordance with a rotation plan to be drawn up by the supervisory board.

Article 23. Remuneration.

The general meeting shall determine the remuneration for every member of the supervisory board.

Article 24. Duties and powers.

1. It shall be the duty of the supervisory board to supervise the management of the management board and the general course of affairs in the company and in the business connected with it. It shall assist the management board with advice. In performing their duties the supervisory board members shall act in accordance with the interests of the company and of the business connected with it.
2. The management board shall supply the supervisory board in due time with the information required for the performance of its duties.
3. The supervisory board shall have access to the buildings and premises of the company and shall be authorised to inspect the books and records of the company. The supervisory board may designate one or more persons from among its members or an expert to exercise these powers. The supervisory board may also in other instances be assisted by experts.

Article 25. Proceedings and decision making process.

1. The supervisory board shall elect a chairman from among its members.
2. In the absence of the chairman at a meeting, the meeting shall itself designate a chairman.
3. The supervisory board shall meet whenever the chairman, or two other supervisory board members, or the management board deem(s) such necessary.
4. The secretary, appointed by the chairman, shall keep minutes of the proceedings at meetings of the supervisory board. The minutes shall be adopted in the same meeting or in a following meeting of the supervisory board and shall be signed by the chairman and the secretary as evidence thereof.
5. All resolutions of the supervisory board shall be adopted by a majority of the votes cast.
6. Resolutions of the supervisory board shall only be valid if passed at a meeting at which the majority of the supervisory board members are present or represented.
7. A supervisory board member may be represented by a co-member of the supervisory board authorised in writing. The expression: in writing shall include any message transmitted by current means of communication and received in writing. A supervisory board member may not act as representative for more than one co-member.
8. The supervisory board may also adopt resolutions without a meeting, provided the proposal concerned is submitted to all supervisory board members and none of them objects to this manner of adopting resolutions. The secretary, appointed by the chairperson, shall draw up a report regarding a resolution thus adopted and shall attach

the replies received to the report, which shall be signed by the chairman and the secretary.

9. The supervisory board shall meet together with the management board as often as the supervisory board or management board deems such necessary.

CHAPTER VIII

Annual accounts. Profits.

Article 26. Financial year. Drawing up of the annual accounts.

1. The financial year of the company shall be the calendar year.
2. Annually, not later than five months after the end of the financial year, unless by reason of special circumstances this term is extended by the general meeting by not more than six months, the management board shall draw up annual accounts.
3. The annual accounts shall be signed by all the members of the management board; if the signature of one or more of them is lacking, this shall be stated and reasons given.

Article 27. Accountant.

1. The company shall appoint an accountant to audit the annual accounts.
2. Such appointment shall be made by the general meeting. If the latter fails to do so, such appointment shall be made by the supervisory board or, in the absence of supervisory board members or in the event that the supervisory board fails to do so, the management board. The appointment of an accountant shall not be limited in any way whatsoever. The appointment may at all times be revoked by the general meeting and by those who made the appointment; furthermore an appointment made by the management board may be revoked by the supervisory board.
3. The accountant shall produce a report on his audit examination to the supervisory board and the management board.
4. In addition the accountant shall give the results of his investigations in a statement on the faithfulness of the annual accounts.

Article 28. Submission to the supervisory board.

1. The management board shall submit the annual accounts to the supervisory board.
2. The annual accounts shall be signed by the members of the supervisory board, if one or more of their signatures is lacking, reasons shall be given.
3. The supervisory board submits to the general meeting a report with respect to the annual accounts.

Article 29. Submission to the general meeting. Availability.

1. The annual accounts shall be submitted to the general meeting within the period of time as referred to in article 26 paragraph 2.
2. The company shall ensure that the annual accounts, the annual report, the report of the supervisory board, and the information to be added by virtue of the law are held at its office as from the day on which the annual meeting is convened. Shareholders and depository receipt holders may inspect the documents at that place and obtain a copy thereof, free of charge.
3. The general meeting shall adopt the annual accounts. The annual accounts may not be adopted if the general meeting has been unable to inspect the auditor's statement referred to in article 27 paragraph 4, unless the information to be added by virtue of the law includes a legal ground for the lacking of the statement.

