



**ING Belgium NV/SA**

*(Incorporated with limited liability in Belgium)*

**EUR 10,000,000,000**

**Residential Mortgage Pandbrieven Programme**

*Arranger*

**ING Bank N.V., Belgian Branch**

*Dealer*

**ING Bank N.V., Belgian Branch**

The date of this Base Prospectus is 7 July 2020.

This document constitutes a base prospectus (the “**Base Prospectus**”) for the purposes of Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the “**Prospectus Regulation**”).and has been approved by the Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten/Autorité des services et marchés financiers*) (the **FSMA**) in its capacity as competent authority under the Prospectus Regulation. The FSMA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Mortgage Pandbrieven. Investors should make their own assessment as to the suitability of investing in the Mortgage Pandbrieven.

Application has been made to Euronext Brussels for the Mortgage Pandbrieven issued under the Programme for the period of 12 months from the date of approval of this Base Prospectus to be listed and admitted to trading on the regulated market of Euronext Brussels to be listed on Euronext Brussels. References in this Base Prospectus to the Mortgage Pandbrieven being listed (and all related references) shall mean that the Mortgage Pandbrieven have been listed on Euronext Brussels and admitted to trading on Euronext Brussels’ regulated market. Euronext Brussels’ regulated market is a regulated market for the purposes of Directive 2014/65/EC of the European Parliament and of the Council on markets in financial instruments (as amended, supplemented or replaced from time to time, **MiFID II**).

## ING BELGIUM NV/SA

*(Incorporated with limited liability in Belgium)*

### EUR 10,000,000,000 Residential Mortgage Pandbrieven Programme

Under this EUR 10,000,000,000 Residential Mortgage Pandbrieven Programme (the **Programme**), ING Belgium NV/SA (the **Issuer**) may from time to time issue *Belgische pandbrieven/lettres de gage Belges* (**Mortgage Pandbrieven**) in Euro or in another currency as set out in the relevant Final Terms agreed between the Issuer and the relevant Dealers (as defined below). Any Mortgage Pandbrieven issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions herein.

The minimum specified denomination of any Mortgage Pandbrieven issued under this Base Prospectus shall be EUR 100,000.

The maximum aggregate nominal amount of all Mortgage Pandbrieven from time to time outstanding will not exceed the amount of EUR 10,000,000,000, subject to increase as described herein.

The Mortgage Pandbrieven may be issued on a continuing basis to one or more of the Dealers specified under "*General Description of the Programme*" and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a **Dealer** and together the **Dealers**). References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Mortgage Pandbrieven being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Mortgage Pandbrieven.

**An investment in Mortgage Pandbrieven issued under the Programme involves certain risks. For a discussion of these risks see "Risk Factors". Investors should review and consider these risk factors carefully before purchasing any Mortgage Pandbrieven.**

This document constitutes a base prospectus (the "**Base Prospectus**") within the meaning of Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the "**Prospectus Regulation**"). It intends to give the information with regard to the Issuer and the Mortgage Pandbrieven, which according to the particular nature of the Issuer and the Mortgage Pandbrieven, is necessary to enable investors to make an informed assessment of the rights attaching to the Mortgage Pandbrieven and of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

This Base Prospectus has been approved by the Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten/Autorité des Services et Marchés Financiers*) (the **FSMA**) in its capacity as competent authority under the Prospectus Regulation. The FSMA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Mortgage Pandbrieven. Investors should make their own assessment as to the suitability of investing in the Mortgage Pandbrieven. Application has also been made to Euronext Brussels for the Mortgage Pandbrieven issued under the Programme for the period of 12 months from the date of approval of this Base Prospectus to be listed and admitted to trading on the regulated market of Euronext Brussels to be listed on Euronext Brussels. References in this Base Prospectus to the Mortgage Pandbrieven being listed (and all related references) shall mean that the Mortgage Pandbrieven have been listed on Euronext Brussels and admitted to trading on Euronext Brussels' regulated market. Euronext Brussels' regulated market is a regulated market for the purposes of MiFID II.

On 5 November 2013, the National Bank of Belgium (the **NBB**), as Supervisor, has admitted the Issuer to the list of credit institutions that are authorised to issue Belgian covered bonds and has admitted the Programme to the list of authorised programmes for issuance of Belgian covered bonds. Issuances made under the Programme shall be included in the list of the Belgian covered bonds (*Belgische covered bonds/covered bonds belges*) on the website of the Supervisor, which is at the date of this Base Prospectus at [www.nbb.be](http://www.nbb.be) (Prudential Supervision - Areas of Responsibility - Credit Institutions - Lists - Covered bond issuances carried out by the credit institutions).

Mortgage Pandbrieven may be issued in dematerialised form (the **Dematerialised Mortgage Pandbrieven**), in registered form (the **Registered Mortgage Pandbrieven**) or in such form as may be specified in the applicable Final Terms. Dematerialised Mortgage Pandbrieven will be issued in dematerialised form under the Belgian Company Code (*Wetboek van Vennootschappen en verenigingen/Code des Sociétés et des Associations*) (the **Belgian Company Code**) and cannot be physically delivered. The Dematerialised Mortgage Pandbrieven will be represented exclusively by book entries in the records of the X/N securities and cash clearing system operated by the NBB or any successor thereto (the **Securities Settlement System**). Access to the Securities Settlement System is available through those of its Securities Settlement System participants whose membership extends to securities such as the Mortgage Pandbrieven. Securities Settlement System participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), Euroclear Bank SA/NV (**Euroclear**), Clearstream Banking Frankfurt (**Clearstream, Germany**), SIX SIS (Switzerland), Euroclear France SA (France), INTERBOLSA (Portugal) or Monte Titoli (Italy). Accordingly, the Dematerialised Mortgage Pandbrieven will be eligible to clear through, and therefore accepted by Euroclear, Clearstream, Germany, SIX SIS (Switzerland), Euroclear France SA (France), INTERBOLSA (Portugal) or Monte Titoli (Italy) and investors can hold their Dematerialised Mortgage Pandbrieven within securities accounts in Euroclear, Clearstream, Germany, SIX SIS (Switzerland), Euroclear France SA (France), INTERBOLSA (Portugal) or Monte Titoli (Italy). Registered Mortgage Pandbrieven will be registered in a register maintained by the Issuer or a registrar on behalf of the Issuer (the **Registrar**) in accordance with article 7:27 *et seq.* of the Belgian Company Code.

Unless otherwise stated, capitalised terms used in this Base Prospectus have the meanings set forth in this Base Prospectus. Where reference is made to the Conditions of the Mortgage Pandbrieven or to the Conditions, reference is made to the Terms and Conditions of the Mortgage Pandbrieven.

Notice of the aggregate nominal amount of Mortgage Pandbrieven, interest (if any) payable in respect of Mortgage Pandbrieven, the issue price of Mortgage Pandbrieven and certain other information which is applicable to each Tranche (as defined under “*Terms and Conditions of the Mortgage Pandbrieven*”) of Mortgage Pandbrieven will be set out in a final terms document (the **Final Terms**) which, with respect to Mortgage Pandbrieven to be listed on Euronext Brussels, will be filed with the FSMA. Copies of Final Terms in relation to Mortgage Pandbrieven to be listed on Euronext Brussels will also be published on the website of the Issuer ([www.ing.be/investor-relations](http://www.ing.be/investor-relations)).

The Programme provides that Mortgage Pandbrieven may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer(s). In the case of Mortgage Pandbrieven which are to be admitted to trading on a regulated market (as defined in the Prospectus Regulation) of a European Economic Area Member State other than the regulated market of Euronext Brussels (a **Host Member State**) the Issuer will request that the FSMA delivers to the competent authority of the Host Member State a certificate of approval pursuant Article 25 of the Prospectus Regulation attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation. The Issuer may also issue unlisted Mortgage Pandbrieven and/or Mortgage Pandbrieven not admitted to trading on any market.

The rating of certain Series of Mortgage Pandbrieven to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Mortgage Pandbrieven will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009, as amended, (the **CRA Regulation**) will be disclosed in the applicable Final Terms.

The Mortgage Pandbrieven issued under the Programme are expected on issue to be assigned a rating by Fitch France S.A.S. or its successors (**Fitch**) and Moody’s Investors Services Ltd or its successors (**Moody’s**), each of which is established in the European Union and is registered under the CRA Regulation. As such each of Fitch and Moody’s are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. Where a Series or a Tranche is rated, such rating will not necessarily be the same as the ratings assigned to other Series or Tranches. The Issuer may also issue Mortgage Pandbrieven which are unrated. Details of the ratings of the Mortgage Pandbrieven will be specified in the applicable Final Terms. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating organisation.

The issue price and amount of the relevant Mortgage Pandbrieven will be determined at the time of offering of each Tranche or Series based on, inter alia, the then prevailing market conditions and will be set out in the applicable Final Terms.

**Mortgage Pandbrieven issued under the Programme will not be placed with “consumers” within the meaning of the Belgian Code of Economic Law dated 28 February 2013 as amended, supplemented and/or replaced from time to time, (the Belgian Code of Economic Law).**

**The Mortgage Pandbrieven are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA) or the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2016/97/EU (as amended, IDD), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, PRIIPs Regulation) for offering or selling the Mortgage Pandbrieven or otherwise making them available to retail investors in the EEA or the UK has been prepared and therefore offering or selling the Mortgage Pandbrieven or otherwise making them available to any retail investor in the EEA or the UK may be unlawful under the PRIIPs Regulation.**

*Arranger*

**ING Bank N.V., Belgian Branch**

*Dealer*

**ING Bank N.V., Belgian Branch**

The date of this Base Prospectus is 7 July 2020. The Base Prospectus shall be valid for a period of twelve months from its date of approval. This Base Prospectus has been prepared on the basis of annexes VII and XV of Commission Delegated Regulation 2019/980 supplementing the Prospectus Regulation.

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## GENERAL DESCRIPTION OF THE PROGRAMME

The following general description (the **General Description**) does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Series or Tranche of Mortgage Pandbrieven, the applicable Final Terms. The Issuer may also from time to time issue Mortgage Pandbrieven under the Programme which are subject to terms and conditions and/or final terms not contemplated by this Base Prospectus or under a different prospectus or without prospectus. The relevant (form of) terms and conditions will, in such circumstances, be set out in a schedule to the Agency Agreement.

This General Description constitutes a general description of the Programme for purposes of Article 25.1(b) of Commission Delegated Regulation (EU) No 2019/980 supplementing the Prospectus Regulation.

Words and expressions defined in the “*Terms and Conditions of the Mortgage Pandbrieven*” below or elsewhere in this Base Prospectus have the same meanings in this General Description.

### PRINCIPAL PARTIES

<b>Issuer</b>	ING Belgium NV/SA (the <b>Issuer</b> ), a credit institution existing under the laws of the Kingdom of Belgium, with its registered office at 1000 Brussels, Avenue Marnix 24, Belgium, registered with the Crossroad Bank for enterprises under number RPM 0403.200.393, Commercial Court of Brussels.
<b>NBB licence to issue Belgian Covered Bonds</b>	The NBB has, as Supervisor, admitted the Issuer to the list of credit institutions that are authorised to issue Belgian covered bonds on 5 November 2013.
<b>Supervisor</b>	The supervisor as defined in article 3, 4° Credit Institutions Supervision Law, being the NBB or the ECB in accordance with the allocation of competences established by or in accordance with the SSM-Regulation. As far as the prudential supervision of the Belgian Covered Bonds is concerned, the Supervisor of the Issuer is the NBB.
<b>SSM-Regulation</b>	Council Regulation (EU) 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions.
<b>Arranger</b>	ING Bank N.V., Belgian Branch (the <b>Arranger</b> ).
<b>Dealers</b>	ING Bank N.V., Belgian Branch and any other dealers appointed from time to time in accordance with the Programme Agreement (each, a <b>Dealer</b> and together, the <b>Dealers</b> ).
<b>Cover Pool Monitor</b>	A reputable firm of independent auditors and accountants, not being the statutory auditor of the Issuer for the time being, appointed pursuant to the Cover Pool Monitor Agreement as an independent cover pool monitor ( <i>portefeuillesurveillant/surveillant de portefeuille</i> ) (i) to issue periodic reports to the Supervisor on compliance by the Issuer with the Belgian Covered Bond Regulations (as defined herein), (ii) test compliance with the Issuer's undertaking not to include commercial mortgage loans, residential mortgage backed securities, commercial mortgage backed securities or other asset backed securities in the Special Estate, and (iii) to perform the Statutory Tests both as provided for in the Belgian Covered Bond Regulations and in accordance with the requirements of the Supervisor. The initial Cover Pool Monitor appointed under the Programme is Deloitte Bedrijfsrevisoren BCVBA represented by



Frank Verhaegen with offices at Luchthaven Nationaal 1J, 1930 Zaventem (the **Cover Pool Monitor**).

For further information see "*Summary of the Belgian Covered Bond Regulations*" and "*Description of Principal Documents*" below.

**Cover Pool Administrator**

In accordance with Article 8, §1 Annex III to the Credit Institutions Supervision Law the Supervisor may designate a cover pool administrator (*portefeuillebeheerder/gestionnaire de portefeuille*) in certain circumstances including (i) upon the adoption of the reorganisation measure under Article 236 of the Credit Institutions Supervision Law against the Issuer if such measure, in the opinion of the Supervisor, may negatively affect the Pandbrieven Holders, (ii) upon the initiation of winding-up proceedings against the Issuer, (iii) upon the removal of the Issuer from the list of Belgian covered bonds issuers or (iv) in circumstances where the situation of the Issuer is such that it may seriously affect the interest of the Pandbrieven Holders (the **Cover Pool Administrator**).

For further information see "*Summary of the Belgian Covered Bond Regulations*" and "*Description of Principal Documents*" below.

**Mortgage Pandbrieven Holders' Representative**

Stichting ING Belgium Mortgage Pandbrieven Holders' Representative has been appointed as representative (*vertegenwoordiger/représentant*) of the Pandbrieven Holders in accordance with Article 14, §2 Annex III to the Credit Institutions Supervision Law (the **Mortgage Pandbrieven Holders' Representative**).

For further information see "*Summary of the Belgian Covered Bond Regulations*" and "*Description of Principal Documents*" below.

**Hedging Counterparties**

The Issuer may, from time to time during the Programme, enter into Hedging Agreements with various swap providers to hedge certain risks (including, but not limited to, interest rate, liquidity and credit) related to the Cover Assets and/or the Mortgage Pandbrieven (each a **Hedging Counterparty**).

**Liquidity Facility Provider**

The Issuer may, from time to time during the Programme, enter into Liquidity Facility Agreements with one or more liquidity facility providers (each a **Liquidity Facility Provider**) in order to improve the liquidity of the Special Estate.

**Fiscal Agent**

ING (the **Fiscal Agent**).

**Calculation Agent**

ING or any other calculation agent appointed by the Issuer pursuant to a Calculation Agency Agreement, as specified in the applicable Final Terms (the **Calculation Agent**).

**Paying Agent**

ING or as may be specified in the relevant Final Terms (the **Paying Agent**).

**Listing Agent**

ING (the **Listing Agent**).

**Clearing System Operator**

NBB (the **Clearing System Operator**).

**Auditors**

KPMG Bedrijfsrevisoren BV CVBA represented by Olivier Macq with offices at Bourgetlaan 40 1130 Haren (Brussel- Stad) (the **Auditors**) was appointed by the annual general meeting of shareholders of the

Issuer held on 24 April 2019.

**Other Cover Pool Creditors** Means the Mortgage Pandbrieven Holders' Representative, any Cover Pool Administrator, the Cover Pool Monitor, the Agents, the Hedging Counterparties (if any), any Liquidity Facility Providers (if any) and any Operational Creditors.

**Operational Creditors** Means any servicer appointed to service the Cover Assets, any account bank appointed to hold accounts of the Issuer in relation to the Special Estate, any stock exchange on which the Mortgage Pandbrieven are listed and/or admitted to trading, any auditor, legal counsel and tax advisor of the Issuer in relation to the Special Estate or the Programme, any custodian of Cover Assets or assets in the Special Estate, any rating agency appointed by the Issuer to rate the Programme or the Mortgage Pandbrieven, any agent or party appointed in accordance with the Programme Documents, any other creditor of amounts due in connection with the management and administration of the Special Estate and any other creditor of the Issuer pursuant to any services provided or any transaction entered into in connection with the Special Estate or the Programme and notified to the Mortgage Pandbrieven Holders' Representative or as may from time to time be specified in the Terms and Conditions of any Mortgage Pandbrieven issued under the Programme.

**Registrar (for Registered Mortgage Pandbrieven)** A party to be specified in the applicable Final Terms.

**Rating Agencies** Means such internationally recognised rating agencies (together, the **Rating Agencies** and each a **Rating Agency**) as may from time to time be appointed to rate the Mortgage Pandbrieven issued under the Programme. The Issuer may, from time to time, request for the withdrawal of a previously assigned rating of a Series of Mortgage Pandbrieven by a Rating Agency and/or the appointment of a different Rating Agency to assign a rating to a Series of Mortgage Pandbrieven in issue or about to be issued. The Issuer may also terminate the appointment of any Rating Agency to rate the Mortgage Pandbrieven under the Programme at any time.

Fitch and Moody's have initially been appointed to provide ratings for those Series of Mortgage Pandbrieven which are to be rated.

*The parties listed above are appointed to act in respect of the Programme pursuant to the Programme Documents as further described under the section of this Base Prospectus entitled "Description of Principal Documents" below. The relevant Programme Documents provide that other parties may be appointed from time to time and contain certain provisions in relation to the replacement of the above-mentioned parties.*

## PROGRAMME DESCRIPTION

**Description** ING Belgium NV/SA EUR 10,000,000,000 Residential Mortgage Pandbrieven Programme (the **Programme**) is a programme for the continuous issue of Belgian *pandbrieven/lettres de gage belges* (the **Mortgage Pandbrieven**) in accordance with the Belgian Covered Bond Regulations.

The NBB, as Supervisor, has admitted the Programme to the list of authorised programmes for the issue of Belgian covered bonds on 5 November 2013. The Supervisor will regularly update such list, upon notification by the Issuer, with the Mortgage Pandbrieven issued under the Programme and will indicate that the Mortgage Pandbrieven constitute Belgian *pandbrieven/lettres de gage belges* under the Belgian Covered Bond Regulations.

**Belgian Covered Bond Regulations**

The Mortgage Pandbrieven will be issued pursuant to the Belgian Covered Bond Regulations. The **Belgian Covered Bond Regulations** are the following laws and implementing regulations:

- (i) the Credit Institutions Supervision Law;
- (ii) the Mobilisation Law;
- (iii) the Covered Bonds Royal Decree;
- (iv) the Cover Pool Administrator Royal Decree;
- (v) the NBB Covered Bonds Regulation; and
- (vi) the NBB Cover Pool Monitor Regulation.

