



## **BELFIUS FINANCING COMPANY SA**

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

**Issuer**

## **BELFIUS BANK SA/NV**

(Incorporated with limited liability under the laws of Belgium)

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

## **BANQUE INTERNATIONALE A LUXEMBOURG,**

**SOCIETE ANONYME**

**Fiscal Agent and Principal Paying Agent**

## **NOTES ISSUANCE PROGRAMME**

**EUR 20,000,000,000**

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 Financing Company SA (also named “Belfius Financing Company”), together the “Issuers” and each, individually, an “Issuer”, may from time to time, issue notes (in the case of notes issued by Belfius Bank referred to as the “Belfius Bank Notes”, in the case of notes issued by Belfius Financing Company as the “Belfius Financing Company Notes”, together referred to as the “Notes” and individually as a “Note”), which may be linked to various underlyings (the “Underlying”), that rank as senior 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 Financing Company will be guaranteed by Belfius Bank (the “Guarantor”) pursuant to a senior guarantee (the “Senior Guarantee”). Dated Subordinated Notes issued by Belfius Financing Company 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 3 (Risk Factors).

This Base Prospectus was approved by the Belgian Financial Services and Markets Authority (FSMA) on 1 October 2014 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 Belfius Financing Company and of Belfius Bank dated 18 December 2013.

The current ratings of Belfius Bank are Baa1, with outlook 'Negative' (Moody's), A-, with outlook 'Negative' (Standard & Poor's) and A-, with outlook 'Negative' (Fitch). An outlook is not necessarily a precursor of a rating change or future credit watch action. In case of any rating action by any of the rating agencies, the most recent credit ratings of Belfius Bank are always published on Belfius Bank website, at the following address:

<https://www.belfius.be/common/fr/iwscommon/home.html#page=%2Ffinancial%2FFR%2FRatings%2Findex.aspx&entity=>

Belfius Financing Company is a fully owned subsidiary of Belfius Bank, which means, for Notes issued by Belfius Financing Company, that the credit risks of the Issuer and the Guarantor are closely linked. Such credit risks imply that the Noteholders may lose all or part of their investment in the Notes in case the Issuer and 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 15 to 31 and the full Section 3 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") and any supplement, are available on the internet site [www.belfius.be](http://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 FSMA on 1 October 2014 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. SUMMARY

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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 FINANCING COMPANY SA  
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 Financing Company SA]

*Applicable if Belfius Financing Company is the issuer*

**B.1 Legal and commercial name of the Issuer**

Legal name: Belfius Financing Company, SA

Commercial name: Belfius Financing Company

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

Belfius Financing Company, SA is registered with the Register of Commerce and Companies of Luxembourg under number B 156767 ("R.C.S Luxembourg"). The articles of association of Belfius Financing Company were last amended and restated by notarial deed on 7 May 2014.

Its registered office is at:

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

**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 Financing Company is a special purpose vehicle fully owned by Belfius Bank.

**B.9 Profit forecast or estimate**

Belfius Financing Company 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 2013:

Report on the consolidated financial statements – Unqualified opinion

**B.12 Selected historical key financial information**

**Audited balance sheet of Belfius Financing Company as at 31 December 2012 and 31 December 2013 (expressed in EUR)**

A S S E T S	2013	2012
S U B S C R I B E D   C A P I T A L   U N P A I D		
Subscribed capital not called	981.000	325.440
F O R M A T I O N   E X P E N S E S		
	162.401	0
F I X E D   A S S E T S		
Financial fixed assets		
Amounts owed by affiliated undertakings	249.904.369	252.997.326
C U R R E N T   A S S E T S		
Debtors		
Amounts owed by affiliated undertakings		
becoming due and payable within one year	831.577.806	0
Other receivables		
becoming due and payable within one year	4.785	1.575
Cash at bank, cash in postal cheque accounts, and cash in hand	1.998.969	1.371.167
P R E P A Y M E N T S		
	5.953	0
TOTAL ASSETS	<u>1.084.635.283</u>	<u>254.695.508</u>

L I A B I L I T I E S	2013	2012
CAPITAL AND RESERVES		
Subscribed capital	2.980.559	433.920
Reserves		
Legal reserve	11.734	5.296
Profit or loss brought forward	0	1.238.639
Profit or loss for the financial year	56.496	6.438
SUBORDINATED DEBTS	185.359.349	190.020.999
PROVISIONS		
Provisions for taxation	166.567	88.498
Other provisions	0	15.230
NON SUBORDINATED DEBTS		
Trade creditors		
becoming due and payable within one year	49	2.227
Amounts owned to affiliated undertakings		
becoming due and payable within one year	70.000	0
Tax and social security debts		
Tax debts	39.135	0
Other creditors		
becoming due and payable within one year	875.873.012	18.877.849
becoming due and payable after more than one year	20.000.000	44.006.412
DEFERRED INCOME	78.382	0
<b>TOTAL LIABILITIES</b>	<b><u>1.084.635.283</u></b>	<b><u>254.695.508</u></b>

**Audited Profit and Loss Account of Belfius Financing Company as of 31 December 2012 and 31 December 2013 (expressed in EUR)**

C H A R G E S	2013	2012
Other external charges	300.832	41.587
Staff costs		
Salaries and wages	43.397	0
Social security on salaries and wages	5.257	0
Value adjustments on formation expenses and on tangible and intangible fixed assets	33.211	0
Interest and other financial charges	10.496.732	11.597.329
Income tax	71.310	25.128
Other tax not included in the previous caption	6.760	6.760
Profit for the financial year	56.496	6.438
<b>TOTAL CHARGES</b>	<b><u>11.013.995</u></b>	<b><u>11.677.242</u></b>
<b>I N C O M E</b>		
Income from financial fixed assets	8.932.173	11.677.242
Other interest and other financial income	2.081.822	0
<b>TOTAL INCOME</b>	<b><u>11.013.995</u></b>	<b><u>11.677.242</u></b>

**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 Financing Company is a special purpose vehicle fully owned by Belfius Bank. Belfius Financing Company issues notes and lends the proceeds of such issues to Belfius Bank..

**B.16 Direct or indirect control over the Issuer**

Belfius Financing Company is fully owned and controlled by Belfius Bank

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

Not applicable. Belfius Financing Company 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**

*Applicable if Belfius Bank is the issuer or the guarantor*

### **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 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 negative events in Europe or elsewhere would not cause market volatility or that such volatility would 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 the 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 the Belfius Bank's future results.

#### **2. Increased and changing regulation**

As is the case for all credit institutions, Belfius Bank's business activities are subject to substantial regulation and regulatory oversight in the jurisdictions in which it operates, mainly in Belgium.

Recent developments in the global markets have led to an 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 France, the United Kingdom, the United States, Belgium, Luxembourg and elsewhere 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, restrictions on termination payments for key personnel and new regulation of derivative instruments. Current regulation, together with future regulatory developments, could have an adverse effect on how Belfius Bank conducts its business and on the results of its operations.

Belfius Bank is subject to on-going regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies and interpretations mainly in Belgium but also in the other regions in which Belfius Bank does business. Changes in supervision and regulation, in particular in Belgium, could materially affect Belfius Bank business, the products and services offered by it or the value of its assets.

The recent global economic downturn has resulted in significant changes to regulatory regimes. There have been significant regulatory developments in response to the global crisis, including the stress test exercise co-ordinated by the Committee of European Banking Supervisors, in co-operation with the ECB, liquidity risk assessments and the adoption of 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 what actions will be required from Belfius Bank in order to fully comply with the new rules.

Belfius Bank's business and earnings are also affected by fiscal and other policies that are adopted by the various regulatory authorities of the European Union, foreign governments and international agencies. The nature and impact of future changes to such policies are not predictable and are beyond Belfius Bank's control.

**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 2013:

Report on the consolidated financial statements – Unqualified opinion

**B.12 Selected historical key financial information**

Consolidated balance sheet				
(in thousands of EUR)	31/12/2012	31/12/2013	30/06/2014	
	Audited	Audited	Unaudited	
TOTAL ASSETS	212,957,124	182,777,422	192,064,694	
TOTAL LIABILITIES	207,617,662	176,156,476	184,684,208	
TOTAL EQUITY	5,339,462	6,620,946	7,380,486	
TOTAL LIABILITIES AND EQUITY	212,957,124	182,777,422	192,064,694	

Consolidated statement of income				
(in thousands of EUR)	31/12/2012	31/12/2013	30/06/2013	30/06/2014
	Audited	Audited	Unaudited	Unaudited
INCOME	2,458,342	1,834,335	1,050,333	1,107,504
EXPENSES	-1,584,494	-1,424,172	-750,622	-728,606
GROSS OPERATING INCOME	873,848	410,163	299,711	378,898
NET INCOME BEFORE TAX	606,198	517,799	328,937	374,337
NET INCOME AFTER TAX	422,645	445,096	255,333	275,928
NET INCOME	422,645	445,096	255,333	275,928

Consolidated cash flow statement		
(in thousands of EUR)	31/12/2012	31/12/2013
	Audited	Audited
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	-19,215,947	-2,941,683
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-171,613	-132,108
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	-1,072,038	-55,476
NET CASH PROVIDED	-20,459,598	-3,129,267
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	27,613,031	7,149,201
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7,149,201	4,018,659

**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**

The Legacy portfolio has been significantly reduced through a combination of tactical de-risking and the natural amortization of the portfolio. This way, the Legacy bond portfolio had been brought down to 10.7 billion at 30th June 2014 (compared with 18.3 billion euro at the end of 2011), while the off-balance sheet credit guarantee portfolio was down to 6.8 billion euro (compared with 11.6 billion euro at the end of 2011). The residual portfolio remains of good average credit quality.

The outstanding de-risking carried out by Belfius combined with the reported profit resulted in a strong solvency position: Belfius Bank’s consolidated Common Equity Tier 1 ratio under CRD IV / CRR “phased-in” stood at 14.6% as at 30 June 2014. Belfius Bank’s consolidated Common Equity Tier 1 ratio under CRD IV / CRR in a fully loaded format stood at 12.9% as at 30 June 2014.

**B.14 Dependence upon other entities within the group**

Belfius Bank is fully held by the Belgian Federal State, 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 State, 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 30 September 2014, Belfius Bank had the following long-term ratings: A- (negative outlook) with Fitch, Baa1 (negative 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" (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**  
[•]  
— **issue date, 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 at Belfius Bank is affected mainly by:

- the amounts of commercial funding collected from retail and private clients, small, medium-sized and large companies and similar clients and the way these funds are allocated to clients through commercial loans;
- the volatility of the collateral that is placed with counterparties as part of the framework of derivative and repo transactions (so called cash & securities collateral);
- the value of the liquid reserves by virtue of which Belfius Bank can collect funding on the repo market or from the ECB;
- the capacity to obtain interbank funding.

### [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 Belgian 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 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 Belgian 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 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**

[●]

# 3. RISK FACTORS

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(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 of.*

*An investment in the Notes involves a degree of risk. Prospective investors should carefully consider the risks set forth below and the other information contained in this Prospectus (including information incorporated by reference) before making any investment decision in respect of the Notes. The risks described below are risks which the Issuers believe may have a material adverse effect on the relevant Issuer's financial condition and the results of its operations, the value of the Notes or the relevant Issuer's ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and neither Belfius Bank nor Belfius Financing Company is in a position to express a view on the likelihood of all or any of such contingencies occurring. Additional risk and uncertainties, including those of which the Issuers are not currently aware or deems immaterial, may also potentially have an adverse effect on the relevant Issuer's business, results of operations, financial condition or future prospectus or may result in other events that could cause investors to lose all or part of their investment.*

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

*The Issuers believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the relevant Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which are not known to the Issuers or which the Issuers deem immaterial at this time.*

*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.*

## *Factors that may affect Belfius Bank's ability to fulfill its obligations under the Notes.*

*Like other banks, Belfius Bank faces financial risk in the conduct of its business, such as credit risk, operational risk and market risk (including liquidity risk).*

### *3.1. Risks related to the business of banks in general, and to the Business of Belfius Bank*

#### *3.1.1. 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 negative events in Europe or elsewhere would not cause market volatility or that such volatility would 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 the 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 the Belfius Bank's future results.

### *3.1.2. Business conditions and the general economy*

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

- An economic downturn or significantly higher interest rates could adversely affect the credit quality of Belfius Bank's on-balance sheet and off-balance sheet assets by increasing the risk that a greater number of Belfius Bank's customers would be unable to meet their obligations;
- A continued market downturn or further worsening of the economy could cause Belfius Bank to incur mark-to-market losses in some of its portfolios; and
- A continued market downturn would be likely to lead to a decline in the volume of transactions that Belfius Bank executes for its customers and, therefore, lead to a decline in the income it receives from fees and commissions and interest.

All of the above could in turn negatively affect the Notes.

### *3.1.3. Current market conditions and recent developments*

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

The capital and credit markets have experienced a reduction in the volatility and disruption experienced over past years. In some cases, this has resulted in upward pressure on stock prices and bonds, and has also resulted in increased business and consumer confidence. Subsequently, the economy has left a period of distress and entered a phase of economic growth. However, should the economy fall back into recession, a lack of confidence, increased volatility in the financial markets and reduced business activity may materially and adversely affect the Belfius Bank's business, financial condition and operational results, which could in turn have a negative impact on the Notes.

### *3.1.4. Credit Risk*

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

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



Risk management at Belfius Bank is responsible for, *inter alia*, setting and managing the risk surveillance function and decision processes and implementing risk assessment methods for each of Belfius Bank's activities and operational entities.

The cornerstone of this risk governance relies on a coherent set of risk committees at the level of Belfius Bank, the role and remit of which are defined in line with its commercial and financial objectives and with respect for the external environmental factors in relation to regulation and control.

The risk management framework of Belfius Bank consists of 4 cornerstones: a Risk Appetite Framework which basically expresses the risk Belfius Bank is willing to take to reach its business and strategic objectives, given the expectations and the mandate received from the key stakeholders, a Risk Charter which defines the core values and principles of risk management, a Limit Book which provides an overview of the limits of strategic and operational risks in one single document, and finally a coherent set of Risk Policies & Guidelines that describe the roles and responsibilities of the implied parties and the risk concepts and definitions, linked to an activity, business segment or strategy.

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

In order to control the general credit risk profile and to limit risk concentrations, credit risk limits are defined for each counterparty, fixing the maximum exposure to credit risk deemed acceptable for a given counterparty. Limits may also be imposed per economic sector and per product. The risk management department proactively monitors these limits, in relation to the evolution of the perception of risks run by Belfius Bank. In order to take more recent events into consideration, specific limits may be frozen at any time by the risk management department.

#### Retail and Commercial Banking

Within an environment of a weak domestic demand and slow export market growth, Belfius Bank continued to support its activity of providing credits to Retail and Commercial Banking customers, in line with a credit policy that remained stable overall.

Demand for consumer credits increased slightly in 2013 and in the first half of 2014, after reaching a historically low level in the previous year. Acceptance percentages remained stable compared to 2012 and are still based on a "Responsible Lending" charter concluded within the framework of the financial sector federation, Febelfin.

Demand for mortgage loans fell in 2013 and in the first six months of 2014, particularly by virtue of the uncertainty concerning the housing bonus (interest tax deduction). Belfius Bank continues to monitor its mortgage loan portfolio very closely, taking account of any possible changes to the real estate market and a possible weakening of borrower solvency. The potential risk segments of the mortgage loan portfolio have been identified and are monitored closely. Their significance in Belfius Bank's portfolio is limited in the context of the portfolio as a whole. Some points relating to the granting policy and the assessment of guarantees have been adjusted in a conservative way for the customer segments concerned. Despite these remarks at a market level, the cost of risk on mortgage loans remains very low. From the perspective of increased vigilance, in 2013, Belfius Bank established an additional impairment on this portfolio. Upon the request of the regulator, Belfius Bank, like all Belgian banks, also increased its regulatory capital for mortgage loans.

Belfius Bank's strategy for business loans continued in 2013 by delegating decision-making powers to credit teams, involving commercial teams in the granting process and increasing the control of the risk management committees over the exercise of those delegations and decisions.

#### Public and Wholesale Banking

Through its public and wholesale banking business, Belfius Bank continued to play a role in financing the Belgian economy and the country's various enterprises throughout 2013 and in the first six months of 2014.

As a locally-anchored relationship bank, Belfius Bank tries as much as it can to meet the funding needs of its public and social banking customers. Since July 2013, this has been set against a backdrop of new regulations on public markets.

Various institutions within the public and social banking sector have been facing stagnation, or even a fall of income, as a result of the global economic climate. Despite these negative environmental factors, Belfius Bank's credit portfolio in this sector retains a very low risk profile.

Against a background of modest economic growth and an increasing number of bankruptcies, the cost of risk is kept at a very low level and broadly within set limits.

Belfius Bank continued to monitor the sustainable energy sector very closely. The weakening of the financial position of installation companies, contractors and integrated companies in the renewable energy sector observed for the first time in 2012, still persists.

With regard to the shipping sector, the strategy defined in 2012 was continued. Belfius Bank continues only to deal with companies that are directly or indirectly active in the shipping sector, maintaining a global commercial relationship with the bank and a clear link to the Belgian economy. For companies in the shipping sector which have no global commercial relationship with Belfius Bank, the run-off strategy has been continued.

#### Insurance

Belfius Insurance SA ("**Belfius Insurance**") controls the credit risk arising from investments of its reserves in collaboration with the credit risk management teams at Belfius Bank. An operational system of risk management and limits have been defined within the Belfius Insurance investment framework.

A significant part of the Belfius Insurance investment portfolio is invested in Belgium. The risk reduction policy followed by Belfius Insurance was purposefully continued and had the effect of reducing exposure to certain counterparties, such as those countries in Central and Eastern Europe, Italy, Spain, Portugal and Ireland. Against that background, Belfius Insurance also maintained its level of mortgage loan activity on the Belgian market.

#### Investment portfolio

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

- the historical investment portfolio, what is known as the "**Legacy**" portfolio, a bond portfolio in run-off inherited from the former Dexia period;
- Belfius Bank's asset and liability management ("**ALM**") portfolio in the context of Belfius Bank's liquidity management;
- Belfius Insurance's ALM portfolio, mainly as a part of managing Belfius Insurance's technical reserves.

As at 30 June 2014, the total investment portfolio was EUR 29.1 billion (notional amounts), of which EUR 10.7 billion for the Legacy bond portfolio, EUR 6.6 billion for Belfius bank's ALM portfolio and EUR 11.8 billion for Belfius Insurance's ALM portfolio. Compared to the end of December 2013, the portfolio total fell by EUR 2.6 billion, or 8.2%. Since the end of 2011, the total investment portfolio fell by almost 30% as a result of tactical de-risking and the natural amortisation of the portfolio.

As at 30 June 2014, the investment portfolio has an average term of 11.6 years and is of credit quality regarded by Belfius Bank as good credit quality: 95% of the portfolio is investment grade.

As at 30 June 2014, the positions of the total investment portfolio were mostly concentrated in the European Union.

The intensive tactical de-risking of the last two and a half years gave rise to a reduction of the Legacy bond portfolio as at 30 June 2014 by 42%, the strongest falls being recorded by the government local public sector bond segments (-45%), asset-backed securities (-62%) and financial institutions (-67%). Exposure to covered bonds and project and public utilities finance remained stable.

#### Legacy Credit guarantees portfolio

The Legacy credit guarantees refer to the intermediation transactions whereby, on different types of reference obligations, the former Dexia Bank sold credit protection to a financial counterpart and purchased credit protection with monoline insurers.

Since 2011 the outstanding volume in legacy credit guarantees portfolio has reduced by EUR 4.8 bn (or 41%) from EUR 11.6 bn at the end of 2011 to EUR 6.8 bn by the end of June 2014.

It relates essentially to credit guarantees issued on a corporate bond portfolio (67%), ABS (32%) and covered bonds (2%). The credit quality of the underlying bond portfolio, the protection against credit risk provided by hedges embedded in some bonds, and the protections purchased by Belfius from various monoline insurers (mainly from Assured Guaranty) result in a portfolio which presents a credit quality of 96% investment grade.

### Outstanding government bonds

As at 30 June 2014, the total outstanding government bonds, expressed in MCRE (Maximum Credit Risk Exposure), amounted to EUR 14.6 billion, against EUR 14.1 billion at the end of 2013. 57% remains invested in Belgian government bonds stable compared to 31 December 2013. The relative proportion of Italian government bonds stood at 34% (EUR 5.1 billion). The relative combined proportion of Greek, Irish, Spanish and Portuguese government bonds, which was 13% in 2011, was not more than 1% (EUR 0.2 billion) as at 30 June 2014.

### Credit risk with regard to the Dexia Group

In October 2011, after Belfius Bank was taken over by the Belgian federal government through the Federal Holding and Investment Company (“FHIC”), a transition committee was set up with representatives Belfius Bank, Dexia SA (“Dexia”) and FHIC, aimed at achieving a smooth unwinding of all links between Belfius Bank and Dexia and its consolidated subsidiaries (the “Dexia Group”). Reducing the funding that Belfius Bank had been granting to the Dexia Group was one of the key areas of focus for the committee, given that at that time this funding amounted to EUR 56 billion, of which EUR 22.5 billion was unsecured.

On 31 December 2012, unsecured funding had been practically reduced to zero and the total (secured) funding to Dexia was EUR 21.9 billion, made up of EUR 13.9 billion of bonds issued by Dexia Crédit Local with the guarantee from the Belgian, French and Luxembourg governments, EUR 1.0 billion of covered bonds issued by Dexia Municipal Agency, EUR 0.3 billion of covered bonds issued by Dexia LDG Banque and EUR 6.7 billion of multi-party repos.

At the end of January 2013, Dexia finalised the sale of Dexia Municipal Agency. That sale enabled Dexia to generate revenue, which was used to further repay remaining debts to Belfius Bank. The secured funding had continued to fall by the end of March 2013 to EUR 15.4 billion, of which EUR 13.8 billion in government-guaranteed bonds, EUR 0.3 billion in covered bonds issued by Dexia Municipal Agency and EUR 1.3 billion of multi-party repos.

Over the year, the multi-party repos were further reduced by the non-renewal of existing contracts, Belfius Bank no longer acting as intermediary between external repo counterparty and various Dexia entities. In addition, EUR 0.3 billion of covered bonds from Dexia LDG Banque were sold in December 2013.

The funding to the Dexia Group amounted to EUR 13.5 billion as at 31 December 2013 and remained unchanged at the end of June 2014 including EUR 13.4 billion of state-guaranteed bonds reaching maturity at the end of 2014 and the beginning of 2015

### *3.1.5. Liquidity Risk*

#### Liquidity management framework

The Liquidity and Capital Management (“**LCM**”) is part of the finance department at Belfius Bank. The LCM is the front-line manager for the liquidity and capital requirements of Belfius Bank. This means that it identifies, analyses and reports on current and future liquidity positions and risk, and then defines and coordinates the action needed to keep them in the right direction. Hence the ultimate responsibility for managing liquidity comes under the responsibility of the Chief Financial Officer (“**CFO**”). The CFO also bears final responsibility for managing the interest rate risk contained in the balance sheet via the ALM department and the Asset and Liability Committee (the “**ALCO**”), meaning that total balance sheet management comes under its responsibility.

LCM holds committee meetings each week attended by the CFO, Risk Management and the Treasury department and the retail and commercial banking and public and wholesale banking business lines. This committee implements the decisions taken by LCM in relation to obtaining short-term and long-term funding on the institutional market and in the commercial franchise.

LCM also monitors the funding plan to guarantee for the years ahead that Belfius Bank will still comply with its internal and regulatory liquidity ratios.

LCM reports on a daily and weekly basis to the Management Board about Belfius Bank’s liquidity situation.

Second-line controls for monitoring the liquidity risk are performed by the risk management department, which ensures that the reports published are accurate and oversees compliance with limits, as laid down in the liquidity guidelines.

#### Exposure to liquidity risk

The liquidity risk of Belfius Bank is affected mainly by:

- the amounts of commercial funding collected from retail and private clients, small, medium-sized and large public companies and similar clients and the way these funds are allocated to clients through commercial loans;
- the volatility of the collateral that is frozen with counterparties as part of the framework of derivative and repo transactions (so called cash & securities collateral);
- the value of the liquid reserves by virtue of which Belfius Bank can collect funding on the repo market or from the ECB; and
- the capacity to obtain interbank and institutional funding.

#### Consolidation of the liquidity profile

2013 was a year for consolidation of the liquidity profile of Belfius Bank. The NBB's regulatory ratio at one month is broadly respected and Belfius Bank continued to improve and diversify its liquidity profile by:

- stabilising its funding surplus within the commercial balance sheet;
- reducing the funding granted to the Dexia Group;
- obtaining long-term funding with Belfius Bank of covered bonds backed by residential mortgage loans, known as the Belgian Mortgage Pandbrieven of Belfius;
- downsizing the Legacy bond portfolios; and
- collecting medium-term deposits from institutional customers.

In addition, Belfius Bank reduced its dependency on the European Central Bank, with outstanding longer-term refinancing operation funding falling from EUR 25 billion at the end of 2012 to EUR 13.5 billion at the end of 2013 and remained unchanged during 2014.

With a liquidity coverage ratio at 109% as of 30 June 2014, Belfius Bank is LCR compliant. The Liquidity Coverage Ratio (LCR) refers to the ratio between the stock of high quality liquid assets and the total net cash outflow over the next month and is based on the Belfius' interpretation of the current Basel committee guidelines, which may change in the future.

The bank has an available liquid asset buffer of EUR 36.8 billion as of 30 June 2014, this represents five times the wholesale funding maturing within one year.

#### *3.1.6. Market Risk*

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

#### *3.1.7. 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 and strategic risk but excludes expenses from commercial decisions.

The framework on the management of operational risk at Belfius Bank is in place and is based on the principles mentioned in the "principles for the sound management of operational risk" (Bank for International Settlements, June 2011).

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

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

Although Belfius Bank has implemented risk controls and loss mitigation actions and has also devoted resources to developing efficient procedures and staff awareness, a 100 per cent. coverage of operational risks can never be attained due to the very nature of these risks. These could be affected by a wide range of circumstances or events which may not necessarily be under the control of Belfius Bank.

### *3.1.8. Commitments towards the European Commission following the purchase of Belfius Bank by the Belgian federal state*

The acquisition of Belfius Bank by the Belgian Federal State is considered State aid by the European Commission. The bank had to demonstrate its long-term viability. Therefore the bank submitted its strategic plan 2013-2016 to the European Commission. On 28 December 2012, the European Commission approved the Belfius Bank's 2013-2016 strategic plan. The Commission confirms a sustainable and autonomous future for Belfius Bank, insofar as the plan is implemented accordingly. It asked for certain restrictions, however, applicable in 2013 and 2014, particularly regarding proprietary trading, advertising, acquisitions, coupon payments, call exercises and dividend distributions, remuneration policy and operating costs. The production of new loans to the public and social sectors and the sale of life insurance products are restricted to a certain upper limit. However, such ceilings do not limit Belfius Bank in its role as financier to the public and social sectors as it does not constitute a brake on the commercial objectives of Belfius Bank and Belfius Insurance. These new conditions fully and with immediate effect replace the old limitations imposed in 2010 when Belfius Bank, at the time still Dexia Bank, was part of the Dexia Group. This decision enables Belfius Bank to continue to dedicate itself fully to the implementation of its strategic plan, the principal lines of which are as follows:

- the continued refocusing of Belfius Bank on the Belgian economy, whilst promoting a modern bank and maintaining the market shares of Belfius Bank and Belfius Insurance in their different client and activity segments;
- a gradual growth and control of profits, allocated as a priority to strengthening Belfius Bank's capital base from the perspective of implementing the regulatory reforms associated with Basel III and Solvency II; and
- an ongoing effort to reduce recurrent costs by the end of 2016.