4. The general meeting may grant full or limited discharge to the management board members and the supervisory board members for the management pursued and the supervision thereof, respectively.

Article 30. Publication.

1. The company shall publish the annual accounts within eight days following the adoption thereof. The publication shall be effected by the deposit of a complete copy in the Dutch language or, if such copy was not drawn up, a copy in the French, German or English language, at the offices of the Trade Register in whose district the company has its official seat according to these articles of association. The date of the adoption must be stated on the copy.
2. If the annual accounts are not adopted within seven months of the termination of the financial year in accordance with the legal requirements then the management board shall without further delay publish the prepared annual accounts in the manner prescribed in paragraph 1; it shall be noted on the annual accounts that they have not yet been adopted.
3. In the event that the general meeting shall have extended the period for the preparation of the annual accounts in accordance with article 26 paragraph 2, then the last preceding paragraph shall apply with effect from the date falling two months from the termination of such extended period.
4. A copy of the annual report produced in the same language or in Dutch shall, together with the additional information required by virtue of the law, be published at the same time and in the same manner as the annual accounts. Insofar as the law permits the foregoing shall not apply if copies of those documents are held at the office of the company for inspection by any person and upon request full or partial copies thereof are supplied at a price not exceeding the cost; the company shall make an official return thereof for filing in the Trade Register.

Article 31. Profits.

1. The general meeting shall determine the allocation of accrued profits.
2. Dividends may be paid only up to an amount which does not exceed the amount of the distributable part of the net assets.
3. Dividends shall be paid after adoption of the annual accounts from which it appears that payment of dividends is permissible.
4. The general meeting may resolve to pay an interim dividend subject to due observance of paragraph 2 as appears from an interim account in accordance with the stipulations of the law.
5. With due observance of the relevant stipulations of paragraph 2, the general meeting may resolve to make a payment at the expense of a reserve, which does not have to be maintained by virtue of the law.

Article 32. Payment.

1. Payment of dividends and other distributions shall be announced in accordance with article 43.
2. A claim of a shareholder for payment of dividend shall be barred after five years have elapsed.

CHAPTER IX

General meetings of shareholders.

Article 33. Annual meeting.

1. The annual meeting shall be held annually, and not later than six months after the end of the financial year.
2. The agenda for that meeting shall contain inter alia the following points for discussion:
 - a. the annual report;
 - b. adoption of the annual accounts;
 - c. the granting of discharge to management board members;
 - d. the granting of discharge to the supervisory board members;
 - e. appropriation of accrued profits;
 - f. filling of any vacancies;
 - g. other proposals brought up for discussion by the supervisory board, the management board or by shareholders and depository receipt holders representing in the aggregate at least one tenth of the issued capital, and announced with due observance of article 43.

Article 34. Other meetings.

1. Other general meetings of shareholders shall be held as often as the management board or the supervisory board deems such necessary.
2. Shareholders and depository receipt holders, representing in the aggregate at least one tenth of the issued capital, may request the management board or the supervisory board to convene a general meeting of shareholders, stating the subjects to be discussed. If the management board or the supervisory board has not convened a meeting within four weeks in such a manner that the meeting can be held within six weeks after the request, the persons who made the request shall be authorised to convene a meeting themselves.

Article 35. Convocation. Agenda.

1. General meetings of shareholders shall be convened by the supervisory board or the management board.
2. The convocation shall take place no later than on the fifteenth day prior to the date of the meeting.
3. The notice of convocation shall specify the subjects to be discussed. Subjects which were not specified in the notice of convocation may be announced at a later date, provided with due observance of the provisions of this article.
4. Convocation shall be made in the manner stated in article 43.

Article 36. Waiver of formalities.

As long as the entire issued capital is represented at a general meeting of shareholders valid resolutions can be adopted on all subjects brought up for discussion, even if the formalities prescribed by law or by the articles of association for the convocation and holding of meetings have not been complied with, provided such resolutions are adopted unanimously.