For further information on the Belgian Covered Bond Regulations, see “*Summary of the Belgian Covered Bond Regulations*” below.

**Programme Amount**

EUR 10,000,000,000 outstanding at any time as described herein. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

**Status of the Mortgage Pandbrieven**

The Mortgage Pandbrieven will be issued as Belgian *pandbrieven (Belgische pandbrieven/lettres de gage belges)* in accordance with the Belgian Covered Bond Regulations and will constitute direct, unconditional and unsubordinated obligations of the Issuer. The Mortgage Pandbrieven will rank (i) *pari passu* and rateably without any preference or priority among themselves, irrespective of their Series and (ii) at least *pari passu* with all other present and future outstanding unsecured obligations of the Issuer, save for such obligations as may be preferred by law that are both mandatory and of general assumption. In addition, the Mortgage Pandbrieven will be covered in accordance with the Belgian Covered Bond Regulations by the Special Estate and the Pandbrieven Holders and the Other Cover Pool Creditors will have an exclusive recourse right to the Special Estate. Creditors of the Issuer (other than Pandbrieven Holders and the Other Cover Pool Creditors) may not exercise any rights against or attach the Special Estate.

See also “*Summary of the Belgian Covered Bond Regulations*” below.

**Special Estate**

Upon the first issue of Mortgage Pandbrieven by the Issuer, the estate of the Issuer will be legally composed of a General Estate and of the Special Estate. All Mortgage Pandbrieven to be issued under the Programme will be covered by the same Special Estate.

**Special Estate** means the special estate (*bijzonder vermogen/patrimoine spécial*) of the Issuer constituted pursuant to Article 3 Annex III to the Credit Institutions Supervision Law in relation to the Programme.

**General Estate** means at any given time the assets of the Issuer that are at such time not comprised in a special estate as envisaged in Article 3 Annex III to the Credit Institutions Supervision Law, including, in particular, the Special Estate.

See also “*Summary of the Belgian Covered Bond Regulations – 3. Special Estate*” below.

#### **Main Asset Class**

The main asset class of the Special Estate will consist of Residential Mortgage Loans, their Related Security interests and all monies derived therefrom from time to time in accordance with the Belgian Covered Bond Regulations.

**Related Security** means all security interests and sureties, guarantees (*voorrechten/privilèges*) of any form that secure Cover Assets as well as rights under insurance policies and other contracts in relation to the Cover Assets or the management of the Special Estate.

**Residential Mortgage Loans** means loans granted to borrowers (**Borrowers**) that are secured by a first ranking mortgage on residential real estate as defined in article 2, 6° of the Covered Bonds Royal Decree.

For further information on the composition of the Special Estate, see also “*Summary of the Belgian Covered Bond Regulations – 4.A Categories of Cover Assets*” and “*4.B Further qualitative requirements for Cover Assets relating to Belgian Pandbrieven*” below.

#### **Priority Rules in respect of security interest securing Cover Assets and assets in the General Estate**

If a security interest (including any mortgage and mortgage mandate) secures both Cover Assets and obligations which are assets of the General Estate, all sums received out of the enforcement of the security interest will be applied in priority to satisfy the obligations in relation to the Cover Assets. Any proceeds of enforcement of such security interest can only be applied in satisfaction of the obligations which are assets of the General Estate once all sums owed to the Special Estate in respect of the relevant Cover Assets are irrevocably repaid in full (see Article 6 Annex III to the Credit Institutions Supervision Law).

#### **Issuer Undertakings**

The Issuer will undertake in favour of the Pandbrieven Holders and the Mortgage Pandbrieven Holders’ Representative:

- (i) to comply with all obligations imposed on it under the Belgian Covered Bond Regulations;
- (ii) that the Special Estate will not include any commercial mortgage loans, residential mortgage backed securities, commercial mortgage backed securities or any other asset backed securities;

- (iii) that the Special Estate will at all times include a number of liquid bonds (a) which have an aggregate market value which, after applying the ECB haircut in accordance with the Guideline (EU) 2015/510 of the ECB of 19 December 2014 on the implementation of the Eurosystem monetary policy (as amended, supplemented, replaced and/or restated from time to time), is higher than the amount of interest due and payable on the outstanding Mortgage Pandbrieven within a period of three months meeting the criteria set out in paragraph 7 of the NBB Covered Bonds Regulation and (b) which (1) are eligible as collateral for Eurosystem monetary policy purposes and intra-day credit operations by the Eurosystem, (2) have a credit quality step 1 as defined in the CRR, (3) are subject to a daily mark-to-market, (4) have a remaining maturity of more than three months and, (5) are not debt issued by the Issuer, and (6) are not residential mortgage backed securities (**RMBS**), commercial mortgage backed securities (**CMBS**) or any other asset backed securities (**ABS**) (the **Undertaking of the Issuer with regard to Liquidity of the Special Estate** (as to which, see Condition 2.6(c))); and
- (iv) to provide an investor report (the **Investor Report**), containing information regarding, amongst others, the Mortgage Pandbrieven and the composition of the Special Estate on a monthly basis, on the 15<sup>th</sup> Business Day of each calendar month (each an **Investor Report Date**), which will be made available on the website of the Issuer at [www.ing.be/investor-relations](http://www.ing.be/investor-relations).

**Criteria for the transfer of assets by the General Estate to the Special Estate**

The Issuer has also agreed, in the Special Estate Administration Agreement and in the Conditions, the criteria to be used for the selection of assets to satisfy the Issuer's revindication obligations (as to which, see Condition 12.1 (*Criteria for the transfer of assets by the General Estate to the Special Estate*) for the full list).

**Cover Register**

The Issuer maintains a Cover Register in which both the issued Mortgage Pandbrieven and the Cover Assets are registered.

**Cover Assets** means Residential Mortgage Loans that are or will be registered in the Cover Register and all other assets that are or will be included in the Special Estate pursuant to Article 3 Annex III to the Credit Institutions Supervision Law.

**Cover Register** means the cover register established by the Issuer for the Mortgage Pandbrieven issued under the Programme in accordance with Article 15, §2 Annex III to the Credit Institutions Supervision Law.

**Excess Swap Collateral** means an amount equal to the value of any collateral transferred to the Issuer by a Hedging Counterparty under a Hedging Agreement: (A) in respect of which the terms of such Hedging Agreement do not, at the relevant time, provide for such collateral to be applied in satisfaction of the Hedging Counterparty's obligations to the Issuer; or (B) that is in excess of the Hedging Counterparty's liability to the Issuer thereunder (i) as at the termination date of the transaction entered into under such Hedging Agreement or (ii) as at any other date of valuation in accordance with the terms of the Hedging Agreement.

See also “*Summary of the Belgian Covered Bond Regulations – 5. Special obligations of the Issuer in respect of administration of the Belgian Covered Bonds*” below.

## Cover Tests

In accordance with Article 2, §2 Annex III to the Credit Institutions Supervision Law, the Cover Assets comprising the Special Estate must, for the duration of the Mortgage Pandbrieven, provide sufficient cover (i) for the payment of principal and interest on the Mortgage Pandbrieven, (ii) for the obligations towards the Other Cover Pool Creditors and (iii) for the management of the Special Estate.

Article 5 of the Covered Bonds Royal Decree which further implements this rule, (a) includes a general requirement that, with respect to the Special Estate, the sum of interest, principal and all other revenues generated by the Cover Assets must be sufficient to cover the sum of all interest, principal and charges linked to the Mortgage Pandbrieven (the **Cover Asset Adequacy Test**), and (b) provides, more in particular, for the following two specific tests in relation to the minimum cover to be provided by the Cover Assets.

At the time of the issuance and as long as any Mortgage Pandbrieven remain outstanding:

- (i) the value of the Residential Mortgage Loans registered as Cover Assets in the Special Estate determined in accordance with the valuation rules set out in the Covered Bonds Royal Decree must represent at least 85% of the aggregate Principal Amount Outstanding of the Mortgage Pandbrieven then in issue (the **85% Asset Coverage Test**); and
- (ii) the value of the Cover Assets, determined in accordance with the valuation rules set out in the Covered Bonds Royal Decree, must represent at least 105% of the aggregate Principal Amount Outstanding of Mortgage Pandbrieven then in issue (the **Over-Collateralisation Test**).

The Cover Asset Adequacy Test, the 85% Asset Coverage Test and the Over-Collateralisation Test are hereinafter jointly referred to as the **Cover Tests**.

See also “*Summary of the Belgian Covered Bond Regulations – 4. Cover Assets and Tests – C. Statutory Tests – Cover Tests*” below.

## Liquidity Test

With respect to the Special Estate, the Cover Assets must, at any time, be able to generate sufficient liquidity or include enough liquid assets to enable the Issuer to make all unconditional payments on the Mortgage Pandbrieven (including principal, interest and other costs) falling due during the following 6 months (the **Liquidity Test**). If an Extended Maturity Date is specified in the applicable Final Terms for a Series of Mortgage Pandbrieven, payments of amounts due on the Maturity Date will not be considered as unconditional for the purpose of the Liquidity Test.

The Cover Tests and the Liquidity Test are hereinafter jointly referred to as the **Statutory Tests**.

See also “*Summary of the Belgian Covered Bond Regulations – 4. Cover Assets and Tests – D. Statutory Tests – Liquidity Test*” below.

<b>Management of the Special Estate</b>	<p>Until the appointment of a Cover Pool Administrator by the Supervisor, which may occur under certain circumstances, the Issuer will manage the Special Estate.</p> <p>Upon such designation, the Cover Pool Administrator will manage the Special Estate to the exclusion of the Issuer.</p> <p>See also “<i>Summary of the Belgian Covered Bond Regulations – 3.C Management of the Special Estate</i>” and “<i>Summary of the Belgian Covered Bond Regulations – 5 Cover Pool Administrator</i>” below.</p>
<b>Changes to the Special Estate</b>	<p>Until the appointment of a Cover Pool Administrator by the Supervisor:</p> <ul style="list-style-type: none"> <li>(i) the Issuer may allocate additional assets to the Special Estate, among other things, for the purposes of issuing further Series of Mortgage Pandbrieven and/or for the purpose of complying with the Statutory Tests and/or maintaining the initial rating(s) assigned to the Mortgage Pandbrieven; and</li> <li>(ii) the Issuer may remove or substitute existing Cover Assets from the Special Estate, provided that no breach of the Statutory Tests would occur as a result of such removal or substitution.</li> </ul>
<b>Maturity Date</b>	<p>The maturity date for each Series (the <b>Maturity Date</b>) will be specified in the applicable Final Terms as agreed between the Issuer and the relevant Dealer(s). An Extended Maturity Date shall be specified in the applicable Final Terms as applying to each Series of Mortgage Pandbrieven, unless specified otherwise.</p>
<b>Extended Maturity Date</b>	<p>The applicable Final Terms may provide that the Issuer’s obligations under the relevant Mortgage Pandbrieven to pay the Principal Amount Outstanding on the relevant Maturity Date may be deferred past the Maturity Date until the extended maturity date (as specified in the applicable Final Terms) (such date the <b>Extended Maturity Date</b>).</p> <p>In such case, such deferral will occur automatically if the Issuer fails to pay in full within fourteen Business Days after the Maturity Date any amount representing the amount due on the Maturity Date as set out in the Final Terms (the <b>Final Redemption Amount</b>) in respect of the relevant Series of Mortgage Pandbrieven, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Maturity Date may be paid (in whole or in part) by the Issuer on any Interest Payment Date thereafter up to (and including) the relevant Extended Maturity Date. Interest will continue to accrue and be payable on any unpaid amounts on each Interest Payment Date up to the Extended Maturity Date in accordance with Condition 4 (<i>Interest</i>) and the Issuer will make payments on each relevant Interest Payment Date and Extended Maturity Date.</p>
<b>Events of Default</b>	<p>If any of the following events occurs and is continuing (each an <b>Event of Default</b>):</p>

- (i) on the Maturity Date (in respect only of any Series to which an Extended Maturity Date is not applicable) or Extended Maturity Date, as applicable, in respect of any Series or on any Interest Payment Date on which principal is due and payable thereon, there is a failure to pay any amount of principal due on the Mortgage Pandbrieven on such date and such default is not remedied within a period of fourteen Business Days from the due date thereof; or
- (ii) on any Interest Payment Date, a default in the payment of the amount of interest due on any Series occurs and such default is not remedied within a period of fourteen Business Days from the due date thereof;

then the Mortgage Pandbrieven Holders' Representative may and, upon direction of Pandbrieven Holders holding the requisite percentage of the aggregate Series Principal Amount Outstanding of all Series of Mortgage Pandbrieven then outstanding, other than Mortgage Pandbrieven held by the Issuer (subject to being indemnified and/or secured and/or prefunded to its satisfaction), shall serve a notice (a **Notice of Default**) on the Issuer (copied to the Cover Pool Monitor, the Supervisor and, if appointed, the Cover Pool Administrator).

See also *Condition 8.1 Events of Default*.

**Cross-acceleration**

Following the service of a Notice of Default (i) no further Mortgage Pandbrieven will be issued and (ii) the Mortgage Pandbrieven of each Series shall become immediately due and payable, together with any accrued interest.

**Liquidation of the Special Estate**

Upon the initiation of winding-up proceedings against the General Estate of Issuer, the Cover Pool Administrator pursuant to Articles 11, 6° or 7° Annex III to the Credit Institutions Supervision Law:

- (i) may, in consultation with the Mortgage Pandbrieven Holders' Representative and subject to approval by the Supervisor, proceed with the liquidation of the Special Estate and with the early redemption of the Mortgage Pandbrieven where the Cover Assets are not, or risk not being, sufficient to satisfy the obligations under the Mortgage Pandbrieven; and
- (ii) will, in consultation with the Mortgage Pandbrieven Holders' Representative and the Supervisor, proceed with the liquidation of the Special Estate and with the early redemption of the Mortgage Pandbrieven when a majority decision has been taken to this effect at a meeting of Pandbrieven Holders at which at least two thirds of the Principal Amount Outstanding of the Mortgage Pandbrieven of all Series are represented.

See also *"Summary of the Belgian Covered Bond Regulations – 3.Special Estate – D. Impact of liquidation and reorganisation procedures"* below.

**Payments on the Mortgage Pandbrieven**

Payments on the Mortgage Pandbrieven will be direct and unconditional obligations of the Issuer.



Following delivery of a Notice of Default all funds deriving from the Cover Assets (other than amounts or financial instruments representing Excess Swap Collateral (if any), which amounts shall be applied in accordance with the terms of the relevant Hedging Agreement) shall be applied on any Business Day in accordance with the Post Event of Default Priority of Payments.

Following a decision to liquidate the Special Estate and early redeem the Mortgage Pandbrieven of all Series pursuant to Articles 11, 6° or 7° Annex III to the Credit Institutions Supervision Law all funds deriving from the Cover Assets (other than amounts or financial instruments representing Excess Swap Collateral (if any), which amounts shall be applied in accordance with the terms of the relevant Hedging Agreement) shall be applied on any Business Day in accordance with the Early Redemption Priority of Payments

#### **Post Event of Default Priority of Payments**

- (i) first, *pari passu* and *pro rata* according to the respective amounts thereof, (a) payment of all amounts then due and payable to the Mortgage Pandbrieven Holders' Representative (including remuneration or amounts by way of indemnity payable to it) under the provisions of the Mortgage Pandbrieven Holder Representative Agreement or any other Programme Document (as defined herein) together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein; (b) to pay all amounts then due and payable to the Agents and/or the Registrar (if any) under the provisions of the Agency Agreement, any Calculation Agency Agreement or any other Programme Document together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein; (c) to pay all amounts then due and payable to the Cover Pool Monitor under the provisions of the Cover Pool Monitor Agreement or any other Programme Document together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein and (d) upon its appointment in accordance with the Belgian Covered Bond Regulations, to pay all amounts then due to any Cover Pool Administrator (including any of its representatives or delegates) pursuant to the conditions of its appointment together with interest and applicable VAT or other similar taxes and any costs and expenses incurred by or on behalf of the Special Estate;
- (ii) second, *pari passu* and *pro rata* according to the respective amounts thereof, in and towards, payment of any amounts, fees, costs, charges, liabilities, expenses and taxes due and payable by the Issuer or the Special Estate to the Operational Creditors;
- (iii) third, *pari passu* and *pro rata* according to the respective amounts thereof, in and towards, (a) payment of all amounts of interest and principal then due and payable on any Mortgage Pandbrieven, (b) payment of any amounts due and payable under any Hedging Agreement other than the Subordinated Termination Payments to any Hedging Counterparties under any such Hedging Agreements, and (c) payment of all amounts due and payable under any Liquidity Facility Agreement to any Liquidity Facility Provider;

- (iv) fourth, *pari passu* and *pro rata*, according to the respective amounts thereof, in and towards, payment of any amount due and payable to any Hedging Counterparties arising out of any Subordinated Termination Payment; and
- (v) fifth, once all Mortgage Pandbrieven have been redeemed and following the payment in full of all items under (i) to (iv) above, in and towards payment of excess to the General Estate of the Issuer.

See Condition 9.1 (*Post Event of Default Priority of Payments*).

**Early Redemption Priority of Payments**

- (i) first, *pari passu* and *pro rata* according to the respective amounts thereof, (a) payment of all amounts then due and payable to the Mortgage Pandbrieven Holders' Representative (including remuneration or amounts by way of indemnity payable to it) under the provisions of the Mortgage Pandbrieven Holder Representative Agreement or any other Programme Document together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein; (b) to pay all amounts then due and payable to the Agents and/or the Registrar (if any) under the provisions of the Agency Agreement, any Calculation Agency Agreement or any other Programme Document together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein; (c) to pay all amounts then due and payable to the Cover Pool Monitor under the provisions of the Cover Pool Monitor Agreement or any other Programme Document together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein; (d) upon its appointment in accordance with the Belgian Covered Bond Regulation, payment of all amounts then due to any Cover Pool Administrator (including any of its representatives or delegates) pursuant to the conditions of its appointment together with interest and applicable VAT or other similar taxes and any costs and expenses incurred by or on behalf of the Special Estate and (e) payment of any amounts, fees, costs, charges, liabilities, expenses and taxes due and payable by the Issuer or the Special Estate to the Operational Creditors;
- (ii) second, *pari passu* and *pro rata* according to the respective amounts thereof, in and towards, (a) payment of all amounts of interest and principal then due and payable on any Mortgage Pandbrieven, (b) payment of any amounts due and payable under any Hedging Agreement other than the Subordinated Termination Payments to any Hedging Counterparties under any such Hedging Agreements, and (c) payment of all amounts due and payable under any Liquidity Facility Agreement to any Liquidity Facility Provider;
- (iii) third, *pari passu* and *pro rata*, according to the respective amounts thereof, in and towards, payment of any amount due and payable to any Hedging Counterparties arising out of any Subordinated Termination Payment; and

- (iv) fourth, once all Mortgage Pandbrieven have been redeemed and following the payment in full of all items under (i) to (iii) above, in and towards, payment of any excess to the General Estate of the Issuer.