### *3.1.9. 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 the Belfius Bank's pricing policy and lead to losing market share in one or more markets in which it operates.

Competition is also affected by other factors such as consumer demand, technological changes and regulatory actions.

### *3.1.10. Effective Capital Management and capital adequacy*

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 EU 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.

The Basel III framework, which was agreed in December 2010, is intended to raise the resilience of the banking sector by increasing both the quality and quantity of the regulatory capital base and enhancing the risk coverage of the capital framework. Among other things, Basel III introduced new eligibility criteria for Common Equity Tier 1, Additional Tier 1 and Tier 2 capital instruments that are intended to raise the quality of regulatory capital, and increases the amount of regulatory capital that institutions are required to hold. Basel III also requires institutions to maintain a capital conservation buffer of 2.5% above the minimum capital ratios which, if not maintained, will result in certain capital distribution constraints being imposed on Belfius Bank. When taking into account the capital conservation buffer, the Common Equity Tier 1 capital, will result in an effective Common Equity Tier 1 capital requirement of 7 per cent. of risk-weighted assets by January 1<sup>st</sup> 2019. In addition, Basel III directs national regulators to require certain institutions to maintain a counter-cyclical capital buffer during periods of excessive credit growth. Basel III introduces a leverage ratio for institutions as a backstop measure, to be applied from 2018 alongside current risk-based regulatory capital requirements. The changes in Basel III are intended to be phased in gradually between January 2013 and January 2022. The implementation of Basel III in the European Union is being performed through the CRD IV (as defined below).

CRD IV consists of the Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (“**CRD**”) and Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (“**CRR**” and together with CRD, “**CRD IV**”). These have been applicable since 1 January 2014 and have been transposed into Belgian law via the Banking Law (as defined below). Even though CRR is directly applicable in each Member State, CRR leaves a number of important interpretational issues to be resolved through binding technical standards that will be adopted in the future, and leaves certain other matters to the discretion of national regulators. In addition, the Council Regulation (EU) No. 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions contemplates that the European Central Bank will assume certain supervisory responsibilities currently handled by the NBB beginning in November 2014. The European Central Bank may interpret CRD IV, or exercise discretion accorded to the regulator under CRD IV (including options with respect to the treatment of assets of other affiliates) in a different manner than the NBB. To the extent that Belfius Bank has already formally reported weighted risks and capital ratios since 1 January 2014 under CRD IV, such prudential information is still subject to changes.

The Basel III 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 Competent Authority, may require Belfius Bank to raise additional Tier 1 (including Common Equity 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 2014, the Issuer’s consolidated Common Equity Core Tier 1 capital ratio under CRD IV/CRR “phased-in” is 14.6%; in a fully loaded format: 12.9%. 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 and could negatively impact or result in a loss of value in the Notes.

### *3.1.11. General Regulatory risk- increased and changing regulation*

As is the case for all credit institutions, Belfius Bank’s business activities are subject to substantial regulation and regulatory oversight in the jurisdictions in which it operates, mainly in Belgium.

Recent developments in the global markets have led to an 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 France, the United Kingdom, the United States, Belgium, Luxembourg and elsewhere 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, restrictions on termination payments for key personnel and new regulation of derivative instruments. Current regulation, together with future regulatory developments, could have an adverse effect on how Belfius Bank conducts its business and on the results of its operations.

Belfius Bank is subject to on-going regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies and interpretations mainly in Belgium but also in the other regions in which Belfius Bank does business. Changes in supervision and regulation, in particular in Belgium, could materially affect Belfius Bank business, the products and services offered by it or the value of its assets.

The recent global economic downturn has resulted in significant changes to regulatory regimes. There have been significant regulatory developments in response to the global crisis, including the stress test exercise coordinated by the Committee of European Banking Supervisors, 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 what actions will be required from Belfius Bank in order to fully comply with the new rules.

Belfius Bank’s business and earnings are also affected by fiscal and other policies that are adopted by the various regulatory authorities of the European Union, foreign governments and international agencies. The nature and impact of future changes to such policies are not predictable and are beyond Belfius Bank’s control.

### *3.1.12. Regulatory risk – European recovery and resolution regime*

Directive 2014/59/EU of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the “**Bank Recovery and Resolution Directive**” or “**BRRD**”) provides for the establishment of a new European-wide framework for the recovery and resolution of credit institutions and investment firms. The BRRD entered into force on 3 July 2014 and must be implemented by 31 December 2014. The stated aim of the BRRD is to provide supervisory authorities, including the NBB, with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

The powers proposed to be granted to supervisory authorities under the BRRD include (but are not limited to) the introduction of a statutory “write-down and conversion power” and a “bail-in” power, which would give the Competent Authority the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities of a failing financial institution and/or to convert certain debt claims into another security, including ordinary shares of the surviving entity, if any. The BRRD confers powers on the Competent Authority to require Additional Tier 1 and Tier 2 capital instruments to be written down in part or in full and/or converted into common equity Tier 1 instruments at the point of non-viability and before any other resolution action is taken. The point of non-viability for such purposes is the point at which the Competent Authority determines that the institution meets the conditions for resolution or the point at which the Competent Authority decides that the institution ceases to be viable, if those capital instruments are not written down.

The BRRD contemplates that the majority of measures (including the write-down and conversion powers relating to Tier 1 capital instruments and Tier 2 capital instruments) set out in the BRRD will be implemented with effect from 1 January 2015, with the bail-in power for other eligible liabilities to be introduced by 1 January 2016.

As well as a “write-down and conversion power” and a “bail-in” power, the resolution powers currently proposed to be granted to the Competent Authority under the BRRD include the power to (i) direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with procedural requirements that would otherwise apply, (ii) transfer all or part of the business of the relevant financial institution to a “bridge institution” (an entity created for the purpose that is wholly or partially in public control) and (iii) separate assets by transferring impaired or problem assets to a bridge institution or one or more asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down.

As some of the requirements are subject to further implementation (and the bail-in provisions still need to be transposed into Belgian law by means of a royal decree to be taken pursuant to the Banking Law), it is not yet possible to assess the full impact of the BRRD or the Banking Law on Belfius Bank and on holders of its securities. Nevertheless, Article 38(2) of BRRD explicitly provides that covered bonds and other secured liabilities of a credit institution will not be subject to the bail-in powers, i.e., the write down or conversion powers of resolution authorities.

### *3.1.13. Regulatory risk – new banking law*

The new Belgian banking law of 25 April 2014 (“*Wet op het statuut van en het toezicht op kredietinstellingen*”/“*Loi relative au statut et contrôle des établissements de crédit*”) (the “**Banking Law**”) is based on the existing regulatory framework and transposes into Belgian law the CRD, and the BRRD, among other things. The Banking Law replaces the existing banking law of 22 March 1993. The Banking Law also introduces a number of specific provisions broadly in line with developments at the European level, such as certain limitations on trading activities, restrictions on proprietary trading, certain specific requirements (such as the obligation to maintain a minimum ratio of unencumbered assets) or general liens for the benefit of depositors on the movable assets of Belfius Bank (subject to certain limitations). The Banking Law further contains powers to allow the government to conform the Banking Law to developments at a European level in certain areas, including through the adoption of royal decrees.

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

The adoption of the Banking Law (including the transposition of various European directives as mentioned above) represents an important milestone which is likely to have an impact on business and earnings of credit institutions, including Belfius Bank.

#### *3.1.14. A substantial part of Belfius Bank's assets may be collateralised*

Like every credit institution, a non-negligible part of Belfius Bank's assets are collateralised (by means of an outright pledge, repo transaction or otherwise). The amount of assets pledged is linked to the funding granted by external parties who demand collateral to mitigate the potential risk on Belfius Bank. While the amount of assets that are pledged by Belfius Bank significantly decreased during 2013, such amount could again increase in a situation of stress (as was the case in 2011 and 2012).

Finally, it should be noted that the new Banking Law introduces (i) a general lien on movable assets ("*algemeen voorrecht op roerende goederen*" / "*privilège général sur biens meubles*") for the benefit of the deposit guarantee fund ("*garantiefonds voor financiële diensten*" / "*fonds de garantie pour les services financiers*") as well as (ii) a general lien on moveable assets for the benefit of natural persons and SMEs for deposits exceeding EUR 100,000. These general liens will enter into force as from a date to be determined by royal decree. The general liens could have an impact on the recourse that the Special Estate (or any noteholder) would have on the general estate of Belfius Bank in the case of an insolvency as the claims which benefit from a general lien will rank ahead of the claim the Special Estate (or any noteholder) against the general estate in accordance with Article 6, indent 8 of Annex III to the Banking Law. However, this impact should in principle be mitigated by the fact that the Banking Law requires all Belgian credit institutions (including Belfius Bank) to have sufficient unencumbered assets to meet any claims of depositors as set out in Article 110, §2, indent 2 of the Banking Law.

For the avoidance of doubt, the general liens for the benefit of the deposit guarantee fund and the depositors only relates to the General Estate of Belfius Bank. The deposit guarantee fund and the depositors do not benefit from a similar general lien on the Special Estate.

#### *3.1.15. A downgrade in the credit rating*

The rating agencies use ratings to assess whether a potential borrower will be able in the future to meet its credit commitments as agreed. A major element in the rating for this purpose is an appraisal of the company's net assets, financial position and earnings performance. In addition, Belfius Bank is wholly owned by the Kingdom of Belgium and it is possible that, if the ratings assigned to the Kingdom of Belgium were to be downgraded, that could result in the ratings assigned to Belfius Bank being negatively affected. 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.

#### *3.1.16. 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.

### *3.2. Risks relating to the business of Belfius Financing Company.*

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

Belfius Financing Company is a fully owned subsidiary of Belfius Bank, which means, for Notes issued by Belfius Financing Company, 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 Financing Company. 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.

### *Factors which are material for the purpose of assessing the market risks associated with the Notes*

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

### *3.3. Risks related to the Notes generally*

#### *3.3.1. 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 Issuers do not represent that the risks of holding any Notes are 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 overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

#### *3.3.2. 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, including modifications to the Terms and Conditions and/or a programme document and/or the substitution of an Issuer. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

#### *3.3.3. Warning: EU Savings Directive*

Under EC Council Directive 2003/48/EC on taxation of savings income (the "Savings Directive"), Member States are required, from 1 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 or to certain other persons established in that other Member State. However, for a transitional period, Luxembourg and Austria may instead (unless during that period they elect otherwise) operate a withholding system in relation to such payments subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Investors should note that the current Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect as from 1 January 2015. A number of non-EU countries and territories, including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland).

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

The Issuers are required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

On 24 March 2014, the EU Council of Ministers adopted a Council Directive (hereinafter “Amending Directive”) pursuant to which Member States are required to extend the scope of the requirements of the Savings Directive described above to (among other things) (i) payments made under certain financial instruments and life insurance contracts that are considered equivalent to debt claims (ii) certain payments that are made to entities or legal arrangements (such as trusts) established outside the EU, where an individual resident in a Member State other than that of the paying agent is regarded as the beneficial owner of that payment and (iii) payments made to certain entities or legal arrangements established in the EU which are treated as paying agents on receipt of interest payments. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017. Investors who are in any doubt as to their position should consult their professional advisers.

#### *3.3.4. Warning: Financial Transaction Tax*

The European Commission published a proposal for a Directive for a common financial transaction tax (the “FTT”) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). The proposed FTT has a very broad scope and could, if introduced in its current form, apply to certain transactions related to the Notes (including secondary market transactions) in certain circumstances. Under current proposals, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain transactions relating to the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (i) by transacting with a person established in a participating Member State or (ii) where the financial instrument which is the subject of the transaction is issued in a participating Member State. Notwithstanding the European Commission proposals, a statement made by the participating Member States (other than Slovenia) indicates that a progressive implementation of the FTT is being considered, and that the FTT may initially apply only to transactions involving shares and certain derivatives, with implementation occurring by 1 January 2016. However, full details are not available. The proposed FTT remains subject to negotiation between the participating Member States and the timing remains unclear. Additional Member States may decide to participate.

If and when the FTT enters into force, Belgium will need to abolish the tax on stock exchange transactions, if applicable, on the same underlying financial instruments.

#### *3.3.5. Change of law*

The Terms and Conditions of the Notes are, save to the extent referred to therein, based on Belgian 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 Belgian 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.

### *3.3.6. 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.

### *3.3.7. 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.

### *3.3.8. 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.

### *3.3.9. Reliance on the procedures of the X/N System, Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer*

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

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

Neither the Issuer, nor any Agent will have any responsibility for the proper performance by the X/N System or the X/N System participants of their obligations under their respective rules and operating procedures.

A Noteholder must rely on the procedures of the X/N System, Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer nor any Agent will have no responsibility or liability for the records relating to, or payments made in respect of, the Notes within the X/N System, Euroclear or Clearstream, Luxembourg.

### *3.3.10. No Agent is required to segregate amounts received by it in respect of Notes cleared through the X/N System, Euroclear and Clearstream Luxembourg*

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

As applicable, the Agency Agreement also provides that an Agent will, simultaneously with the receipt by it of the relevant amounts, pay to the Noteholder, directly or through the relevant clearing system, any amounts due in

respect of the relevant Notes. However, no Agent is required to segregate any such amounts received by it in respect of the Notes, and in the event that such Agent were subject to insolvency proceedings at any time when it held any such amounts, Noteholders would not have any further claim against the Issuer in respect of such amounts, and would be required to claim such amounts from such Agent in accordance with applicable insolvency laws.

### ***3.3.11. No Agent assumes any fiduciary or other obligations to the Noteholders***

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

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

### ***3.3.12. Potential Conflicts of Interest***

Potential conflicts of interest may exist between the Issuer, the Agents, the Calculation Agent and the Noteholders. The Calculation Agent in respect of any Series of Notes shall be the Issuer or the Guarantor, and this gives rise to potential conflicts including (but not limited to) with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Conditions that may influence any interest amount due on, and for the amount receivable upon redemption of, the Notes. Belfius Bank and its affiliates may engage in trading activities (including hedging activities) related to any Notes, for its proprietary accounts or for other accounts under their management.

## ***3.4. 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:

### ***3.4.1. Risks that are applicable for Debt Securities as well as for Derivatives Securities***

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

#### ***3.4.1.2. 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:

- the market price of such Notes may be volatile;
- 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;
- 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;
- payment of principal or interest may occur at a different time or in a different currency than expected;
- 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);
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

- 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;
- 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;
- 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;
- 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;
- it may not be possible for investors to hedge their exposure to these various risks relating to Index Linked Notes;
- a significant market disruption could mean that the index on which the Index Linked Notes are based ceases to exist; and
- 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.

#### ***3.4.1.3. 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.

#### ***3.4.1.4. 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 features.

#### ***3.4.1.5. 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.

#### ***3.4.1.6. 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.

#### ***3.4.1.7. 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.

#### ***3.4.1.8. A Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes***

Payments of interest on the Notes, or profits realised by the Noteholder upon the sale or repayment of the Notes, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. This Prospectus includes general summaries of certain Belgian tax considerations relating to an investment in the Notes issued by each of the Issuers (see the section headed "Belgian Taxation on the Notes"). Such summaries may not apply to a particular holder of Notes or to a particular issue and do not cover all possible tax considerations. In addition, the tax treatment may change before the maturity, redemption or termination date of Notes. The Issuers advise all investors to contact their own tax advisers for advice on the tax impact of an investment in the Notes.

### ***3.4.2. Risks that are specific to Debt Securities***

#### ***3.4.2.1. Risks relating to Fixed to Floating Rate Notes or Floating to Fixed Rate Notes***

Notes which are "Fixed to Floating Rate Notes" or "Floating to Fixed Rate Notes" may bear interest at a rate that 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 to Floating Rate Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If each Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the then prevailing rates on its Notes.

#### ***3.4.2.2. Investors will not be able to calculate in advance their rate of return on Floating Rate Notes and Variable Linked Rate Notes***

A key difference between Floating Rate Notes and Variable Linked Rate Notes, on the one hand, and Fixed Rate Notes, on the other hand, is that interest income on Floating Rate Notes and Variable Linked Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes and Variable Linked 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, because investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

#### ***3.4.2.3. 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.

### ***3.4.3. 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.

### *3.4.4. Risks related to Subordinated Notes*

#### **3.4.4.1. Issuer's obligations under Subordinated Notes**

Each Issuer's obligations under 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"). Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is an increased risk that an investor in Subordinated Notes will lose all or some of his investment should the relevant Issuer become insolvent.

Any obligation of the Issuer to pay principal and interest on Subordinated Notes may be deferred in certain circumstances.

#### **3.4.4.2. Redemption upon Capital Disqualification Event**

If specified as being applicable in the relevant Final Terms, the Subordinated Notes may be redeemed early in certain circumstances where the Issuer is unable to achieve the Tier 2 capital recognition of the Notes, subject to prior approval of the Lead Regulator applicable to Belfius Bank. The exercise of this right by the Issuer may have an adverse effect on the position of holders of the Subordinated Notes.

### *3.5. Risk Indicator*

In order to increase the transparency of the risks involved in investment products, Belfius Bank has developed a synthetic risk indicator for any investment product (including the Notes) 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 investment product, 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/SparenEnBeleggen/InfoEnPublicaties/index.aspx> (Info over de risico's)

<https://www.belfius.be/info/nl/iws/home.html#page=%2Finfo%2FNL%2FSparenEnBeleggen%2FInfoEnPublicaties%2FInfoOverDeRisicos%2Findex.aspx>

or

<https://www.belfius.be/info/fr/iws/home.html#page=%2Finfo%2FFR%2FEpargnerEtInvestir%2FInformationsEtPublications%2FInfosSurLesRisques%2FInvestissements%2Findex.aspx>

<https://www.belfius.be/info/FR/EpargnerEtInvestir/InformationsEtPublications/index.aspx> (Infos sur les risques)

## 4. CHOICES MADE BY THE ISSUERS

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According to article 5(4) of Directive 2003/71/EC, the Issuers have chosen to issue notes under a base prospectus. The specific terms of each Tranche will be set forth in the applicable Final Terms. In addition, the Issuers choose 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.



# 5. RESPONSIBILITY STATEMENT

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

Belfius Financing Company 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 relevant information in relation to them on <http://www.belfius.be>.**

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

## 6. DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the audited consolidated accounts of Belfius Bank (<https://www.belfius.be>) and Belfius Financing Company (<https://www.belfius-financingcompany.lu/>) for the years ended 31 December 2012 and 31 December 2013, including the reports of the statutory auditors in respect thereof, as well as for Belfius Financing Company the semi-annual unaudited key financial figures for 30 June 2014 (Report on the Interim Accounts as at 30 June 2014 available on <https://www.belfius-financingcompany.lu/>) and for Belfius Bank the half year unaudited results for 30 June 2014 (press release available on <https://www.belfius.be/financial/FR/Results/index.aspx>), 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](http://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 Financing Company for the financial years ended 31 December 2012 and 31 December 2013, respectively, and for Belfius Financing Company also the references to the unaudited semi-annual report of 30 June 2014, as well as the non-consolidated statement of income, the consolidated statements of income, the cash flow statement, 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 Financing Company can be found in the section headed "7. Belfius Financing Company, SA" on pages 35 and followings of this Base Prospectus.

Belfius Financing Company	Annual Report	Annual Report
	2012	2013
balance sheet	3	3
statement of income	4	4
audit report on the accounts	1	1
notes to the accounts	5	5

The consolidated balance sheet and consolidated statement of income of Belfius Bank can be found in the section headed "8. Belfius Bank SA/NV" on pages 41 and followings of this Base Prospectus.

Belfius Bank SA/NV	Annual Report	Annual Report
	2012	2013
consolidated balance sheet	66	92
consolidated statement of income	68	94
consolidated cash flow statement	74	100
notes to the consolidated financial statements	75	101
audit report on the consolidated financial statements	182	204
non-consolidated balance sheet	186	208
non-consolidated statement of income	188	211
notes to the non-consolidated accounts	201 (French version)	223 (in French version, not in English version)
audit report on the non-consolidated financial statements	192	214

# 7. BELFIUS FINANCING COMPANY, SA

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

## 7.1. General Information

Belfius Financing Company, SA is registered with the Register of Commerce and Companies of Luxembourg under number B 156767 ("**R.C.S Luxembourg**"). The articles of association of the Issuer were last amended and restated by notarial deed on 7 May 2014.

Its Registered Office is located at 20 rue de l'Industrie, L-8399 Windhof, Grand Duchy of Luxembourg.

Belfius Financing Company has existing senior and subordinated bonds outstanding. Some bonds are listed for trading on the Luxembourg Stock Exchange.

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

According to Article 4 of its Articles of Association, the purpose of the Company is:

- (a) to hold shareholdings and stakes, in any form whatsoever, in any commercial, industrial, financial or other Luxembourg or foreign company or undertakings, as well as to manage and optimise these stakes,
- (b) to acquire by way of participations, contributions, guarantees, acquisitions or options, negotiation or any other means, securities, rights, patents, licenses and other assets, provided the Company considers it appropriate to do so, and in general to hold, manage, optimise, sell or transfer the aforementioned, in whole or in part;
- (c) to take part in commercial, financial or other transactions and to grant to any holding company, subsidiary, associated or affiliated company or any other company belonging to the same corporate group as the Company any financial assistance, loan, advance or guarantee;
- (d) to borrow, raise funds by any means whatsoever (including without limitation the issuance of preferred equity certificates (PECs) (nonconvertible or convertible into shares), loans, bonds, acknowledgements of debt and any other form of debt or type of instrument) and to ensure the reimbursement of any borrowed amount; to perform all operations directly or indirectly related to this purpose.

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

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

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

As of 31 December 2013, the subscribed capital of Belfius Financing Company amounted to EUR 2.980.559. Following the merger of Belfius Financing Company and Belfius Funding, the subscribed capital of Belfius Financing Company amounts to EUR 3.094.004 (situation as of 30 June 2014). The capital is divided into 251 shares without nominal value entirely subscribed by Belfius Bank of which EUR 2.113.004 has been paid up, and Belfius Bank SA/NV is the sole shareholder of Belfius Financing Company. The report on the Interim accounts on June 30<sup>th</sup> 2014 (including the unaudited balance sheet and the unaudited Profit and Loss Account) is available on:

<https://www.belfius-financingcompany.lu/FR/rapports-annuels/index.aspx>.

Belfius Financing Company is dependent on Belfius Bank for the set-up, marketing and sale of its Notes issues. In addition, Belfius Financing Company relies on the fees paid by Belfius Bank to finance its corporate activities.

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

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

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

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

The auditors of Belfius Financing Company are Deloitte Audit Sàrl, 560, rue de Neudorf, L-2220 Luxembourg, being member of Deloitte Touche Tohmatsu.

The relevant auditor's report with respect to the audited annual accounts of Belfius Financing Company for the years ended 31 December 2012 and 31 December 2013, as incorporated by reference (See *Section 6. Documents incorporated by reference*), were delivered without any reservations.

## *7.2. Management Board*

Belfius Financing Company has a Board of Directors. The Directors of Belfius Financing Company and their respective business addresses are as of 1 October 2014:

Category A Directors:

Dirk Gyselinck

Luc Van Thielen

The business address of D. Gyselinck and L. Van Thielen is at the address of Belfius Bank.

Category B Directors

Rudy Paridaens

Christoph Finck

## *7.3. Selected Financial Information*

The following tables summarise (i) the audited balance sheet, income statement and cash flow statement of Belfius Financing Company for the period ending 31 December 2012 and 31 December 2013.

## Audited balance sheet of Belfius Financing Company as at 31 December 2012 and 31 December 2013

Belfius Financing Company S.A.  
BALANCE SHEET  
as at December 31, 2013  
(expressed in EUR)

A S S E T S	2013	2012	L I A B I L I T I E S	2013	2012
SUBSCRIBED CAPITAL UNPAID			CAPITAL AND RESERVES		
Subscribed capital not called	981.000	325.440	Subscribed capital	2.980.559	433.920
			Reserves		
			Legal reserve	11.734	5.296
FORMATION EXPENSES	162.401	0	Profit or loss brought forward	0	1.238.639
			Profit or loss for the financial year	56.496	6.438
FIXED ASSETS			SUBORDINATED DEBTS	185.359.349	190.020.999
Financial fixed assets			PROVISIONS		
Amounts owed by affiliated undertakings	249.904.369	252.997.326	Provisions for taxation	166.567	88.498
			Other provisions	0	15.230
CURRENT ASSETS			NON SUBORDINATED DEBTS		
Debtors			Trade creditors		
Amounts owed by affiliated undertakings			becoming due and payable within one year	49	2.227
becoming due and payable within one year	831.577.806	0	Amounts owned to affiliated undertakings		
Other receivables			becoming due and payable within one year	70.000	0
becoming due and payable within one year	4.785	1.575	Tax and social security debts		
Cash at bank, cash in postal cheque accounts, and cash in hand	1.998.969	1.371.167	Tax debts	39.135	0
PREPAYMENTS	5.953	0	Other creditors		
			becoming due and payable within one year	875.873.012	18.877.849
			becoming due and payable after more than one year	20.000.000	44.006.412
			DEFERRED INCOME	78.382	0
<b>TOTAL ASSETS</b>	<b>1.084.635.283</b>	<b>254.695.508</b>	<b>TOTAL LIABILITIES</b>	<b>1.084.635.283</b>	<b>254.695.508</b>

## Audited Profit and Loss Account of Belfius Financing Company as of 31 December 2012 and 31 December 2013

Belfius Financing Company S.A.  
**PROFIT AND LOSS ACCOUNT**  
 for the year ended December 31, 2013  
 (expressed in EUR)

C H A R G E S	2013	2012	I N C O M E	2013	2012
Other external charges	300.832	41.587	Income from financial fixed assets	8.932.173	11.677.242
Staff costs			Other interest and other financial income	2.081.822	0
Salaries and wages	43.397	0			
Social security on salaries and wages	5.257	0			
Value adjustments on formation expenses and on tangible and intangible fixed assets	33.211	0			
Interest and other financial charges	10.496.732	11.597.329			
Income tax	71.310	25.128			
Other tax not included in the previous caption	6.760	6.760			
Profit for the financial year	56.496	6.438			
<b>TOTAL CHARGES</b>	<u><u>11.013.995</u></u>	<u><u>11.677.242</u></u>	<b>TOTAL INCOME</b>	<u><u>11.013.995</u></u>	<u><u>11.677.242</u></u>

### Unaudited Cash Flow Statement of Belfius Financing Company as at 31 December 2013 and as at 30 June 2014

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 2013 and 2014 (half year) have been published and therefore have not been audited by the statutory auditors of Belfius Financing Company. The cash flow statements for the financial year 2013 are based on the audited financial statements of the said years and have been drawn up in accordance with Lux GAAP.