Article 37. Place of meetings.

The general meetings of shareholders shall be held in the municipality in which the company has its official seat according to these articles of association.

Article 38. Chairman.

The chairman of a general meeting of shareholders shall be appointed by the supervisory board. If no such appointment is made, the chairman of the meeting shall be appointed with more than half of the votes cast by the persons with voting rights present at the meeting. Until such appointment is made, a management board member shall act as chairman, or, if no management board member is present at the meeting, the eldest person present at the meeting shall act as chairman.

Article 39. Minutes

1. Minutes shall be kept of the proceedings at every general meeting of shareholders by a secretary to be designated by the chairman. The minutes shall be adopted by the chairman and the secretary and shall be signed by them as evidence thereof.
2. The supervisory board, the chairman or the person who has convened the meeting may determine that notarial minutes shall be drawn up of the proceedings of the meeting. The notarial minutes shall be co-signed by the chairman.

Article 40. Rights at meetings. Admittance.

1. Each shareholder entitled to vote shall be entitled to attend the general meeting of shareholders, to address the meeting and to exercise his voting rights.
2. Each share confers the right to cast one vote.
3. Each person entitled to vote or his proxy shall sign the attendance list.
4. The right to take part in the meeting in accordance with paragraph 1 may be exercised by a proxy authorised in writing. The provision of article 25 paragraph 7, second sentence, shall apply.
5. The members of the supervisory board and of the management board shall, as such, have the right to give advice in the general meeting of shareholders.
6. The general meeting shall decide on the admittance of persons other than those mentioned above in this article.

Article 41. Votes.

1. To the extent that the articles of association do not require a qualified majority, all resolutions shall be adopted by a majority of the votes cast.
2. All votes may be cast orally. The chairman is, however, entitled to decide a vote by a secret ballot. If it concerns an election of persons, also a person present at the meeting and entitled to vote can demand a vote by a secret ballot. Voting by secret ballot shall take place by means of secret, unsigned ballot papers.
3. Abstentions and invalid votes shall not be counted as votes.
4. Voting by acclamation shall be possible if none of the persons present and entitled to vote objects against it.
5. The chairman's decision at the meeting on the result of a vote shall be final and binding. The same shall apply to the contents of an adopted resolution insofar as the same arises out of an unwritten proposal.
If, however, the correctness of that decision is challenged immediately after its pronouncement, a new vote shall be taken if either the majority of the persons present and entitled to vote, or, if the original vote was not taken by roll call or in writing, any person present and entitled to vote, so desires. The original vote shall have no legal consequences as a result of the new vote.

Article 42. Resolutions outside of meetings. Records.

Resolutions of shareholders may also be adopted in writing without recourse to a general meeting of shareholders, provided they are adopted by unanimous vote of all shareholders entitled to vote. The provision of article 25 paragraph 7, second sentence, shall correspondingly apply.

CHAPTER X

Convocation and notification.

Article 43.

All convocations of general meetings of shareholders and all notifications to shareholders and depository receipt holders shall be made by letter mailed to their addresses as shown in the register of shareholders and the register of depository receipt holders.

CHAPTER XI

Amendment of the articles of association and dissolution.

Article 44.

When a proposal to amend the articles of association or to dissolve the company is to be made to the general meeting, this must be mentioned in the notification of the general meeting of shareholders. As regards an amendment of the articles of association, a copy of the proposal including the text of the proposed amendment must at the same time be deposited and held available at the company's office for inspection by shareholders and depository receipt holders until the end of the meeting.

Article 45. Liquidation.

1. In the event of dissolution of the company by virtue of a resolution of the general meeting, the members of the management board shall be charged with the liquidation of the business of the company and the supervisory board with the supervision thereof, without prejudice to article 23 paragraph 2 of the Civil Code.
2. During liquidation, the provisions of these articles of association shall remain in force as far as possible.
3. The balance remaining after payment of debts shall be transferred to the shareholders in proportion to the nominal amount of their shareholdings.

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