See Condition 9.2 (*Early Redemption Priority of Payments*).

**Subordinated Termination Payment**

Means any termination payments due and payable to any Hedging Counterparty under a Hedging Agreement where such termination results from (a) an Additional Termination Event relating to the credit rating or credit worthiness of the Hedging Counterparty as specified in the schedule to the relevant Hedging Agreement, (b) the bankruptcy of the relevant Hedging Counterparty, or (c) any default and/or failure to perform by such Hedging Counterparty under the relevant Hedging Agreement, other than, in the event of (a) or (b) above, the amount of any termination payment due and payable to such Hedging Counterparty in relation to the termination of such transaction to the extent of any premium received by the Issuer from a replacement hedging counterparty.

**Monitoring**

The Cover Pool Monitor has been appointed to (i) issue periodic reports to the NBB as Supervisor on compliance by the Issuer with the Belgian Covered Bond Regulations, (ii) test compliance with the Issuer's undertaking not to include commercial mortgage loans, residential mortgage backed securities, commercial mortgage backed securities or other asset backed securities in the Special Estate and (iii) perform the Statutory Tests both as provided for in the Belgian Covered Bond Regulations and in accordance with the requirements of the NBB as Supervisor. The NBB as Supervisor can also request that the Cover Pool Monitor performs other tasks and verifications.

See also "*Summary of the Belgian Covered Bond Regulations – Parties – 6. Specific Supervision – A. Cover Pool Monitor*" and "*Description of Principal Documents – Cover Pool Monitor Agreement*" below.

**Breach of the Statutory Tests**

If the Issuer is (and remains) unable to meet the requirements of the Statutory Tests or any other specific requirements which apply to it as an issuing credit institution of Belgian covered bonds, the Supervisor can require the Issuer to resolve the situation within a grace period specified by the Supervisor. If the situation is not resolved after expiry of this grace period, the Supervisor can remove the Issuer from the list of Belgian covered bonds issuers and revoke the Issuer's license to issue Belgian covered bonds. In situations of urgency the Supervisor can take such measure without first allowing a grace period within which to resolve the situation.

The Supervisor can also publish warnings/statements indicating that a credit institution has failed to comply with the Supervisor's requests to meet the requirements of the Belgian Covered Bond Regulations within a specified grace period. In addition, as part of its general supervisory function under the Credit Institutions Supervision Law, the Supervisor can impose fines and administrative penalties.

A removal of the Issuer from the list of Belgian covered bonds issuers will have no impact on the Mortgage Pandbrieven already issued by the Issuer.

See also “*Summary of the Belgian Covered Bond Regulations – 6. Specific Supervision – B. Supervisor*” below.

<b>Cross Default</b>	None (other than Cross-acceleration between Series of Mortgage Pandbrieven).
<b>Negative Pledge</b>	None.
<b>Governing Law</b>	<p>The Mortgage Pandbrieven and each of the Program Documents other than the Hedging Agreements, are governed by and construed in accordance with Belgian law.</p> <p>Each Hedging Agreement will be governed by and construed in accordance with English law.</p>

#### **INFORMATION ON THE MORTGAGE PANDBRIEVEN THAT MAY BE ISSUED UNDER THE PROGRAMME**

**Distribution** Mortgage Pandbrieven may be distributed by way of placement on a syndicated or non-syndicated basis.

**Issuance in Series** Mortgage Pandbrieven will be issued in Series subject to, in each case, the terms set out in the applicable Final Terms in respect of such Series. Save in respect of the first issue of Mortgage Pandbrieven, Mortgage Pandbrieven issued under the Programme will either be fungible with an existing Series of Mortgage Pandbrieven or have different terms from any existing Series of Mortgage Pandbrieven (in which case they will constitute a new Series). The Issuer will issue Mortgage Pandbrieven without the prior consent of the Pandbrieven Holders pursuant to Condition 18 (*Further Issues*).

As used herein, **Tranche** means Mortgage Pandbrieven which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Mortgage Pandbrieven together with any further Tranche or Tranches of Mortgage Pandbrieven which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

**Final Terms** Final terms (the **Final Terms**) will be issued and published in accordance with the terms and conditions set out herein under “*Terms and Conditions of the Mortgage Pandbrieven*” (the **Conditions**) prior to the issue of each Series or Tranche detailing certain relevant terms thereof which, for the purposes of that Series or Tranche only, complete the Conditions and the Base Prospectus and must be read in conjunction with the Conditions and the Base Prospectus. The terms and conditions applicable to any particular Series are the Conditions as completed by the applicable Final Terms.

**Form of Mortgage Pandbrieven** The Mortgage Pandbrieven can be issued (i) in dematerialised form (**Dematerialised Mortgage Pandbrieven**) in accordance with Article article 7:35 *et seq.* of the Belgian Company Code via a book-entry system maintained in the records of the NBB as operator of the Securities Settlement System or (ii) in registered form (**Registered Mortgage Pandbrieven**) in accordance with Article 7:27 *et seq.* of the Belgian Company Code. No physical documents of title will be issued in respect of Dematerialised Mortgage Pandbrieven.

Dematerialised Mortgage Pandbrieven will be delivered in the form of an inscription on a securities account. See “Forms of the Mortgage Pandbrieven” below.

<b>Issue Dates</b>	The date of issue of a Series or Tranche as specified in the applicable Final Terms (each, the <b>Issue Date</b> in relation to such Series or Tranche).
<b>Interest Commencement Dates</b>	The date on which interest begins to accrue on a Series or Tranche as specified in the applicable Final Terms (each, the <b>Interest Commencement Date</b> in relation to such Series or Tranche).
<b>Issue Prices</b>	The price (usually calculated as a percentage of the principal amount of Mortgage Pandbrieven to be issued as part of such Series or Tranche) at which a Series or Tranche is to be subscribed for at the Issue Date, as specified in the applicable Final Terms (each, the <b>Issue Price</b> in relation to such Series or Tranche). Mortgage Pandbrieven may be issued at par or at a premium or discount to par as specified in the applicable Final Terms in respect of such Series.
<b>Specified Currency</b>	Euro or such other currency as is agreed between the Issuer and the relevant Dealer(s).
<b>Denominations</b>	The Mortgage Pandbrieven will be in such denominations as may be specified in the applicable Final Terms with a minimum specified denomination of EUR 100,000 (or a multiple of EUR 100,000) or its equivalent in any other Specified Currency.
<b>Fixed Rate Mortgage Pandbrieven</b>	The applicable Final Terms may provide that certain Mortgage Pandbrieven will bear interest at a fixed rate ( <b>Fixed Rate Mortgage Pandbrieven</b> ), which will be payable on each Interest Payment Date and on the applicable redemption date and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).
<b>Floating Rate Mortgage Pandbrieven</b>	<p>The applicable Final Terms may provide that certain Mortgage Pandbrieven bear interest at a floating rate (<b>Floating Rate Mortgage Pandbrieven</b>). Floating Rate Mortgage Pandbrieven will bear interest at a rate which is the aggregate rate of the rate determined:</p> <ul style="list-style-type: none"><li>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or</li><li>(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or</li><li>(iii) on such other basis as may be agreed between the Issuer and the Dealer(s), and</li></ul> <p>the margin (if any) relating to such floating rate (the <b>Margin</b>) will be agreed between the Issuer and the relevant Dealer(s) for each issue of Floating Rate Mortgage Pandbrieven, as set out in the applicable Final Terms.</p>

**Zero Coupon Mortgage Pandbrieven** The applicable Final Terms may provide that Mortgage Pandbrieven, bearing no interest (**Zero Coupon Mortgage Pandbrieven**), may be offered and sold at a discount to their nominal amount.

**Interest Payment Dates** In relation to any Series of Mortgage Pandbrieven, the Interest Payment Dates will be specified in the applicable Final Terms (as the case may be).

**Early Redemption** The Mortgage Pandbrieven can be redeemed prior to their stated maturity for taxation reasons in the manner set out in Condition 6.3 (*Redemption for taxation reasons*) and in the event of an illegality in the manner set out in Condition 6.5 (*Illegality*).

## **GENERAL INFORMATION**

**Proceeds of the issue of Mortgage Pandbrieven** The gross proceeds from each issue of Mortgage Pandbrieven will be used by the Issuer for its general corporate purposes. If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

**Taxation** All payments of principal, interest and other proceeds (if any) on the Mortgage Pandbrieven will be made (a) free and clear of any withholding or deduction for, or on account of, any taxes of Belgium, unless the Issuer or any intermediary that intervenes in the collection of interest and other proceeds on the Mortgage Pandbrieven is required by law to make such a withholding or deduction. In the event that such withholding, or deduction is required by law, the Issuer will, except in certain limited circumstances set out in Condition 7 (*Taxation*), be required to pay additional amounts to cover the amounts so deducted; and (b) subject to any withholding or deduction that, in certain specific circumstances, may be required pursuant to an agreement described in Section 1471(b) of the US Internal Revenue Code of 1986 (the Code), or otherwise imposed pursuant to section 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

**Ratings** Each Series issued under the Programme may be assigned a rating by the Rating Agencies. The Issuer may also issue Mortgage Pandbrieven which are unrated. Details of the ratings assigned to a particular Series of Mortgage Pandbrieven will be specified in the applicable Final Terms. Whether or not each credit rating applied in relation to the Mortgage Pandbrieven will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the applicable Final Terms.

Fitch is established in the European Union and is registered for the purposes of the CRA Regulation.

Moody's is established in the European Union and is registered for the purposes of the CRA Regulation.

Each of Fitch and Moody's are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

**Listing and admission to trading**

This document has been approved as a base prospectus by the Belgian Financial Services and Market Authority (the **FSMA**). Application has been made to Euronext Brussels for the Mortgage Pandbrieven issued under the Programme after the date hereof to be admitted to listing on the official list and trading on the regulated market of Euronext Brussels.

Mortgage Pandbrieven may be listed or admitted to trading, as the case may be, on a regulated market for the purposes of Directive 2014/65/EC (as may be amended, updated or replaced from time to time, **MiFID II**), as may be agreed between the Issuer and the relevant Dealer(s) in relation to each issue. The Final Terms relating to each Tranche of the Mortgage Pandbrieven will state whether or not the Mortgage Pandbrieven are to be listed and/or admitted to trading and, if so, on which regulated markets.

**Delivery of Mortgage Pandbrieven**

Dematerialised Mortgage Pandbrieven will be deposited with the NBB and interests in them will be credited to the accounts held in the clearing system operated by the NBB or any successor thereto (the **Securities Settlement System**), by Euroclear Bank SA/NV (**Euroclear**), Clearstream Banking S.A. (**Clearstream, Germany**), SIX SIS (Switzerland), Euroclear France SA (France), INTERBOLSA (Portugal) or Monte Titoli (Italy) or other Securities System participants or their participants. Registered Mortgage Pandbrieven will be registered in a register maintained by the Issuer or by the Registrar in accordance with Article 7:27 *et seq.* of the Belgian Company Code.

**Securities Settlement Systems**

The Dematerialised Mortgage Pandbrieven will be created, cleared and settled in the Securities Settlement System. Euroclear and Clearstream, Germany maintain accounts in the Securities Settlement System. The clearing of the Mortgage Pandbrieven through the Securities Settlement System is subject to prior approval of the NBB.

**Selling Restrictions**

There are restrictions on the offer, sale and transfer of the Mortgage Pandbrieven in the United States, the European Economic Area (the **EEA**), Switzerland, the United Kingdom and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Mortgage Pandbrieven. See "*Subscription and Sale*" below. Selling restrictions in respect of a particular Tranche may be specified in the applicable Final Terms.

**PROGRAMME DOCUMENTS**

**Cover Pool Monitor Agreement**

Under the terms of the Cover Pool Monitor Agreement originally entered into on 23 November 2013 between the Cover Pool Monitor, the Issuer and the Mortgage Pandbrieven Holder's representative (as amended and/or restated from time to time, the **Cover Pool Monitor Agreement**), the Cover Pool Monitor has, among other things, agreed (i) to issue periodic reports to the NBB as Supervisor on compliance by the Issuer with the Belgian Covered Bond Regulations, (ii) to test compliance with the Issuer's undertaking not to include commercial mortgage loans, residential mortgage backed securities, commercial mortgage backed securities or other asset backed securities in the Special Estate, and (iii) to perform the Statutory Tests both as provided for in the Belgian Covered Bond Regulations and in accordance with the requirements of the Supervisor.

**Mortgage Pandbrieven  
Holder Representative  
Agreement**

Under the terms of the Mortgage Pandbrieven Holder Representative Agreement originally entered into on 22 November 2013 (as amended and/or restated from time to time, the **Mortgage Pandbrieven Holder Representative Agreement**), between the Issuer and the Mortgage Pandbrieven Holders' Representative, the Mortgage Pandbrieven Holders' Representative has been appointed to act as representative (*vertegenwoordiger/représentant*) of the Pandbrieven Holders in accordance with the Belgian Covered Bond Regulations and the Conditions.

**Agency Agreement**

Under the terms of an agency agreement initially entered into on 22 November 2013 between, amongst others, the Issuer and ING as Fiscal Agent, Paying Agent, Listing Agent and Calculation Agent and the Mortgage Pandbrieven Holders' Representative (as amended and/or restated from time to time, the **Agency Agreement**), ING has agreed respectively to act as fiscal agent, paying agent, listing agent and calculation agent in relation to the Mortgage Pandbrieven. The Agency Agreement also provides for the appointment of a Registrar in respect of any Registered Mortgage Pandbrieven issued from time to time.

**Calculation Agency  
Agreement**

The Agency Agreement provides for the appointment from time to time of a Calculation Agent to determine the interest rate in relation to any Floating Rate Mortgage Pandbrieven. Such Calculation Agent may be appointed pursuant to a Calculation Agency Agreement which supplements the arrangements in the Agency Agreement.

**Clearing Services  
Agreement**

The Issuer, the Fiscal Agent and the NBB as operator of the Securities Settlement System have entered into a clearing services agreement on 22 November 2013 in relation to the clearing of the Mortgage Pandbrieven (the **Clearing Services Agreement**).

**Programme Agreement**

The programme agreement initially entered into on 22 November 2013 between, amongst others, the Issuer, the Arranger and ING Bank, Belgian branch as the initial Dealer (as amended and/or restated from time to time, the **Programme Agreement**) sets out the terms under which Mortgage Pandbrieven may from time to time be agreed to be issued, including the appointment and resignation of Dealers.

**Subscription Agreement**

Prior to or on the date an issuance of any Series of Mortgage Pandbrieven, the Issuer, the Mortgage Pandbrieven Holders' Representative and the relevant Dealer(s) will enter into a Subscription Agreement (in the form attached to the Programme Agreement) supplementing the arrangements in the Programme Agreement and setting out, *inter alia*, the relevant underwriting commitments in respect of the particular issuance.

**Hedging Agreements**

The Issuer may, from time to time during the Programme, enter into interest rate swap agreements, currency swap agreements and other relevant swap or hedging agreements (together the **Hedging Agreements**) with one or more Hedging Counterparties for the purpose of, *inter alia*, protecting itself against certain risks (including, but not limited to, interest rate, currency, liquidity and credit) related to the Cover Assets (as defined below) and/or the Mortgage Pandbrieven.

Any Hedging Agreement(s) may be included as part of the Special Estate at the Issuer's discretion.



**Liquidity Facility Agreements**

The Issuer may, from time to time during the Programme, enter into liquidity facility agreements (the **Liquidity Facility Agreements**) with one or more Liquidity Facility Providers in order to improve the liquidity of the Special Estate.

Any Liquidity Facility Agreement(s) may be included as part of the Special Estate at the Issuer's discretion.

**Special Estate Administration Agreement**

Under the terms of a special estate administration agreement initially entered into on 22 November 2013 between the Issuer, the Mortgage Pandbrieven Holders' Representative and the Cover Pool Monitor (such special estate administration agreement as modified and/or supplemented and/or restated from time to time, the **Special Estate Administration Agreement**) all Mortgage Pandbrieven issued under the Programme are subject to and have the benefit of certain common terms regardless of whether the Mortgage Pandbrieven are issued under the Base Prospectus or not.

**Programme Documents**

The Agency Agreement, the Mortgage Pandbrieven Holder Representative Agreement, the Cover Pool Monitor Agreement, Special Estate Administration Agreement, the Clearing Services Agreement, any Calculation Agency Agreement, the Programme Agreement and each Subscription Agreement, each of the Final Terms, any Hedging Agreement, any Liquidity Facility Agreement and any additional document entered into in respect of the Mortgage Pandbrieven and/or the Special Estate and designated as a Programme Document by the Issuer and the Mortgage Pandbrieven Holders' Representative.

**Investor Report**

Each Investor Report will be made available on each Investor Report Date to the prospective investors in the Mortgage Pandbrieven and to the Pandbrieven Holders at the offices of the Issuer, the specified offices of the Fiscal Agent, on Bloomberg and on the Issuer's website ([www.ing.be/investor-relations](http://www.ing.be/investor-relations)).

## RISK FACTORS

*In purchasing Mortgage Pandbrieven issued under the Base Prospectus and the relevant Final Terms, prospective Pandbrieven Holders should consider the risk factors set out below:*

- **under Part 1** relating to factors which could affect the financial performance of the Issuer and thereby affect the Issuer's ability to fulfil its obligations in respect of Mortgage Pandbrieven; and
- **under Part 2** which are specific to the Mortgage Pandbrieven and the Special Estate.