	2013.12	2014.06
<b>BELFIUS FINANCING COMPANY</b>		
In EUR		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income for the period	56,496	6,438
Net income attributable to minority interests		
<b>ADJUSTMENT FOR :</b>		
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	(81,135)	888,800,721
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>(24,639)</b>	<b>888,807,159</b>

2013.12	2014.06
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**BELFIUS FINANCING COMPANY**

In EUR

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		
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of new shares	652,440	
Reimbursement of capital		
Issuance of subordinated debt		23,711,799
Reimbursement of subordinated debt		
Purchase of treasury shares		
Sales of treasury shares		
Dividend paid		
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		
<b>Effect of exchange rates changes and change in scope of consolidation on cash and cash equivalents</b>		
CASH & CASH EQUIVALENT AT THE BEGINNING OF PERIOD		
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,371,168	1,998,969
NET CASH PROVIDED BY INVESTING ACTIVITIES	(24,639)	888,807,159
NET CASH PROVIDED BY FINANCING ACTIVITIES	652,440	23,711,799
EFFECT OF EXCHANGE RATES CHANGES ON CASH AND CASH EQUIV.		
CASH & CASH EQUIVALENT AT THE END OF PERIOD		
	1,998,969	914,517,927



# 8. BELFIUS BANK SA/NV

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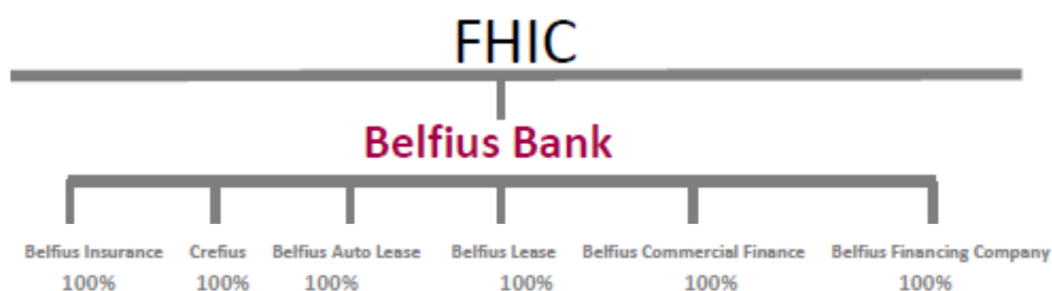
(Annex XI of Regulation (EC) 809/2004)

## 8.1. Belfius Bank profile

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

Belfius Bank is a Belgian banking and insurance group wholly owned by the Belgian federal state through the Federal Holding and Investment Company (FHIC). Belfius Bank’s shares are not listed.

### Simplified Group structure (as at the date of the Base Prospectus)



## 8.2. Mission and Ambitions

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

### *Partner of society*

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

### *Focus on customer satisfaction*

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

### *Committed, proud staff*

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

### *Financially sound*

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

### *Operationally efficient*

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

## 8.3. Activities

Commercial activities are essentially organised around three business lines: Retail and Commercial Banking, Public and Wholesale Banking, and Insurance.

### *8.3.1. Retail and Commercial Banking*

The Retail and Commercial Banking business line offers a comprehensive range of retail, commercial and private banking products, as well as insurance services to:

- 3.3 million individual customers; and
- 0.2 million “Business” customers. This segment combines the self-employed and professionals, as well as small and medium-sized enterprises that have a turnover or total balance sheet of less than EUR 10 million.

As at June 2014, Belfius Bank’s distribution network consisted of 755 branches. More than 500 of these operate using the open-branch concept, placing the emphasis on advising customers. These open branches are divided into three zones: self-service, information and services, as well as advice. A key feature of this branch design is the absence of teller windows. Most transactions in cash are conducted in the automated self-service space within the branch. The design is all about providing maximum ease of access and personalized contact with customers.

Belfius ATMs cater for 1.5 million active users a month, which translates into 8.4 million monthly interactions. The proportion of transactions carried out at ATMs is high: 93% of all deposits and 99% of all withdrawals are made at an automatic teller machine, which demonstrates the success of the concept.

Belfius is also totally accessible through digital channels and the popularity of these channels continues to grow. Belfius Direct Net, the bank’s online portal, services 0.9 million active users, which represents 6.3 million interactions each month. Belfius Direct Mobile is experiencing growing success, which has been boosted further since the introduction of a highly effective new version in December 2012 for Smartphones and in May 2013 for tablets (165,000 active users at 31 December 2013).

Direct telephone communications are another major point of contact with customers, and the contact center records some 30,000 incoming calls a month.

In 2013, Belfius introduced Belfius Pulse Start. It offers its customers the best of both worlds by combining mobile banking with personalized advice – all in one completely integrated package.

This business line provides a full range of products to customers, including payment products, loans, savings products, investments and insurance.

Payment products come in the form of packages of current accounts linked to a debit card or credit card, plus additional insurance cover, depending on the level of service selected: blue, red, gold, platinum and white. The granting of a credit card is subject to acceptance through a standard risk management process. Customers can also opt for a MasterCard Prepaid, enabling them to make payments in total security within the limit set for their budget, anywhere in the world and also online. Business customers can also enjoy additional services that correspond to their needs (such as cashflow management).

With its range of credit products, Belfius mainly offers mortgage loans at fixed or variable interest rates, with terms usually ranging from 10 to 20 years. The bank also markets consumer loan products in the form of car loans, personal loans and green loans. The activity surrounding the granting of loans is carefully monitored by the code of conduct issued by the “Professional Credit Union”. Tailored loans are provided for the Business segment. This includes tax funding, operating capital facilities (particularly Belfius Business Cash+) and investment loans.

Savings and investment products fall into two categories: balance sheet products (financing the bank’s assets) or off-balance sheet products. Balance sheet products include classic and online savings accounts, current and term accounts, savings certificates and bonds issued by Belfius (Belfius Financing Company Notes) and placed with retail customers. Off-balance sheet products are made up of mutual funds, shares and (euro)bonds issued by third parties, as well as Belfius Insurance Branch 21, Branch 23 and, more recently, Branch 44 insurance products.

Belfius Bank also offers its customers all of the classic and innovative life and non-life insurance products provided by Belfius Insurance.

With a market share estimated at 13% for both savings accounts and mortgage loans, Belfius’ market share remains stable overall.

Despite a still challenging macroeconomic environment, the bank’s commercial business was highly dynamic, with total customer assets recording a 2% rise in 2013 to EUR 93.7 billion. On the deposits side of the ledger, historically low interest rates prompted customers to adopt a wait-and-see attitude. The result was lower investment levels in long-term investments (savings bonds fell 14.3%, while bonds issued by Belfius were down

11.5%). However, there was a good rise in assets in current accounts and savings accounts, which reached EUR 6.9 billion (+12.3%) and EUR 33.8 billion (+6.1%) respectively as at 31 December 2013. In total, deposits amounted to EUR 61.5 billion at the end of 2013, down slightly (-0.7%) compared with the end of December 2012.

However this slight decline in deposits was largely offset by the fine performance recorded by off-balance sheet assets, which rose by 11.9% compared with the end of December 2012, reaching EUR 21 billion due to increasing customer preference for products offering higher returns (for example, mutual funds).

Technical life insurance reserves reached EUR 11.2 billion at the end of 2013, which was a slight increase of 1.4% compared with the end of 2012. Investments in Branch 21 life insurance were under pressure due to low rates and the rise in taxes on premiums to 2%. However, this fall was offset by the success of the new Branch 44 product, Belfius Invest Top Funds Selection, introduced in June 2013.

Loans granted to customers remained stable in 2013, at EUR 33.5 billion at the end of December 2013. This was for all types of loans. Mortgage loans, which represent almost two-thirds of the total loans granted, were EUR 21 billion at the end of December 2013, while consumer loans and business loans were at EUR 1.6 billion and EUR 9.9 billion respectively.

<b>Retail and Commercial Banking</b>			
(in billions of EUR)	dec/12	dec/13	jun/14
<b>Total customer assets</b>	91.7	93.7	95.9
Deposits	61.9	61.5	61.9
Off- balance sheet assets	18.8	21.0	23.0
Life investment reserves	11.0	11.2	11.1
<b>Total loans to customers</b>	33.4	33.5	33.5
of which			
Mortgages loans	21.2	21.0	21.0
Business loans	9.7	9.9	9.9

As of June 2014 compared to December 2013, total customer assets recorded a 2% rise to EUR 95.9 billion.

- Deposits slightly increased by EUR 0.4 billion
- Off-balance-sheet products increased by EUR 2 billion in the 1H 2014 following trend towards more mutual funds, mandates and Branch 44
- Life investment reserves remained stable

As of June 2014 compared to December 2013, outstanding loans remains roughly stable at EUR 33.5 billion, both for business and mortgage loans.

### 8.3.2. Public and Wholesale Banking

The Public and Wholesale Banking business line offers a comprehensive range of banking products and services essentially to two complementary groups of customers: public and social sector entities (Public and Social Banking), and medium and large companies (Corporate Banking).

The Public and Social Banking segment, which has a total of 12,000 customers, works on behalf of local public bodies (for example, municipalities, provinces, police areas, Public Centers for Social Welfare), supra-local public entities (for example, communities of municipalities), dependent entities at a community, regional or federal level, as well as a wide range of other public sector organizations. This segment also includes entities associated with healthcare (for example, hospitals and retirement homes), customers in the field of education (such as universities and schools), the housing sector and also customers such as foundations, social secretariats and pension funds.

The second segment, the Corporate Banking division, serves some 6,000 medium and large corporates (representing approximately 2,700 separate commercial groups) with an annual turnover or balance sheet total in excess of EUR 10 million.

The Public and Social Banking network has some 40 relationship managers located in three regions. Smaller clients (approximately 6,000) are serviced by the branch network of the Retail and Commercial Banking business line. The Corporate Banking commercial network has 49 relationship managers spread across six regions.

Within the two segments, the relationship manager is the reference person, or “hub”, of the commercial relationship with the customer. He is the only contact person, enjoying a relationship of trust with the customer over time. The relationship manager may at any time call on experts, the so-called “spokes”, for the different product lines, whether that be for investments, loans, insurance, leasing, electronic banking or cash management. This “hub and spoke” model is at the heart of the business line’s commercial dynamic.

The product range consists firstly of classic banking products such as short and long-term loans, cash-flow management, investment management, electronic banking services, trading room products and various finance or operating lease solutions through the subsidiaries Belfius Lease or Belfius Auto Lease.

Customers of the public and social banking segment also benefit from a range of very specific products and services, such as social accounts, advanced cash-flow solutions and active debt management or long-term financing solutions that are in accordance with their own needs, whether in the form of long-term loans or bonds.

For corporate banking customers, there are specific solutions associated with the public authority debt funding (Business-to-Government – B2G), international cash management solutions, “asset finance” solutions (leasing, car leases and commercial finance) as well as expertise in terms of project finance and structured finance.

Eager to provide its customers with true added value, Belfius Bank constantly adapts the range of products and services offered to them so as to meet their needs and any requirements specific to them in a way that is both effective and practical.

Belfius Bank remains the reference banker for public and social banking customers. In the corporate banking market, the bank aims its services primarily at medium-sized corporates operating in Belgium, as well as the many companies that offer their services to the public authorities (B2G offering).

Throughout 2013, Belfius Bank remained faithful to its primary mission of being the bank “of and for the Belgian society”, continuing more than ever to fulfil its role of financier for the Belgian economy. This commercial dynamic was demonstrated by Belfius Bank granting EUR 2.4 billion in new long-term funding to the public and social sectors and EUR 2.1 billion in new loans to corporates in 2013, as well as by the implementation of numerous local initiatives.

Despite the challenging economic environment, Belfius Bank continued to support local authorities and can rightfully claim to be the only bank that responds systematically to all tender calls. In doing so, Belfius Bank fully plays its role as a partner by reinvesting Belgian savings in numerous projects presenting significant added value for the community (public buildings, schools, crèches, hospitals, road networks, etc.).

As at 31 December 2013, total savings and investments amounted to EUR 26 billion, down 7.3% compared with the end of 2012. The fall in deposits to EUR 18 billion at the end of December 2013 was due entirely to the seasonal effect, with the end of the year seeing significant temporary withdrawals by social security organisations. These outflows were entirely regained at the beginning of 2014.

Total outstanding loans were down slightly (-1.4%) at EUR 43.3 billion. This fall was attributable entirely to generally low demand and increased competition on the corporate banking market. Outstanding loans in the public and social banking segment were up slightly, reaching EUR 34.7 billion at the end of December 2013.

Off-balance sheet commitments were down EUR 3.2 billion over the year to EUR 16.3 billion at the end of December 2013, reflecting the bank’s active management, in partnership with the customer, of unused credit lines. In the context of the introduction of the new Basel III regulation, banks are subject to much more stringent regulatory ratios, both in terms of capital and liquidity. In the Public and Wholesale Banking business line, active collaboration with customers enabled credit lines to be optimized, particularly off-balance sheet, by making the customer’s actual needs correspond better in terms of financing with the amount of lines needed for the customer’s development.

<b>Public and Wholesale Banking</b>			
(in billions of EUR)	dec/12	dec/13	jun/14
<b>Outstanding savings &amp; investments</b>	28.1	26.0	27.3
On- balance sheet	19.9	18.0	19.4
Off- balance sheet	8.2	8.0	7.9
<b>Outstanding loans</b>	44.0	43.3	43.3
Public & social banking	34.4	34.7	33.9
Corporate banking	9.6	8.6	8.4

Total assets under management stood at EUR 27 billion as at 30 June 2014. Outstanding loans in Public & Social Banking and Corporate Banking are slightly decreasing mainly due to relatively low demand, renewed interest from competitors for the Public & Social Banking sector and the increase of alternative financing (a.o. disintermediation, where Belfius is market leader for Public & Social Banking).

### 8.3.3. Insurance

Belfius Insurance, a subsidiary of Belfius Bank, offers customers of the Retail and Commercial Banking (individuals, the self-employed, small and medium-sized enterprises) and Public and Wholesale Banking (public and social sector entities, medium and large enterprises) business lines a varied range of life and non-life insurance products.

Belfius Insurance holds fifth position<sup>1</sup> on the Belgian insurance market.

In order to offer an optimum response to the specific needs of different customer segments, Belfius Insurance relies on several brands and distribution channels.

In Belgium, for Retail customers, Belfius Insurance combines the advantages of the exclusive agents network of DVV Insurance with those of the Belfius Bank branch network, whilst also relying on Corona Direct, a direct insurer active via the internet and “affinity partners”<sup>2</sup>.

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

DVV Insurance has been a benchmark for more than 80 years, both for life and for non-life insurance. Through their 333 points of sale, each with exclusive advisers, DVV Insurance offers 357,598 households – individuals, the self-employed and small enterprises – a complete range of insurances, mortgage loans and a widely renowned and first-class tailored service.

Corona Direct has operated as a direct insurer since 1974. It offers its 174,000 customers family, car, home, funeral and other insurances either directly (by internet, telephone or mailing) or via its “affinity partners”. The strength of Corona Direct rests in its strong client service and ability to innovate, for instance with its kilometer-linked vehicle insurance.

For Public and Wholesale Banking customers, Belfius Insurance collaborates with Belfius Bank and also with specialist brokers. By virtue of its unique experience in the field of insurances for the public and non-profit sectors, Belfius Insurance has become a benchmark in those sectors, for which over the years it has developed a complete range of very specific life and non-life insurance products.

Since 2012, this multi-channel approach has also involved the Elantis brand, which offers mortgage loans through independent brokers. Elantis aims to position itself as a new and important distribution channel for the insurer and to strengthen the position of Belfius Insurance on the mortgage market.

In Luxembourg, Belfius Insurance offers its investment and insurance products through the subsidiary International Wealth Insurer (IWI).

The range of products for Retail customers includes classic non-life insurance: car insurance (third party and comprehensive), third party civil liability insurance, fire insurance, and miscellaneous risks insurance. In addition, life insurances such as pension savings, mixed life insurances, savings insurances, guaranteed income cover, death insurances, credit balance insurance linked to mortgage loans and Branch 23 investment products are also offered. By virtue of this complete range, Belfius Insurance plays its role as a locally anchored insurer aiming at protecting Belgian families, maintaining their income levels and increasing their assets.

Public and Wholesale Banking customers have a choice of professional insurances, fire insurance, guaranteed income cover, group hospitalization insurance, group insurance, company executive insurance, investment products and specific tailored solutions.

Belfius Insurance has a market share of 7.4% on the Belgian market (8.7% in the Life segment and 4.9% in the Non-Life segment)<sup>3</sup>. Belfius Insurance attaches great importance to customer satisfaction: the insurer endeavors

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<sup>1</sup> Data 2012 – Assuralia. 2013 data are not yet available

<sup>2</sup> Affinity partners are external parties with which Corona collaborates and which offer Corona insurance products. For instance, these are car dealers (for motor insurance) and undertakers (for funeral insurance).

to be close to its customers, offering them professional and personalized advice and aiming always for optimum efficiency in this regard.

In 2013, total gross written premiums were EUR 2,156 million, against EUR 2,484 million in 2012.

Life insurance premiums amounted to EUR 1,612 million, against EUR 1,953 million in 2012. This fall arose mainly in Belgium (-29%) and is due to the persistence of low interest rates and the increase of insurance premium tax since January 2013.

The Luxembourg market is performing well, with written premiums almost doubling in 2013 to EUR 354 million. In 2012, sales via the banking channel of Banque Internationale à Luxembourg ceased as a consequence of the general economic climate and the Dexia image crisis. Since then, IWI has developed a new business model and production has picked up. This is relatively diversified, both in terms of the number of distribution partners and types of market.

Life insurance reserves remained stable at EUR 20.3 billion at the end of 2013, against EUR 20.4 billion in 2012, despite a difficult context marked by low rates and unfavorable taxation. By product, there was a slight fall in Branch 21 reserves, whilst those for Branch 23 increased following the launch of Belfius Invest Top Funds Selection, a new Branch 44 product, and as a consequence of the sharp increase in written premiums at IWI.

<b>Insurance</b>				
(in millions EUR)	dec/12	dec/13	1H2013	1H 2014
<b>Total premiums</b>	2,484	2,156	1,014	1,353
Life insurance-premiums	1,953	1,612	711	1,038
Non-life insurance premiums	531	544	303	315
<b>Life insurance reserves</b>	dec/12	dec/13	1H2013	1H 2014
(in billions of EUR)	20.4	20.3	20.2	20.6

Life insurance sales increased by 46% to EUR 1,038 million in 1H 2014 compared to 1H 2013 mainly thanks to significant increase in Bancassurance as a result of the successful launch of Branch 44.

Non-life insurance premiums went up by 4% in 1H 2014 to EUR 315 million compared to 1H 2013.

Life insurance reserves stood at EUR 20.6 billion up 300 million compared to December 2013.

#### 8.4. 2013 Results

Belfius Bank posted a consolidated net profit of EUR 445 million in 2013. Operating profitability increased thanks to new commercial initiatives and an ambitious savings plan. Belfius accorded some EUR 10 billions exclusively to the Belgian economy by granting loans to individuals, local authorities and SMEs.

<b>Net income</b>			
(in millions of EUR)	2012	2013	Evolution
<b>BELFIUS</b>	421	445	5.7%
of which			
Franchise (= commercial business)	310	508	63.9%
Legacy	111	-63	

Net profit from commercial business rose by 63.9% in 2013 to EUR 508 million.

The Legacy, including the bond portfolio and the exposure to Dexia, had a negative contribution of EUR 63 million to the 2013 net profit, against a positive result of EUR 111 million in 2012. The negative result of the Legacy in 2013 was impacted by the balance sheet decrease, further tactical de-risking and methodological refinements in the determination of the fair value of derivatives. The 2012 result was boosted by capital gains on buy-backs of subordinated debt, partially used for de-risking.

<sup>3</sup> Data 2012 – Assuralia. 2013 data are not yet available

Commercial results of EUR 508 million, after deduction of the negative contribution of Legacy-activities, generated a consolidated net profit of EUR 445 million for Belfius in 2013. That is an increase of 5.7% compared with 2012. The main underlying reasons for this were:

Net fee and commission income increased by 19.2% to EUR 376 million.

- Belfius Insurance performed strongly, with a net result up from EUR 59 million to EUR 215 million and an “economic” combined ratio<sup>4</sup> standing at 98.7%.
- Costs were kept under strict control (costs down by 10.1%) through a disciplined implementation of the cost-cutting plan approved and introduced in 2013.
- Cost of risk remained low and was even positive due to the write-back of provisions resulting from the tactical de-risking of the Legacy.

Belfius’ total balance sheet has been reduced by 25.3% since September 2011, to EUR 183 billion as of 31 December 2013, without adversely affecting the development of its commercial business.

Total shareholders’ equity doubled from EUR 3.3 billion at the end of 2011 to EUR 6.6 billion at the end of 2013.

The outstanding de-risking carried out by Belfius combined with the reported profit resulted in a substantial improvement of the solvency position: the Basel II Tier 1 ratio stood at 15.4% at the end of 2013 (compared to 13.3% at the end of 2012). The capital adequacy ratio stood at 16.5% at the end of 2013 compared to 13.8% at the end of 2012.

### 8.5. 1H 2014 Results

<b>Net income</b>			
(in millions of EUR)	1H 2013	1H 2014	Evolution
BELFIUS	255	277	8%
of wich			
Franchise (=commercial business)	222	291	31%
Side	33	-14	

1H 2014 Belfius Bank Net income stood at EUR 277 million compared to EUR 255 million in 1H 2013. Franchise net income strongly increased to EUR 291 million, up 31% mainly thanks to good commercial income and strict cost control management. Net income of Side activities (managed in run-off) stood at EUR -14 million & tactical de-risking well controlled. The profit, which results from good commercial activity and strict cost control, will be allocated to strengthening Belfius Bank’ equity base.

In the first half of 2014, total income amounted to EUR 1,108 million, up 5% compared to 1,050 million in 1H 2013, due to:

- a further improvement of the net interest income (8%) also thanks to the steadily increasing interest margin on the commercial book
- a strong increase (16%) of net fee and commission income as a result of higher off-balance investments by clients and growth in mandates & bancassurance
- a decrease of net income on investments mainly explained by the capital gain booked in the first half of 2013.

In the first half of 2014, expenses stood at EUR 729 million decreasing by 3% compared to 1H 2013 thanks to the ongoing impact of the savings plan of the bank. This resulted in a cost to income ratio of 65.8% compared to 71.5% in 1H 2013.

As a consequence, gross operating income was EUR 379 million in the first half of 2014, up 26% compared to 1H 2013.

The level of cost of risk (EUR 4 million) has confirmed the overall good quality of assets.

The pre-tax income stood at EUR 374 million.

Tax expenses (including deferred taxes) amounted to EUR 98 million in 1H 2014.

<sup>4</sup> The “economic” combined ratio is the total combined ratio (i.e. the claims ratio + commission fees + costs + reinsurance) adjusted with non-“recurrent” elements (such as VAT on legal fees).

As a consequence, Belfius Bank net income group share amounted to EUR 277 million in the first half of 2014, compared to EUR 255 million in 1H 2013.

As at 30 June 2014, the balance sheet total amounted to EUR 192 billion an increase of EUR 9.3 billion or 5% compared to 31 December 2013.

As at 30 June 2014, total equity amounted to EUR 7.4 billion, against EUR 6.6 billion as at 31 December 2013. The EUR 0.8 billion growth is explained by the increase of the core shareholders' equity and the considerable improvement of gains and losses not recognized in the statement of income.

Core shareholders' equity increased by EUR 277 million to EUR 7.6 billion as a result of the profit realized in the first half of 2014.

Gains and losses not recognized in the statement of income improved by EUR 0.5 billion during the first half of 2014 from EUR -0.7 billion at year-end 2013 to EUR -0.2 billion as at the end of June 2014.

Belfius Bank's consolidated Common Equity Tier 1 ratio under CRD IV / CRR in a fully loaded format rose by 138 basis points compared to the end of 2013 to 12.9% as at 30 June 2014, due to the increase of the common equity capital (47bp) and a strong decrease of the weighted risks (91bp).

Belfius Bank's consolidated Common Equity Tier 1 ratio under CRD IV / CRR "phased-in" stood at 14.6% as at 30 June 2014.

Belfius Bank's total capital ratio under CRD IV/CRR in a fully loaded format stood at 13.9% as at 30 June 2014 and the total capital ratio under CRD IV/CRR "phased-in" amounted to 16.0%.

## 8.5. Ratings

As of 1 October 2014, Belfius Bank had the following long-term credit ratings:

	<b>Long-term rating</b>	<b>Outlook</b>	<b>Short-term rating</b>
Fitch	A-	Negative	F1
Moody's	Baa1	Negative	Prime-2
Standard and Poor's	A-	Negative	A-2

## 8.6. Other information

In order to avoid any inappropriate influence from its shareholders and in order to ensure full transparency regarding transactions with connected parties (in particular its large shareholders), the bank has, on the operational level, put in place strict rules and procedures, among others with respect to the granting of loans.

In addition, the requirement that the board of directors of Belfius Bank shall consist of at least four independent directors aims to ensure that any conflict of interest involving directors is dealt with appropriately and that the interests of all stakeholders are taken into account. As at the date of this Base Prospectus, there are seven independent board members on a total number of fifteen.

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

There 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.

### 8.6.1. Management and Supervision of Belfius Bank

#### 8.6.1.1. Composition of the management board and the board of directors

##### A. Management board

The management board currently has six members who have all acquired experience in the banking and financial sector. The members of the management board form a college.

As of the date of this Prospectus, the management board has consisted of the following six members:



<b>Name</b>	<b>Position</b>	<b>Major other functions performed outside Belfius Bank</b>
Marc Raisière .....	chairman	none
Dirk Gyselincx.....	member	none
Eric Hermann.....	member	none
Luc Van Thielen.....	member	none
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, Belgium.

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 ensures that Belfius Bank's business activities are in line with the strategy, risks and policies approved by the board of directors. It passes on relevant information to the board of directors to enable it to take informed decisions.

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.

### ***B. Board of directors***

In accordance with Belgian law governing Belgian sociétés anonymes/naamloze vennootschappen and the articles of association of Belfius Bank, Belfius Bank is managed by its board of directors, which is entitled to take any action the right to which is not expressly reserved to the general meeting of shareholders of Belfius Bank by law or the articles of association of Belfius Bank. In accordance with Belgian banking law, the board of directors put in place a management board to which it delegates its management 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 5 members appointed for maximum terms of four years. The table below sets forth the names of the directors, their position within Belfius Bank and the other major functions they perform outside Belfius Bank.

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

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

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

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

*Composition as at the date of the Base Prospectus*

As at the date of this Prospectus, the board of directors consists of 16 members, 6 of whom sit on the management board.

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

<b>Name</b>	<b>Position</b>	<b>Major other functions performed outside Belfius Bank</b>
Jozef Clijsters	chairman of the board of directors of Belfius Bank	none
Marc Raisière	chairman of the management board of Belfius Bank	none
Johan Vankelecom	member of the management board of Belfius Bank chief financial officer responsible for financial reporting, research, liquidity and capital management, financial communication, tax affairs and asset and liability management	none
Dirk Gyselincx	member of the management board of Belfius Bank responsible for public & wholesale banking and treasury and financial markets	none
Dirk Vanderschrick	member of the management board of Belfius Bank responsible for retail and commercial banking	none
Eric Hermann	member of the management board of Belfius Bank chief risk officer	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)	senior advisor at the <i>Federation of European Risk Management Associations</i>

<b>Name</b>	<b>Position</b>	<b>Major other functions performed outside Belfius Bank</b>
Wouter Devriendt	member of the board of directors of Belfius Bank	independent consultant at the Federal Participations and Investment Company (FHIC)
Carine Doutrelepon	member of the board of directors of Belfius Bank (independent director)	lawyer and professor at the <i>Université Libre de Bruxelles (ULB)</i>
Pierre Francotte	member of the board of directors of Belfius Bank (independent director)	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)	honorary 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 extraordinary professor at the <i>Vlerick Business School</i>
Rudi Vander Vennet	member of the board of directors of Belfius Bank (independent director)	professor of financial economics and banking at the <i>University of Ghent (UG)</i>
Serge Wibaut	member of the board of directors of Belfius Bank (independent director)	independent consultant and professor of finance at the <i>Université Catholique de Louvain (UCL)</i>

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.