*The Issuer believes that the factors described below represent the principal known risks in respect of the Issuer, the Mortgage Pandbrieven and the Special Estate. However, the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Mortgage Pandbrieven may occur for other reasons which are not known to the Issuer or which the Issuer deems immaterial at this time. Additional risks of which the Issuer is not presently aware, or that are currently viewed as immaterial, could also affect the business operations of the Issuer and have a material adverse effect on the Issuer's business, results, financial condition and prospects, the Mortgage Pandbrieven and/or the Special Estate. The market price of the Issuer's securities could decline due to any of those risks including the risks described below, and investors could lose all or part of their investments.*

*While the risk factors below have been divided into categories, some risk factors could belong in more than one category and prospective investors should carefully consider all of the risk factors set out in this section.*

*In respect of the risk factors relating to the Issuer and its operations, the Issuer has assessed the most material risks, taking into account the negative impact (including any relevant mitigation measures) of such risks on the Issuer and the probability of their occurrence ("**Global Criticality**"). Each risk factor relating to the Issuer is followed by the Issuer's assessment of whether such Global Criticality can be assessed as 'high', 'medium' or 'low'.*

*Although the most material risk factors have been presented first within each category, the order in which the remaining risk factors (with the same Global Criticality for the risk factors related to the Issuer) are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential negative impact to the Issuer's business, results, financial condition and prospectus. The Issuer may face a number of the risks described below simultaneously and some risks described below may be interdependent.*

*Prospective investors should also read the detailed information set out elsewhere in the Base Prospectus. Each prospective investor in Mortgage Pandbrieven must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances (including financial, accounting, legal and tax advice), that its acquisition of the Mortgage Pandbrieven (i) is fully consistent with its (or, if it is acquiring the Mortgage Pandbrieven in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with any investment policies, guidelines and restrictions applicable to it (whether acquiring the Mortgage Pandbrieven as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or, if it is acquiring the Mortgage Pandbrieven in a fiduciary capacity, for the beneficiary). In particular, investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Prior to making any investment decision, each prospective investor should therefore consult its legal advisers or, as the case may be, the appropriate regulator to determine whether and to what extent (i) the Mortgage Pandbrieven are legal investments for it, (ii) the Mortgage Pandbrieven can be used as underlying securities for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Mortgage Pandbrieven, and, as the case may be, to determine the appropriate treatment of Mortgage Pandbrieven under any applicable risk-based capital or similar rules.*

*The Base Prospectus is not, and does not purport to be, investment advice or an investment recommendation to purchase the Mortgage Pandbrieven. The Issuer is acting solely in the capacity of an arm's length contractual counterparty and not as a purchaser's financial adviser or fiduciary in any transaction, unless the Issuer has agreed to do so in writing.*

## **PART 1 – RISK FACTORS RELATING TO THE ISSUER AND ITS OPERATIONS**

### **1. Risks related to financial conditions, market environment and general economic trends**

***The Issuer's revenues and earnings are affected by the volatility and strength of the economic, business, liquidity, funding and capital markets environments specific to the geographic regions in which it conducts business. [Global Criticality: High]***

Factors such as interest rates, securities prices, credit spreads, liquidity spreads, exchange rates, consumer spending, changes in client behaviour, business investment, real estate values, private equity valuations, government spending, inflation or deflation, the volatility and strength of the capital markets, political events and trends, terrorism, pandemics and epidemics (such as COVID-19, as described in greater detail below under the heading '*The Issuer's business, results and financial condition have been, and likely will continue to be, adversely affected by the COVID-19 pandemic.*') or other widespread health emergencies all impact the business and economic environment and, ultimately, the Issuer's solvency, liquidity and the amount and profitability of business the Issuer conducts in a specific geographic region. In particular, the Issuer is exposed to financial, economic, market and political conditions in the Benelux countries, from which the Issuer derives a significant portion of its revenues. In an economic downturn characterised by higher unemployment, lower family income, lower corporate earnings, higher corporate and private debt defaults, lower business investments and lower consumer spending, the demand for banking products is usually adversely affected and the Issuer's reserves and provisions typically would increase, resulting in overall lower earnings. Securities prices, real estate values and private equity valuations may also be adversely impacted, and any such losses would be realised through profit and loss and shareholders' equity. The Issuer also offers a number of financial products that expose it to risks associated with fluctuations in interest rates, securities prices, corporate and private default rates, the value of real estate assets, exchange rates and credit spreads.

In case one or more of the factors mentioned above adversely affects the profitability of the Issuer's business, this might also result, among other things, in the following:

- reserve and provisions inadequacies which could ultimately be realised through profit and loss and shareholders' equity;
- the write-down of tax assets impacting net results and/or equity;
- impairment expenses related to goodwill and other intangible assets, impacting net results;
- movements in risk weighted assets for the determination of required capital;
- changes in credit valuation adjustments and debt valuation adjustments; and/or
- additional costs related to maintenance of higher liquidity buffers and/or collateral placements.

Shareholders' equity and the Issuer's net result may be significantly impacted by turmoil and volatility in the worldwide financial markets. Negative developments in financial markets and/or economies and changes in the regulatory environment in which the Issuer operates have, in the past had, and may in the future have a material adverse impact on shareholders' equity and net result, including as a result of the potential consequences listed above.

***The Issuer's business, results and financial condition have been, and likely will continue to be, adversely affected by the COVID-19 pandemic. [Global Criticality: High]***

The COVID-19 pandemic and the related response measures introduced by various national and local governmental authorities aimed at preventing the further spread of the disease have disrupted the normal flow of business operations in those countries and regions where the Issuer and its customers and counterparties operate. This disruption has adversely affected, and will likely continue to adversely affect, global economic growth, global supply chains, global manufacturing, tourism, consumer spending, asset prices and unemployment levels, and has resulted in extreme volatility and uncertainty across the global economy and financial markets.

In addition to the measures aimed at preventing the further spread of COVID-19, governments and central banks around the world have also introduced measures aimed at mitigating the economic consequences of the pandemic and related response measures, such as guarantee schemes, compensation schemes and cutting interest rates. To safeguard the stability of the financial sector and to ensure that banks can continue to support the economy, a number of temporary measures to soften the regulatory capital and liquidity requirements were introduced. For example, in a press release issued on 11 March 2020, the National Bank of Belgium ('**NBB**') announced its decision to fully remove the Belgian countercyclical buffer of 50 basis points, which was planned to come into force as of 1st July 2020. Early April the NBB also agreed (i) to reduce from EUR 100,000 to EUR 25,000 the minimum amount of loans eligible for credit claims, and to reduce by 20% the haircuts to be applied, while also extending the eligibility criteria and (ii) to release the 8% limit (size of cover pool compared to total balance sheet) for the issuance of Belgian covered bonds. Besides these national measures, the European Central Bank ('**ECB**') allows banks to operate below the level of capital required by the Pillar 2 Guidance, capital conservation buffer and the liquidity coverage ratio. Banks will also be allowed to partially use capital instruments that do not qualify as CET1 capital, to meet the Pillar 2 Requirements. Similar to Belgium, several other countries also released or reduced countercyclical buffers ('**CCyB**'). However, it is not certain whether these or other actions will be successful in mitigating the economic consequences of the pandemic and related response measures. If the pandemic is prolonged or the actions of governments and central banks are unsuccessful, the adverse impact on the global economy will deepen, and the Issuer's business, results and financial condition may be materially adversely affected.

Since April 2020, the COVID-19 pandemic has affected all of the Issuer's businesses, and these effects will likely be greater in future periods if adverse conditions persist. These effects have included significantly increased volatility, lower or negative interest rates, widening of credit spreads, lower oil prices and credit deterioration of loans to the Issuer's customers. These effects have also resulted in an increase in the allowance for credit losses, lower valuations of certain classes of assets (at fair value), and reduced net interest income due to lower interest rates. As of Q2 2020, the Issuer experiences an increased counterparty credit risk and a significant decrease in its mortgage activities. The above described effects, if continued in the future, may materially adversely affect the Issuer's business, results and financial condition.

On 22 March 2020, the Belgian banks, the National Bank of Belgium and the Belgian Minister for Finance announced financial support for people facing financial difficulties as a result of the COVID-19 outbreak. Consequently, the Issuer has taken certain measures to support customers impacted by the COVID-19 pandemic, including payment holidays (for mortgage or business credit repayments), offering credit facilities to business clients under government guarantee schemes and providing liquidity under credit facilities to large corporate clients. Although, following supervisory guidelines, payment holidays do not automatically trigger an immediate classification of the loans as in default or as forbore, the credit quality of these loans will be monitored for future transitions into Stage 2 and could result in increased risk costs and additional risk weighted assets in future periods. The Issuer has also recorded net additions to loan loss provisions due to the economic impact of lockdown measures related to the COVID-19 pandemic, including a collective Stage 2 provision reflecting the worsened macro-economic outlook due to the economic impact of lockdown measures related to the COVID-19 pandemic. Should these global economic conditions be prolonged or worsen, or should the pandemic lead to additional market disruptions, the Issuer may experience more client defaults and further additions to loan loss provisions. In these circumstances, the Issuer may also experience reduced client activity and demand for its products and services, increased utilization of lending commitments and higher credit and valuation adjustments on financial assets. In addition, a further decline in interest rates will further decrease net interest income. These factors and other consequences of the COVID-19 pandemic may materially adversely affect the Issuer's business, results and financial condition.

The Issuer's capital and liquidity position may also be adversely impacted by the COVID-19 pandemic and related response measures, including as a result of changes in levels of savings and deposits from customers, changes in asset quality, and the effects of government or regulatory responses to the pandemic, and may require changes to the Issuer's funding structure (for instance, making use of ECB TLTRO facility), impact the Issuer's ability to comply with regulatory capital requirements and adversely affect the Issuer's cost of capital and credit rating. Any of the foregoing developments may have a material adverse impact on the Issuer's business, results and financial condition.

As of June 2020, a large percentage of the Issuer's staff is still working from home. If due to illness, technical limitations or other restrictions in connection with the pandemic, employees are unable to work or are not able to operate as effectively and efficiently as in the office, this may materially adversely affect the Issuer's business, results and financial condition. This situation also raises operational risks, including with respect to information security, data protection, availability of key systems and infrastructure, as working remotely has not been tested on the scale or duration which the Issuer is currently experiencing, and there is a risk that the Issuer will not be effective in implementing regulatory or strategic change programs in the current environment. If any of these risks were to materialize that may materially adversely affect the Issuer's business, results and financial condition.

The duration of the pandemic and the impact of measures taken in response by governmental authorities, central banks and other third parties, whether direct or indirect, such as by increasing sovereign debt of certain countries which may result in increased volatility and widening credit spreads, remain uncertain. Therefore, it is difficult to predict the extent to which the Issuer's business, results and financial condition, as well as the Issuer's ability to access capital and liquidity on financial terms acceptable for the Issuer, may be materially adversely affected.

***Interest rate volatility and other interest rate changes may adversely affect the Issuer's business, results and financial condition. [Global Criticality: Medium]***

Changes in prevailing interest rates may negatively affect the Issuer's business, including the levels of deposits and the demand for loans. Recent concerns regarding negative interest rates and the low level of interest rates generally may negatively impact the Issuer's net interest income, which may have an adverse impact on its net earnings and its profitability.

A prolonged period of low interest rates, as is currently the case, may result in:

- lower earnings over time on investments, as reinvestments will earn lower rates;
- increased prepayment or redemption of mortgages and fixed maturity securities in the Issuer's investment portfolios, as well as increased prepayments of corporate loans. This as borrowers seek to borrow at lower interest rates potentially combined with lower credit spreads. Consequently, the Issuer may be required to reinvest the proceeds into assets at lower interest rates;
- lower profitability as the result of a decrease in the spread between client rates earned on assets and client rates paid on savings, current account and other liabilities;
- higher costs for certain derivative instruments that may be used to hedge certain of the Issuer's product risks;
- lower profitability, since the Issuer may not be able to fully track the decline in interest rates in its savings rates (for instance, the regulated savings accounts in Belgium have a minimal interest rate of 0,11%);
- lower profitability since the Issuer may not always be entitled to impose surcharges to customers to compensate for the decline in interest rates;
- lower interest rates may cause asset margins to decrease thereby lowering the Issuer's results of operations. This may for example be the consequence of increased competition for investments as result of the low rates, thereby driving margins down; and/or

- (depending on the position) a significant collateral posting requirement associated with the Issuer's interest rate hedge programs, which could materially and adversely affect liquidity and its profitability.

The foregoing impacts have been and may be further amplified in a negative interest rate environment, since the Issuer may not be able to earn interest on its assets (including reserves) or even be forced to pay negative interest on its assets (and in respect of some of its assets already is forced to do so, including some cash balances, loans and bonds), while still paying a positive interest or no interest to others to hold its liabilities, resulting in an adverse impact on its credit spread and lowering of its net interest income. Furthermore, in the event that a negative interest rate environment results in the Issuer's depositors being forced to pay a premium to the Issuer to hold cash deposits, some depositors may choose to withdraw their deposits rather than pay a premium to the Issuer, which would have an adverse effect on the Issuer's reputation, business, results and financial condition. In this context, it is noted that the Issuer has announced that, at some point, it will charge negative interest to customers on deposits exceeding a certain threshold (such negative interest rate will only apply to the amount by which the deposit exceeds the threshold).

On the other hand, rapidly increasing interest rates may result in:

- a decrease in the demand for loans;
- higher interest rates to be paid on debt securities that the Issuer has issued or may issue on the financial markets from time to time to finance its operations and on savings, which would increase its interest expenses and reduce its results of operations;
- higher interest rates can lead to lower investments prices and a reduction in the revaluation reserves, thereby lowering IFRS equity and the capital ratios. Also the lower securities value leads to a loss of liquidity generating capacity which needs to be compensated by attracting new liquidity generating capacity which reduces the Issuer's results of operations;
- prepayment losses if prepayment rates are lower than expected or if interest rates increase too rapidly to adjust the accompanying hedges; and/or
- (depending on the position) a significant collateral posting requirement associated with the Issuer's interest rate hedge programs.

***The default of a major market participant could disrupt the markets and may have an adverse effect on the Issuer's business, results and financial condition. [Global Criticality: Medium]***

Within the financial services industry, the severe distress or default of any one institution (including sovereigns and central counterparties (**CCPs**)) could lead to defaults by, or the severe distress of, other market participants. Such distress of, or default by, an influential financial institution could disrupt markets or clearance and settlement systems and lead to a chain of defaults by other financial institutions, because the commercial and financial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of a sovereign or financial institution (or a default by any such entity) may lead to market-wide liquidity problems and losses or defaults by the Issuer or by other institutions. This risk is sometimes referred to as 'systemic risk' and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom the Issuer interacts on a daily basis and financial instruments of sovereigns in which it invests. Systemic risk could impact the Issuer directly, by exposing it to material credit losses on transactions with defaulting counterparties or indirectly by significantly reducing the available market liquidity on which the Issuer and its lending customers depend to fund their operations and/or leading to a write down of loans or securities held by the Issuer.

***Continued risk of political instability uncertainty in Belgium and Europe, as well as ongoing volatility in the financial markets and the economy generally have adversely affected, and may continue to adversely affect, the Issuer's business, results and financial condition. [Global Criticality: Medium]***

The Issuer's business and results of operations are materially affected by conditions in the financial markets and the economy generally. In Belgium, a government has been urgently put in place to deal with the COVID-19 outbreak. This government only has external support from most political parties. As soon as the health situation stabilizes, it is highly likely that renewed negotiations will begin to form a new government with a majority in parliament. If this is not possible, negotiations between the May 2019 elections and the COVID-19 outbreak failed, new elections will probably be held. The outcome of such new elections is highly uncertain. In Europe, there are continuing concerns over weaker economic conditions, as well as concerns in relation to European sovereign debt, the uncertain outcome of the negotiations (and the future relationship) between the United Kingdom and the European Union following Brexit, increasing political instability, levels of unemployment, the availability and cost of credit, credit spreads, and the end of quantitative easing within the Eurozone through bond repurchases and the ECB's targeted longer-term refinancing operation (**TLTRO**). Any general developments in financial and political conditions could negatively impact to the Issuer's shareholders' equity, solvency position, liquidity, financial condition or profit and loss accounts in future periods.

Adverse developments in the market have included, for example, decreased liquidity, increased price volatility, credit downgrade events, and increased probability of default for fixed income securities. Moreover, there is a risk that an adverse credit event at one or more European sovereign debtors (including a credit rating downgrade or a default) could trigger a broader economic downturn in Europe and elsewhere. In addition, the confluence of these and other factors has resulted in volatile foreign exchange markets. Securities that are less liquid are more difficult to value and may be hard to dispose of. International equity markets have also continued to experience heightened volatility and turmoil, with issuers, including the Issuer, that have exposure to the real estate, mortgage, private equity and credit markets particularly affected. These events and market upheavals, including high levels of volatility, have had and may continue to have an adverse effect on the Issuer's revenues and results of operations, in part because it has a large investment portfolio.

***Market conditions, including those observed over the past few years, and the application of IFRS 9 may increase the risk of loans being impaired and have a negative effect on the Issuer's results and financial condition. [Global Criticality: Medium]***

The Issuer is exposed to the risk that its borrowers (including sovereigns) may not repay their loans according to their contractual terms and that the collateral securing the payment of these loans may be insufficient. The Issuer may continue to see adverse changes in the credit quality of its borrowers and counterparties, for example as a result of their inability to refinance their indebtedness, with increasing delinquencies, defaults and insolvencies across a range of sectors. This may lead to impairment charges on loans and other assets, higher costs and additions to loan loss provisions. A significant increase in the size of the Issuer's provision for loan losses could have a material adverse effect on its business, results and financial condition. The Issuer expects to be affected by the COVID-19 pandemic through its impact on, among others, the financial condition of its customers or other counterparties.

IFRS 9 'Financial Instruments' became effective as of 1 January 2018 and results in loan loss provisions that may be recognised earlier, on a more forward looking basis and on a broader scope of financial instruments than was previously the case under IAS 39. The Issuer has applied the classification, measurement, and impairment requirements retrospectively by adjusting the opening balance sheet and opening equity as at 1 January 2018. As a result of applying IFRS 9 going forward, a shift in the forward looking consensus view of economic conditions may materially impact the models used to calculate loan loss provisions under IFRS 9 and cause more volatility in, or higher levels of, loan loss provisions, any of which could adversely affect the Issuer's results of operations, financial condition or regulatory capital position.

Economic and other factors could lead to contraction in the residential mortgage and commercial lending market and to decreases in residential and commercial property prices, which could generate substantial increases in impairment losses. Additionally, continuing low oil prices could have an influence on the repayment capacity of certain corporate borrowers active in the oil and oil related services industries.

***The Issuer depends on the capital and credit markets, as well as customer deposits, to provide***

***the liquidity and capital required to fund its operations, and adverse conditions in the capital and credit markets, or significant withdrawals of customer deposits, may impact its liquidity, borrowing and capital positions, as well as the cost of liquidity, borrowings and capital. [Global Criticality: Medium]***

Adverse capital market conditions have in the past affected, and may in the future affect the Issuer's cost of borrowed funds and the Issuer's ability to borrow on a secured and unsecured basis, thereby impacting its ability to support and/or grow its businesses. Furthermore, although interest rates are at or near historically low levels, since the recent financial crisis, the Issuer has experienced increased funding costs due in part to the withdrawal of perceived government support of such institutions in the event of future financial crises. In addition, liquidity in the financial markets has also been negatively impacted as market participants and market practices and structures adjust to new regulations.