#### **8.6.1.2. Advisory committees set up by the board of directors**

The board of directors of Belfius Bank has put in place various advisory committees to assist it in its tasks. On 12 March 2014, the appointments and compensation committee of Belfius Bank was split into two separate committees: the appointments committee and the remuneration committee.

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

##### **A. Appointments committee**

As of the date of the Base Prospectus, the appointments committee of Belfius Bank had the following membership:

<b>Name</b>	<b>Position</b>
Lutgart Van Den Berghe	Chairman – director of Belfius Bank
Jozef Clijsters	Member - chairman of the board of directors of Belfius Bank
Carine Doutrelepon	Member - director of Belfius Bank

Two independent directors (including the Chairman) sit on the appointments committee. The committee is constituted in such a manner as to enable it to formulate a competent and independent judgment of the composition and the working of the management board and the board of directors, in particular the individual and collective expertise of their members and their integrity, reputation, independence of mind and availability.

As representatives of the management board, the chairman of the management board and the head of Human Resources attend meetings of the appointments committee. The chairman of the management board of Belfius Insurance attends meetings of the appointments committee for questions relating to Belfius Insurance and its subsidiaries.

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

- assessing the suitability (“Fit and Proper” procedure) of the members of the management board, the non-executive directors and the persons responsible for independent audit functions;
- formulating proposals for the appointment or renewal of the mandate of the chairman and members of the management board;
- formulating proposals for the appointment or renewal of the mandate of directors, as well as proposals for the co-opting of directors;
- monitoring the necessary qualifications, knowledge and experience within the Board of Directors;
- monitoring the succession of members of the management board and the non-executive directors and following up on any risks in that regard;
- assessing the criteria on the basis of which a director may be called “independent” and the formulation of proposals to be made to the general meeting of shareholders in that regard; and
- assessing the performance and objectives of the directors once a year.

The appointments committee acts for both Belfius Bank and Belfius Insurance.

#### ***B. Remuneration committee***

As of the date of the Prospectus, the remuneration committee of Belfius Bank had the following membership:

<b>Name</b>	<b>Position</b>
Lutgart Van Den Berghe ...	Chairman - director of Belfius Bank
Jozef Clijsters .....	Member - chairman of the board of directors of Belfius Bank
Carine Doutrelepont .....	Member - director of Belfius Bank

Two independent directors (including the Chairman) sit on the remuneration committee. 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 in relation to the incentives created for the management of risks, capital and reserves and liquidity.

As representatives of the management board, the chairman of the management board and the head of Human Resources attend meetings of the remuneration committee. The chairman of the management board of Belfius Insurance attends meetings of the remuneration committee for questions relating to Belfius Insurance and its subsidiaries.

The remuneration committee prepares the decisions of the board of directors that relate to:

- the remuneration of the chairman of the management board and, at his/her request, the remuneration of the members of the management board;
- the remuneration policy for the chairman and non-executive members of the board of directors;
- the remuneration report to be ratified by the board of directors and published in the annual report; and
- periodic checking to ensure that the remuneration programmes are achieving their purpose and that they correspond with the applicable requirements.

The remuneration committee acts for both Belfius Bank and Belfius Insurance

#### ***C. Audit committee***

As at the date of the Prospectus, the audit committee of Belfius Bank had the following membership:

<b>Name</b>	<b>Position</b>
Guy Quaden	chairman director of Belfius Bank
Chris Sunt	member director of Belfius Bank

<b>Name</b>	<b>Position</b>
Rudi Vander Vennet	member director of Belfius Bank
Marie Gemma Dequae	member director of Belfius Bank

The audit committee assists the board of directors in its task of carrying out prudential supervision and exercising general control. The audit committee of Belfius Bank operates independently of the audit committee implemented at Belfius Insurance. However, the respective audit committees of Belfius Bank and Belfius Insurance meet jointly once a year. Additional joint meetings may be held at the request of the chairman of the bank's audit committee.

#### ***D. Strategy committee***

The strategy committee consists of six members including the chairman of the board of directors, the chairman of the management board and four non-executive directors. As at the date of the Prospectus, the strategy committee of Belfius Bank had the following membership:

<b>Name</b>	<b>Position</b>
Jozef Clijsters	Chairman of the board of directors of Belfius Bank
Marc Raisière	member 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
Pierre Francotte.....	member director of Belfius Bank

The chairman of the management board of Belfius Insurance and the members of the management board responsible for public and wholesale banking and for retail and commercial banking are permanent invitees to strategy committee meetings.

The strategy committee is responsible for assisting the board of directors in defining strategy for the company and its subsidiaries. The strategy committee gives its opinion on the business plan and annual budgets, as well as on opportunities for acquisitions, partnerships or modifications to the business model. The committee monitors application of the Belfius group's strategy.

#### ***E. Risk Committee***

The risk committee consists of four non-executive directors. As at the date of the Prospectus, the risk committee had the following membership:

<b>Name</b>	<b>Position</b>
Rudi Vander Vennet.....	Chairman director of Belfius Bank
Serge Wibaut	member director of Belfius Bank
Wouter Devriendt	member director of Belfius Bank
Pierre Francotte	member director of Belfius Bank

The chairman of the management board, the chief risk officer, the chief financial officer and the member of the management board responsible for the treasury and financial markets attend the meetings of the committee as permanent invitees. The other members of the management board and non-executive directors attend the meetings upon invitation of the committee. The risk committee has advisory powers and responsibilities with regard to the board of directors in the following areas:

- detecting risks inherent in the business of banking and insurance to which the bank is exposed;
- supervising the bank's risk policy (risk appetite and risk strategy) and comparing it with the bank's approved risk appetite and risk strategy;
- allocating the risk appetite to various categories of risk and defining the extent and limits of risk in order to manage and restrict major risks;

- ensuring that these risks are in proportion to the bank's equity;
- supervising the capital and liquidity requirements, the capital and liquidity objectives and the transactions with an impact on the capital base and the liquidity position of the bank;
- supervising the effectiveness of the risk management function, infrastructure and organisation;
- examining the main areas of exposure to risk and the manner in which they are managed;
- formulating an opinion with regard to major transactions and new proposals for strategic activities that have a significant impact on the bank's risk appetite;
- obtaining information and analysing management reports as to the extent and nature of the risks faced by the bank.

The risk committee of Belfius Bank operates independently of the risk and underwriting committee of Belfius Insurance. A joint risk committee meeting may be held between Belfius Bank and Belfius Insurance at the request of the chairman of the bank's committee.

The risk committee and the audit committee periodically exchange information about the quarterly risk report, the operational risk report, the effective management report about the assessment of the internal audit function and the risk analyses conducted by the legal, compliance and audit and control divisions.

The risk committee aligns the bank's risk strategy with that of the strategy committee, taking account of the impact of the risk strategy on the bank's strategic initiatives.

#### **8.6.1.3. 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 2012 and 31 December 2013 and (ii) the unaudited consolidated balance sheet of Belfius Bank for the period ending 30 June 2014 and the unaudited consolidated income statement for the periods ending 30 June 2013 and 30 June 2014.

# Consolidated Financial Statements of Belfius Bank

## Consolidated Balance Sheet for the periods ending 31 December 2012, 31 December 2013 and 30 June 2014

### Consolidated balance sheet

<b>Assets</b>		Notes	dec/12	dec/13	jun/14
(in thousands of EUR)			<b>Audited</b>	<b>Audited</b>	<b>Unaudited</b>
I.	Cash and balances with central banks	5.2.	1,964,560	1,445,716	1,603,719
II.	Loans and advances due from banks	5.3.	41,279,786	30,123,709	35,661,183
III.	Loans and advances to customers	5.4.	89,486,116	87,721,562	87,944,729
IV.	Financial assets measured at fair value through profit or loss	5.5.	5,077,635	5,512,233	5,150,106
V.	Financial investments	5.6.	31,603,663	28,074,151	27,901,549
VI.	Derivatives	5.8	35,234,965	23,190,180	26,258,759
VII.	Fair value revaluation of portfolio hedge		4,144,582	3,044,509	4,009,112
VIII.	Investments in associates	5.9	92,872	169,487	148,143
IX.	Tangible fixed assets	5.10	1,480,271	1,391,707	1,351,147
X.	Intangible assets and goodwill	5.11	209,794	199,048	194,887
XI.	Tax assets	5.12	1,207,713	958,827	753,235
XII.	Other assets	5.13	1,155,549	923,135	1,057,642
XIII.	Non-current assets held for sale	5.14	19,617	23,159	30,482
<b>TOTAL ASSETS</b>			<b>212,957,124</b>	<b>182,777,422</b>	<b>192,064,694</b>

### Consolidated balance sheet

<b>Liabilities</b>		Notes	dec/12	dec/13	jun/14
(in thousands of EUR)			<b>Audited</b>	<b>Audited</b>	<b>Unaudited</b>
I.	Due to banks	6.1.	40,440,300	29,235,568	29,098,002
II.	Customer borrowings and deposits	6.2.	66,649,092	61,625,312	63,192,859
III.	Financial liabilities measured at fair value through profit or loss	6.3.	10,462,951	8,460,808	8,793,822
IV.	Derivatives	5.8.	41,765,535	28,602,043	32,240,433
V.	Fair value revaluation of portfolio hedge		87,205	42,632	182,737
VI.	Debt securities	6.4.	26,439,494	27,184,180	29,652,114
VII.	Subordinated debts	6.5.	1,039,906	893,192	908,226
VIII.	Technical provisions of insurance companies	6.6.	17,579,188	17,641,090	17,771,424
IX.	Provisions and other obligations	6.7.	978,104	462,146	496,457
X.	Tax liabilities	6.8. & 5.12.	130,751	109,652	171,425
XI.	Other liabilities	6.9	2,045,136	1,899,853	2,176,708
XII.	Liabilities included in disposal groups held for sale	6.10	0	0	0
<b>TOTAL LIABILITIES</b>			<b>207,617,662</b>	<b>176,156,476</b>	<b>184,684,208</b>

### Equity

<b>Equity</b>		Notes	dec/12	dec/13	jun/14
(in thousands of EUR)			<b>Audited</b>	<b>Audited</b>	<b>Unaudited</b>
XIII.	Subscribed capital	1.3.	3,458,066	3,458,066	3,458,066
XIV.	Additional paid-in capital		209,232	209,232	209,232
XV.	Treasury shares		0	0	0
XVI.	Reserves and retained earnings		2,812,095	3,230,926	3,675,727
XVII.	Net income for the period		421,277	444,998	276,669
<b>CORE SHAREHOLDERS' EQUITY</b>			<b>6,900,670</b>	<b>7,343,222</b>	<b>7,619,694</b>
XVIII.	Remeasurement available-for-sale reserve on securities		(735,459)	-167,603	311,843
	Frozen fair value adjustment of financial assets reclassified to loans and advances		(893,478)	-701,877	-665,971
XIX.	Remeasurement defined benefit plan		85,707	129,851	100,165
XXI.	Discretionary participation features of insurance contracts	6.6.	0	0	8,827
XXII.	Other reserves		(37,321)	1,457	2,133
<b>GAINS AND LOSSES NOT RECOGNISED IN THE STATEMENT OF INCOME</b>			<b>(1,580,551)</b>	<b>-738,172</b>	<b>-243,003</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>			<b>5,320,119</b>	<b>6,605,051</b>	<b>7,376,691</b>
XXIII.	Non-controlling interests		19,343	15,896	3,795
<b>TOTAL EQUITY</b>			<b>5,339,462</b>	<b>6,620,946</b>	<b>7,380,486</b>
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>212,957,124</b>	<b>182,777,422</b>	<b>192,064,694</b>

## Consolidated Statement of Income for the periods ending 31 December 2012, 31 December 2013, 30 June 2013 and 30 June 2014

### Consolidated statement of income

(in thousands of EUR)		Notes	dec/12	dec/13	June 2013	June 2014
			<b>Audited</b>	<b>Audited</b>	<b>Unaudited</b>	<b>Unaudited</b>
I.	Interest income	7.1.	7,641,037	6,270,012	3,206,106	2,868,577
II.	Interest expense	7.1.	(5,518,518)	(4,353,139)	-2,253,287	-1,835,700
III.	Dividend income	7.2.	53,357	50,753	29,898	29,975
IV.	Net income from associates	7.3.	5,793	4,672	1,764	1,090
V.	Net income from financial instruments at fair value through profit or loss	7.4.	(25,660)	(188,180)	5,545	-31,570
VI.	Net income on investments	7.5.	586,589	154,562	101,736	42,593
VII.	Fee and commission income	7.6.	441,930	490,945	240,789	271,599
VIII.	Fee and commission expense	7.6.	(127,631)	(116,396)	-54,943	-56,328
IX.	Premiums and technical income from insurance activities	6.6.	2,143,184	1,910,832	1,003,389	952,852
X.	Technical expense from insurance activities	6.6.	(2,717,831)	(2,314,952)	-1,201,330	-1,105,948
XI.	Other net income	7.7.	(23,908)	(74,774)	-29,336	-29,636
	<b>INCOME</b>		<b>2,458,342</b>	<b>1,834,335</b>	<b>1,050,333</b>	<b>1,107,504</b>
XII.	Staff expense	7.8.	(714,341)	(560,411)	-333,684	-320,916
XIII.	General and administrative expense	7.9.	(477,982)	(478,712)	-226,291	-217,217
XIV.	Network costs		(298,581)	(293,000)	-146,500	-142,300
XV.	Depreciation & amortization	7.10.	(93,590)	(92,049)	-44,147	-48,172
	<b>EXPENSES</b>		<b>(1,584,494)</b>	<b>(1,424,172)</b>	<b>-750,622</b>	<b>-728,606</b>
	<b>GROSS OPERATING INCOME</b>		<b>873,848</b>	<b>410,163</b>	<b>299,711</b>	<b>378,898</b>
XVI.	Impairment on loans and provisions for credit commitments	7.11.	(267,881)	108,558	30,148	-4,181
XVII.	Impairment on tangible and intangible assets	7.12.	231	(922)	-922	-380
XVIII.	Impairment on goodwill	7.13.	0	0	0	0
XIX.	Provisions for legal litigations	7.14.	0	0	0	0
	<b>NET INCOME BEFORE TAX</b>		<b>606,198</b>	<b>517,799</b>	<b>328,937</b>	<b>374,337</b>
XX.	Tax expense	7.15.	(183,553)	(72,703)	-73,604	-98,409
	<b>NET INCOME AFTER TAX</b>		<b>422,645</b>	<b>445,096</b>	<b>255,333</b>	<b>275,928</b>
XXI.	Discontinued operations (net of tax)		0	0	0	0
	<b>NET INCOME</b>		<b>422,645</b>	<b>445,096</b>	<b>255,333</b>	<b>275,928</b>
	Attributable to non-controlling interests		1,368	98	91	-741
	Attributable to equity holders of the parent		421,277	444,998	255,242	276,669



## Consolidated Cash Flow Statement for the periods ending 31 December 2012, 31 December 2013

<b>Consolidated cash flow statement</b> <i>(in thousands of EUR)</i>	31/12/2012	31/12/2013
	<b>Audited</b>	<b>Audited</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income after tax	422,645	445,096
<i>Adjustment for:</i>		
Depreciation , amortization and other impairment	111,500	111,060
Impairment on bonds , equities, loans and other assets	(1,504,083)	(77,145)
Net gains (or losses) on investments	55,540	(53,926)
Charges for provisions (mainly insurance provision)	574,430	(89,801)
Unrealised gains or losses	33,535	45,412
Income from associates	(5,793)	(4,672)
Dividends from associates	3,595	3,782
Deferred taxes	167,697	38,366
Other adjustments	(5,923)	0
Changes in operating assets and liabilities	(19,069,090)	(3,359,855)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(19,215,947)</b>	<b>(2,941,683)</b>
 <b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(361,316)	(207,851)
Sales of fixed assets	223,646	237,369
Acquisitions of unconsolidated equity shares	(443,657)	(501,862)
Sales of unconsolidated equity shares	432,203	349,754
Acquisitions of subsidiaries and of business units	(23,259)	(9,518)
Sales of subsidiaries and of business units	770	
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(171,613)</b>	<b>(132,108)</b>
 <b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issuance of new shares	62	0
Issuance of subordinated debts	25	72,000
Reimbursement of subordinated debts	(1,070,322)	(126,958)
Purchase of treasury shares	0	0
Sale of treasury shares	0	0
Dividends paid	(1,803)	(518)
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b>(1,072,038)</b>	<b>(55,476)</b>
<b>NET CASH PROVIDED</b>	<b>(20,459,598)</b>	<b>(3,129,267)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>27,613,031</b>	<b>7,149,201</b>
Cash flow from operating activities	(19,215,947)	(2,941,683)
Cash flow from investing activities	(171,613)	(132,108)
Cash flow from financing activities	(1,072,038)	(55,476)
Effect of exchange rate changes and change in scope of consolidation on cash and cash equivalents	(4,232)	(1,275)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>7,149,201</b>	<b>4,018,659</b>
 <b>ADDITIONAL INFORMATION</b>		
Income tax paid	(16,722)	(29,289)
Dividends received	56,951	54,535
Interest received	8,078,456	6,693,659
Interest paid	(5,892,359)	(5,150,473)

# 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.

Bearer Notes are issued under an agency agreement dated 1 October 2014 (as amended or supplemented as at the date of issue of the Notes (the “Issue Date”), referred to as the “Agency Agreement”, see Annex 5), between Belfius Financing Company as Issuer, Belfius Bank and Banque Internationale à Luxembourg, when relevant.

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

## *9.1. Form, Denomination and Title*

The Denomination of the Notes will be at least EUR 1,000. Certain Belfius Financing Company Notes are issued in bearer form (“Bearer Notes”)<sup>5</sup> in the Denominations specified in the relevant Final Terms. These Belfius Financing Company Notes 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 and certain Belfius Financing Company 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 SA (“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 Financing Company Notes that are not issued in dematerialised form 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.

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<sup>5</sup> Belfius Financing Company Notes may be issued in Bearer form or in Dematerialized form

## 9.2. Pay Offs

### Introduction

The pay-offs allowed in the Note Issuance Program can be divided into 6 main categories in function of the calculation and payment of Interest (periodic or not), the calculation methodology of the amount paid at redemption of the Notes (the “Redemption Amount”) (one calculation and payment at maturity, or a sum of periodic calculation paid at maturity) and the settlement of the Redemption Amount (cash or physical). These categories are:

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

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

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## A. Structures with a periodic payment

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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

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

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

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

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

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

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

- 4) If the structure can be called either by the Issuer at certain dates, or when the Underlying reaches a certain level at a certain date or during a certain period.
- 5) If the value of some parameters depends on the level of the Underlying at a certain date or during a certain period (=condition).
- 6) How the Bonus<sub>i</sub> is defined. The Bonus<sub>i</sub> 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

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### 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

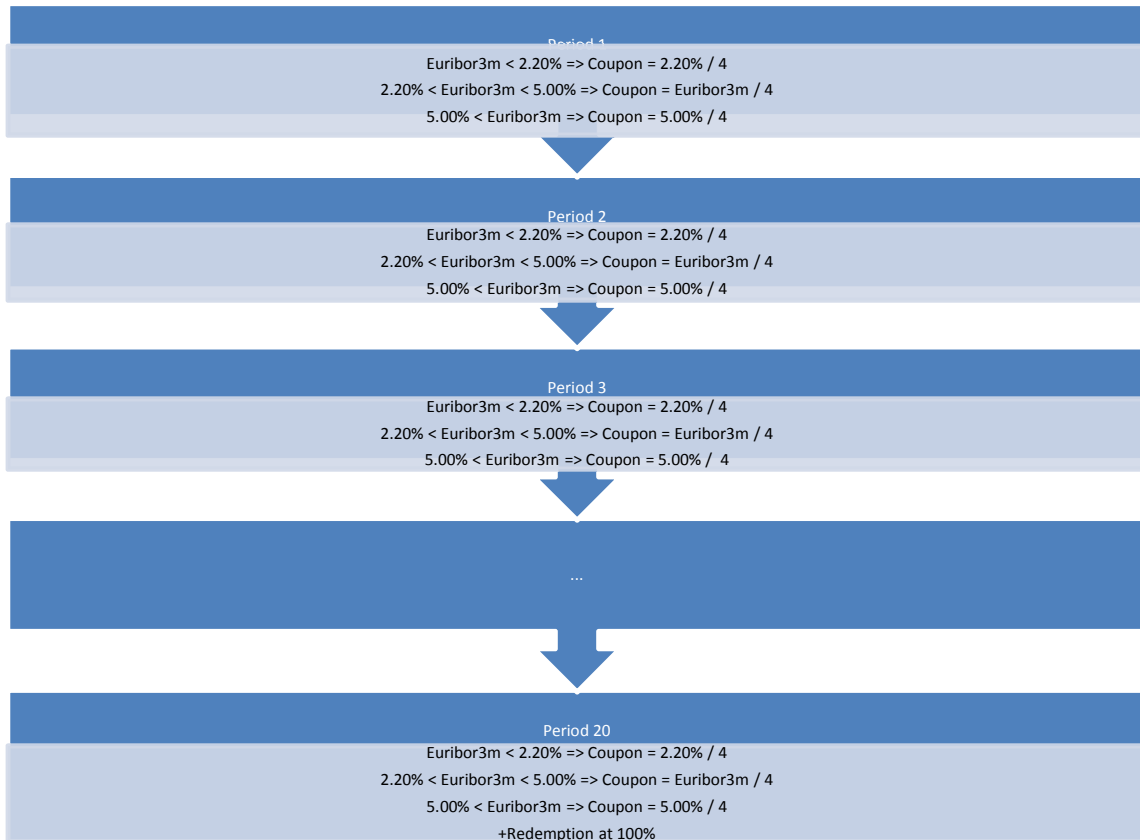
$$\begin{aligned} & (Participation Rate_i \times \max(X\%_i, \min(Performance_i, Y\%_i)) + Bonus_i) \\ & = (100\% \times \max(2.20\%, \min(Performance, 5.00\%)) + 0\%) \end{aligned}$$

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

$$\begin{aligned} & Denomination + [Denomination \times (Participation Rate_i \times \max(X\%_i, \min(Performance_i, Y\%_i)) + Bonus_i)] \\ & = Denomination + [Denomination \times (0\% \times \max(0\%, \min(Performance_i, 0\%)) + 0\%)] \\ & = Denomination \end{aligned}$$



## 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:  $\geq 0\%$

5. Condition is applicable (Subdivision 5))
6. Bonus =  $-\sum_{w=1}^{i-1} Formula_w$  if Performance<sub>i</sub> ≥ -30%  
= 0% if Performance<sub>i</sub> < -30%
7. Participation Rate = period i (i = 1 to 4) if Performance<sub>i</sub> ≥ -30%  
= 0% if Performance<sub>i</sub> < -30%
8. X% = 7.50% if Performance<sub>i</sub> ≥ -30%  
= 0% if Performance<sub>i</sub> < -30%
9. Y% = 7.50% if Performance<sub>i</sub> ≥ -30%  
= 0% if Performance<sub>i</sub> < -30%
10. Daycount: 30/360, following, unadjusted

➡ If Performance<sub>i</sub> ≥ -30% and < 0%

The formula for the Periodic Payments will be

$$\begin{aligned} & (Participation Rate_i \times \max(X\%_i, \min(Performance_i, Y\%_i)) + Bonus_i) \\ & = (i \times \max(7.50\%, \min(Performance_i, 7.50\%))) - \sum_{w=1}^{i-1} Formula_w \end{aligned}$$

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

Formula for the Periodic Payments will be

$$\begin{aligned} & (Participation Rate_i \times \max(X\%_i, \min(Performance_i, Y\%_i)) + Bonus_i) \\ & = (0\% \times \max(0\%, \min(Performance_i, 0\%))) + 0\% = 0 \end{aligned}$$

➡ If Performance<sub>i</sub> ≥ 0%, then the transaction terminates automatically (autocallable).