The Issuer needs liquidity to pay its operating expenses, interest on its debt and dividends on its capital stock, maintain its securities lending activities, and replace certain maturing liabilities. Without sufficient liquidity, the Issuer will be forced to curtail its operations and its business will suffer. The principal sources of the Issuer's funding include a variety of short- and long-term instruments, including deposit fund, repurchase agreements, commercial paper, medium- and long-term debt, subordinated debt securities, capital securities and shareholders' equity.

In addition, because the Issuer relies on customer deposits to fund its business and operations, the confidence of customers in financial institutions may be tested in a manner that may adversely impact its liquidity and capital position. Consumer confidence in financial institutions may, for example, decrease due to the Issuer or its competitors' failure to communicate to customers the terms of, and the benefits to customers of, complex or high-fee financial products. Reduced confidence could have an adverse effect on the Issuer's liquidity and capital position through withdrawal of deposits, in addition to its revenues and results. Because a significant percentage of its customer deposit base is originated via Internet banking, a loss of customer confidence may result in a rapid withdrawal of deposits over the Internet.

In the event that the Issuer's current resources do not satisfy its needs, it may need to seek additional financing. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, the Issuer's credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of its long- or short-term financial prospects. Similarly, the Issuer's access to funds may be limited if regulatory authorities or rating agencies take negative actions against it. If its internal sources of liquidity prove to be insufficient, there is a risk that the Issuer may not be able to successfully obtain additional financing on favourable terms, or at all. Any actions the Issuer might take to access financing may, in turn, cause rating agencies to re-evaluate its ratings.

Disruptions, uncertainty or volatility in the capital and credit markets, may also limit the Issuer's access to capital. Such market conditions may in the future limit its Issuer's ability to raise additional capital to support business growth, or to counterbalance the consequences of losses or increased regulatory capital and rating agency capital requirements. This could force the Issuer to (i) delay raising capital, (ii) reduce, cancel or postpone payment of dividends on its shares, (iii) reduce, cancel or postpone interest payments on its other securities, (iv) issue capital of different types or under different terms than the Issuer would otherwise, or (v) incur a higher cost of capital than in a more stable market environment. This would have the potential to decrease both the Issuer's profitability and its financial flexibility. The Issuer's results of operations, financial condition, cash flows, regulatory capital and rating agency capital position could be materially adversely affected by disruptions in the financial markets.

Furthermore, regulatory liquidity requirements in certain jurisdictions in which the Issuer operates are generally becoming more stringent undermining the Issuer's efforts to maintain this centralised management of its liquidity. These developments may cause trapped pools of liquidity and capital, resulting in inefficiencies in the cost of managing the Issuer's liquidity and solvency, and hinder its efforts to integrate its balance sheet.

***Inflation and deflation may negatively affect the Issuer's business. [Global Criticality: Low]***



A sustained increase in the inflation rate in the Issuer's principal markets would have multiple impacts on it and may negatively affect its business, solvency position and results of operations. A significant and sustained increase in inflation has historically also been associated with decreased prices for equity securities and sluggish performance of equity markets generally. On the other hand, deflation experienced in the Issuer's principal markets may also adversely affect its financial performance. In recent years, the risk of low inflation and even deflation (i.e., a continued period with negative rates of inflation) in the Eurozone has materialised. Deflation may erode collateral values and diminish the quality of loans and cause a decrease in borrowing levels, which would negatively affect the Issuer's business and results.

***The Issuer operates in a highly competitive market and may not be able to increase or maintain its market share, which may have an adverse effect on its results of operations. [Global Criticality: Low]***

There is substantial competition in Belgium for the types of wholesale banking, retail banking, investment banking and other products and services it provides. Customer loyalty and retention can be influenced by a number of factors, including brand recognition, reputation, relative service levels, the prices and attributes of products and services, scope of distribution, credit ratings and actions taken by existing or new competitors (including non-bank or financial technology competitors). A decline in the Issuer's competitive position as to one or more of these factors could adversely impact its ability to maintain or further increase its market share, which would adversely affect its results of operations. The Issuer's main competitors are BNP Paribas Fortis, KBC Bank and Belfius Bank.

Competition could also increase due to new entrants (including non-bank or financial technology competitors) in the markets that may have new operating models that are not burdened by potentially costly legacy operations and that are subject to reduced regulation. New entrants may rely on new technologies, advanced data and analytic tools, lower costs to serve, reduced regulatory burden and/or faster processes in order to challenge traditional banks. Developments in technology have also accelerated the use of new business models, and the Issuer may not be successful in adapting to this pace of change or may incur significant costs in adapting its business and operations to meet such changes. For example, new business models have been observed in retail payments, consumer and commercial lending (such as peer-to-peer lending), foreign exchange and low-cost investment advisory services. In particular, the emergence of disintermediation in the financial sector resulting from new banking, lending and payment solutions offered by rapidly evolving incumbents, challengers and new entrants, in particular with respect to payment services and products, and the introduction of disruptive technology may impede the Issuer's ability to grow or retain its market share and impact its revenues and profitability.

***The Issuer may incur losses due to failures of banks falling under the scope of state compensation schemes. [Global Criticality: Low]***

In Belgium and Luxembourg, deposit guarantee schemes and similar funds (**Compensation Schemes**) have been implemented from which compensation may become payable to customers of financial services firms in the event the financial service firm is unable to pay, or unlikely to pay, claims against it. These Compensation Schemes are mainly funded, directly or indirectly, by financial services firms which operate and/or are licensed in the relevant jurisdiction. The Issuer is a participant in the Belgian Deposit Guarantee Scheme, which guarantees an amount of EUR 100,000 per person per bank (regardless of the number of accounts held). The Belgian Compensation Scheme is an ex-ante scheme where the Issuer pays yearly contributions to ensure the scheme holds a target level of fund regardless of whether any failures occur. ING Luxembourg S.A., the Issuer's Luxembourg subsidiary, is participating to the Luxembourg Deposit Guarantee Scheme which is an ex-post scheme, whereby the participating bank contributes in case of failure of another bank. The ultimate costs to the industry of payments which may become due under the Compensation Schemes remains uncertain, although they may be significant and these and the associated costs to the Issuer and its Luxembourg subsidiary may have a material adverse effect on its financial condition.

Since 2015, the EU has been discussing the introduction of a pan-European deposit guarantee scheme (**EDIS**), (partly) replacing or complementing national compensation schemes in two or three phases. Proposals contain elements of (re)insurance, mutual lending and mutualisation of funds. The new model is intended to be 'overall cost-neutral'. Discussions will continue, but it is still uncertain

when EDIS will be introduced and, if introduced, what impact EDIS would have on the Issuer's business and operations.

## **2. Risks related to the regulation and supervision of the Issuer**

***Non-compliance with laws and/or regulations concerning financial services or financial institutions could result in fines and other liabilities, penalties or consequences for the Issuer, which could materially affect the Issuer's business and reduce its profitability. [Global Criticality: Medium]***

Despite its efforts to maintain effective compliance procedures and to comply with applicable laws and regulations, the Issuer has faced, and in the future may continue to face, the risk of consequences in connection with non-compliance with applicable laws and regulations. There are a number of risks in areas where applicable regulations may be unclear, subject to multiple interpretations or under development, or where regulations may conflict with one another, or where regulators revise their previous guidance or courts overturn previous rulings, which could result in the Issuer's failure to meet applicable standards. Regulators and other authorities have the power to bring administrative or judicial proceedings against the Issuer, which could result, among other things, in suspension or revocation of its licences, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action, which could materially harm its results and financial condition. If the Issuer fails to address, or appears to fail to address, any of these matters appropriately, its reputation could be harmed and it could be subject to additional legal risk, which could, in turn, increase the size and number of claims and damages brought against the Issuer or subject it to enforcement actions, fines and penalties.

***Changes in laws and/or regulations governing financial services or financial institutions or the application of such laws and/or regulations may increase the Issuer's operating costs and limit its activities. [Global Criticality: Medium]***

The Issuer is subject to detailed banking laws and government regulation in the jurisdictions in which it conducts business. Regulation of the industries in which the Issuer operates is becoming increasingly more extensive and complex, while also attracting scrutiny from regulators. Compliance with applicable and new laws and regulations is resources-intensive, and may materially increase the Issuer's operating costs. Moreover, these regulations can limit the Issuer's activities, among others, through stricter net capital, customer protection and market conduct requirements and restrictions on the businesses in which the Issuer can operate or invest. The Issuer's revenues and profitability and those of its competitors have been and will continue to be impacted by requirements relating to capital, additional loss-absorbing capacity, leverage, minimum liquidity and long-term funding levels, requirements related to resolution and recovery planning, derivatives clearing and margin rules and levels of regulatory oversight, as well as limitations on which and, if permitted, how certain business activities may be carried out by financial institutions.

***Failure to meet minimum capital and other prudential regulatory requirements as applicable to the Issuer from time to time may have a material adverse effect on its business, results and financial condition. [Global Criticality: Low]***

The Issuer is subject to regulations that require the Issuer to comply with minimum requirements for capital (own funds) and additional loss absorbing capacity, as well as for liquidity, and to comply with leverage restrictions.

The capital and liquidity requirements and leverage restrictions that apply to the Issuer result in various minimum capital ratios (of capital to risk-weighted assets) and liquidity ratios that the Issuer must maintain, and in a minimum leverage ratio (based on unweighted assets). A key capital ratio is the Common Equity Tier 1 ratio or CET1 ratio, which is the ratio of common equity tier 1 capital to the total risk exposure amount ("TREA", often referred to as risk-weighted assets or "RWA"). In addition to the capital requirements, the Issuer must maintain at all times a sufficient aggregate amount of own funds and 'eligible liabilities' (that is, liabilities that may be bailed in using the bail-in tool), known as the minimum requirements for own funds and eligible liabilities ("MREL").

Capital, liquidity and leverage requirements and their application and interpretation may change. Any changes may require the Issuer to maintain more capital or to raise a different type of capital by disqualifying existing capital instruments from continued inclusion in regulatory capital, requiring replacement with new capital instruments that meet the new criteria. Sometimes changes are introduced subject to a transitional period during which the new requirements are being phased in, gradually progressing to a fully phased-in, or fully-loaded, application of the requirements.

Any failure to comply with these requirements may have a material adverse effect on the Issuer's business, results and financial condition, and may require the Issuer to seek additional capital. The Issuer's business, results and financial condition may also be adversely affected if these requirements change, which may also require the Issuer to seek additional capital or a different type of capital.

### **3. Risks related to litigation, enforcement proceedings and investigations and to changes in tax laws**

***The Issuer may be subject to litigation, enforcement proceedings, investigations or other regulatory actions, and adverse publicity. [Global Criticality: Medium]***

The Issuer is involved in governmental, regulatory, arbitration and legal proceedings and investigations involving claims by and against it which arise in the ordinary course of its businesses, including in connection with its activities as financial services provider, employer, investor and taxpayer. As a financial institution, the Issuer is subject to specific laws and regulations governing financial services or financial institutions. Regulation of the industry in which the Issuer operates is becoming increasingly more extensive and complex, while also attracting scrutiny from regulators, and failure to comply with applicable and new laws and regulations may lead to litigation, enforcement proceedings, investigations or other regulatory actions, and adverse publicity. Financial reporting irregularities involving other large and well-known companies, possible findings of government authorities in various jurisdictions which are investigating several rate-setting processes, notifications made by whistle-blowers, increasing regulatory and law enforcement scrutiny of 'know your customer', anti-money laundering, tax evasion, prohibited transactions with countries or persons subject to sanctions, and bribery or other anti-corruption measures and anti-terrorist-financing procedures and their effectiveness, regulatory investigations of the banking industry, and litigation that arises from the failure or perceived failure by the Issuer to comply with legal, regulatory, tax and compliance requirements, could result in adverse publicity and reputational harm, lead to increased regulatory supervision, affect its ability to attract and retain customers and maintain access to the capital markets, result in cease and desist orders, claims, enforcement actions, fines and civil and criminal penalties or other disciplinary action, or have other material adverse effects on the Issuer in ways that are not predictable. Some claims and allegations may be brought by or on behalf of a class and claimants may seek large or indeterminate amounts of damages, including compensatory, liquidated, treble and punitive damages. The Issuer's reserves for litigation liabilities may prove to be inadequate.

Claims and allegations, should they become public, need not be well founded, true or successful to have a negative impact on the Issuer's reputation. In addition, press reports and other public statements that assert some form of wrongdoing could result in inquiries or investigations by regulators, legislators and law enforcement officials, and responding to these inquiries and investigations, regardless of their ultimate outcome, is time-consuming and expensive. Adverse publicity, claims and allegations, litigation and regulatory investigations and sanctions may have a material adverse effect on the Issuer's business, results, financial condition and/or prospects in any given period.

***The Issuer is exposed to the risk of claims from customers who feel misled or treated unfairly because of advice or information received [Global Criticality: Low]***

The Issuer's banking products and advice services for third-party products are exposed to claims from customers who might allege that they have received misleading advice or other information from advisers (both internal and external) as to which products were most appropriate for them, or that the terms and conditions of the products, the nature of the products or the circumstances under which the products were sold, were misrepresented to them. When new financial products are brought to the market, the Issuer engages in a multidisciplinary product approval process in connection with the

development of such products, including production of appropriate marketing and communication materials. Notwithstanding these processes, customers may make claims against the Issuer if the products do not meet expectations. Customer protection regulations, as well as changes in interpretation and perception by both the public at large and governmental authorities of acceptable market practices, influence customer expectations.

Products distributed through person-to-person sales forces have a higher exposure to such claims as the sales forces provide face-to-face financial planning and advisory services. Complaints may also arise if customers feel that they have not been treated reasonably or fairly, or that the duty of care has not been complied with. While a considerable amount of time and resources have been invested in reviewing and assessing historical sales practices and products that were sold in the past, and in the maintenance of effective risk management and legal and compliance procedures to monitor current sales practices, there can be no assurance that all of the issues associated with current and historical sales practices have been or will be identified, nor that any issues already identified will not be more widespread than presently estimated.

The negative publicity associated with any sales practices, and any compensation payable in respect of any such issues and regulatory changes resulting from such issues, has had and could have a material adverse effect on the Issuer's business, results, financial condition and prospects.

#### **4. Risks related to the Issuer's business and operations**

***Operational risks, such as systems disruptions or failures, breaches of security, cyber attacks, human error, changes in operational practices, inadequate controls including in respect of third parties with which the Issuer does business, natural disasters or outbreaks of communicable diseases may adversely impact its reputation, business and results. [Global Criticality: Medium]***

The Issuer faces the risk that the design and operating effectiveness of its controls and procedures may prove to be inadequate. Operational risks are inherent to the Issuer's business. The Issuer's businesses depend on the ability to process a large number of transactions efficiently and accurately. In addition, the Issuer routinely transmits, receives and stores personal confidential and proprietary information by email and other electronic means. Although the Issuer endeavours to safeguard its systems and processes, losses can result from inadequately trained or skilled personnel, IT failures (including due to a computer virus or a failure to anticipate or prevent cyber attacks or other attempts to gain unauthorised access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or impairing operational performance, or security breaches by third parties), inadequate or failed internal control processes and systems, regulatory breaches, human errors, employee misconduct including fraud, or from natural disasters or other external events that interrupt normal business operations. The Issuer depends on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. The equipment and software used in the Issuer's computer systems and networks may not always be capable of processing, storing or transmitting information as expected. Despite the Issuer's business continuity plans and procedures, certain of the Issuer's computer systems and networks may have insufficient recovery capabilities in the event of a malfunction or loss of data. As part of its "Accelerated Think Forward strategy", the Issuer is consistently managing and monitoring its IT risk profile globally. The Issuer is subject to increasing regulatory requirements including the EU General Data Protection Regulation ("**GDPR**") and the EU Payment Services Directive ("**PSD2**"). Failure to appropriately manage and monitor its IT risk profile could affect the Issuer's ability to comply with these regulatory requirements, to securely and efficiently serve its clients or to timely, completely or accurately process, store and transmit information, and may adversely impact its reputation, business and results.

Like other financial institutions and global companies, the Issuer is regularly the target of attempted cyber attacks. In particular, threats from Distributed Denial of Services (**DDos**), targeted attacks (also called advanced Persistent Threats) (**Targeted Attacks**) and ransomware (also known as cryptoviral extortion) (**Ransomware**) intensify worldwide, and attempts to gain unauthorised access, and the techniques used for such attacks are increasingly sophisticated. The Issuer may be exposed to the risks of misappropriation, unauthorised access, computer viruses or other malicious code, cyber attacks and other external attacks or internal breaches that could have a security impact. These events could also jeopardise the Issuer's confidential information or that of its clients or its

counterparties and this could be exacerbated by the increase in data protection requirements as a result of GDPR. These events can potentially result in financial loss and harm to the Issuer's reputation, hinder its operational effectiveness, result in regulatory censure, compensation costs or fines resulting from regulatory investigations and could have a material adverse effect on its business, reputation, revenues, results, financial condition and prospects. Even when the Issuer is successful in defending against cyber attacks, such defence may consume significant resources or impose significant additional costs on the Issuer.

Widespread outbreaks of communicable diseases may impact the health of the Issuer's employees, increasing absenteeism, or may cause a significant increase in the utilisation of health benefits offered to its employees, either or both of which could adversely impact the Issuer's business.

The Issuer also faces physical risks, including natural disasters as a direct result of climate change, such as extreme weather events or rising water levels, which could have a material adverse effect on its operations, particularly where its headquarters may be impacted. In addition, other events including unforeseeable and/or catastrophic events can lead to an abrupt interruption of activities, and the Issuer's operations may be subject to losses resulting from such disruptions.

***The inability of counterparties to meet their financial obligations could have a material adverse effect on the Issuer's results of operations. [Global Criticality: Medium]***

Third parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations. These parties include issuers and guarantors (including sovereigns) of securities the Issuer holds, borrowers under loans originated, reinsurers, customers, trading counterparties, securities lending and repurchase counterparties, counterparties under swaps, credit default and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. Defaults by one or more of these parties on their obligations to the Issuer due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, continuing low oil or other commodity prices, operational failure, or other factors, or even rumours about potential defaults by one or more of these parties or regarding the severe distress of the financial services industry generally, could have a material adverse effect on the Issuer's results of operations, financial condition and liquidity. Given the high level of interdependence between financial institutions, the Issuer is and will continue to be subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of sovereigns and other financial services institutions. This is particularly relevant to the Issuer's franchise as an important and large counterparty in equity, fixed income and foreign exchange markets, including related derivatives.