Formula for Redemption Amount will be:

$$\begin{aligned} & Denomination + [Denomination \times (Participation Rate_i \times \max(X\%_i, \min(Performance_i, Y\%_i)) + Bonus_i)] \\ & = Denomination + \left[ Denomination \times \left( i \times \max(7.50\%_i, \min(Performance_i, 7.50\%_i)) - \sum_{w=1}^{i-1} Formula_w \right) \right] \\ & = Denomination + \left[ Denomination \times \left( i \times 7.50\% - \sum_{w=1}^{i-1} Formula_w \right) \right] \end{aligned}$$

Redemption Amount:

1. Periods: 5
2. Underlying: SX5E
3. Performance will be  $\frac{Final Price - Initial Price}{Initial Price}$  (Subdivision 3.c) is applicable, no reset for the Initial Price
4. Call is activated if Performance<sub>i</sub> ≥ 0%
5. Conditions are activated
6. Bonus =  $-\sum_{w=1}^{i-1} Formula_w$  if Performance<sub>i</sub> ≥ -30%; = 0% if Performance<sub>i</sub> < -30%
7. Participation Rate = 5 if Performance<sub>i</sub> ≥ -30%; = 0% if Performance<sub>i</sub> < -30% and ≥ -50%; = 100% if Performance<sub>i</sub> < -50%

8.  $X\% = 7.50\%$  if  $\text{Performance}_i \geq -30\%$ ;  $= 0\%$  if  $\text{Performance}_i < -30\%$  and  $\geq -50\%$ ;  $= -100\%$  if  $\text{Performance}_i < -50\%$

9.  $Y\% = 7.50\%$  if  $\text{Performance}_i \geq -30\%$ ;  $= 0\%$  if  $\text{Performance}_i < -30\%$  and  $\geq -50\%$ ;  $= 100\%$  if  $\text{Performance}_i < -50\%$

10. Daycount: 30/360, following, unadjusted

➡ If  $\text{Performance}_i \geq -30\%$  and  $< 0\%$ , then Formula<sub>i</sub> will be:

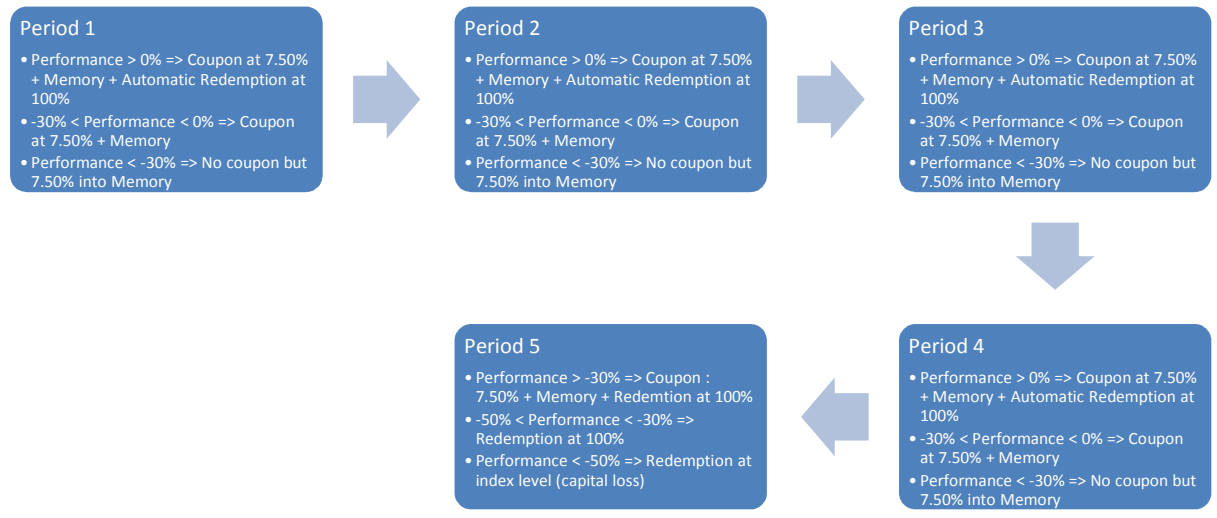
$$\begin{aligned} & \text{Denomination} + [\text{Denomination} \times (\text{Participation Rate}_i \times \max(X\%_i, \min(\text{Performance}_i, Y\%_i)) + \text{Bonus}_i)] \\ & = \text{Denomination} + \text{Denomination} \times [(5 \times \max(7.50\%, \min(\text{Performance}_i, 7.50\%))) - \sum_{w=1}^{i-1}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

➡ If  $\text{Performance}_i < -30\%$  and  $\geq -50\%$ , then Formula<sub>i</sub> will be:

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

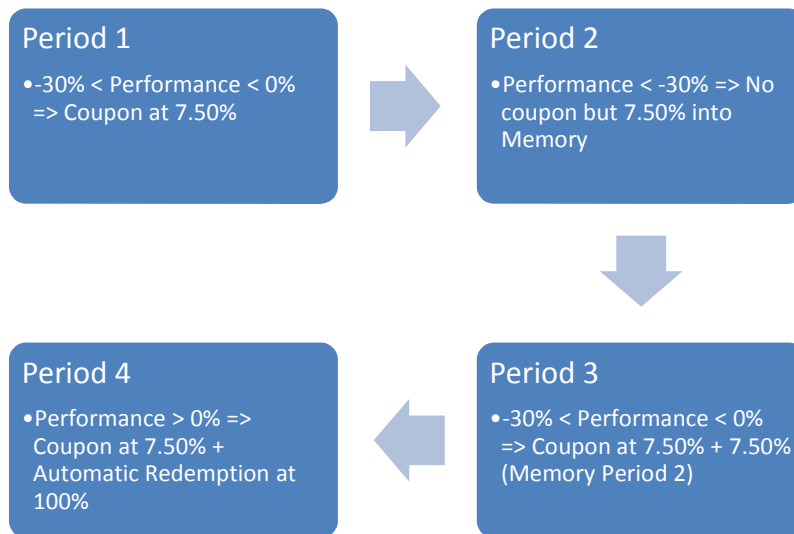
➡ If  $\text{Performance}_i < -50\%$ , then Formula<sub>i</sub> will be :

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

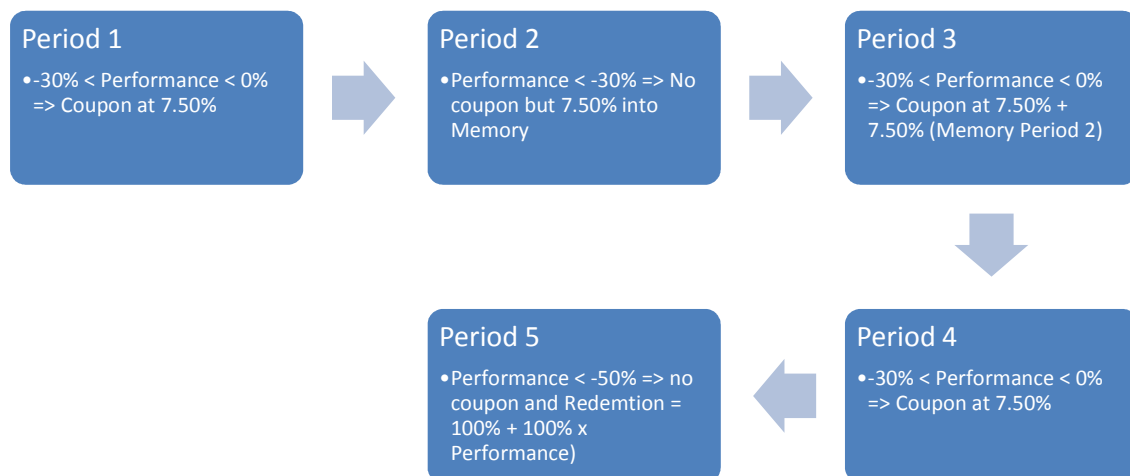


Optimistic Scenario





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

4. Not applicable
5. Not applicable
6. Bonus = 5.50%
7. Participation Rate = 100%
8. X% = 0%
9. Y% = 0%
10. Daycount: 30/360, unadjusted, following

The formula for the Periodic Payments will be

$$\begin{aligned} & (Participation Rate_i \times \max(X\%_i, \min(Performance_i, Y\%_i)) + Bonus_i) \\ & = (0\% \times \max(0\%, \min(Performance, 0\%)) + 5.50\%) = 5.50\% \end{aligned}$$

*Redemption Amount :*

1. Periods: Not Applicable
2. Underlying: Eurostoxx 50 (SX5E)
3. Performance is  $\frac{Final Price - Initial Price}{Initial Price}$  (Subdivision 3.c) is applicable), no Reset for the Initial Price
4. Not applicable
5. Digitals are activated (Subdivision 5) is applicable)
6. Bonus = 0%
7. Participation Rate = 0% if Performance  $\geq$  -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

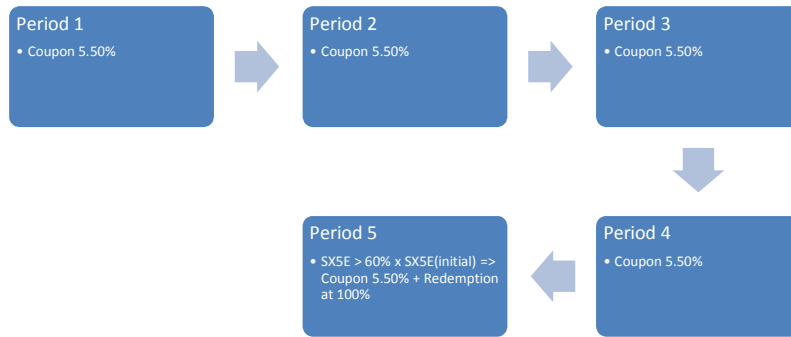
➡ If Performance  $\geq$  -40%, then formula for the Redemption Amount will be

$$\begin{aligned} & Denomination + [Denomination \times (Participation Rate_i \times \max(X\%_i, \min(Performance_i, Y\%_i)) + Bonus_i)] \\ & = Denomination + [Denomination \times (0\% \times \max(0\%, \min(Performance_i, 0\%)) + 0\%)] \\ & = Denomination \end{aligned}$$

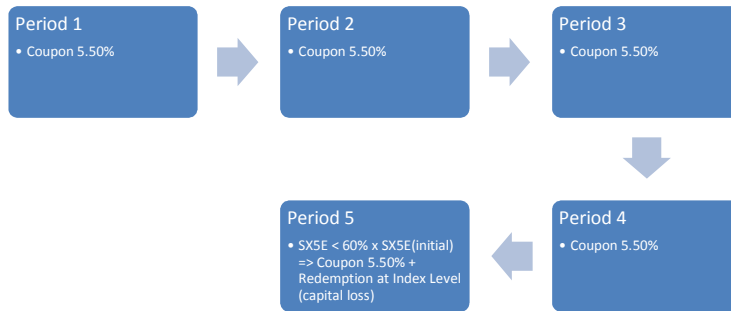
➡ If Performance  $<$  -40%, then formula for the Redemption Amount will be

$$\begin{aligned} & Denomination + [Denomination \times (Participation Rate_i \times \max(X\%_i, \min(Performance_i, Y\%_i)) + Bonus_i)] \\ & = Denomination + [Denomination \times (100\% \times \max(-100\%, \min(Performance_i, 100\%)) + 0\%)] \\ & = Denomination + [Denomination \times Performance_i] \end{aligned}$$

Optimistic Scenario



Pessimistic Scenario



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## B. Structures with one payment at maturity with cap

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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

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

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

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 :  $\text{Underlying}_1 - \text{Underlying}_2$
  - 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)  $\frac{\text{Final Price} - \text{Initial Price}}{\text{Final Price}}$ , with or without reset of Initial Price
  - f)  $\frac{\text{Initial Price} - \text{Final Price}}{\text{Initial Price}}$ , with or without reset of Initial Price
  - g)  $\frac{\text{Final Price}}{\text{Initial Price}}$
  - h)  $\sum_{j=1}^Y w_{i,j} \times \max\left(U\%, \min\left(\left(\frac{\text{Final Price}_j - \text{Initial Price}_j}{\text{Initial Price}_j}\right), Z\%\right)\right)$ , with or without reset of the Initial Price. W means the weight of the Underlying. Y can be the number of Underlyings, or can be the number of periods.

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

- 3) If the structure can be called either by the Issuer at certain dates, or when the Underlying reaches a certain level at a certain date or during a certain period.
- 4) If the value of some parameters depends on the level of the underlying at a certain date or during a certain period (=condition).
- 5) How the Bonus<sub>i</sub> is defined. The Bonus<sub>i</sub> 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:**

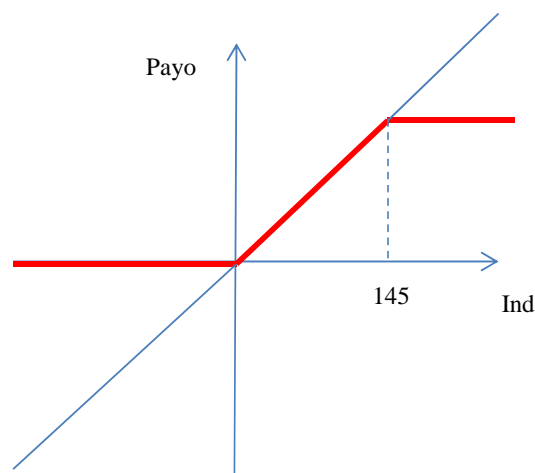
Redemption Amount :

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

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

Pessimistic Scenario

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

### 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%<br>100% if CMS10y ≥ 2.10%  |
| 7. X% = 0% if CMS10y < 2.10%<br>10.40 % if CMS10y ≥ 2.10%   |
| 8. Y% = 0% if CMS10y < 2.10%<br>10.40 % if CMS10y ≥ 2.10%   |
| 9. No daycount  |

➔ If CMS10y < 2.10%, then

Formula for the Redemption Amount will be

$$\frac{Denomination + [Denomination \times (Participation Rate_i \times \max(X\%_i, \min(Performance_i, Y\%_i)) + Bonus_i)]}{Denomination + [Denomination \times (0\% \times \max(0\%, \min(Performance_i, 0\%)) + 25.20\%)]} = Denomination + [Denomination \times (25.20\%)]$$

➔ If CMS10y ≥ 2.10%, then

Formula for the Redemption Amount will be

$$\frac{Denomination + [Denomination \times (Participation Rate_i \times \max(X\%_i, \min(Performance_i, Y\%_i)) + Bonus_i)]}{Denomination + [Denomination \times (100\% \times \max(10.40\%, \min(10.40\%)) + 25.20\%)]} = Denomination + [Denomination \times (10.40\% + 25.20\%)]$$

**Period 1**

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

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## C. Structures with one payment at maturity without cap

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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):

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

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

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

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

- 3) If the structure can be called either by the Issuer at certain dates, or when the Underlying reaches a certain level at a certain date or during a certain period.
- 4) If the value of some parameters depends on the level of the underlying at a certain date or during a certain period (=condition).
- 5) How the Bonus<sub>i</sub> is defined. The Bonus<sub>i</sub> 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 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.e) is applicable), no Reset for the Initial Price
3. Not applicable
4. Digitals are activated (Subdivision 4) is applicable)
5. Bonus = 0% if Final Price is  $\geq$  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

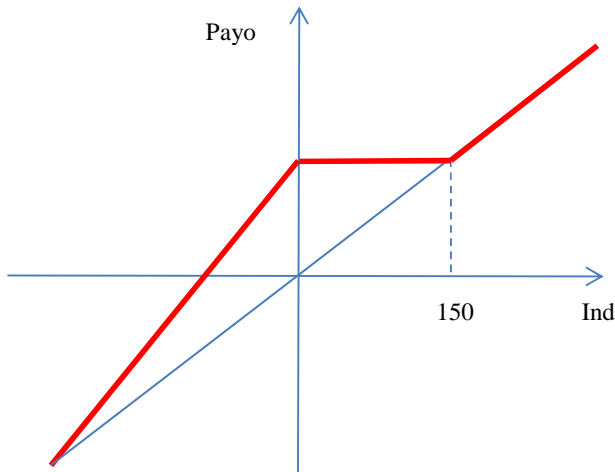
$$\begin{aligned} & \text{Denomination} + [\text{Denomination} \times (\text{Participation Rate}_i \times \max(X\%_i, \min(\text{Performance}_i, Y\%_i)) + \text{Bonus}_i)] \\ & = \text{Denomination} + [\text{Denomination} \times (100\% \times \max(50\%, \min(\text{Performance})) + 0\%)] \end{aligned}$$

➡ If Final Price is  $<$  Initial Price then

Formula for the Redemption Amount will be

$$\begin{aligned} & \text{Denomination} + [\text{Denomination} \times (\text{Participation Rate}_i \times \max(X\%_i, \min(\text{Performance}_i, Y\%_i)) + \text{Bonus}_i)] \\ & = \text{Denomination} + [\text{Denomination} \times (150\% \times \max(\min(\text{Performance})) - 100\%)] \end{aligned}$$





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

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

→ If CMS10y ≥ 2.10%, then

The formula for the Redemption Amount will be

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

### Period 1

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

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

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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

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

$$\text{Formula } i = \text{Denomination} +$$

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

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: Underlying<sub>1</sub> – Underlying<sub>2</sub>
  - c)  $\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$ , with or without reset of the Initial Price
  - d)  $\frac{\text{Initial Price}}{\text{Initial Price} - \text{Final Price}}$ , with or without reset of the Initial Price
  - e)  $\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$ , with or without reset of Initial Price
  - f)  $\frac{\text{Final Price}}{\text{Initial Price} - \text{Final Price}}$ , with or without reset of Initial Price
  - g)  $\frac{\text{Final Price}}{\text{Initial Price}}$
  - h)  $\sum_{j=1}^Y w_{i,j} \times \max \left( U\%, \min \left( \left( \frac{\text{Final Price}_j - \text{Initial Price}_j}{\text{Initial Price}_j} \right), Z\% \right) \right)$ , with or without reset of the Initial Price. W means the weight of the Underlying. Y can be the number of Underlyings, or can be the number of periods.

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

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

# Examples

## 1. Cliquet

### Definition:

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

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

### Product:

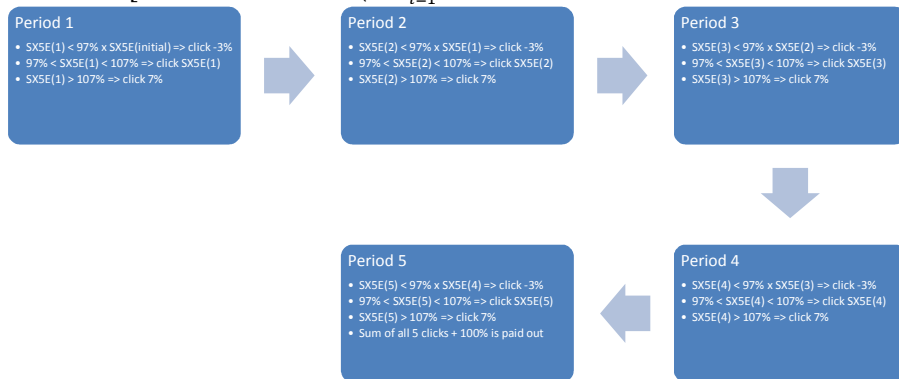
#### Redemption Amount :

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

The Variable Linked Redemption Amount is equal to :

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

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



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## E. Structures with periodic payments and physical settlement

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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

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

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

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 : Underlying<sub>1</sub> – Underlying<sub>2</sub>
  - c)  $\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$ , with or without reset of the Initial Price
  - d)  $\frac{\text{Initial Price}}{\text{Initial Price} - \text{Final Price}}$ , with or without reset of the Initial Price
  - e)  $\frac{\text{Final Price} - \text{Initial Price}}{\text{Final Price}}$ , with or without reset of Initial Price
  - f)  $\frac{\text{Initial Price} - \text{Final Price}}{\text{Final Price}}$ , with or without reset of Initial Price
  - g)  $\frac{\text{Final Price}}{\text{Initial Price}}$
  - h)  $\sum_{j=1}^Y w_{i,j} \times \max \left( U\%, \min \left( \left( \frac{\text{Final Price}_j - \text{Initial Price}_j}{\text{Initial Price}_j} \right), Z\% \right) \right)$ , with or without reset of the Initial Price. W means the weight of the Underlying. Y can be the number of Underlyings, or can be the number of periods.

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

- 4) If the structure can be called either by the Issuer at certain dates, or when the Underlying reaches a certain level at a certain date or during a certain period.
- 5) If the value of some parameters depends on the level of the underlying at a certain date or during a certain period (=condition).
- 6) How the Bonus<sub>i</sub> is defined. The Bonus<sub>i</sub> 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

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### 1. Reverse Convertible on Total shares

#### **Definition:**

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

#### **Product:**

*Periodic payments:*

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

$$\begin{aligned} & (Participation\ Rate_i \times \max(X\%_i, \min(Performance_i, Y\%_i)) + Bonus_i) \\ & = (0\% \times \max(0\%_i, \min(Performance_i, 0\%_i)) + 8\%) \end{aligned}$$

*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

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

Fractional Share Amount

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

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,

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

And

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

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## F Structures with a periodic payment of interest and an amortizing redemption

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

### Definition

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

$$\text{Formula } i = \text{Denomination} * \text{Pool Factor}_i \times \text{Interest Rate}_i$$

The Redemption Amount<sub>i</sub> on Redemption Date<sub>i</sub> (for i = 1 to period n-1) can be calculated by applying the next formula:

$$\text{Formula } i = [\text{Denomination} \times (\text{Pool Factor}_i - \text{Pool Factor}_{i+1})]$$

Save for the period i = n for which the Redemption Amount<sub>n</sub> on Redemption Date<sub>n</sub> can be calculated by applying the next formula:

$$\text{Formula } n = [\text{Denomination} \times (\text{Pool Factor}_n)]$$

The Final Terms will specify the parameters (Pool Factor<sub>i</sub>, Interest Rate<sub>i</sub>, Redemption Amount<sub>i</sub>, Redemption Date<sub>i</sub>) 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) In case of Floating Rate Notes, which underlying (the “Underlying”) will be used to calculate the Interest Rate<sub>i</sub> (Rate, Share or Basket of Shares, Share Index or Basket of Share Indexes, Commodity Index or Basket of Commodity Indexes, Inflation Index, Fund or Basket of Funds) (as defined in the Final Terms).

In case of Fix Rate Note, the Interest Rate<sub>i</sub> determined for each period.

- 3) Which sub formula will apply to calculate the Performance. This Performance can be:
  - a) a single fixing
  - b) a difference between 2 Underlyings : Underlying<sub>1</sub> – Underlying<sub>2</sub>
  - 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)  $\frac{\text{Final Price} - \text{Initial Price}}{\text{Final Price}}$ , with or without reset of Initial Price
  - f)  $\frac{\text{Initial Price} - \text{Final Price}}{\text{Initial Price}}$ , with or without reset of Initial Price
  - g)  $\frac{\text{Final Price}}{\text{Initial Price}}$

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

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

- 4) The Partial Redemption Date(s)<sub>i</sub>
- 5) What the Pool Factor<sub>i</sub> will be.
- 6) What daycount convention has to be applied.



## Example

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### 1. Liquidity

#### **Definition:**

The Liquidity issue will pay a step up Interest Rate (1% the first year, 1% the second year, 1.10% the third year, 1.30% the fourth year, 1.60% the fifth year, 2% the sixth year) during the lifetime of the Notes. The Redemption Amount will be spread over time, with partial redemption of the invested capital (less fees) starting from year 3. The Interest Amount is paid on the outstanding nominal of the Notes, which means that we must apply a pool factor to the Denominations in order to compute the Interest Amount received on each Denomination. The cumulative Redemption Amounts will be at 100%.

#### **Product:**

Periodic payments of interest and capital:

1. Periods (n): 6

2. Interest Rates

i	Interest Rate <sub>i</sub>
1	1%
2	1%
3	1.10%
4	1.30%
5	1.60%
6	2%

3. Not Applicable

4. Redemption Dates

i	Redemption Date <sub>i</sub>
1	7 October 2015
2	7 October 2016
3	7 October 2017
4	7 October 2018
5	7 October 2019
6	7 October 2020

5. Pool Factor

i	Pool Factor <sub>i</sub>
1	100%
2	100%
3	100%
4	75%
5	50%
6	25%

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

### *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 Luxembourg.

#### *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 if 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 9.13 “Responsibility of the Calculation Agent” in the Base Prospectus).

**“Calculation Amount”:** means the Denomination or such other Amount as specified in the applicable Final Terms

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

- (i) if “1/1” is specified or nothing is specified, 1,
- (ii) if “**Actual/Actual-ICMA**” is specified in the applicable Final Terms,
  - (aa) if the Interest Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Interest Period divided by the product of
    - (x) the number of days in such Determination Period and
    - (y) the number of Determination Periods normally ending in any year;

and

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

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

where:

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

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

- (iii) if “**Actual/Actual**” or “**Act/Act**” is specified, the actual number of days in the Interest Period in respect of which payment is being made divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of:
  - (a) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366; and
  - (b) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (iv) if “**Actual/365 (Fixed)**”, “**Act/365 (Fixed)**”, “**A/365 (Fixed)**” or “**A/365F**” is specified, the actual number of days in the Interest Period in respect of which payment is being made divided by 365;
- (v) if “**Actual/360**”, “**Act/360**” or “**A/360**” is specified, the actual number of days in the Interest Period in respect of which payment is being made divided by 360;
- (vi) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified, the number of days in the Interest Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

Day Count Fraction

$$= \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> 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:

Day Count Fraction

$$= \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” 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<sub>2</sub> 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.

<b>“Hedge Positions”</b>	means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, options, futures, derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) by the Issuer or, in the case of Belfius Financing Company Notes, Guarantor in order to hedge, individually or on a portfolio basis, the Notes.
<b>“Interest Commencement Date”</b> :	means the Issue Date or such other date specified in the relevant Final Terms.
<b>“Interest Determination Date”</b> :	means each date specified as such in the relevant Final Terms.
<b>“Interest Payment Date”</b> :	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 9.3.5. <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.
<b>“Interest Period”</b> :	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.
<b>“Interest Period End Date”</b> :	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.
<b>“Issue Date”</b> :	means the date on which the Notes are issued as specified in the relevant Final Terms.
<b>“Maturity Date”</b> :	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.
<b>“Specified Currency”</b> :	means the currency of the Notes as specified in the relevant Final Terms.
<b>“TARGET Settlement Day”</b> :	means any day on which TARGET 2 (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open.
<b>“Valid Date”</b> :	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 entirely redeemed, purchased and cancelled or unless its maturity is extended pursuant to an Issuer's or Noteholder's Option the Notes shall be redeemed on the Maturity Date. The Notes may not be redeemed prior to that date, without prejudice to the other provisions of these Terms and Conditions.

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

### *9.5.2. Partial Redemption*

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

### *9.5.3. Redemption at the Option of the Issuer*

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

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

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 Relevant Regulator.

### *9.5.4. Mandatory Early Redemption*

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

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

- in case a Variable Linked Redemption Amount depends on the evolution of one or more Underlyings, a Trigger Event applies, for example, if the level of the relevant Underlying exceeds on a specified date a certain pre-defined value as specified in the relevant Final Terms;
- in case the relevant Notes bear interest, a Trigger Event applies, for example, if the sum of the Interest Amounts paid together with the Interest Amount payable on the next following Interest Payment Date exceeds an amount specified in the relevant Final Terms. As a consequence, the Interest Amount payable in respect of such Note for the relevant Interest Period may be capped in order not to exceed the amount specified in the relevant Final Terms.

### *9.5.5. Repurchase*

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

### 9.5.6. Cancellation

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

### 9.5.7. Redemption upon Capital Disqualification Event

If this Condition is specified as being applicable in the relevant Final Terms, then, following the occurrence of a Capital Disqualification Event and, in relation to *Condition 9.9.2. Status of Dated Subordinated Notes*, the Issuer may, subject to the prior consent of the Lead Regulator applicable to Belfius Bank, within ninety days of the occurrence of the relevant Capital Disqualification Event and on giving not less than thirty nor more than sixty days' notice (ending, in the case of Floating Rate Notes, on an Interest Payment Date) to the Noteholders in accordance with *Condition 9.17. Notices* (with a copy to the Fiscal Agent or to the Domiciliary Agent, for Notes issued by Belfius Financing Company), at its option, redeem all, but not some only, of the Dated Subordinated Notes (such option to redeem being referred to herein as a "**Capital Disqualification Event Early Redemption Option**") at the Capital Disqualification Event Early Redemption Price, together with interest accrued and unpaid, if any, to the date fixed for redemption.

The notice given to the Noteholders pursuant to this Condition 9.5.7 shall contain a confirmation by the Issuer stating that a Capital Disqualification Event has occurred and is continuing, and such confirmation shall be conclusive and binding on the Noteholders.

In these Conditions:

a "**Capital Disqualification Event**" shall be deemed to have occurred if the Issuer determines, in good faith and after consultation with the Lead Regulator applicable to Belfius Bank, at any time after the Issue Date, that by reason of the non compliance with the applicable criteria for Tier 2 capital, the Dated Subordinated Notes are or will be fully or partially excluded from Tier 2 capital of Belfius Bank (excluding for these purposes any non recognition as a result of any non recognition due to any applicable limitations on the amount of such capital of Belfius Bank);

and

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

### 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.

<b>Valuation Date:</b>	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
<b>Relevant Price:</b>	Means the price of the relevant Share determined by the Calculation Agent at the Valuation Time on the Exchange.
<b>Valuation Time:</b>	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.
<b>Scheduled Closing Time:</b>	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.
<b>Scheduled Trading Day:</b>	Means any day on which the Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.
<b>Exchange Business Day:</b>	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:

- if the Underlying is a Share, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the

scheduled Valuation Date is a Disrupted Day. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent shall determine its good faith estimate of the value of the Share as of the Valuation Time on that eighth Scheduled Trading Day; and

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

### 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:

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

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

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

- a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event), or, a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- a distribution, issue or dividend to existing holders of the relevant Shares of (a) such Shares, or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of such Shares equally or proportionately with such payments to holders of such Shares, or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the issuer of the Shares as a result of a spin-off or other similar transaction or (d) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- an extraordinary dividend as determined by the Calculation Agent;
- a call by the issuer of the relevant Shares in respect of such Shares that are not fully paid;
- a repurchase by the issuer of the relevant Shares or any of its subsidiaries of such Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; 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**

<b>Index:</b>	Means the index specified as such in the relevant Final Terms.
<b>Index Basket:</b>	Means a basket of indices as specified in the relevant Final Terms.
<b>i:</b>	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.
<b>w:</b>	Means the weight of a certain Index in the Index Basket.
<b>Index Sponsor:</b>	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.
<b>Initial Price:</b>	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.
<b>Final Price:</b>	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.