The Issuer routinely executes a high volume of transactions, such as unsecured debt instruments, derivative transactions and equity investments, with counterparties and customers in the financial services industry, including brokers and dealers, commercial and investment banks, mutual and hedge funds, insurance companies, institutional clients, futures clearing merchants, swap dealers and other institutions, resulting in large periodic settlement amounts, which may result in the Issuer having significant credit exposure to one or more of such counterparties or customers. As a result, the Issuer could face concentration risk with respect to liabilities or amounts it expects to collect from specific counterparties and customers. The Issuer is exposed to increased counterparty risk as a result of recent financial institution failures and weakness and will continue to be exposed to the risk of loss if counterparty financial institutions fail or are otherwise unable to meet their obligations. A default by, or even concerns about the creditworthiness of, one or more of these counterparties or customers or other financial services institutions could therefore have an adverse effect on the Issuer's results of operations or liquidity.

With respect to secured transactions, the Issuer's credit risk may be exacerbated when the collateral held by the Issuer cannot be realised, or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to it. The Issuer also has exposure to a number of financial institutions in the form of unsecured debt instruments, derivative transactions and equity investments. For example, the Issuer holds certain hybrid regulatory capital instruments issued by financial institutions which permit the Issuer to cancel coupon payments on the occurrence of certain events or at their option. The EC has indicated that, in certain circumstances, it may require these financial institutions to cancel payment. If this were to happen, the Issuer expects that such instruments may experience ratings downgrades and/or a drop in value and it may have to treat them as impaired, which could result in significant losses. There is no assurance that losses on, or impairments to the

carrying value of, these assets would not materially and adversely affect the Issuer's business, results of operations or financial condition.

In addition, the Issuer is subject to the risk that its rights against third parties may not be enforceable in all circumstances. The deterioration or perceived deterioration in the credit quality of third parties whose securities or obligations the Issuer holds could result in losses and/or adversely affect its ability to rehypothecate or otherwise use those securities or obligations for liquidity purposes. A significant downgrade in the credit ratings of its counterparties could also have a negative impact on the Issuer's income and risk weighting, leading to increased capital requirements. While in many cases the Issuer is permitted to require additional collateral from counterparties that experience financial difficulty, disputes may arise as to the amount of collateral it is entitled to receive and the value of pledged assets. Also in this case, its credit risk may also be exacerbated when the collateral the Issuer holds cannot be liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to it, which is most likely to occur during periods of illiquidity and depressed asset valuations, such as those experienced during the financial crisis of 2008. The termination of contracts and the foreclosure on collateral may subject the Issuer to claims. Bankruptcies, downgrades and disputes with counterparties as to the valuation of collateral may also tend to increase in times of market stress and illiquidity. Any of these developments or losses could materially and adversely affect the Issuer's business, financial condition, results of operations, liquidity and/or prospects.

***The Issuer may be exposed to business, operational, regulatory, reputational and other risks in connection with climate change. [Global Criticality: Medium]***

Climate change is an area of significant focus for governments and regulators, investors and the Issuer's customers, and developments with respect to climate change topics may expose the Issuer to significant risks. The perception of climate change as a risk by civil society, shareholders, governments and other stakeholders continues to increase, including in relation to the financial sector's operations and strategy, and international actions, such as the Paris agreement on CO2 emissions, may also result in financial institutions coming under increased pressure from such stakeholders regarding the management and disclosure of their climate risks and related lending and investment activities. For further information regarding the alignment of the Issuer's lending portfolio with its climate-related goals, see 'Description of the Issuer. – ING Strategy – Responsible finance' section. Additionally, rising climate change concerns may lead to additional regulation that could increase the Issuer's operating costs or negatively impact the profitability of its investments and lending activities, including those involving the natural resources sector. The Issuer may incur substantial costs in complying with current or future laws and regulations relating to climate change, including with respect to international actions regulating or restricting CO2 emissions or changes in capital requirements regulations in response to climate change. In addition, the Issuer is exposed to transition risks related to climate change, which result from changes in the behaviour of economic and financial actors in response to the implementation of energy policies or technological changes. Any of these risks may result in changes in the Issuer's business or other liabilities or costs, including exposure to reputational risks, any of which may have a material and adverse impact on the Issuer's business, results or financial condition.

***Risks relating to the Issuer's use of quantitative models or assumptions to model client behaviour for the purposes of its market calculations may adversely impact its reputation or results. [Global Criticality: Medium]***

The Issuer uses quantitative methods, systems or approaches that apply statistical, economic financial, or mathematical theories, techniques and assumptions to process input data into quantitative estimates. Errors in the development, implementation, use or interpretation of such models, or from incomplete or incorrect data, can lead to inaccurate, noncompliant or misinterpreted model outputs, which may adversely impact the Issuer's reputation and results. In addition, the Issuer uses assumptions in order to model client behaviour for the calculations of the risk in its banking books. Assumptions are used to determine the interest rate risk profile of savings and current accounts and to estimate the embedded option risk in the loan books (including mortgages) and investment portfolios. Assumptions based on past client behaviour may not always be a reliable indicator of future behaviour. The realisation or use of different assumptions to determine client behaviour could have a material adverse effect on the calculated risk figures and ultimately the Issuer's future results or operations. Furthermore, the Issuer may be subject to risks related to

changes in the laws and regulations governing the risk management practices of financial institutions. Regulation of the industries in which the Issuer operates is becoming increasingly more extensive and complex, while also attracting scrutiny from regulators. Compliance failures may lead to changes in the laws and regulations governing the risk management practices and materially increase the Issuer's operating costs.

***The Issuer may be unable to manage its risks successfully through derivatives. [Global Criticality: Low]***

The Issuer employs various economic hedging strategies with the objective of mitigating the market risks that are inherent in its business and operations. These risks include currency fluctuations, changes in the fair value of its investments, the impact of interest rates, equity markets and credit spread changes, the occurrence of credit defaults and changes in client behaviour. The Issuer seeks to control these risks by, among other things, entering into a number of derivative instruments, such as swaps, options, futures and forward contracts, including, from time to time, macro hedges for parts of its business, either directly or as a counterparty or as a credit support provider to affiliate counterparties. Developing an effective strategy for dealing with these risks is complex, and no strategy can completely insulate the Issuer from risks associated with those fluctuations. The Issuer's hedging strategies also rely on assumptions and projections regarding its assets, liabilities, general market factors, and the creditworthiness of its counterparties that may prove to be incorrect or prove to be inadequate. Accordingly, the Issuer's hedging activities may not have the desired beneficial impact on its results or financial condition. Poorly designed strategies or improperly executed transactions could actually increase the Issuer's risks and losses. Hedging strategies involve transaction costs and other costs, and, if the Issuer terminates a hedging arrangement, it may also be required to pay additional costs, such as transaction fees or breakage costs. There have been periods in the past, and it is likely that there will be periods in the future, during which the Issuer has incurred or may incur losses on transactions, possibly significant, after taking into account its hedging strategies. Further, the nature and timing of the Issuer's hedging transactions could actually increase its risk and losses. Hedging instruments the Issuer uses to manage product and other risks might not perform as intended or expected, which could result in higher (un)realised losses, such as credit value adjustment risks or unexpected P&L effects, and unanticipated cash needs to collateralise or settle such transactions. Adverse market conditions can limit the availability and increase the costs of hedging instruments, and such costs may not be recovered in the pricing of the underlying products being hedged. In addition, hedging counterparties may fail to perform their obligations resulting in unhedged exposures and losses on positions that are not collateralised. As such, the Issuer's hedging strategies and the derivatives that the Issuer uses or may use may not adequately mitigate or offset the risks they intend to cover and the Issuer's hedging transactions may result in losses. Also, while the Issuer's hedging strategies address (partially) the economic risks as estimated by appropriate customer behaviour models and other elements, these can lead to an accounting impact on the earnings of the Issuer (as some hedges are accounted at fair value on the P&L following a de-designation of some hedge accounting relationships). This P&L volatility could impact the Issuer reputation and, for instance, capacity to finance itself.

The Issuer's hedging strategy additionally relies on the assumption that hedging counterparties remain able and willing to provide the hedges required by its strategy. Increased regulation, market shocks, worsening market conditions (whether due to the ongoing euro crisis or otherwise) and/or other factors that affect or are perceived to affect the financial condition, liquidity and creditworthiness of the Issuer may reduce the ability and/or willingness of such counterparties to engage in hedging contracts with it and/or other parties, affecting the Issuer's overall ability to hedge its risks and adversely affecting its business, results and financial condition.

***An inability to retain or attract key personnel may affect the Issuer's business and results. [Global Criticality: Low]***

The Issuer relies to a considerable extent on the quality of its senior management, such as members of the executive committee, and management in the jurisdictions which are material to the Issuer's business and operations. The success of the Issuer's operations is dependent, among other things, on its ability to attract and retain highly qualified personnel. Competition for key personnel in countries in which the Issuer operates is intense. The Issuer's ability to attract and retain key personnel, in particular in areas such technology and operational management, client relationship management,

finance, risk and product development, is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent.

The (increasing) restrictions on remuneration, plus the public and political scrutiny, will continue to have an impact on the Issuer remuneration policies and individual remuneration packages for personnel. For example, under the EU's amended Shareholder Rights Directive, known as 'SRD II', which came into effect on 10 June 2019, the Issuer is required to hold a shareholder advisory vote on the Issuer's remuneration policy for directors and on the annual remuneration report for such directors. This may restrict the Issuer's ability to offer competitive compensation compared with companies (financial and/or non-financial) that are not subject to such restrictions and it could adversely affect the Issuer's ability to retain or attract key personnel, which, in turn, may affect the Issuer's business and results.

Following the Issuer's restructuring in 2016, an early-leave plan has been offered to employees of 55+ years old. Employees who apply and meet certain criteria will no longer be required to perform services under their existing labour agreement with the Issuer, but will -subject to certain conditions- still receive a monthly compensation until their respective retirement age. The loss of experienced personnel may affect the Issuer's business and results.



## **PART 2 – RISK FACTORS RELATING TO THE MORTGAGE PANDBRIEVEN**

### **1. Risks related to all types of Mortgage Pandbrieven**

#### ***A. Risks related to the Nature, Structure and Issuance of the Mortgage Pandbrieven***

##### **Holdings by the Issuer and affiliates**

In accordance with Article 12, §1 of Annex III to the Credit Institutions Supervision Law, the Issuer is explicitly allowed to subscribe or acquire its own Mortgage Pandbrieven. Furthermore, there are no restrictions included in the Conditions for affiliates of the Issuer to subscribe or acquire Mortgage Pandbrieven which may therefore hold a position in the Mortgage Pandbrieven. Based on Condition 7.1.3, only the Issuer shall not have any voting rights with respect to the Mortgage Pandbrieven it holds.

##### **Potential conflicts of interest between the Issuer acting as Calculation Agent and the Pandbrieven Holders**

The Calculation Agent is entitled to carry out a series of determinations which affect the Mortgage Pandbrieven. Such determinations could have an adverse effect on the value of the Mortgage Pandbrieven and on the amounts payable to investors under the Conditions of the Mortgage Pandbrieven, whether in the case of an early redemption event or at maturity, giving rise to a potential conflict of interest in respect of the interests of the Pandbrieven Holders.

##### **Mortgage Pandbrieven Holders' Representative's powers may affect the interests of individual Pandbrieven Holders**

The Mortgage Pandbrieven Holders' Representative shall, in connection with the exercise of its powers, authorities and discretions (including, without limitation, any modification or determination), have regard to the general interests of the Pandbrieven Holders as a whole, but shall not have regard to any interests arising from circumstances particular to individual Pandbrieven Holders or the consequences of any such exercise for individual Pandbrieven Holders. Accordingly, a conflict of interest may arise to the extent that the interests of particular Pandbrieven Holders are not aligned with those of the Pandbrieven Holders generally.

##### **Currency exchange rate risk**

The Issuer will pay interest and principal on the Mortgage Pandbrieven in the Specified Currency. This presents certain risks relating to currency conversion if the Pandbrieven Holder's financial activities are denominated principally in a currency or currency unit (**Investor's Currency**) other than the Specified Currency. These include the risk exchange rate may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency's equivalent yield on the Mortgage Pandbrieven, (2) the Investor's Currency equivalent value, and (3) the Investor's Currency equivalent market value of the Mortgage Pandbrieven.

Government and monetary authorities may impose (as some have done in the past) exchange controls that would adversely affect an applicable exchange rate and/or restrict currency within or outside of a particular jurisdiction which in turn would adversely affect the ability by the Issuer to make payment in respect of the Mortgage Pandbrieven. As a result, investors may receive less interest and principal than expected, or receive it later than expected.

#### **B. Secondary Market Risks**

##### **Risk of no Eurosystem eligibility may lead to illiquidity and/or a lower market value**

Mortgage Pandbrieven may be issued with the intention to be held in a manner which will allow Eurosystem eligibility. However, it does not necessarily mean that each Mortgage Pandbrieven will be

recognised as eligible collateral for monetary policy of the Eurosystem and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will, as in any particular case, depend upon satisfaction of all Eurosystem eligibility criteria at the relevant time and there can be no assurance that such Mortgage Pandbrieven will be recognised as such or will remain to be recognised as such. If the Mortgage Pandbrieven are in this case not recognised as such, this is likely to have a negative impact on the liquidity and/or market value of such Mortgage Pandbrieven.

**Even if application is made to list Mortgage Pandbrieven on a stock exchange, there can be no assurance that a secondary market for any of the Mortgage Pandbrieven will develop, or, if a secondary market does develop, that it will provide the holders of the Mortgage Pandbrieven with liquidity or that it will continue for the life of the Mortgage Pandbrieven.**

Limited liquidity in the secondary market for mortgage-backed securities has had an adverse effect on the market value of mortgage-backed securities (including covered bonds). Limited liquidity in the secondary market may continue to have an adverse effect on the market value of mortgage-backed securities, especially those securities, like Mortgage Pandbrieven, that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. These types of Mortgage Pandbrieven generally would have a more limited secondary market and more price volatility than conventional debt securities. Consequently, an investor in Mortgage Pandbrieven may not be able to sell its Mortgage Pandbrieven readily. As a result thereof, the market values of the Mortgage Pandbrieven are likely to fluctuate and may be difficult to determine. Any of these fluctuations may be significant and could result in significant losses to such investor. The investor in Mortgage Pandbrieven can especially be affected by the uncertainty following from the fluctuations in an illiquid market if it is not prepared to hold such Mortgage Pandbrieven until redemption of the Mortgage Pandbrieven.

A decrease in the liquidity of an issue of Mortgage Pandbrieven may cause, in turn, an increase in the volatility associated with the price of such issue of Mortgage Pandbrieven. Any investor in the Mortgage Pandbrieven must be prepared to hold such Mortgage Pandbrieven for an indefinite period of time or until redemption of the Mortgage Pandbrieven. If any person begins making a market for the Mortgage Pandbrieven, it is under no obligation to continue to do so and may stop making a market at any time. Illiquidity may have a severely adverse effect on the market value of Mortgage Pandbrieven.

**It remains uncertain which effect the continuation, the amendments to or the termination of the ECB asset purchase programmes have on the volatility in the financial markets and the overall economy and on the value of the Mortgage Pandbrieven and their liquidity in the secondary markets.**

In September 2014, the European Central Bank (the "ECB") initiated an asset purchase programme whereby it envisages to bring inflation back to levels in line with the ECB's objective to maintain the price stability in the euro area and, also, to help enterprises across Europe to enjoy better access to credit, boost investments, create jobs and thus support the overall economic growth. The expanded asset purchase programme encompasses the earlier announced asset-backed securities purchase programme and the covered bond purchase programme. On 25 October 2018, the ECB announced that it will continue to make net purchases at the monthly pace of EUR 15 billion until the end of December 2018 and, that subject to incoming data confirming the medium-term inflation outlook, net purchases will then end. As of 2019, the ECB will, however, maintain its policy to reinvest the principal payments from maturing securities under these programmes as long as deemed necessary. In addition, on 12 September 2019, the ECB announced net purchases will be restarted under the asset purchase programme at a monthly pace of EUR 20 billion as from 1 November 2019 and for as long as deemed necessary. On 18 March 2020, the Governing Council of the ECB decided to launch a new temporary asset purchase programme of private and public sector securities to counter the serious risks to the monetary policy transmission mechanism and the outlook for the euro area posed by the outbreak and escalating diffusion of the coronavirus, COVID-19. This new Pandemic Emergency Purchase Programme (PEPP) will have an overall envelope of EUR 750 billion. Purchases will be conducted until the end of 2020 and will include all the asset categories eligible under the existing asset purchase programme. It remains to be seen what the effect of this restart of the purchase programmes and the new Pandemic Emergency Purchase Programme will be on the volatility in the financial markets and the overall economy in the Eurozone and the wider European

Union and the UK. In addition, the restart and/or a termination of these asset purchase programmes could have an adverse effect on the secondary market value of the Mortgage Pandbrieven and the liquidity in the secondary market for Mortgage Pandbrieven. The Mortgage Pandbrieven should be aware that they may suffer loss if they intend to sell any of the Mortgage Pandbrieven on the secondary market for such Mortgage Pandbrieven as a result of the impact the restart of the asset purchase programmes and/or a potential termination of the asset purchase programmes may have on the secondary market value of the Mortgage Pandbrieven and the liquidity in the secondary market for the Mortgage Pandbrieven.

## **C. Legal and Regulatory Risks Regarding the Mortgage Pandbrieven**

### **Change in Law**

The Mortgage Pandbrieven are based on Belgian law, tax rules, regulations, guidelines and administrative practice in effect as at the date of the relevant Mortgage Pandbrieven. No assurance can be given that there will be no change to such law, tax rules, regulations, guidelines and administrative practice after the date of issuance of the relevant Mortgage Pandbrieven which might have an adverse impact on the Mortgage Pandbrieven. Such changes may occur at any time (including during any subscription period or the term of the Mortgage Pandbrieven), resulting in an adverse effect on a Pandbrieven Holder, including that the Mortgage Pandbrieven may be redeemed before their due date, their liquidity may decrease and/or the tax treatment of amounts payable to or receivable by an affected Pandbrieven Holder may be less than otherwise expected by such Pandbrieven Holder.

On 27 November 2019 the Directive (EU) 2019/2162 of the European Parliament and of the Council on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EC (the "**Covered Bond Directive**") and Regulation (EU) 2019/2160 of the European Parliament and of the Council amending Regulation 575/213 as regards exposures in the form of covered bonds (the "**Covered Bond Regulation**"), have been adopted. The Covered Bond Directive and the Covered Bond Regulation aim to foster the development of covered bonds across the European Union. The Covered Bond Directive (i) provides a common definition of covered bonds, which will represent a consistent reference for prudential regulation purposes, (ii) defines the structural features of covered bonds, (iii) defines the tasks and responsibilities for the supervision of covered bonds and (iv) sets out the rules allowing the use of the 'European Covered Bonds' label. The Covered Bond Directive should be implemented in each Member State by 8 July 2021 and should apply at the latest from 8 July 2022. Until the Covered Bond Directive has been implemented, it is uncertain if or how the proposals will affect the Issuer, the Special Estate, the market for covered bonds in general and/or the Mortgage Pandbrieven.