<b>Initial Valuation Date:</b>	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.
<b>Valuation Date:</b>	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
<b>Relevant Price</b>	Means the level of the relevant Index determined by the Calculation Agent at the Valuation Time on the relevant Valuation Date.
<b>Scheduled Closing Time:</b>	Means in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

### **Consequences of Disrupted Days**

If any Valuation Date is a Disrupted Day, then:

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

### **Adjustment to Indices**

- If a relevant Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then that index (the “**Successor Index**”) will be deemed to be the Index.
- If (i) on or prior to any Valuation Date in respect of an Index, the relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalization and other

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

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

#### **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.



<b>Valuation Time:</b>	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.
<b>Scheduled Trading Day:</b>	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.
<b>Exchange Business Day:</b>	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**

<b>Reference Fund:</b>	Means the Reference Fund specified as such in the relevant Final Terms.
<b>Fund Basket:</b>	Means a basket of Reference Funds as specified in the relevant Final Terms.
<b>i:</b>	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.
<b>w:</b>	Means the weight of a certain Reference Fund in the Fund Basket.
<b>Fund Interest Unit:</b>	Means a notional unit of account of ownership in a Reference Fund, whether a share or another type of unit.
<b>Initial Price:</b>	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.
<b>Final Price:</b>	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.
<b>Initial Valuation Date:</b>	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.
<b>Valuation Date:</b>	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.
<b>Relevant Price:</b>	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.
<b>Scheduled Fund Valuation Date:</b>	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**

<b>Commodity:</b>	Means the Commodity specified as such in the relevant Final Terms.
<b>Commodity Basket:</b>	Means a basket of Commodities as specified in the relevant Final Terms.
<b>i:</b>	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.
<b>w:</b>	Means the weight of a certain Commodity in the Commodity Basket.
<b>Initial Price:</b>	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.
<b>Final Price:</b>	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.
<b>Initial Valuation Date:</b>	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.
<b>Valuation Date:</b>	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.

<b>Relevant Price</b>	Means the price of the relevant Commodity determined by the Calculation Agent at the Valuation Time on the relevant Valuation Date.
<b>Commodity Business Day:</b>	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.
<b>Exchange:</b>	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*

<b>Commodity Index:</b>	Means the Commodity Index specified as such in the relevant Final Terms.
<b>Commodity Index Basket:</b>	Means a basket of Commodities Indices as specified in the relevant Final Terms.
<b>i:</b>	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.
<b>w:</b>	Means the weight of a certain Commodity Index in the Commodity Index Basket.
<b>Initial Price:</b>	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.
<b>Final Price:</b>	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.
<b>Initial Valuation Date:</b>	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.
<b>Valuation Date:</b>	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.
<b>Relevant Price</b>	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.
<b>Scheduled Publication Day:</b>	Means any day on which the Commodity Index Sponsor is scheduled to

publish the level of the relevant Commodity Index.

**Commodity Index Sponsor:** Means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Commodity Index and (b) announces (directly or through an agent) the level of the Commodity Index on a regular basis.

#### **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.

##### **9.7.7.2. Events affecting the Index**

###### **(i) Delay of Publication**

If any level of the Index for a Reference Month has not been published or announced by the day that is five Business Days prior to the next Interest Payment Date, the Calculation Agent may either determine the level of the Index based on its own calculations or make any adjustment to the Notes as it may deem appropriate.

If the Calculation Agent determines that 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.

###### **(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 9.17 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.

## 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

#### (i) Status and Subordination

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

Subordinated Notes that constitute Tier 2 Capital will have a minimum maturity of five years.

In the case of Subordinated Notes, in the event of dissolution or liquidation of the Issuer (including the following events creating a "*concours de créanciers*" or "*samenloop*", bankruptcy ("*faillissement/faillite*") and judicial liquidation ("*gerechtelijke vereffening/liquidation forcée*") or voluntary liquidation ("*vrijwillige vereffening/liquidation volontaire*") (other than a voluntary liquidation in connection with a reconstruction, merger or amalgamation where the continuing corporation assumes all the liabilities of the Issuer), the rights of the holders of Subordinated Notes shall rank ahead of:

- those persons whose claims are in respect of any class of equity (including preference shares) of the Issuer; and
- 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 Subordinated Obligations,

but shall be subordinated to the claims of:

- all Senior Creditors of the Issuer.

In the event of dissolution or liquidation as defined above, the claims of holders of Subordinated Notes and of the related receipts and coupons will rank *pari passu* with claims of other creditors in respect of Subordinated Obligations whether their claims were due before or after the issue of the Subordinated Notes.

(ii) *Defined Terms*

In this Condition:

**"Senior Creditors"** means all creditors of the Issuer who are depositors or other unsubordinated creditors; and

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

**9.9.3. Subordinated Notes: Deferral of Payments**

In the case of Subordinated Notes in relation to which this Condition 9.9.3. is specified in the applicable Final Terms as applying, the Issuer shall be entitled, by notice in writing to the Noteholders in accordance with *Condition 9.17 Notices* (a **"Deferral Notice"**), to defer the due date for payment of any repayment of principal or payment of interest in respect of such Notes, and, accordingly, on the giving of such Notice the due date for payment of the relevant repayment or payment (the **"Deferred Payment"**) shall be so deferred and the Issuer shall not be obliged to make payment thereof on the date the same would otherwise have become due and payable, and such deferral of payment shall not constitute a default by the Issuer. The Issuer may only give a Deferral Notice in circumstances where if it were to make payment of the Deferred Payment it would not be in compliance with the capital adequacy requirements applied to it by the Lead Regulator applicable to the Issuer. Interest will accrue on principal deferred as aforesaid in accordance with the provisions of these Terms and Conditions and the Agency Agreement, save that such interest shall only become due and payable at such time as the principal in respect of which it has accrued becomes due and payable under the following sentence. No interest shall accrue on any interest deferred. Promptly upon being satisfied that the Issuer may make payment of the Deferred Payment or a part of it and be in compliance with the capital adequacy requirements applied to it by the Lead Regulator applicable to the Issuer, the Issuer shall give to the Noteholders written notice thereof in accordance with *Condition 9.17 Notices* (the **"Payment Notice"**) and the relevant Deferred Payment (or the appropriate part of it) shall become due and payable on the seventh day after the date of such Payment Notice.

**"Lead Regulator applicable to Belfius Bank"** means the National Bank of Belgium or any successor entity primarily responsible for the prudential supervision of the relevant Issuer.

**9.10. Clearing Systems**

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

**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 Financing Company 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 Financing Company Notes, the Guarantor, as the case may be, in the due performance of any other obligation under the terms and conditions of the Notes, unless remedied within 45 days after receipt of a written notice thereof given by any Noteholder; or
- (c) in the event of a merger, consolidation or other reorganisation of the Issuer or, as applicable, the Guarantor with, or a sale or other transfer by the Issuer or, as applicable, the Guarantor of all or a substantial part of its assets to, any other incorporated or unincorporated person or legal entity, unless, in each case not involving or arising out of insolvency, the person or entity surviving such merger,

consolidation or other reorganisation or to which such assets shall have been sold or transferred shall have assumed expressly and effectively or by law all obligations of the Issuer or, as applicable, the Guarantor, as the case may be, with respect to the Notes and, the interests of the holders of Notes are not materially prejudiced thereby; or

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

Notice of any Event of Default shall be given to the Noteholders in accordance with *Condition 9.17. Notices*.

### *9.12. Modifications of the Agency Agreement*

The Issuer and, as applicable, the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

### *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 Financing Company 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 Financing Company Notes, the Guarantor or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Issuer or, in the case of Belfius Financing Company Notes, the Guarantor shall only constitute a discharge to the Issuer or, in the case of Belfius Financing Company Notes, the Guarantor, as the case may be, to the extent of the amount in the currency of payment under the relevant Note that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, the Issuer, failing whom, in the case of Belfius Financing Company Notes, the Guarantor, shall indemnify it against any loss sustained by it as a result. In any event, the Issuer, failing whom, in the case of Belfius Financing Company Notes, the Guarantor, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's and, in the case of Belfius Financing Company Notes, the Guarantor's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder

and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

### 9.16. Substitution

- (i) The Issuer and, in the case of Belfius Financing Company Notes, the Guarantor may, without any further consent or co-operation from the Noteholders, at any time, procure that any affiliated or associated corporation of the Issuer or, in the case of Belfius Financing Company Notes, the Guarantor is substituted for the Issuer as the debtor under the Terms and Conditions to be offered by assigning all its rights and obligations to such other corporation (the “Substituted Issuer”), 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 Financing Company Notes, the Guarantor agrees on the provisions of such substitution as described herein, undertakes that the provisions in the Senior Guarantee (in the case of Senior Notes) and the Dated Subordinated Guarantee (in the case of Dated Subordinated Notes) with respect to the relevant Issuer will apply to the Substituted Issuer in the event of such substitution and shall be bound by all the obligations to be fulfilled by it under the relevant Senior Guarantee (in the case of Senior Notes) and the Dated Subordinated Guarantee (in the case of Dated Subordinated Notes) 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 9.19. Taxation* to Luxembourg shall be deemed to be to the country where the Substituted Debtor has its domicile or tax residence.
- (iv) The Substituted Issuer obtains all necessary governmental and regulatory approvals and consents

Notice of any substitution shall be given to the Noteholders in accordance with *Condition 9.17. 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 and certain Belfius Financing Company 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 Financing Company Notes from the Paying Agent to the Noteholders and, in the case of Belfius Bank Notes from Belfius Bank to the Noteholders, each time as the Issuer in his discretionary opinion shall deem necessary to give fair and reasonable notice to the Noteholders.

Any such notice shall be deemed to have been given on the date immediately following the date of notification from the Paying Agent in case of Belfius Financing Company Notes, and from Belfius Bank in case of Belfius Bank Notes.

## *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, the Fiscal Agent or the Domiciliary Agent
4. to authorise anyone to concur in and do anything necessary to carry out and give effect to an Extraordinary Resolution
5. to give any authority, direction or sanction required to be given by Extraordinary Resolution
6. to appoint any persons (whether Noteholders or not) as a committee or committees to represent the Noteholders’ interests and to confer on them any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution and
7. to approve the substitution of any entity for the relevant Issuer or the Guarantor (or any previous substitute) as principal debtor or guarantor in circumstances not provided for in the Terms and Conditions
8. provided that the special quorum provisions in clause 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.

### *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 Financing Company Notes, approval by the Fiscal Agent or the Domiciliary Agent.
2. At least 21 days’ notice (exclusive of the day on which the notice is given and of the day of the meeting) shall be given to the Noteholders. A copy of the notice shall be given by the party convening the meeting to the other parties. The notice shall specify the day, time and place of meeting and the nature of the resolutions to be proposed and shall explain how Noteholders may appoint proxies or representatives, obtain voting certificates and use block voting instructions and the details of the time limits applicable.

#### *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 or Domiciliary 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 Bank and the Notes issued by Belfius Financing Company 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 Bank and/or Belfius Financing Company under the laws of their countries of citizenship, residence, ordinary residence or domicile.

#### *9.19.1. Specific tax regime for notes issued within the x/n System (x/n notes)*

Certain Notes (hereafter "X/N notes") will be issued through the X/N Clearing System ("X/N System") of the National Bank of Belgium (the "NBB"). In such a case, the following specific tax regime is applicable, as governed by the Law of 6 August 1993 relating to transactions with certain securities (*Wet van 6 augustus 1993 betreffende de transacties met bepaalde effecten*) and the Royal Decree of 26 May 1994 on the deduction of withholding tax (*Koninklijk Besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing overeenkomstig Hoofdstuk I van de wet van 6 augustus 1993 betreffende de transacties met bepaalde effecten*):

Payments of interest and principal under the Notes by or on behalf of the Issuer may be made without deduction of withholding tax in respect of the Notes if and as long as at the moment of payment or attribution of interest they are held by certain eligible investors (the "Eligible Investors", see hereinafter) in an exempt securities account (an "X Account") that has been opened with a financial institution that is a direct or indirect participant (a "Participant") in the X/N System operated by the NBB. 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 abovementioned Belgian Royal Decree of 26 May 1994, 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, recognized 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 25 per cent. withholding tax. This withholding tax is withheld by the NBB and paid to the Belgian Treasury.

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

A transfer from an N Account (to an X Account or N Account) gives rise to the payment by the transferor non-Eligible Investor to the NBB of withholding tax on the pro rata of accrued 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 pro rata of accrued 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.

The pro rata of accrued interest referred to above is equal to the pro rata of accrued interest corresponding to the detention period for non-structured notes. For structured notes issued in the X/N System, the Royal Decree of 1 July 2013 amending the Royal Decree of 26 May 1994 on the deduction of withholding tax (Belgian Official Gazette of 9 August 2013), stipulates that the pro rata of accrued interest should be determined on the basis of the value of the parameter(s) of the structured note on issue date and their respective value(s) on the transfer date. The taxable amount so determined constitutes a lump sum basis which will be different, and possibly higher, than the interest income realised on the next interest date and/or maturity date.

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.

### **9.19.2. Notes issued by Belfius Bank**

All of the Notes issued by Belfius Bank will be “X/N Notes”.

#### **9.19.2.1. Belgian withholding tax and income tax.**

##### **9.19.2.1.1. 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.

Natural persons who are Belgian residents for tax purposes, are non-Eligible Investors (N-account holders). All payments of interest on the X/N Notes, as defined below under (i), (ii) and (iii) will therefore be subject to a 25 per cent. withholding tax in Belgium. Belgian natural persons do not have to declare the interest on the Notes in their personal income tax return.

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), and
- (iii) in case of a transfer of the X/N Notes between two interest payment dates, the pro rata of accrued interest (as defined in *condition 9.19.1.* above).

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 (iii) above). 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.

##### **9.19.2.1.2. Belgian resident companies**

Belgian resident companies do qualify as Eligible Investors and will not be subject to Belgian withholding tax provided they hold the Notes on an X Account.

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.

##### **9.19.2.1.3. 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 25 per cent on interest payments as defined under 9.19.2.1.1, 2<sup>nd</sup> § (i) (ii) and (iii). The withholding tax constitutes the final taxation.

Certain Belgian legal entities which qualify as Eligible Investors (see *Condition 9.19.1.*) and which consequently have received gross interest income, are required to declare and pay the 25 per cent. withholding tax to the Belgian tax authorities.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gains qualify as interest (as defined as defined under 9.19.2.1.1, 3<sup>rd</sup> § (iii)). Capital losses are in principle not tax deductible.

##### **9.19.2.1.4. Organization for Financing Pensions**

Belgian 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 (“OFP”), do qualify as Eligible Investors and will not be subject to Belgian withholding tax provided they hold the Notes on an X Account.

Interest and capital gains derived by OFP's, 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.

#### **9.19.2.1.5. 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 on an X Account.

#### **9.19.2.2 Other taxes**

##### **9.19.2.2.1. 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. Investors should note that the current Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect as from 1 January 2015. A number of third countries and territories have adopted similar measures to the Savings Directive.

On 24 March 2014, the EU Council of Ministers adopted a Council Directive (hereinafter "Amending Directive") pursuant to which Member States are required to extend the scope of the requirements of the Savings Directive described above to (among other things) (i) payments made under certain financial instruments and life insurance contracts that are considered equivalent to debt claims (ii) certain payments that are made to entities or legal arrangements (such as trusts) established outside the EU, where an individual resident in a Member State other than that of the paying agent is regarded as the beneficial owner of that payment and (iii) payments made to certain entities or legal arrangements established in the EU which are treated as paying agents on receipt of interest payments. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017

##### *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.

##### *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.

##### **9.19.2.2.2. 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, for capital guaranteed Notes, 0.09 per cent. with a maximum amount of Euro 650 per transaction and per party, and for non capital guaranteed Notes, 0.25 per cent for with a maximum amount of Euro 740 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.

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*.

### **9.19.3. Notes issued by Belfius Financing Company**

**9.19.3.1. Belgian withholding tax and income tax.** (for other taxes, reference is made to 9.19.3.2)

#### **9.19.3.1.1. “X/N” Notes**

##### **9.19.3.1.1.1. 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.

Natural persons who are Belgian residents for tax purposes, are non-Eligible Investors (N-account holders). All payments of interest on the X/N Notes, as defined below under (i), (ii) and (iii) will therefore be subject to a 25 per cent. withholding tax in Belgium. Belgian natural persons do not have to declare the interest on the Notes in their personal income tax return.

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), and
- (iii) in case of a transfer of the X/N Notes between two interest payment dates, the pro rata of accrued interest (as defined in *Condition 9.19.1.* above).

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 (iii) above). 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.

##### **9.19.3.1.1.2. Belgian resident companies**

Belgian resident companies do qualify as Eligible Investors and will not be subject to Belgian withholding tax provided they hold the Notes on an X Account.

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

##### **9.19.3.1.1.3. 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 25 per cent. on interest payments as defined under 9.19.3.1.1.1, 3<sup>rd</sup> § (i), (ii) and (iii). The withholding tax constitutes the final taxation.

Certain Belgian legal entities which qualify as Eligible Investors (see Section “X/N Notes”) and which consequently have received gross interest income are required to declare and pay the 25 per cent. withholding tax to the Belgian tax authorities.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gains qualify as interest (as defined as defined under 9.19.3.1.1.1., 3<sup>rd</sup> § (iii)). Capital losses are in principle not tax deductible.

##### **9.19.3.1.1.4. Organization for Financing Pensions**

Belgian 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 (“OFP”), do qualify as Eligible Investors and will not be subject to Belgian withholding tax provided they hold the Notes on an X Account.

Interest and capital gains derived by OFP's, 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.

#### **9.19.3.1.1.5. 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 on an X Account.

#### **9.19.3.1.2. Notes issued outside the X/N System**

##### **9.19.3.1.2.1. 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 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° 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. In a circular letter of 25 January 2013, the central tax administration takes the position that certain structured notes also qualify as "fixed income securities" if they are characterized by one or more of the following terms: (a) a (conditional) minimum return; (b) capital protection; (c) a periodical coupon and/or (d) the determination of income during an intermediate period via a system of "clicks". Upon a transfer of such structured notes, the taxable (accrued) interest amount should be determined on the basis of the value of the parameter(s) of the structured note on issue date and their respective value(s) on the transfer date. The taxable amount so determined constitutes a lump sum basis which will be different, and possibly higher, than the interest income realised on the next interest date and/or maturity date.

Payments of interest on the Notes as defined under (i) and (ii) made through a paying agent in Belgium will in principle be subject to a 25 per cent. 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.

Interest amounts on Notes as defined under (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 25.

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.

##### **9.19.3.1.2.2. Belgian resident companies**

Corporations 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. Subject to certain conditions, any Belgian withholding tax that would be levied is creditable in accordance with the applicable legal provisions.

#### **9.19.3.1.2.3. Belgian legal entities**

Legal entities 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 9.19.3.1.2.1, 2<sup>nd</sup> § (i) and (ii), on the Notes made through a paying agent in Belgium will in principle be subject to a 25 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 25 per cent. withholding tax to the Belgian tax authorities.

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

#### **9.19.3.1.2.4. 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.

#### **9.19.3.1.2.5. Belgian non-residents**

The interest income as defined under 9.19.3.1.2.1, 2<sup>nd</sup> § (i) and (ii) on the Notes paid through a professional intermediary in Belgium will, in principle, be subject to a 25 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 9.19.3.1.2.2 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.

### **9.19.3.2 Other taxes**

#### **9.19.3.2.1. 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. Investors should note that the current Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information

with effect as from 1 January 2015. A number of third countries and territories have adopted similar measures to the Savings Directive.

On 24 March 2014, the EU Council of Ministers adopted a Council Directive (hereinafter “Amending Directive”) pursuant to which Member States are required to extend the scope of the requirements of the Savings Directive described above to (among other things) (i) payments made under certain financial instruments and life insurance contracts that are considered equivalent to debt claims (ii) certain payments that are made to entities or legal arrangements (such as trusts) established outside the EU, where an individual resident in a Member State other than that of the paying agent is regarded as the beneficial owner of that payment and (iii) payments made to certain entities or legal arrangements established in the EU which are treated as paying agents on receipt of interest payments. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

#### *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.

#### *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.

#### **9.19.3.2.2 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, for capital guaranteed Notes, 0.09 per cent. with a maximum amount of Euro 650 per transaction and per party, and for non capital guaranteed Notes, 0.25 per cent. with a maximum amount of Euro 740 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.

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*.

### **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 with respect of Bearer Notes and by Belgian law with respect of Dematerialized Notes.

### **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 9.23.1 and 9.23.2 below only apply to Belfius Financing Company 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 Financing Company (as described under *Condition 9.19. 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 Financing Company (as described under *Condition 9.19. 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 “*conours 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 under the Subordinated Guarantee) 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

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(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 9.17. 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 “UK FSMA”) in connection with the issue or sale of any Notes, has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in circumstances in which section 21(1) of the UK FSMA does not apply to the Issuer and all applicable provisions of the UK FSMA with respect to anything done in relation to such Notes in, from or otherwise involving the United Kingdom have been complied with and will be complied with.

# 11. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

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(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](http://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 Financing Company Notes, the Guarantor, etc.

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

## 12. USE OF PROCEEDS

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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 Financing Company Notes, the Issuer will grant a loan to Belfius Bank.

## 13. THIRD PARTY INFORMATION, EXPERT STATEMENTS AND DECLARATIONS

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(Annex IV.17 and XI.14 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

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

Copies of the annual reports dated December 31<sup>st</sup>, 2012 for the Issuer and, as applicable, the Guarantor and of all subsequent annual reports to be published, copies of the articles of association of the Issuer and, as applicable, the Guarantor are available free of charge at the office of Belfius Bank and will be available during the entire lifetime of the Notes.

Additionally, the annual reports of Belfius Bank are available on its internet site <https://www.belfius.be/common/fr/iwscommon/home.html#page=%2Ffinancial%2FFR%2FAnnualReports%2FIndex.aspx&entity=>, and the annual reports of Belfius Financing Company are available on its internet site <https://www.belfius-financingcompany.lu/>.

Moreover, copies of the semi-annual and annual reports of Belfius Financing Company and copies of the annual reports of Belfius Bank are available on the Luxembourg Stock Exchange-website: [www.bourse.lu](http://www.bourse.lu).

# Annex 1: Template for Final Terms

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## 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 Financing Company SA] [Belfius Bank SA/NV]

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

Belfius Financing Company SA

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 1 October 2014, 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](http://www.belfius.be). A summary of the offer of the Notes is provided in an annex to the Final Terms.

*[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 Financing Company SA]   |
|   | (ii)  | Guarantor:                        | [N/A][Belfius Bank SA/NV]  |
|   | (iii) | Calculation Agent:                | Belfius Bank SA/NV   |
| 2 | (i)   | Series Number:                    | [●]  |
|   | (ii)  | Tranche Number:                   | [●]  |
|   |       |                                   | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).</i> |
| 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 <i>[insert date]</i> (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] [Not Applicable] [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:	[Applicable/Not Applicable] [(further particulars specified below)]
16	Mandatory Early Redemption:	[Applicable/Not Applicable] [(further particulars specified below)]
17	(i) Status of the Notes:	[Senior Notes/Dated Subordinated Notes]
	[(ii) Subordinated Notes	(For Senior Notes, delete this paragraph)
	Redemption upon Capital Disqualification Event	[Applicable][Not applicable]
	Capital Disqualification Event Early Redemption Price	[Specified Redemption Amount, and the Specified Fixed Percentage Rate is [ ] per cent.] / [Par Redemption] / [Not applicable] (Note: the Specified Fixed Percentage Rate must be at least 100 per cent.)
	Subordinated Notes: Deferral of Payments	[Applicable][Not applicable]
18	[Date [Board] approval for issuance of	[●]

	Notes obtained:	(N.B Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes)]
19	Form of Notes:	[Bearer Notes/Dematerialised Notes]
20	New Global Note:	Not Applicable
<b>PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE</b>		
21	Fixed Rate Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Fixed Rate:	[●] per cent. per annum
	(ii) Interest Payment Date(s):	[annually/semi-annually/quarterly on ●]
	(iii) Business Days:	[●]
	(iv) Business Day Convention:	[●]
	[(v) Fixed Interest Amount:	[●]]
	[(v)/(vi) Day Count Fraction:	[●]]
	[(v)/(vi)/(vii) Interest Period End Date(s):	[Adjusted/No Adjustment/Other]]
	[(v)/(vi)/(vii)/(viii) Calculation Amount:	[●]]
	[Other terms relating to the method of calculating interest for Fixed Rate Notes:	[●](N.B. Give details)]
22	Floating Rate Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Publication Source:	[EUR-EURIBOR-Reuters (ISDA)/Other]
	(ii) Designated Maturity:	[●]
	(iii) Spread:	[●]
	(iv) Interest Payment Date(s):	[annually/semi-annually/quarterly on ●]
	(v) Day Count Fraction:	[●]
	(vi) Interest Determination Date:	[●]
	(vii) Business Days:	[●]
	(viii) Business Day Convention:	[●]
	(ix) Interest Period End Date(s)	[●] [Adjusted/No Adjustment/Other]
	[(x) Maximum Rate:	[●]]
	[(x)/(xi) Minimum Rate:	[●]]
23	Zero Coupon Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	Amortisation Yield:	[●] per cent. per annum
	Business Days:	[●]
	Business Day Convention:	[●]
	Any other formula/basis of determining amount payable:	[●]
24	Variable Linked Rate Note Provisions	[Applicable/Not Applicable]

		<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(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 Rate:	[●] <i>(Provide the formula or other method of determination)</i>
	(iii) Interest Payment Date(s):	[●]
	(iv) Business Days:	[●]
	(v) Business Day Convention:	[●]
<b>PROVISIONS RELATING TO REDEMPTION</b>		
25	Call Option	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	Optional Redemption Date(s):	[●]
	Optional Redemption Period:	[●]
	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Note of [●] Denomination
	[If redeemable in part:]	[Applicable/Not Applicable]
	[Minimum Redemption Amount:	[●]]
	[Maximum Redemption Amount:	[●]]
	Notice period:	[●]
26	Mandatory Early Redemption	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(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] <i>(delete in case of Variable Linked Redemption)</i>
28	Partial Redemption:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Partial Redemption Date(s)	[●]
	(ii) Partial Redemption Amounts:	[●]
	<i>(Include below provisions in case of a Variable Linked Redemption)</i>	

**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>	$w_{(j=1)}$	$w_{(j=2)}$	...	Share	Exchange	Related Exchange	Securities code
1	[●]%	[●]%	[●]%	[●]	[●]	[●]/All Exchanges	[●]
2	[●]%	[●]%	[●]%	[●]	[●]	[●]/All Exchanges	[●]
...	[●]%	[●]%	[●]%	[●]	[●]	[●]/All Exchanges	[●]

- (ii) Valuation Date(s): [●]
- [(iii) Initial Valuation Date: [●]]

*(Include the relevant provisions below, if the Underlying is 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>	$w_{(j=1)}$	$w_{(j=2)}$	...	Index	Exchange	Related Exchange
1	[●]%	[●]%	[●]%	[●]	[●]/Multiple Exchange	[●]/All Exchanges
2	[●]%	[●]%	[●]%	[●]	[●]/Multiple Exchange	[●]/All Exchanges
...	[●]%	[●]%	[●]%	[●]	[●]/Multiple Exchange	[●]/All Exchanges

- (ii) Valuation Date(s): [●]
- [(iii) Initial Valuation Date: [●]]

*(Include the relevant provisions below, if the Underlying is a **Fund**)*

- (i) Reference Fund: [●] *(Insert full title of the Reference Fund, including its sponsor, the ISIN code, class, if applicable, and a short description)*
- (ii) Valuation Date(s): [●]
- [(iii) Initial Valuation Date: [●]]
- [(iii) Initial Price: [●]]

*(Include the relevant provisions below, if the Underlying is a **Basket of Funds**)*

- (i) Fund Basket:

<i>i</i>	$w_{(j=1)}$	$w_{(j=2)}$	...	Reference Fund	Class	Fund Description	Fund Administrator	ISIN Code
1	[●]%	[●]%	[●]%	[●]	[●]	[●]	[●]	[●]
2	[●]%	[●]%	[●]%	[●]	[●]	[●]	[●]	[●]
...	[●]%	[●]%	[●]%	[●]	[●]	[●]	[●]	[●]

- (ii) Valuation Date(s): [●]
- [(iii) Initial Valuation Date: [●]]

*(Include the relevant provisions below, if the Underlying is a **Commodity**)*

- (i) Commodity: [●]
- (ii) Exchange: [●]
- (iii) Price Source: [●]
- (iv) Valuation Time: [●]
- (v) Valuation Date(s): [●]

[(vi) Initial Valuation Date: [●]]

[(vi) Initial Price: [●]]

*(Include the relevant provisions below, if the Underlying is a **Basket of Commodity**)*

(i) Commodity Basket:

<i>i</i>	$W_{(j=1)}$	$W_{(j=2)}$	...	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>	$W_{(j=1)}$	$W_{(j=2)}$	...	Commodity Index	Valuation Time
1	[●]%	[●]%	[●]%	[●]	[●]
2	[●]%	[●]%	[●]%	[●]	[●]
...	[●]%	[●]%	[●]%	[●]	[●]

(ii) Valuation Date(s): [●]

[(iii) Initial Valuation Date: [●]]

*(Include the relevant provisions below, if the Underlying is an **Inflation Index**)*

(i) Index: [●]

[The first publication or announcement of a level of such index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.]