## **D. Risks relating to the Special Estate and its Cover Assets**

### **Reduced value of the Cover Assets**

The Pandbrieven Holders together with the Other Cover Pool Creditors will have an exclusive recourse against the Special Estate in the event the Issuers fails to make any payments of principal or interest, in part or in full. The main asset category of the Special Estate will consist of Residential Mortgage Loans, their Related Security and all monies derived therefrom from time to time in accordance with the Belgian Covered Bond Regulations. The value of the Special Estate may vary over time, as the economic value of the Cover Assets may increase or decrease. The Issuer makes no representation, warranty or guarantee that the value of the Cover Assets will remain at the same level as it was on the date of the origination of the related Residential Mortgage Loan or at any other time. There is no assurance that in case of realisation of the Special Estate, the liquidation proceeds will be sufficient to pay all amounts due to the Mortgage Pandbrieven Holders.

Below five factors in particular may affect the value of the Special Estate.

(1) *Payments on Residential Mortgage Loans are subject to credit, liquidity and interest rate risks*

Payments on the Residential Mortgage Loans are subject to credit, liquidity and interest rate risks. This may be due to general economic factors such as market interest rates, inflation, changes in the

national or international economic climate, regional economic or housing conditions, changes in tax laws and regulatory changes and developments. Also individual factors related to the Borrower (such as loss of earnings, illness, divorce and other similar factors) and its financial standing may lead to an increase in filings for a collective debt arrangement or bankruptcy proceedings by Borrowers and delinquencies. Each of these factors may have an adverse impact on the ability of Borrowers to repay their Residential Mortgage Loan and could reduce the value of the Residential Mortgage Loans (and potential losses) in case the Special Estate would need to be liquidated.

On 22 March 2020, the Belgian banks, the National Bank of Belgium and the Belgian Minister for Finance announced financial support for people facing financial difficulties as a result of the COVID-19 outbreak. In particular, mortgage-payers that satisfy a number of criteria can request the deferment of their mortgage repayments for a period of up to 6 months. This measure affects payments on Residential Mortgage Loans.

(2) *Risks of losses associated with declining real estate values and geographical concentration of the Residential Mortgage Loans*

The value of the Residential Mortgage Loans included as Cover Assets in the Special Estate may be affected by, among other things, a decline in property values of the real estate securing such Residential Mortgage Loans. Certain geographic regions may thereby be subject to weaker regional conditions and housing markets than others. Although borrowers are located throughout Belgium, the Borrowers may be concentrated in certain locations. No assurance can be given that property values will remain at the level at which they were on the date of origination of the relevant Residential Mortgage Loans.

(3) *Property valuations may not accurately reflect the value or condition of the mortgaged property and actual foreclosure proceeds may be lower than the estimated foreclosure value*

In general, valuations relating to mortgaged property represent the analysis and opinion of the person performing the valuation at the time the valuation is prepared and are not guarantees of, and may not be indicative of, present or future value of that mortgaged property. There can be no assurance that another person would have arrived at the same valuation, even if such person used the same general approach to, and same method of, valuing the property.

(4) *Changes to the Origination Criteria of the Issuer*

The Residential Mortgage Loans are originated in accordance with the Issuer's origination criteria at the time of origination. Such origination criteria will generally consider, *inter alia*, type of property, term of loan, age of applicant, the loan-to-value ratio, status of applicant and credit history. The Issuer retains the right to revise its origination criteria from time to time but it would only do so if such a change would be required in accordance with applicable laws and regulations or acceptable to a reasonable, prudent mortgage lender. If the origination criteria change in a manner that results in the Issuer applying more flexible acceptance criteria for Residential Mortgage Loans, this may lead to increased delinquencies and defaults under the Residential Mortgage Loans and may affect the realisable value of the Special Estate, or part thereof. This may in turn impact on the ability of the Issuer to make payments under the Mortgage Pandbrieven.

(5) *Realisation of the Special Estate and Sale of Cover Assets*

Following its appointment, the Cover Pool Administrator, or any person appointed by the Cover Pool Administrator, will furthermore be entitled to sell, in whole or in part, the Cover Assets in order to help satisfy the Issuer's obligations in respect of the Mortgage Pandbrieven. There is no guarantee that the Cover Pool Administrator will be able to sell in whole or in part the Cover Assets as the Cover Pool Administrator may not be able to find a buyer at the time it chooses to sell.

**Set-off risk**

The registration of Residential Mortgage Loans as Cover Assets in the Special Estate will, in principle, not be notified to the underlying debtors. Under Belgian law, legal set-off occurs where two persons

hold claims against each other, provided, in general, that their debts exist, are fungible, liquid (*vaststaand/liquide*) and due (*opeisbaar/exigible*). As a result, set-off rights may therefore continue to arise in respect of cross-claims between an underlying debtor of a Residential Mortgage Loan and the Issuer, potentially reducing amounts receivable by the Special Estate.

Pursuant to the Mobilisation Law, a Residential Mortgage Loan in the Special Estate will however no longer be subject to set-off risk by the underlying debtor: (a) following notification of the registration/transfer of the relevant loan to the underlying debtor (or acknowledgement thereof by the underlying debtor), to the extent the conditions for set-off are only satisfied after such notification (or acknowledgment); and (b) regardless of any notification or acknowledgment of the registration/transfer, following the start of insolvency proceedings or the occurrence of a situation of concurrence of creditors (*samenloop/concours*) in relation to the Issuer, to the extent the conditions for set-off are only satisfied following or as a result of such insolvency proceedings or concurrence of creditors.

The Residential Mortgage Loans in the Special Estate may nevertheless still be subject to the rights of the underlying debtors of Residential Mortgage Loans to invoke set-off to the extent that the relevant claims against the Issuer arise, or the conditions for set-off against the Issuer are met, prior to the earlier of (i) the notification (or acknowledgment) of the registration of the loan or (ii) the start of insolvency proceedings or the occurrence of a situation of concurrence of creditors in respect the Issuer. The exercise of set-off rights by underlying debtors may adversely affect the value of the Special Estate, may additionally affect any sale proceeds of the Special Estate and may ultimately affect the ability of the Issuer or the Cover Pool Administrator, as applicable, to make payments under the Mortgage Pandbrieven.

### **Recourse on the General Estate and general liens**

The Credit Institutions Supervision Law introduced a general lien on movable assets for the benefit of the deposit guarantee fund as well as a general lien on moveable assets for the benefit of natural persons and SMEs for deposits exceeding EUR 100,000. These general liens, which entered into force on the 3<sup>rd</sup> of March 2015, could have an impact on the recourse that the Special Estate (or any Pandbrieven Holder) would have on the General Estate of the Issuer 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 Credit Institutions Supervision Law.

### **Reliance on third parties**

The Special Estate has entered into agreements with a number of third parties which have agreed to perform services for the Special Estate. The ability of the Special Estate to duly perform its obligations under the Mortgage Pandbrieven will depend to a large extent on the due performance by other third parties of their obligations and duties under the Programme Documents.

## **2. Risks related to certain types of Mortgage Pandbrieven**

The Programme allows for the issuance of different types of Mortgage Pandbrieven with a wide variety of distinctive features. Certain features may create particular risk for potential investors.

### ***Redemption of the Mortgage Pandbrieven by the Issuer***

The applicable Final Terms will indicate whether the Mortgage Pandbrieven are subject to an optional redemption feature. Such feature in any Mortgage Pandbrieven may negatively impact their market value. During any period when the Issuer may elect to redeem Mortgage Pandbrieven, the market value of those Mortgage Pandbrieven generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

If the Issuer redeems the Mortgage Pandbrieven prior to maturity, a holder of such Mortgage Pandbrieven is exposed to the risk that, due to early redemption, its investment will have a lower than expected yield. The Issuer may be expected to redeem Mortgage Pandbrieven when its cost of

borrowing is lower than the interest rate on the Mortgage Pandbrieven. If the Mortgage Pandbrieven are redeemed at the option of the Issuer, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Mortgage Pandbrieven being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Any redemption prior to the Final Maturity Date as set out above could have a material adverse effect on the value of the Mortgage Pandbrieven as the relevant redemption amount may be less than the then current market value of the Mortgage Pandbrieven.

### ***Mortgage Pandbrieven with an Extended Maturity Date***

The Final Terms applicable to a Series of Mortgage Pandbrieven may provide that the obligations of the Issuer to pay the Principal Amount Outstanding due on the relevant Maturity Date (the **Final Redemption Amount**) may be deferred until a later date (such date the **Extended Maturity Date**). To the extent an Extended Maturity Date is applicable in respect of a Series of Mortgage Pandbrieven, the Pandbrieven Holders are subject to an extension risk. The extension of the Maturity Date will occur automatically if the Issuer has failed to pay any amount of the Final Redemption Amount within fourteen Business Days after the applicable Final Maturity Date of such Series (as specified in the applicable Final Terms). Notwithstanding such extension, the Issuer shall be entitled to pay any amount of Final Redemption Amount remaining unpaid on the relevant Maturity Date, on any Interest Payment Date thereafter up to (and including) the Extended Maturity Date. The payment of the Final Redemption Amount shall become due and payable on the Extended Final Maturity Date of the relevant Series, as specified in the applicable Final Terms.

In the event the maturity of the Final Redemption Amount is extended from the applicable Maturity Date until the Extended Maturity Date, the Pandbrieven Holders shall not be entitled to accelerate the Mortgage Pandbrieven or to take any action against the Issuer and the Special Estate. The amount unpaid under the Mortgage Pandbrieven will continue to accrue interest up to the Extended Maturity Date in accordance with the Conditions and the Issuer will make payments of accrued interest on each relevant Interest Payment Date up to (and including) the Extended Maturity Date, until the Final Redemption Amount is paid in full. Unless otherwise set out in the applicable Final Terms of the relevant Series, no other amount is payable as a result of the extension of the Maturity Date being triggered.

It should be noted that an extension of the maturity of a particular Series of Mortgage Pandbrieven will not automatically result in an extension of the maturity date of any other Series. However, any other Series of Mortgage Pandbrieven, the Maturity Date of which falls due for payment within the same calendar month as an Interest Payment Date for a Series of Mortgage Pandbrieven to which an Extended Maturity Date applies, will only be redeemed if and to the extent that the Issuer is able to redeem in full (in such calendar month) the Series to which the Extended Maturity Date applies. If it is unable to do so, or is unable to redeem in full the Series to which an Extended Maturity Date did not apply, then such Series will also (to the extent not redeemed in full within fourteen Business Days of the relevant Maturity Date) become subject to extension of its Maturity Date.

### ***Fixed Rate Mortgage Pandbrieven***

Investors in Fixed Rate Mortgage Pandbrieven are exposed to a decrease in value of their investment that could result in case of subsequent increases of market interest rates. If the Final Terms of the Mortgage Pandbrieven 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.

### ***Floating Rate Mortgage Pandbrieven***

A key difference between Floating Rate Mortgage Pandbrieven and Fixed Rate Mortgage Pandbrieven is that interest income on Floating Rate Mortgage Pandbrieven cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Mortgage Pandbrieven 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 Final Terms of the Mortgage

Pandbrieven 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.

Furthermore, the Terms and Conditions of Floating Mortgage Pandbrieven provide for certain fallback arrangements in the event that a published benchmark, including an inter-bank offered rate such as EURIBOR or other relevant reference rates (including any page on which such benchmark may be published (or any successor service)) becomes unavailable or a Benchmark Event otherwise occurs. This includes the possibility that the rate of interest could then be set by reference to a successor rate or an alternative reference rate and that such successor rate or alternative reference rate may be adjusted (if required) in order to reduce or eliminate, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, all as determined by the Issuer (acting in good faith and in consultation with an Independent Adviser). In certain circumstances the ultimate fallback for the purposes of calculation of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. For example, this may result in the effective application of a fixed rate for Floating Rate Mortgage Pandbrieven based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the trading market for, liquidity of, value of and return on the relevant Mortgage Pandbrieven. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under such Mortgage Pandbrieven or could have a material adverse effect on the value or liquidity of, and the amount payable under, or in respect of, such Mortgage Pandbrieven. Investors should consider these matters when making their investment decision with respect to the relevant Mortgage Pandbrieven.

Furthermore, if EURIBOR or any other relevant interest rate benchmark is discontinued, and whether or not Benchmark Amendments are made under Condition 4.7 (d) to change the base rate with respect to the Floating Rate Mortgage Pandbrieven as described in the second paragraph above, there can be no assurance that the applicable fall-back provisions under any swap agreements would operate to allow the transactions under such swap agreements to effectively mitigate interest rate risk in respect of the Mortgage Pandbrieven.

In addition, it should be noted that broadly divergent interest rate calculation methodologies may develop and apply as between the Residential Mortgage Loans and the Mortgage Pandbrieven due to applicable fall-back provisions or other matters and the effects of this are uncertain but could include a reduction in the amounts available to the Issuer to meet its obligations under the Mortgage Pandbrieven.

### ***Zero Coupon Mortgage Pandbrieven***

Changes in market interest rates have a substantially stronger impact on the prices of Zero Coupon Mortgage Pandbrieven than on the prices of ordinary Mortgage Pandbrieven because the discounted issue prices are substantially below par. If market interest rates increase, Zero Coupon Mortgage Pandbrieven can suffer higher price losses than other Mortgage Pandbrieven having the same maturity and credit rating. Due to their leverage effect, Zero Coupon Mortgage Pandbrieven are a type of investment associated with a particularly high price risk.

### ***Mortgage Pandbrieven where Maximum Rate of Interest applies***

Mortgage Pandbrieven where a Maximum Rate of Interest applies, have an interest rate that is subject to a maximum specified rate. The maximum amount of interest payable in respect of these Mortgage Pandbrieven will occur when the sum of the relevant reference rate and the specified margin (if any) equals the maximum specified rate. Investors in such Mortgage Pandbrieven will therefore not benefit from any increase in the relevant reference rate which, when the specified margin is added to such reference rate, would otherwise cause such interest rate to exceed the maximum specified rate. The market value of these Mortgage Pandbrieven would therefore typically

fall if the sum of the relevant reference rate and the margin becomes closer to the maximum specified rate.

***Mortgage Pandbrieven issued at a substantial discount or premium***

The market values of securities issued at a substantial discount (such as Zero Coupon Mortgage Pandbrieven) or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than prices for conventional interest-bearing securities do. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

***Mortgage Pandbrieven including a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa***

Depending upon the Interest Basis shown in the applicable Final Terms, the Issuer may issue Fixed/Floating Rate Mortgage Pandbrieven. Such Mortgage Pandbrieven may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market (liquidity) and the market value of the Mortgage Pandbrieven since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing which may result in a lower interest return for Mortgage Pandbrieven Holders. If the Issuer converts from a fixed rate to a floating rate, the margin relating to such Fixed/Floating Rate Mortgage Pandbrieven may be less favourable (lower) than then prevailing margins on comparable Floating Rate Mortgage Pandbrieven tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Mortgage Pandbrieven. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Mortgage Pandbrieven and could affect the interest payments and consequentially the market value of an investment in the relevant Mortgage Pandbrieven.





## IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus in respect of Mortgage Pandbrieven issued under the Programme for the purposes of Article 8 of the Prospectus Regulation.

The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Market data and other statistical information used in this Base Prospectus has been extracted from a number of sources, including independent industry publications, government publications, reports by market research firms or other independent publications (each an **Independent Source**). The Issuer 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 the relevant Independent Source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus. Potential investors in the Mortgage Pandbrieven should be aware that any website referred to in this document does not form part of this Base Prospectus and has not been scrutinised or approved by the FSMA.

Neither the Arranger, nor the Dealers, nor the Mortgage Pandbrieven Holders' Representative (as defined below) have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger, the Dealers or the Mortgage Pandbrieven Holders' Representative as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. None of the Arranger, the Dealers or the Mortgage Pandbrieven Holders' Representative accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

To the fullest extent permitted by law, any Dealer appointed under the Programme from time to time does not accept any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by the Dealer or on its behalf in connection with the Issuer or the issue and offering of the Mortgage Pandbrieven. Each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to in this section) which it might otherwise have in respect of this Base Prospectus or any such statement. The statements made in this paragraph are made without prejudice to the responsibility of the Issuer under the Programme.

No person is or has been authorised by the Issuer, the Arranger, any of the Dealers or the Mortgage Pandbrieven Holders' Representative to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Mortgage Pandbrieven and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger, any of the Dealers or the Mortgage Pandbrieven Holders' Representative.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Mortgage Pandbrieven (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Arranger, any of the Dealers or the Mortgage Pandbrieven Holders' Representative that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Mortgage Pandbrieven should purchase any Mortgage Pandbrieven. Each investor contemplating purchasing any Mortgage Pandbrieven should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Mortgage Pandbrieven constitutes an offer or invitation by or on behalf of the Issuer, the Arranger, any of the Dealers or the

Mortgage Pandbrieven Holders' Representative to any person to subscribe for or to purchase any Mortgage Pandbrieven.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Mortgage Pandbrieven shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Mortgage Pandbrieven Holders' Representative expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Mortgage Pandbrieven of any information coming to their attention. Investors should review, *inter alia*, the documents incorporated herein by reference when deciding whether or not to purchase any Mortgage Pandbrieven.

This Base Prospectus contains certain statements that are forward-looking statements with respect to the Issuer's business strategies, expansion and growth of operations, trends in its business, competitive advantage, and technological and regulatory changes, information on exchange rate risk and generally including all statements preceded by, followed by or that include the words "**believe**", "**expect**", "**project**", "**anticipate**", "**seek**", "**estimate**" or similar expressions. Such forward-looking statements are not guarantees of future performance and involve risk and uncertainties and actual results may differ materially from those in the forward looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof.

#### **IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF MORTGAGE PANDBRIEVEN GENERALLY**

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Mortgage Pandbrieven in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Mortgage Pandbrieven may be restricted by law in certain jurisdictions. The Issuer, the Dealers and the Mortgage Pandbrieven Holders' Representative do not represent that this Base Prospectus may be lawfully distributed, or that any Mortgage Pandbrieven may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Dealers or the Mortgage Pandbrieven Holders' Representative which is intended to permit a public offering of any Mortgage Pandbrieven or distribution of this Base Prospectus in any jurisdiction where a prospectus needs to be published or any other action for that purpose is required. Accordingly, no Mortgage Pandbrieven may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Mortgage Pandbrieven may come must inform themselves about, and observe any such restrictions on the distribution of this Base Prospectus and the offering and sale of Mortgage Pandbrieven. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Mortgage Pandbrieven in the European Economic Area, the United States, the United Kingdom, Japan and Switzerland (see "*Subscription and Sale*" below).