(ii) Initial Index: [●]

(iii) Final Index: [●]

(iv) Index Sponsor: [●]

(v) Reference Month: [●]

## 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][ Banque Internationale à Luxembourg, SA]  
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

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A form of the Senior Guarantee is reproduced here below:

**BELFIUS FINANCING COMPANY SA**  
**And**  
**BELFIUS BANK SA/NV**  
**Notes Issuance Programme**  
**SENIOR GUARANTEE**  
by  
**Belfius Bank SA/NV**  
**IN RELATION TO NOTES ISSUED BY Belfius Financing Company**

1 October 2014

WHEREAS the Board of Directors of Belfius Financing Company S.A. (the “Issuer” or “Belfius Financing Company”) has decided on 18 July 2014, to update the Notes Issuance Programme (the “Programme”) under which it may from time to time issue Notes (the “Belfius Financing Company Notes”), which may be linked to various underlyings (the “Underlying”), that rank as senior obligations of the Issuer (the “Senior Belfius Financing Company Notes”) or that rank as senior subordinated obligations of the issuer (the “Dated Subordinated Belfius Financing Company Notes”) according to the terms and conditions enumerated in such decision. Senior Belfius Financing Company Notes will be guaranteed by Belfius Bank SA/NV (also named Belfius Banque SA/Belfius Bank NV) (the “Guarantor” or “Belfius Bank”) 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 Financing Company of Senior Belfius Financing Company Notes under the Programme by its decision of 18 July 2014;

WHEREAS the Management Board of Belfius Bank in its decision of 18 July 2014 has delegated all powers to execute such Senior Guarantee to Mr. D. Gyselinck, member of the Management Board, with the right for him to delegate his powers;

The Guarantor hereby unconditionally and irrevocably guarantees as and for its own debt to each holder of each Senior Belfius Financing Company Note (each a “Noteholder” and together the “Noteholders”) to pay or procure to pay such amounts to the Noteholders who have not obtained due payment from the Issuer if and when such amounts fall due under the Terms and Conditions. The Terms and Conditions are those enumerated in the Base Prospectus and the relevant Final Terms, and which are included by reference in the present 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 1 October 2014.

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 1 October 2014.

On behalf of Belfius Bank SA/NV

Dirk Gyselinck  
Member of the Management Board

# Annex 3: Dated Subordinated Guarantee

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

**BELFIUS FINANCING COMPANY SA**

And

**BELFIUS BANK SA/NV**

**Notes Issuance Programme**

**DATED SUBORDINATED GUARANTEE**

by

**Belfius Bank SA/NV**

**IN RELATION TO NOTES ISSUED BY Financing Company SA**

1 October 2014

WHEREAS the Board of Directors of Belfius Financing Company S.A. (the “Issuer” or “Belfius Financing Company”) has decided on 18 July 2014, to update the Notes Issuance Programme (the “Programme”) under which it may from time to time issue Notes (the “Belfius Financing Company Notes”), which may be linked to various underlyings (the “Underlying”), that rank as senior obligations of the Issuer (the “Senior Belfius Financing Company Notes”) or that rank as senior subordinated obligations of the issuer (the “Dated Subordinated Belfius Financing Company Notes”) according to the terms and conditions enumerated in such decision. Dated Subordinated Belfius Financing Company Notes will be guaranteed by Belfius Bank SA/NV (also named Belfius Banque SA/Belfius Bank NV) (the “Guarantor” or “Belfius Bank”) 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 Financing Company of Dated Subordinated Notes under the Programme by decision of 18 July 2014;

WHEREAS the Management Board of Belfius Bank in its decision of 18 July 2014 has delegated all powers to execute such Dated Subordinated Guarantee to Mr. D. Gyselinck, member of the Management Board, with the right for him to delegate his powers;

The Guarantor hereby unconditionally and irrevocably guarantees as and for its own debt to each holder of each Dated Subordinated Belfius Financing Company Note (each a “Noteholder” and together the “Noteholders”) to pay or procure to pay such amounts to the Noteholders who have not obtained due payment from the Issuer if and when such amounts fall due under the Terms and Conditions. The Terms and Conditions are those enumerated in the Base Prospectus and the relevant Final Terms, and which are included by reference in the present 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 “*concours 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 Financing Company Note irrevocably waive their rights to equal treatment with other unsecured creditors (“*créanciers chirographaires/chirografaire schuldeisers*”). Consequently, the holders of Dated Subordinated Belfius Financing Company 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 1 October 2014.

It is understood that any payments to be made under this Dated Subordinated Guarantee shall be made in the currency of the underlying Belfius Financing Company 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 Financing Company 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 1 October 2014.

On behalf of Belfius Bank SA/NV

Dirk Gyselinck  
Member of the Management Board



# Annex 4: Articles of Association

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## 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, aforesaid:

- 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.

13) The notary Carole GUILLEMYN, aforesaid

- on 2 December, publication in progress

## **COORDINATED ARTICLES OF ASSOCIATION**

### **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<sup>th</sup>) 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 December 2nd 2013. 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.

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

#### **A. BOARD OF DIRECTORS**

##### **Article 7 - COMPOSITION**

7.1 The Company is managed by a Board of Directors composed of a minimum of five 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.

7.2 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.

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

7.4 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.

7.5 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.

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

## **Article 8 – EXECUTIVE AND NON-EXECUTIVE MEMBERS**

8.1 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.

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

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

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

8.5 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° 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° 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 9 - ROLE OF THE BOARD OF DIRECTORS**

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

9.2 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.

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

#### **Article 10 – POWERS OF THE BOARD OF DIRECTORS**

10.1 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.

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

#### **Article 11 - MEETINGS OF THE BOARD OF DIRECTORS**

11.1 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.

11.2 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.

11.3 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.

11.4 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.

11.5 The minutes of the meetings are approved by the Board and signed by the Chairman or one of the Vice-Chairmen (in the event of the Chairman being absent) or by two non-executive directors (in the event of the Chairman and Vice-Chairmen being absent).

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-General, or by the Secretary of the Board.

### **B. MANAGEMENT BOARD**

#### **Article 12 – DELEGATION BY THE BOARD OF DIRECTORS**

12.1 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.

12.2 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 13 - COMPOSITION**

13.1 The Board of Directors determines the number of members of the Management Board.

The members of the Management Board constitute a collegial body.

13.2 The Chairman, Vice-Chairman and members are appointed by the Board of Directors from among the members referred to in article 8.4, on nomination of the Management Board and in accordance with the regulations governing financial institutions. The appointment of the Chairman of the Management Board will take place on presentation of the Management Board, after consultation with the Chairman of the Board of Directors.

13.3 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.

13.4 The remuneration of members of the Management Board is determined by the Board of Directors, in consultation with the Chairman of the Management Board.

13.5 The Management Board may appoint a Secretary, who is either a member of the Committee or not.

13.6 The Management Board draws up regulations governing its procedures and regularly reviews those procedures.

#### **Article 14 - 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 15 – MEETING OF THE MANAGEMENT BOARD**

15.1 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.

15.2 The decisions of the Management Board shall be taken by the simple majority of votes of all members present or represented. In case of a tied vote, the vote of the Chairman of the Management Board shall prevail.

15.3 Copies and extracts of the minutes of the Management Board are signed by its Chairman or, if the Chairman is absent, by its Vice-Chairman or, if both the Chairman and Vice-Chairman are absent, by one of its members or by the Secretary-General or by the Secretary of the Board.

15.4 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. It may authorise sub-delegation thereof.

### **C. OTHER COMMITTEES**

#### **Article 16 – AUDIT COMMITTEE – APPOINTMENTS AND COMPENSATION COMMITTEE – STRATEGIC COMMITTEE AND RISK & CAPITAL COMMITTEE**

16.1 The Board of Directors shall establish an Audit Committee, an Appointments and Compensation Committee, a Strategic Committee and a Risk & Capital Committee, and any other committee the Board deems necessary, and will determine the composition, functioning, manner of deliberation and tasks of those committees.

16.2 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.

16.3 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.

16.4 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.

16.5 The Board of Directors decides on the composition of the Risk & Capital Committee.

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.

16.6 The Board of Directors may establish one or more additional advisory committees from among its members and on its responsibility.

16.7 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 17 – REPRESENTATION OF THE COMPANY**

17.1 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.

17.2 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 18 – DUTY OF DELICACY**

18.1 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; however, when a dual function concerns a company linked to the company in the sense of article 11 of the Belgian Companies Code, it may, notwithstanding the above, attend deliberations and take part in the vote.

18.2 In a general sense, the bank operates a transparent and detailed policy on conflicts of interest.

## **SECTION IV – MEETINGS OF SHAREHOLDERS**

### **Article 19 – MEETINGS OF SHAREHOLDERS**

19.1 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.

19.2 Bondholders, holders of warrants and certificates, issued in collaboration with the Company, may only attend the General Meeting in an advisory capacity.

### **Article 20 – 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 21 – 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.

#### **Article 22 – 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 convening 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.

Shareholders may, pursuant to the provision of article 540 of the Belgian Companies Code, put questions to the directors and/or auditor(s) about their reports or points on the agenda. These questions will be answered, where appropriate, by the directors or auditors during the General Meeting.

Shareholders may put the questions dealt with above in writing as soon as the attendance notice has been issued.

Provided these shareholders have satisfied the formalities for admission to the meeting and these questions reach the company at the latest on the sixth day prior to the meeting, these questions will be answered.

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 23 – 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 two Non-Executive Directors, or by the Secretary-General or by the Secretary of the Meeting.

### **SECTION V - AUDITORS**

#### **Article 24 - 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 25 – 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 26 – DISTRIBUTION OF PROFITS**

26.1 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.

26.2 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. 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.

26.3 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 27 – 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 28 – 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 29 – TRANSITIONAL PROVISIONS**

Article 7.1, 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, 4 December 2013.

**B. Belfius Financing Company**

**STATUTS COORDONNÉS**

**BELFIUS FINANCING COMPANY S.A.**

Société anonyme

R.C.S. Luxembourg B 156.767

**STATUTS COORDONNÉS**

du 7 mai 2014.

## **Title I. - Denomination, Registered office, Object, Duration**

**Art. 1.** There is hereby established a *société anonyme* under the name of “Belfius Financing Company”.

**Art. 2.** The registered office of the company is established in the municipality of Koerich.

It may be transferred to any other place in the municipality of Koerich by a decision of the board of directors

If extraordinary political or economic events occur or are imminent, which might interfere with the normal activity at the registered office, or with easy communication between this office and abroad, the registered office may be declared to have been transferred abroad provisionally until the complete cessation of these abnormal circumstances.

Such decision, however, shall have no effect on the nationality of the company. Such declaration of the transfer of the registered office shall be made and brought to the attention of third parties by the organ of the corporation, which is best situated for this purpose under such circumstances.

**Art. 3.** The company is established for an unlimited period.

**Art. 4.** The purpose of the Company is: (a) to hold shareholdings and stakes, in any form whatsoever, in any commercial, industrial, financial or other Luxembourg or foreign company or undertakings, as well as to manage and optimise these stakes, (b) to acquire by way of participations, contributions, guarantees, acquisitions or options, negotiation or any other means, securities, rights, patents, licenses and other assets, provided the Company considers it appropriate to do so, and in general to hold, manage, optimise, sell or transfer the aforementioned, in whole or in part; (c) to take part in commercial, financial or other transactions and to grant to any holding company, subsidiary, associated or affiliated company or any other company belonging to the same corporate group as the Company any financial assistance, loan, advance or guarantee; (d) to borrow, raise funds by any means whatsoever (including without limitation the issuance of preferred equity certificates (PECs) (nonconvertible or convertible into shares), loans, bonds, acknowledgements of debt and any other form of debt or type of instrument) and to ensure the reimbursement of any borrowed amount; to perform all operations directly or indirectly related to this purpose.

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

The Company may acquire immovable property located abroad or in Luxembourg.

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

## **Title II. - Capital, Shares**

**Art. 5.** The share capital of the Company is set at three million ninety-four thousand four euro (EUR 3,094,004) divided into two hundred and fifty-one (251) shares, without nominal value.

The shares are in registered form.

The company may, to the extent and under the terms permitted by law, purchase its own shares.

The corporate capital may be increased or reduced in compliance with the legal requirements.

The company recognises only one single owner per share. If one or more shares are jointly owned or if the ownership of such share(s) is disputed, all persons claiming a right to such share(s) have to appoint one single attorney to represent such share(s) towards the company.

The failure to appoint such attorney implies a suspension of all rights attached to such share(s).

## **Title III. – Management**

**Art. 6.** The Company shall be managed by a board of directors composed of at least three (3) directors, who need not be shareholders of the Company. The directors shall be elected by the shareholders at a general meeting, which shall determine their number, remuneration and term of office. The term of office of a director may not exceed six (6) years and the directors shall hold office until their successors are elected. The directors may be re-elected for consecutive terms of office. The directors are split in two (2) categories, directors of category A and directors of category B.

In case the company is incorporated by a sole shareholder, or if, at a general meeting of shareholders, it is noted that the company only has one shareholder, the composition of the board of directors may be limited to one sole director until the next annual general meeting at which it is noted that the company has (again) more than one shareholder.

In this case, the sole director exercises the powers devolving on the board of directors.

The directors are elected by a simple majority vote of the shares present or represented. Any director may be removed at any time with or without cause by the general meeting of shareholders.

In the event of a vacancy in the office of a director because of death, retirement or otherwise, this vacancy may be filled out on a temporary basis until the next meeting of shareholders, in compliance with the applicable legal provisions.

**Art. 7.** The board of directors will elect from among its members a chairman. When he is prevented, he is replaced by the eldest director. The first chairman may be appointed by the extraordinary general shareholders meeting following the incorporation of the company.

The board of directors convenes upon call by the chairman or by the eldest director, when the chairman is prevented, as often as the interest of the corporation so requires. It must be convened each time two directors so request.

Any director may act at any meeting of the board of directors by appointing in writing or by telegram, telex or facsimile another director as his proxy. A director may represent one or more of his colleagues.

The board of directors can deliberate and/or act validly only if all the directors are present or represented at a meeting of the board of directors. If the required presence quorum is not attained, the meeting shall be adjourned and a second meeting shall be convened at the same hour, five business days later, which will deliberate and/or act validly only if a majority of the directors is present or represented at such meeting.

Decisions shall be taken by a majority vote of the directors present or represented at such meeting. In case of a tie in votes, the vote of the chairman of the meeting will be decisive.

Board resolutions can also be taken by circular letter, the signatures of the different board members may be apposed on several exemplars of the board resolution in writing.

Any director may also participate in any meeting of the board of directors by conference call, videoconference or by other similar means of communication allowing all the persons taking part in the meeting to hear one another. The participation in a meeting by these means is equivalent to a participation in person at such meeting.

**Art. 8.** The board of directors is vested with the broadest powers do perform all acts of administration and disposition in compliance with the corporate object.

All powers not expressly reserved by law or by the present articles of association to the general meeting of shareholders fall within the competence of the board of directors. The board of directors may pay interim dividends, in compliance with the legal requirements.

**Art. 9.** The Company will only be bound by the joint signature of any A director together with any B director or by the single signature to whom such signatory power has been validly delegated by the board of directors or by a decision signed by a director A and by a director B jointly

**Art. 10.** The board of directors may delegate its powers to conduct the daily management of the company to one or more directors, officers, managers or other agents, shareholder or not, acting alone or jointly.

The board of directors may also commit the management of all the affairs of the corporation or of a special branch to one or more managers, and give special powers for determined matters to one or more proxy holders, selected from its own members or not, either shareholders or not.

**Art. 11.** Any litigations involving the company either as plaintiff or as defendant, will be handled in the name of the company by the board of directors, represented by its chairman or by the director delegated for this purpose.

#### **Title IV. - Supervision**

**Art. 12.** The company is supervised by one or several statutory auditors, appointed by the general meeting of shareholders which will fix their number and their remuneration, as well as the term of their office, which must not exceed six years.

Whenever required by law the company is supervised by one or several independent auditors in lieu of the statutory auditor(s).

The independent auditors are appointed, pursuant to the related legal provisions, either by the general meeting of shareholders or by the board of directors. The independent auditors shall fulfil all the duties set forth by the related law.

#### **Title V. - General meeting**

**Art. 13.** The general meeting of shareholders of the company represents all the shareholders of the company. It has the broadest powers to order, carry out or ratify acts relating to the operations of the company, unless the present articles of association provide otherwise.

The annual general meeting will be held in the city of Luxembourg at the place specified in the convening notices on the third Wednesday of March at 10.00 a.m..

If such day is a legal holiday, the general meeting will be held on the next following business day.

Other general meetings of shareholders may be held at such places and dates as may be specified in the respective notices of meeting.

Each share entitles one vote. Each shareholder may participate to the meetings of the shareholders by appointing in writing, by telecopy, email or any other similar means of communication, another person as his proxy-holder.

If all shareholders are present or represented at a meeting of the shareholders, and if they declare knowing the agenda, the meeting may be held without convening notice or prior publication.

If the company only has one sole shareholder, the latter exercises the powers devolving on the general meeting,

**Title VI. - Accounting year, Allocation of profits**

**Art. 14.** The accounting year of the company shall begin on January 1 and shall terminate on December 31 of each year.

**Art. 15.** After deduction of any and all of the expenses of the company and the amortizations, the credit balance represents the net profits of the company. Of the net profits, five percent (5,00 %) shall be appropriated for the legal reserve; this deduction ceases to be compulsory when the reserve amounts to ten percent (10,00 %) of the capital of the company, but it must be resumed until the reserve is entirely reconstituted if, at any time, for any reason whatsoever, it has been touched.

The balance is at the disposal of the general meeting.

**Title VII. - Dissolution, Liquidation**

**Art. 16.** The company may be dissolved by a resolution of the general meeting of shareholders. The liquidation will be carried out by one or more liquidators, physical or legal persons, appointed by the general meeting of shareholders which will specify their powers and fix their remunerations.

**Title VIII. - General provisions**

**Art. 17.** All matters not governed by these articles of association are to be construed in accordance with the law of August 10<sup>th</sup> 1915 on commercial companies and the amendments hereto.

**Suit la traduction française du texte qui précède.****Titre I. - Dénomination, Siège social, Objet, Durée**

**Art. 1.** Il est constitué une société anonyme sous la dénomination de «Belfius Financing Company».

**Art. 2.** Le siège de la société est établi dans la commune de Koerich.

Il pourra être transféré dans tout autre lieu de la commune de Koerich par simple décision du conseil d'administration.

Au cas où des événements extraordinaires d'ordre politique ou économique de nature à compromettre l'activité normale au siège social ou la communication aisée de ce siège avec l'étranger se produiront ou seront imminents, le siège social pourra être déclaré transféré provisoirement à l'étranger, jusqu'à cessation complète de ces circonstances anormales.

Une telle décision n'aura, cependant, aucun effet sur la nationalité de la société. La déclaration de transfert de siège sera faite et portée à la connaissance des tiers par l'organe de la société qui se trouvera le mieux placé à cet effet dans les circonstances données.

**Art. 3.** La société est constituée pour une durée illimitée.

**Art. 4.** La société a pour objet: (a) la prise de participations et d'intérêts, sous n'importe quelle forme, dans toute(s) société(s) ou entreprise(s), commerciale(s), industrielle(s), financière(s) ou autre(s), luxembourgeoise(s) ou étrangère(s), ainsi que la gestion et la mise en valeur de ces participations, (b) d'acquérir par des participations, apports, garanties, acquisitions ou options, négociation ou tout autre moyen des titres, droits, brevets, licences et autres biens, pour autant que la Société l'estime approprié, et généralement de détenir, gérer, mettre en valeur, vendre ou céder les éléments précités en tout ou partie; (c) de prendre part à des transactions commerciales, financières ou autres, et d'accorder à toute société holding, filiale, société apparentée ou liée ou toute société qui appartient au même groupe de sociétés que la Société, toute assistance, tout prêt, avance ou garantie; (d) d'emprunter, lever des fonds par tout moyen (incluant, mais non limité à l'émission de certificats de capital préférentiel (PECS) (convertibles ou non en parts sociales), prêts, obligations, reconnaissances de dettes et autres formes de dettes et instruments) et d'assurer le remboursement de toute somme d'argent empruntée; d'exécuter toute opération se rapportant directement ou indirectement à cet objet.

La Société peut accorder des gages, garanties, privilèges, hypothèques et tout autre forme de sûretés ainsi que toute forme d'indemnités, à des entité(s) luxembourgeoise(s) ou étrangère(s) en relation avec ses propres obligations et dettes, ou en rapport avec les obligations et dettes de filiales, sociétés ou entités liées ou sociétés appartenant au même groupe de sociétés.

La société peut acquérir des immeubles situés tant à l'étranger qu'au Luxembourg.

La Société peut par ailleurs exécuter toute opération commerciale, technique ou financière, de nature mobilière ou immobilière en rapport direct ou indirect avec les matières ci-dessus décrites

**Titre II. - Capital, Actions**

**Art. 5.** Le capital social de la Société est fixé à trois millions quatre-vingt-quatorze mille et quatre euros (EUR 3.094.004) divisé en deux cent cinquante-et-une (251) actions sans valeur nominale.

Les actions sont nominatives.

La société pourra procéder au rachat de ses propres actions, sous les conditions prévues par la loi.

Le capital souscrit pourra être augmenté ou réduit dans les conditions légales requises.

La société ne reconnaît qu'un seul propriétaire par action. Dans le cas où une ou plusieurs actions sont détenues conjointement ou lorsque la propriété d'une ou de plusieurs actions fait l'objet d'un contentieux, l'ensemble des personnes revendiquant un droit sur ces actions doit désigner un mandataire afin de représenter cette ou ces actions à l'égard de la société.

L'absence de la désignation d'un tel mandataire implique la suspension de tous les droits attachés à cette ou ces actions.

### **Titre III. - Administration**

**Art. 6.** La Société sera administrée par un conseil d'administration comprenant au moins trois (3) membres, lesquels ne seront pas nécessairement actionnaires de la Société. Les administrateurs seront élus par les actionnaires à l'assemblée générale qui déterminera leur nombre, leur rémunération et le terme de leur mandat. Le terme du mandat d'un administrateur ne peut excéder six (6) ans, et les administrateurs conservent leur mandat jusqu'à l'élection de leurs successeurs. Les administrateurs peuvent être réélus à leur fonction pour différents mandats consécutifs. Les administrateurs se répartissent en deux (2) catégories, administrateurs de catégorie A et administrateurs de catégorie B.

Lorsque la société est constituée par un associé unique, ou que, à une assemblée générale des actionnaires, il est constaté que celle-ci n'a plus qu'un associé unique, la composition du conseil d'administration peut être limitée à un membre jusqu'à l'assemblée générale ordinaire suivant la constatation de l'existence de plus d'un associé.

Dans ce cas, l'administrateur unique exerce les pouvoirs dévolus au conseil d'administration. Les administrateurs seront élus à la majorité simple des votes des actions présentes ou représentées. Tout administrateur peut être révoqué avec ou sans motif à tout moment par décision de l'assemblée générale des actionnaires.

En cas de vacance d'un poste d'administrateur pour cause de décès, de démission ou toute autre cause, cette vacance pourra être complétée sur une base temporaire jusqu'à la réunion de la prochaine assemblée générale des actionnaires, conformément aux dispositions légales applicables.

**Art. 7.** Le conseil d'administration choisira parmi ses membres un président. En cas d'empêchement, il est remplacé par l'administrateur le plus âgé. Le premier président peut être nommé par l'assemblée générale extraordinaire des actionnaires qui se tiendra après la constitution de la société

Le conseil d'administration se réunit sur la convocation du président ou en cas d'empêchement de celui-ci, de l'administrateur le plus âgé, aussi souvent que l'intérêt de la société l'exige. Il doit être convoqué chaque fois que deux administrateurs le demandent.

Tout administrateur pourra se faire représenter aux conseils d'administration en désignant par écrit soit en original, soit par télécopie ou télégramme un autre administrateur comme son mandataire. Un administrateur peut représenter un ou plusieurs de ses collègues.

Le conseil d'administration ne pourra délibérer et/ou agir valablement que si tous les administrateurs sont présents ou représentés à une réunion du conseil d'administration. Si le quorum de présence requis n'est pas atteint, la réunion sera ajournée et une deuxième réunion sera reportée à cinq jours ouvrables à la même heure. Cette deuxième réunion ne pourra délibérer et/ou agir valablement que si la majorité au moins des administrateurs est présente ou représentée à cette réunion.

Les décisions sont prises à la majorité des voix des administrateurs présents ou représentés. Au cas où lors d'une réunion, il existerait une parité des votes pour et contre une résolution, la voix du président de la réunion sera prépondérante.

Les décisions du conseil d'administration peuvent aussi être prises par lettre circulaire, les signatures des différents administrateurs pouvant être apposées sur plusieurs exemplaires de la décision écrite du conseil d'administration.

Tout administrateur pourra en outre participer à une réunion du conseil d'administration par conférence téléphonique, par vidéoconférence ou par d'autres moyens de communication similaires où toutes les personnes prenant part à cette réunion peuvent s'entendre les unes les autres. La participation à une réunion tenue dans ces conditions est équivalente à la présence physique à cette réunion.

**Art. 8.** Le conseil d'administration est investi des pouvoirs les plus étendus pour faire tous actes d'administration et de disposition qui rentrent dans l'objet social.

Il a dans sa compétence tous les actes qui ne sont pas réservés expressément par la loi et les statuts à l'assemblée générale. De plus, il est autorisé à verser des acomptes sur dividendes, aux conditions prévues par la loi.

**Art. 9.** La Société sera valablement engagée par la signature conjointe d'un administrateur de catégorie A et d'un administrateur de catégorie B, soit par la signature individuelle de la personne à qui tel pouvoir aura été délégué par le conseil d'administration ou par une décision prise conjointement par un administrateur A et un administrateur B.

**Art. 10.** Le conseil d'administration pourra déléguer la gestion journalière de la société à un ou plusieurs administrateurs, directeurs, gérants et autres agents, actionnaires ou non, agissant seuls ou conjointement.

Le conseil d'administration pourra aussi confier la direction de l'ensemble ou de telle partie ou branche spéciale des affaires sociales à un ou plusieurs directeurs, et donner des pouvoirs spéciaux pour des affaires déterminés à un ou plusieurs facies de pouvoirs, choisis dans ou hors son sein, actionnaires ou non.

**Art. 11.** Les actions judiciaires, tant en demandant qu'en défendant, sont suivies au nom de la société par le conseil d'administration, poursuites et diligences de son président ou d'un administrateur délégué à ces fins.

#### **Titre IV. - Surveillance**

**Art. 12.** La société est surveillée par un ou plusieurs commissaires nommés par assemblée générale, qui fixe leur nombre et leur rémunération, ainsi que la durée de leur mandat, qui ne peut excéder six ans.

Chaque fois que la loi le requiert, la société est contrôlée par un ou plusieurs réviseurs indépendants à la place du (des) commissaire(s).

Les réviseurs indépendants sont nommés, selon les stipulations légales afférentes, soit par assemblée générale, soit par le conseil d'administration.

Les réviseurs indépendants remplissent toutes les tâches prévues par la loi afférente.

#### **Titre V. - Assemblée générale**

**Art. 13.** L'assemblée générale annuelle se réunit dans la ville de Luxembourg à l'endroit indiqué dans les convocations, le troisième mercredi du mois de mars à 10.00 heures.

L'assemblée générale annuelle se réunit dans la ville de Luxembourg à l'endroit indiqué dans les convocations, le troisième mardi du mois de mai à 10.00 heures.

Si ce jour est un jour férié légal, l'assemblée générale a lieu le premier jour ouvrable suivant.

Les autres assemblées générales des actionnaires pourront se tenir au lieu et heure spécifiés dans les avis de convocation.

Chaque action donne droit à une voix. Chaque actionnaire pourra prendre part aux assemblées générales des actionnaires en désignant par écrit, par télécopie, e-mail, ou tout autre moyen de communication similaire une autre personne comme mandataire.

Si tous les actionnaires sont présents ou représentés à une assemblée d'actionnaires, et s'ils déclarent avoir connaissance de l'ordre du jour, l'assemblée peut être tenue sans convocation ou publication préalable.

Lorsque la société n'a qu'un actionnaire unique, celui-ci est qualifié par la loi d'«associé» et exerce les pouvoirs dévolus à l'assemblée générale des actionnaires.

#### **Titre VI. - Année sociale, Répartition des bénéfices**

**Art. 14.** L'année sociale commence le 1er janvier et finit le 31 décembre de chaque année.

**Art. 15.** L'excédent favorable du bilan, déduction faite des charges sociales et des amortissements, forme le bénéfice net de la société. Sur ce bénéfice, il est prélevé cinq pour cent (5,00 %) pour la formation du fonds de réserve légale; ce prélèvement cesse d'être obligatoire lorsque la réserve aura atteint le dixième du capital social, mais devrait toutefois être repris jusqu'à entière reconstitution, si à un moment donné et pour quelque cause que ce soit, le fonds de réserve avait été entamé.

Le solde est à la disposition de l'assemblée générale.

#### **Titre VII. - Dissolution, Liquidation**

**Art. 16.** La société pourra être dissoute par décision de l'assemblée générale. Lors de la dissolution de la société, la liquidation s'effectuera par les soins d'un ou plusieurs liquidateurs, personnes physiques ou morales, nommés par l'assemblée générale, qui détermine leurs pouvoirs et leurs émoluments.

#### **Titre VIII. - Dispositions générales**

**Art. 17.** Pour tous les points non spécifiés dans les présents statuts, les parties se réfèrent et se soumettent aux dispositions de la loi luxembourgeoise du 10 août 1915 sur les sociétés commerciales et de ses lois modificatives.

*- POUR STATUTS COORDONNÉS -*



# Annex 5: Agency Agreement

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**BELFIUS FINANCING COMPANY SA**

as Issuer

and

**BELFIUS BANK SA/NV**

as Guarantor of Notes issued by by Belfius Financing Company SA, Paying Agent and  
Calculation Agent

**BANQUE INTERNATIONALE A LUXEMBOURG SA,**

as Fiscal Agent and Principal Paying Agent

## **AGENCY AGREEMENT**

Relating to the Notes issued in bearer form by Belfius Financing Company  
SA (hereafter the “Bearer Notes”)

under the

**BELFIUS FINANCING COMPANY SA**

**AND**

**BELFIUS BANK SA/NV**

**NOTES ISSUANCE PROGRAMME**

1 October 2014

**This Agency Agreement** (the “**Agreement**”) is made as of 1 October 2014 and amends and restates the Agency Agreement dated 15 January 2008 as modified from time to time **BETWEEN**:

- (1) **Belfius Financing Company, SA** with Its Registered Office is located at 20 rue de l'Industrie, L-8399 Windhof, Grand Duchy of Luxembourg (“**Belfius Financing Company**”, the “**Issuer**”):
- (2) **Belfius Bank SA/NV**, with its registered office at Boulevard Pachéco 44, 1000 Brussels, Belgium (“**Belfius Bank**” in its capacity as guarantor of the Notes the “**Guarantor**”, in its capacity as paying agent, the “**Paying Agent**” and its capacity as calculation agent, the “**Calculation Agent**” in the case of Notes issued by Belfius Financing Company under the Notes Issuance Programme); and
- (3) **BANQUE INTERNATIONALE A LUXEMBOURG, SOCIETE ANONYME** with its register office at 69, route d'Esch, L-2953, Luxembourg, Grand Duchy of Luxembourg (“**BIL**”, in its capacity as fiscal agent the “**Fiscal Agent**” and its capacity as principal paying agent the “**Principal Paying Agent**”).

#### **WHEREAS**

- (A) Belfius Financing Company, in accordance with the resolutions of the Board of Directors of Belfius Financing Company, passed on 18 July 2014, may from time to time issue Bearer Notes (the “**Belfius Financing Company Notes**”) under the Notes Issuance Programme dated 1 October 2014 (the “**Programme**”), which may be linked to various underlyings (the “**Underlying**”), that rank as senior obligations of the Issuer (the “**Senior Notes**”) or that rank as senior subordinated obligations of the Issuer (the “**Dated Subordinated Notes**”). Senior Notes will be guaranteed by the Guarantor pursuant to a senior guarantee (the “**Senior Guarantee**”) and Dated Subordinated Notes will be guaranteed by the Guarantor pursuant to a senior subordinated guarantee (the “**Dated Subordinated Guarantee**”), both in accordance with the resolutions of the Management Board of the Guarantor passed on 18 July 2014.
- (B) The Programme is described in the prospectus (the “**Prospectus**”) dated 1 October 2014 that replaces and supersedes, as of such date, the Prospectus dated 18 December 2013.
- (C) For the purposes of the Programme the parties (or their predecessors) to this Agency Agreement entered into an agency agreement dated 15 January 2008 (the “**Original Agency Agreement**”) to be amended, restated and superseded by this Agency Agreement.
- (D) Any Bearer Notes issued on or after the date of this Agency Agreement shall be issued under the Programme pursuant to this Agency Agreement. The amendments to the Original Agency Agreement made by this Agency Agreement shall not apply in respect of any further Belfius Financing Company Notes issued pursuant to the Original Agency Agreement on or after the date hereof that are consolidated and form a single series with any Notes issued prior to the date hereof.

#### **IT HAS BEEN AGREED AS FOLLOWS:**

## Article 1

The Issuer hereby warrants as follows:

- (i) That it is duly incorporated and validly existing under the laws of its country of incorporation and that it has corporate power and authority to conduct its business and to execute, deliver and comply with the provisions of this Agreement and the Notes, as the case may be;
- (ii) that all necessary consents, authorizations, notifications, registrations and filings have been obtained or made (and are in full force and effect) in connection with the compliance by the Issuer with the respective terms of this Agreement and the Notes including all payments to be made by the Issuer thereunder or in connection therewith;
- (iii) that this Agreement constitutes, and upon due execution, issue and/or delivery as aforesaid the Notes will constitute, valid and legally binding obligations of the Issuer in accordance with their respective terms;
- (iv) that the prospectus for the Programme (the “Prospectus”) is accurate in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading;
- (v) that the financial statements and other financial information in the Programme present fairly its financial position and since the date of the most recent financial statements therein contained there has been no material adverse change, financial or otherwise in the condition, general affairs, results of operation or prospects other than as referred to in the Prospectus;
- (vi) that no events exist which, had any Notes been issued, would (or, with the giving of notice or lapse of time or both, could) constitute an event of default under the Notes;
- (vii) that no litigation, arbitration or administrative proceedings are presently current or pending or, to the knowledge of the Issuer threatening which would or might have a material adverse effect on the Issuer or on the ability of the Issuer to perform its obligations under this Agreement and the Notes;
- (viii) that under presently applicable rules, all payments to be made by the Issuer under this Agreement and the Notes are exempt from any taxes, by way of deduction or withholding, and the Issuer is not required by law to make any deduction or withholding therefrom;
- (ix) that the Issuer will pay all and any stamp and other similar taxes and duties payable in its country of incorporation in connection with the authorization, execution and delivery of the Notes, the initial delivery of the Notes and the execution and delivery of this Agreement.

## Article 2

The Bearer Notes are issued in bearer form in the Denominations specified in the relevant Final Terms. They will be represented by a Permanent Global Note, deposited with BIL as common depository for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream Luxembourg**”) and will not be exchangeable for definitive notes, unless specified otherwise in the relevant Final Terms.

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

## Article 3

The Issuer appoints BIL as Principal Paying Agent and Fiscal Agent and Belfius Bank as Calculation Agent and Paying Agent (together referred to as the “**Agents**”) in respect of any Tranche of Bearer Notes issued under the Programme upon the terms and subject to the conditions herein set forth, unless otherwise specified in the relevant Final Terms.

## Article 4

The Issuer or the Guarantor authorises and directs the Fiscal Agent, from the funds provided to it, to make payments of principal and interest on the Bearer Notes on the relevant due dates.

- (1) The Issuer will, before 10.00 a.m. (Central European Time), on each date on which any payment in respect of any Bearer Notes becomes due under the Conditions, transfer to an account specified by the Fiscal and Principal Paying Agent from time to time such amount in the relevant currency as shall be sufficient for the

purposes of such payment in funds settled through such payment system as the Fiscal and Principal Paying Agent and the Issuer may from time to time agree.

(2) Any funds paid by or by arrangement with the Issuer to the Fiscal and Principal Paying Agent pursuant to subclause (1) shall be held by the relevant Agent for payment to the Noteholders, until any payments under the Bearer Notes become prescribed under the Conditions.

(3) The Issuer will ensure that no later than 10.00 a.m. (Central European Time) on the second Business Day (as defined below) immediately preceding the date on which any payment is to be made to the relevant Agent pursuant to subclause (1), the Fiscal and Principal Paying Agent shall receive an irrevocable payment confirmation by authenticated SWIFT from the paying bank of the Issuer. For the purposes of this subclause, “**Business Day**” means any day on which TARGET2 (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open and any other day so specified in the relevant Final Terms.

(4) The Fiscal and Principal Paying Agent shall notify by facsimile or by e-mail the Issuer forthwith:

(a) if it has not by the relevant date specified in subclause (1) received unconditionally the full amount in the Specified Currency required for the payment; and

(b) if it received unconditionally the full amount of any sum payable in respect of the Bearer Notes after such date.

(5) If for any reason the Fiscal and Principal Paying Agent considers in its sole discretion that the amounts to be received by it pursuant to subclause (1) will be, or the amounts actually received by it pursuant thereto are, insufficient to satisfy all claims in respect of all payments then falling due in respect of the Bearer Notes, the Agents shall not be obliged to pay any such claims until the Fiscal and Principal Paying Agent have received the full amount of all such payments.

(6) Without prejudice to subclause (5), if the Fiscal and Principal Paying Agent pays any amounts to the holders of Bearer Notes or to any other Paying Agent at a time when it has not received payment in full in respect of the relevant Bearer Notes in accordance with subclause (1) (the excess of the amounts so paid over the amount so received being the “**Shortfall**”), the Issuer will, in addition to paying amounts due under subclause (1), pay to the Fiscal and Principal Paying Agent on demand interest (at a rate which represents the Fiscal and Principal Paying Agent’s cost of funding the Shortfall) on the Shortfall (or the unreimbursed portion thereof) until receipt in full by the Fiscal and Principal Paying Agent of the Shortfall.

(7) The Fiscal and Principal Paying Agent shall on demand promptly reimburse each other Paying Agent for payments in respect of Bearer Notes properly made by such Paying Agent in accordance with this Agreement and the Conditions unless the relevant Agent has notified the relevant Paying Agent that the Fiscal and Principal Paying Agent does not expect to receive on the due date of a payment in respect of the Bearer Notes sufficient funds to make payment of all amounts falling due in respect of such Bearer Notes.

(8) Whilst any Bearer Notes are represented by a Permanent Global Note, all payments due in respect of such Notes shall be made to, or to the order of, the holder of the Permanent Global Note, subject to and in accordance with the provisions of the Permanent Global Note. On the occasion of any such payment, the Paying Agent to which any Permanent Global Note was presented for the purpose of making such payment shall cause the appropriate Schedule to the relevant Permanent Global Note to be annotated in order to evidence the amounts and dates of such payments of principal and/or interest as applicable.

(9) If the amount or principal and/or interest then due for payment is not paid in full (otherwise than by reason of a deduction required by law to be made therefrom or a certification required by the terms of a Note not being received), the Paying Agent to which a Note is presented for the purpose of making such payment shall make a record of such shortfall on the relevant Note and such record shall, in the absence of manifest error, be *prima facie* evidence that the payment in question has not to that extent been made.

## **Article 5**

The Calculation Agent shall in respect of the Notes:

(a) obtain such quotes and rates and/or make such determinations, calculations, adjustments, notifications and publications as may be required to be made by it by the chapter Terms and Conditions of the Notes in the Prospectus (the “**Terms and Conditions**”) at the times and otherwise in accordance with the Terms and Conditions;

- (b) maintain a record of all quotations obtained by it and of all amounts, rates and other items determined or calculated by it and make such record available for inspection at all reasonable times by the Issuer, the Guarantor and the Paying Agents;
- (c) promptly notify (and confirm in writing to) the Issuer, the other Paying Agents of each Interest Amount, Interest Rate and Interest Payment Date and all other amounts, rates and dates which it is obliged to determine or calculate under the Conditions as soon as practicable after their determination and of any subsequent amendments to them under the Conditions; and
- (d) use its best endeavours to cause each Interest Amount, Interest Rate and Interest Payment Date and all other amounts, rates and dates which it is obliged to determine or calculate under the Conditions to be published as required in accordance with the Conditions as soon as possible after their determination or calculation.

### **Article 6**

The Issuer, or failing him, the Guarantor, will indemnify the Fiscal Agent against any loss, liability and reasonable expenses which may be incurred by it by reason of, or in connection with the exercise of its duties as Fiscal Agent, except such as may result from the Fiscal Agent's own negligence or wilful misconduct. The Fiscal Agent shall not be liable to pay interest on any moneys deposited with it by the Issuer and/or the Guarantor for the purpose of its functions as Fiscal Agent.

The indemnities contained in this Article 6 shall survive the termination or expiry of this Agreement.

### **Article 7**

The Issuer, failing whom the Guarantor, shall pay the fees and expenses in respect of the Agents' services in relation to any Tranche of Notes to the Fiscal Agent as separately agreed with the Fiscal Agent.

The Issuer will also reimburse the Fiscal Agent all reasonable out-of-pocket expenses (including, inter alia, publication, cable and telex costs and postage) incurred by it in connection with the services rendered hereunder, upon its written request.

The Fiscal Agent shall be responsible for the remuneration of the Agents and for the reimbursement of the expenses incurred by them.

### **Article 8**

(1) Each Agent shall be entitled to deal with money paid to it by the Issuer for the purpose of this Agreement in the same manner as other money paid to a banker by its customers except:

(a) that it shall not exercise any right of set-off, lien or similar claim in respect thereof except in the case of money due to the Issuer, and any amounts that are due but unpaid or are to be reimbursed by the Issuer under this Agreement; and

(b) that it shall not be liable to account to the Issuer for any interest thereon.

No monies held by any Agent need be segregated except as required by law.

(2) In acting hereunder and in connection with the Bearer Notes, each Agent shall act solely as an agent of the Issuer and will not thereby assume any obligations towards or relationship of agency or trust for or with any of the owners or holders of the Bearer Notes.

(3) Each Agent hereby undertakes to the Issuer to perform such obligations and duties, and shall be obliged to perform such duties and only such duties, as are herein specified and in the Conditions, and no implied duties or obligations shall be read into any such document against any Agent, other than the duty to act honestly and in good faith and to exercise the diligence of a reasonably prudent agent in comparable circumstances.

(4) The Fiscal and Principal Paying Agent may consult with legal and other professional advisers and the opinion of such advisers shall be full and complete protection in respect of any action taken, omitted or suffered hereunder in good faith and in accordance with the opinion of such advisers.

(5) Each Agent may rely upon and shall be protected and shall incur no liability for or in respect of any action taken, omitted or suffered in reliance upon any instruction, request or order from the Issuer or any notice, resolution, direction, consent, certificate, affidavit, statement, cable, facsimile, telex or other paper or document which it reasonably believes to be genuine and to have been delivered, signed or sent by the proper party or parties or upon written instructions from the Issuer.

(6) Any Agent and its officers, directors and employees may become the owner of and/or acquire any

interest in, any Notes with the same rights that it or they would have had if the Paying Agent concerned were not appointed hereunder, and may engage or be interested in any financial or other transaction with the Issuer and may act on, or as depositary, trustee or agent for, any committee or body of holders of Notes or in connection with any other obligations of the Issuer as freely as if the Agent were not appointed hereunder.

(7) The Issuer shall provide the Fiscal and Principal Paying Agent with a certified copy of the list of persons authorised to execute documents and take action on its behalf in connection with this Agreement and shall notify the Fiscal and Principal Paying Agent immediately in writing if any of such persons ceases to be so authorised or if any additional person becomes so authorised together, in the case of any additional authorised person, with evidence satisfactory to the Agent that such person has been so authorised.

(8) Except as ordered by a court of competent jurisdiction or as required by law or applicable regulations, the Issuer and each of the Agents shall be entitled to treat the bearer of any Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof).

### **Article 9**

This Agreement may be amended by the parties hereto without the consent of the Noteholders, for the purpose of curing any ambiguity or in any manner which the parties may mutually deem necessary or desirable.

### **Article 10**

The Issuer agrees that there shall at all times be a Fiscal Agent, until all the Notes shall have been redeemed and/or purchased and cancelled or shall have become void under the provisions of the prescription clause in the Terms and Conditions.

Each of the Agents may be removed at any time by the filing with it of at least 90 days written notice to that effect signed by or on behalf of the Issuer, specifying the date on which such removal shall become effective, and each of the Agents may at any time resign by giving at least 90 days written notice (unless the Issuer agrees to accept less notice) to that effect to the Issuer, specifying the date on which such resignation shall become effective, provided however that no such notice shall take effect less than 45 days prior to and 45 days after a payment date under the Notes in any year and that no such resignation or removal shall take effect until a new Fiscal Agent, Principal Paying Agent, Paying Agent or Calculation Agent has been appointed by the Issuer and such appointment has been accepted by the Issuer. Upon its removal or resignation becoming effective, the successor Fiscal Agent shall be entitled to receive all funds and documents on deposit with or held by its predecessor as Fiscal Agent.

### **Article 11**

The Issuer and the Guarantor undertake to deliver to the Principal Paying Agent during the term of the Notes, upon its request, copies of its annual report and interim report, if any.

### **Article 12**

The Issuer and the Guarantor may at any time convene a meeting of Noteholders. The provisions for convening a meeting of Noteholders are detailed in the Programme.

### **Article 13**

Any notice hereunder shall be addressed

if to Belfius Financing Company:

to: Belfius Financing Company SA  
20 rue de l'Industrie  
L-8399 Windhof  
Grand Duchy of Luxembourg  
Attn.: Rudy Paridaens  
Fax: +352 27 32 95 20  
Tel: +352 27 32 95 1  
mailto: [cp@belfius-fc.lu](mailto:cp@belfius-fc.lu)

if to Belfius Bank:

to: Belfius Bank SA/NV  
Boulevard Pachéco 44

B-1000 Bruxelles  
Belgium  
P/A GI 03/04  
Attn : Transaction Services Securities  
Fax : +32 2 285 10 87  
Phone : + 32 2 222 14 80  
Swift : GKCCBEBB  
mailto : [CMcustodymgt@belfius.be](mailto:CMcustodymgt@belfius.be)

if to BIL: to: Banque International à Luxembourg, société anonyme  
69, route d'Esch  
L-2953 Luxembourg  
Grand Duchy of Luxembourg  
Corporate Trust Department  
Phone : +352 4590 3388  
Fax : +352 4590 3473  
attention: Transaction Execution Group  
fax: + 352 4590 4227  
tel.: + 352 4590 3000  
Swift : BILLLULL  
mailto : [paying.agency@bil.com](mailto:paying.agency@bil.com)

All such notices shall be sent by registered mail. Such notices shall be effective upon receipt of the registered mail.

#### **Article 14**

(1) No Paying Agent shall be responsible or accountable to anyone with respect to the validity of this Agreement or the Notes or for any act or mission by it in connection with this Agreement or any Note except for its own gross negligence, wilful default or bad faith, including that of its officers, directors and employees.

(2) No Paying Agent shall have any duty or responsibility in case of any default by the Issuer in the performance of its obligations under the Terms and Conditions or, in the case of receipt of a written demand from a Noteholder, with respect to such default, provided however that forthwith upon receipt by the Agent of a notice given by a Noteholder in accordance with Condition "*Events of Default*", the Agent will notify the Issuer and the Guarantor thereof and furnish them with a copy of such notice.

Whenever in the performance of its duties under this Agreement a Paying Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Issuer prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by an authorised officer of the Issuer and delivered to such Paying Agent and such certificate shall be full authorisation to such Paying Agent, in its capacity as such, for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

#### **Article 15**

This Agreement is governed by and construed in accordance with the laws of the Grand Duchy of Luxembourg. All disputes arising in connection herewith between the Issuer, the Guarantor, the Fiscal Agent, the Principal Paying Agent, the Calculation Agent shall be subject to the non-exclusive jurisdiction of the courts of Luxembourg.

THUS DONE AND SIGNED ON 1 October 2014

Belfius Financing Company SA.  
as Issuer

By:

Belfius Bank SA/NV  
as Guarantor of Notes issued by Belfius Financing Company S.A., Paying Agent and  
Calculation Agent

By:

BANQUE INTERNATIONALE A LUXEMBOURG société anonyme  
as Fiscal Agent and Principal Paying Agent

By:



## ANNEX 1: TEMPLATE FOR PERMANENT GLOBAL NOTE

### BELFIUS FINANCING COMPANY SA

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

Issuer

### BELFIUS BANK SA/NV

(Incorporated with limited liability under the laws of Belgium)

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

### BANQUE INTERNATIONALE A LUXEMBOURG,

SOCIETE ANONYME

Fiscal Agent and Principal Paying Agent

## NOTES ISSUANCE PROGRAMME

EUR 20,000,000,000

# PERMANENT GLOBAL NOTE

Permanent Global Note Series No: [●]

Nominal Amount of the Tranche: [●]

ISIN Code of the Notes: [●]

This Permanent Global Note is issued in respect of the Bearer Notes (the “Notes”) of the Tranche(s) and Series specified in Part A of the Schedule hereto of Belfius Financing Company SA (the “Issuer”) and guaranteed by Belfius Bank SA/NV (the “Guarantor”) pursuant to a Senior Guarantee dated 1 October 2014 in case of Senior Notes and a Senior Subordinated Guarantee dated 1 October 2014 in case of Dated Subordinated Notes , as amended and supplemented from time to time.

#### Interpretation and Definitions

References in this Permanent Global Note to the “Conditions” are to the Terms and Conditions of the Notes (which are in the form set out in Annex 2 to the Agency Agreement dated 1 October 2014 between Belfius Financing Company SA as the Issuer, Belfius Bank SA/NV as the Guarantor of Notes issued by Belfius Financing Company SA, Calculation Agent and Paying Agent and Banque Internationale à Luxembourg, société anonyme as the Fiscal Agent and Principal Paying Agent, as such form is supplemented and/or modified and/or superseded by the provisions of this Permanent Global Note (including the supplemental definitions and any modifications or additions set out in Part A of the Schedule hereto). Other capitalised terms used in this Permanent Global Note shall have the meanings given to them in the Conditions or in the Agency Agreement.

No provisions of this Permanent Global Note shall alter or impair the obligation of the Issuer and the Guarantor to pay the principal of and interest on the Notes when due in accordance with the Conditions and the relevant Guarantee.

This Permanent Global Note shall not be valid or become obligatory for any purpose until authenticated by or on behalf of the Fiscal Agent.

This Permanent Global Note shall be governed by and construed in accordance with Belgian law.

**IN WITNESS** whereof the Issuer has caused this Permanent Global Note to be duly signed on its behalf.

Dated as of the Issue Date.

**Belfius Financing Company SA**

By:

#### CERTIFICATE OF AUTHENTICATION

This Permanent Global Note is authenticated by or on behalf of the Fiscal Agent.

**BANQUE INTERNATIONALE A LUXEMBOURG, société anonyme**

as Fiscal Agent

By:

Authorised Signatory

For the purposes of authentication only.

## **SCHEDULE: FINAL TERMS**

[Insert the provisions of Part A of the relevant Final Terms that relate to the Permanent Global Note]

## **ANNEX 2: TERMS AND CONDITIONS**

See prospectus Section 9 TERMS AND CONDITIONS from page 58

**REGISTERED OFFICE OF**

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B- 1000 Brussels  
Belgium

**REGISTERED OFFICE OF**

**Belfius Financing Company SA**  
20 rue de l'Industrie  
L-8399 Windhof  
Grand Duchy of Luxembourg

**FISCAL AGENT, PRINCIPAL PAYING AGENT**

**Banque Internationale à Luxembourg, société anonyme**

69 route d'Esch  
L-2953 Luxembourg  
Grand Duchy of Luxembourg

**DOMICILIARY AGENT, PRINCIPAL PAYING AGENT, PAYING AGENT,  
CALCULATION AGENT, GUARANTOR**

**Belfius Bank SA/NV**

Boulevard Pachéco 44  
B- 1000 Brussels  
Belgium

**AUDITORS**

**To Belfius Bank SA/NV**

**Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA**  
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**To Belfius Financing Company**

**Deloitte Audit Sàrl**  
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Grand Duchy of Luxembourg