This Base Prospectus has been prepared on a basis that any offer of Mortgage Pandbrieven in any Member State of the European Economic Area (each, a **Member State**) must be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Mortgage Pandbrieven. Accordingly any person making or intending to make an offer in that Member State of Mortgage Pandbrieven which are the subject of an offering contemplated in this Base Prospectus as completed by the final terms in relation to the offer of those Mortgage Pandbrieven may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Mortgage Pandbrieven in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

The minimum specified denomination of any Mortgage Pandbrieven issued under this Base Prospectus shall be EUR 100,000).

## LEGAL INVESTMENT CONSIDERATIONS

The Mortgage Pandbrieven may not be a suitable investment for all investors. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- has sufficient knowledge and experience to make a meaningful evaluation of the Mortgage Pandbrieven, the merits and risks of investing in the Mortgage Pandbrieven and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Mortgage Pandbrieven and the impact the Mortgage Pandbrieven will have on investment portfolio;
- has sufficient financial resources and liquidity to bear all of the risks of an investment in the Mortgage Pandbrieven, including Mortgage Pandbrieven where the currency for principal or interest payments is different from the potential investor's currency;
- understands thoroughly the terms of the Mortgage Pandbrieven and is familiar with the behaviour of financial markets; and
- is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Mortgage Pandbrieven are legal investments for it, (2) Mortgage Pandbrieven can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Mortgage Pandbrieven. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Mortgage Pandbrieven under any applicable risk-based capital or similar rules.

**Prohibition of sales to EEA and UK retail investors** - The Mortgage Pandbrieven are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA and the UK. For these purposes, a retail investor means a person who is one (or more) of (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2016/97/EU (IDD), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Mortgage Pandbrieven or otherwise making them available to retail investors in the EEA or the UK has been prepared and therefore offering or selling the Mortgage Pandbrieven or otherwise making them available to any retail investor in the EEA or the UK may be unlawful under the PRIIPs Regulation.

**Prohibition of sales to consumers in Belgium** - The Mortgage Pandbrieven are not intended to be offered, sold or otherwise made available, and will not be offered, sold or otherwise made available, in Belgium to "consumers" within the meaning of the Belgian Code of Economic Law, as amended.

**MIFID II product governance / target market** – The Final Terms in respect of any Mortgage Pandbrieven will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Mortgage Pandbrieven and which channels for distribution of the Mortgage Pandbrieven are appropriate. Any person subsequently offering, selling or recommending the Mortgage Pandbrieven (a **distributor**) should take into consideration the target market assessment. A distributor subject to MiFID II is, however, responsible for undertaking its own target

market assessment in respect of the Mortgage Pandbrieven (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Mortgage Pandbrieven is a manufacturer in respect of such Mortgage Pandbrieven, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

**US Securities Act** - The Mortgage Pandbrieven have not been and will not be registered under the United States Securities Act of 1933, as amended from time to time, (the **Securities Act**) and are subject to US tax law requirements. Subject to certain exceptions, Mortgage Pandbrieven may not be offered, sold or delivered within the United States or to, or for the account or benefit of, US persons (see "*Subscription and Sale*").

**Benchmarks Regulation** – Amounts payable under the Mortgage Pandbrieven may be calculated by reference to the EURIBOR which is provided by the European Money Markets Institute (**EMMI**) or any other benchmark, in each case as specified in the applicable Final Terms.

As at the date of this Base Prospectus, EMMI appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (**ESMA**) pursuant to article 36 of the Benchmarks Regulation (Regulation (EU) 2016/1011) (the **BMR**).

If a benchmark (other than EURIBOR) is specified in the applicable Final Terms, the applicable Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the BMR.

The registration status of any administrator under the BMR is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Base Prospectus or any applicable Final Terms to reflect any change in the registration status of the administrator.

## **STABILISATION**

In connection with the issue of any Tranche of Mortgage Pandbrieven, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Mortgage Pandbrieven or effect transactions with a view to supporting the market price of the Mortgage Pandbrieven at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake any stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Mortgage Pandbrieven is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Mortgage Pandbrieven and 60 days after the date of the allotment of the relevant Tranche of Mortgage Pandbrieven. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with the applicable recommendation of the International Capital Markets Association (ICMA).

## **PRESENTATION OF INFORMATION**

In this Base Prospectus, all references to Euro, EUR and € refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union

## SUMMARY OF THE BELGIAN COVERED BOND REGULATIONS

The following is a brief summary of certain features of the Belgian Covered Bond Regulations governing the issuance of Belgian covered bonds as at the date of this Base Prospectus. The Belgian Covered Bond Regulations may be supplemented, amended, modified or varied whether by legislative enactment or by way of judicial decisions and administrative pronouncements including, possibly, with retroactive effect.

This summary is a general description of the Belgian Covered Bonds Regulations. It does not purport to be, and is not, a complete description of all aspects of the Belgian legislative and regulatory framework pertaining to Belgian covered bonds. Prospective Pandbrievens Holders should also read the detailed information set out elsewhere in this Base Prospectus.

The original and official languages of the Belgian Covered Bond Regulations are Dutch and French. The following summary is provided in English only for the sake of convenience. In the event of any doubt, the original Dutch or French language version of the Belgian Covered Bond Regulations should be consulted.

### 1. INTRODUCTION – OVERVIEW OF THE BELGIAN COVERED BOND REGULATIONS

1.1 On 3 August 2012, Belgian parliament voted into law a legal framework for the issuance of Belgian Covered Bonds. The new legal framework was set up to allow Belgian credit institutions to issue a debt instrument as referred to under article 52, paragraph 4 of Directive 2009/65 of the European Parliament and of the Council of 13 July 2009 on the coordination of the law, regulations and administrative provisions relating to undertakings for collective investments in transferable securities (as amended from time to time, the **UCITS Directive**). To this effect, the Belgian Act of 3 August 2012 establishing a legal framework for Belgian covered bonds (the **Covered Bond Law**) amended the Belgian Act of 22 March 1993 regarding the status of and supervision on credit institutions, introducing the concepts of a “Belgian covered bond” (*Belgische covered bond/covered bond belge*) and a “Belgian pandbrief” (*Belgische pandbrief/lettre de gage belge*). The Belgian Act of 22 March 1993 regarding the status of and supervision on credit institutions was amended and restated by the Act of 25 April 2014 regarding the status of and supervision on credit institutions, published in the Belgian Official Journal on 7 May 2014 (the **Credit Institutions Supervision Law**).

1.2 A **Belgian Covered Bond** is a debt instrument that satisfies the following criteria (art. 1, 1° Annex III to the Credit Institutions Supervision Law):

- (a) it is issued by a Belgian credit institution that is registered on a list, held by the Supervisor, of credit institutions that have been granted a General Authorisation by the Supervisor to issue Belgian covered bonds;
- (b) it is, or is issued under a programme that is, registered on a list, held by the Supervisor (per issuer), of issues or issuance programmes for which the Supervisor has granted a Specific Authorisation in accordance with the provisions of the Credit Institutions Supervision Law; and
- (c) is a debt instrument in relation to which a special estate (*bijzonder vermogen/patrimoine spéciale*) is created in accordance with the provisions of the Credit Institutions Supervision Law.

1.3 The Belgian legislator made the following fundamental choices in respect of the Belgian covered bond framework:

- (a) the Covered Bond Law does not foresee in the creation of a new type of specialized credit institution. Belgian Covered Bonds can be issued by a regular Belgian credit institution. However, in order to be entitled to issue Belgian Covered Bonds, the issuing credit institution needs to obtain two authorisations from the Supervisor as Supervisor (*dual authorisation*):

- (i) a General Authorisation to issue Belgian Covered Bonds; and
  - (ii) a Specific Authorisation in relation to each issue or issuance programme of Belgian Covered Bonds;
- (b) the holders of the Belgian Covered Bonds (and certain other creditors that can be established on the basis of the terms and conditions of the relevant Belgian Covered Bond) benefit from an exclusive right of recourse to a segregated pool of cover assets (*dekkingswaarden/actifs de couverture*). For the segregation of this pool of cover assets, the Belgian legal framework has opted for a technique whereby the cover assets are segregated on the balance sheet of the issuer by the creation of one or more special estates (*bijzonder vermogen/patrimoine spécial*). The right of recourse to the segregated special estate comes in addition to a general right of recourse to the remaining assets (not allocated to a special estate) on the balance of the issuing credit institution – the general estate (*algemeen vermogen/patrimoine général*). This way, the holder of the Belgian Covered Bonds (and the other related creditor) obtain a *dual recourse*. The Belgian legislator has thus followed the approach of certain well established covered bond jurisdictions, such as Germany, which provides for an on balance sheet segregation of cover assets rather than a segregation of assets into a special purpose vehicle.
- 1.4 A **Belgian Pandbrief** (art. 1, 3° and 2, § 1 Annex III to the Credit Institutions Supervision Law) is a Belgian Covered Bond whereby the composition and valuation of the Cover Assets must satisfy the specific requirements to obtain an advantageous risk weight under the Belgian own fund regulations transposing the Capital Requirements Directive IV. The criteria to determine whether a Belgian Covered Bond satisfies such specific requirements, may be established or clarified by royal decree (art. 81 of the Credit Institutions Supervision Law).
- 1.5 On 11 October 2012, two royal decrees were adopted further implementing the provisions of the Covered Bond Law:
- (a) the royal decree regarding the issuance of Belgian Covered Bonds by Belgian law credit institutions (the **Covered Bonds Royal Decree**). The Covered Bonds Royal Decree provides for implementing regulations in order to allow for the issuance of Belgian Pandbrieven;
  - (b) the royal decree regarding the cover pool administrator in the framework of the issuance of Belgian Covered Bonds by a Belgian credit institution (the **Cover Pool Administrator Royal Decree**). Under the Covered Bond Law, an important role has been created for a cover pool administrator (*portefeuillebeheerder/gestionnaire de portefeuille*) that will or may be appointed by the Supervisor under certain circumstances in order to take over the management of the special estate (art. 8, §1 Annex III to the Credit Institutions Supervision Law). The Cover Pool Administrator Royal Decree sets forth further rules regarding required qualifications and powers of the Cover Pool Administrator (art. 9 Annex III to the Credit Institutions Supervision Law).
- 1.6 In accordance with the Covered Bonds Royal Decree, the NBB was also mandated to establish technical rules implementing certain provisions of the Covered Bonds Royal Decree. On 29 October 2012, the NBB issued two regulations:
- (a) the regulation (NBB\_2012\_12) regarding practical rules for the application of the law of 3 August 2012 establishing a legal framework for Belgian covered bonds (*circulaire over de praktische regels voor de toepassing van de wet van 3 augustus 2012 tot invoering van een wettelijke regeling voor covered bonds/circulaire sur les modalités pratiques d'application de la loi du 3 août 2012 instaurant le régime pour les covered bonds*)(the **NBB Covered Bonds Regulation**);

- (b) the regulation (NBB\_2012\_13) addressed to portfolio monitors at Belgian credit institutions that issue Belgian covered bonds (*circulaire aan portefeuillesurveillanten bij kredietinstellingen naar Belgisch recht die Belgische covered bonds uitgeven/circulaire aux surveillants de portefeuille auprès d'établissements de crédit de droit belge qui émettent des covered bonds belges*)(the **NBB Cover Pool Monitor Regulation**).

- 1.7 Whereas the creation of Belgian Covered Bonds depends on the effectiveness of the segregation of Cover Assets in a Special Estate on balance of the issuing credit institution, the Belgian legislator also had to ensure that this segregation would not be open to challenge or recharacterisation on the basis of insolvency rules. Therefore, a second law was voted by Belgian Parliament on 3 August 2012 regarding diverse measures to facilitate the mobilisation of claims in the financial sector (*wet betreffende diverse maatregelen ter vergemakkelijkijng van de mobilisering van schuldvorderingen in de financiële sector/loi relative à des mesures pour faciliter la mobilisation de créances dans le secteur financier*)(the **Mobilisation Law**).
- 1.8 The Belgian Credit Institutions Supervision Law, the Mobilisation Law, the Cover Bonds Royal Decree, the Cover Pool Administrator Royal Decree, the NBB Covered Bonds Regulation and the NBB Cover Pool Monitor Regulation, together constitute the **Belgian Covered Bond Regulations**.
- 1.9 The Mortgage Pandbrieven issued under the Programme described in this Base Prospectus will be issued pursuant to the Belgian Covered Bonds Regulations.

## **2. DUAL AUTHORISATION**

- 2.1 Belgian Covered Bonds may only be issued by a Belgian credit institution following the receipt of two authorisations by the Supervisor (art. 79 of the Credit Institutions Supervision Law):
  - (a) a general authorisation to be requested in accordance with art. 80, §1 of the Credit Institutions Supervision Law, that relates to the organizational capacity of a credit institutions to issue and monitor Belgian Covered Bonds (the **General Authorisation**); and
  - (b) a specific authorisation to be requested in accordance with art. 80, §2 of the Credit Institutions Supervision Law prior to each issue (that does not take place within the context of an issuance programme) or each issuance programme, that relates to the compliance of a specific issue or issuance programme with the provisions of the Belgian Covered Bond Regulations (the **Specific Authorisation**).

### **A. General Authorisation**

- 2.2 In order to obtain a General Authorisation, the credit institution that intends to issue Belgian Covered Bonds needs to submit a file with the Supervisor describing how it will organize the proposed transactions. This file needs to include, *inter alia*, the following information:
  - (a) a description of the financial position of the issuer, showing it is sufficiently solvent to safeguard also the interest of creditors other than the covered bondholders;
  - (b) a description of the long-term strategy of the issuer, in particular as to liquidity and the role of the Belgian Covered Bonds in this strategy;
  - (c) a description of the tasks and responsibilities within the organisation of issuing credit institution in relation to the issuance of Belgian Covered Bonds;
  - (d) a description of the risk management policy of the issuing institution in relation to Belgian Covered Bonds, in particular in respect of interest rate risk, currency exchange risk, credit and counterparty risk, liquidity risk and operational risk;
  - (e) a description of the involvement of internal audit in the procedures for the issuance of Belgian Covered Bonds, including the frequency of the audits and applicable audit procedures;



- (f) a description of the decision and reporting procedures in relation to the issuance Belgian Covered Bonds; and
  - (g) a description of the necessary IT systems in relation to the issuance of Belgian Covered Bonds.
- 2.3 The Supervisor will grant the General Authorisation to the extent, on the basis of the information in the file submitted by the credit institution, on-site inspections and further information it may obtain from the institution or third parties, it is convinced that:
- (a) the administrative and accounting organisation of the credit institution allow it to comply with the requirements of the Belgian Covered Bond Regulations, in particular in terms of segregation of the Cover Assets; and
  - (b) the financial position of the credit institution, in particular its solvency, is sufficient to safeguard also the interest of creditors other than the covered bondholders.
- 2.4 Prior to granting the General Authorisation, the Supervisor will request the auditor of the credit institution to submit a report on the organisational capacity of the credit institution to comply with its obligations under the Belgian Covered Bond Regulations (art. 80, §1, of the Credit Institutions Supervision Law).
- 2.5 The Issuer obtained the General Authorisation from the NBB, as Supervisor, in relation to its organisational capacity to issue Belgian Covered Bonds on 5 November 2013.

#### **B. Specific Authorisation**

- 2.6 In order to obtain the Specific Authorisation, the credit institution that intends to issue Belgian Covered Bonds needs to submit a file with the Supervisor including, *inter alia*, the following information:
- (a) the impact of the envisaged issuance or issuance programme on the liquidity position of the credit institution;
  - (b) the quality of the Cover Assets, in particular on the type of creditors of the Cover Assets, the collateral, guarantees or privileges securing the Cover Assets, the diversification of the Cover Assets and their maturity dates;
  - (c) the matching of maturity dates of the Belgian Covered Bonds and the Cover Assets; and
  - (d) elements showing that the requirements to obtain the General Authorisation are still satisfied.
- 2.7 The Supervisor will grant the Specific Authorisation to the extent, on the basis of the information in the file submitted by the credit institutions and further information it may request from the institution, it is convinced that:
- (a) the institution has obtained the General Authorisation; and
  - (b) in respect of the envisaged issuance or issuance programme, the institution complies with the Belgian Covered Bond Regulations, in particular as far as the nature and minimum requirements of the Cover Assets is concerned (see below *under 4. Cover Assets and Tests*).
- 2.8 The Issuer obtained the Specific Authorisation from the NBB, as Supervisor, in relation to the Programme on 5 November 2013.

### **C. Limitation on the issuance of Belgian Covered Bonds**

- 2.9 Based on art. 10 of the Covered Bond Royal Decree, a credit institution shall in principle not be able to issue additional Belgian Covered Bonds to the extent the amount of all Cover Assets allocated to the Special Estate(s) related to all Belgian Covered Bonds issued by the credit institution (as reflected in its financial accounts) is higher than 8% of the aggregate amount of all its assets (balance sheet total).
- 2.10 In case exceptional circumstances on the financial markets justify an increased utilisation of Belgian Covered Bonds as a funding tool, the Supervisor may temporarily allow a more flexible limitation. On 19 May 2020 the Supervisor, as a measure in view of the exceptional circumstances triggered by the covid-19 crisis, has allowed the Issuer to exceed the above-mentioned 8% limit without surpassing 12.5%. This deviation is allowed until 31 May 2021 pending an amendment of the relevant legal provisions.
- 2.11 The Supervisor may also impose a more stringent limit, on a case by case basis, in order to protect the interest of other creditors than the holders of Belgian Covered Bonds. The Supervisor will in particular assess the impact of an envisaged issuance on the level of encumbered assets. To this end, the Supervisor expects that in the file to obtain the General Authorisation, the credit institution describes its policy towards liquidity and sets further internal limits that ensure:
- (a) an adequate diversification between secured and unsecured funding sources;
  - (b) the availability of sufficient unencumbered assets to provide a cushion in the event of crisis on the market for unsecured funding; and
  - (c) the availability of sufficient unencumbered assets that can be allocated as Cover Assets in order to substitute matured or defaulted Cover Assets.

### **D. Publication of Authorisations**

- 2.12 The Supervisor keeps a list of:
- (a) credit institutions that have obtained a General Authorisation, which is published on the Supervisor's website, which, at the date of this Base Prospectus, is: [www.nbb.be](http://www.nbb.be) financial supervision – prudential supervision – areas of responsibility – credit institutions – lists – credit institutions authorised to issue Belgian covered bonds; and
  - (b) covered bonds issuance programmes and issuances for which the credit institution has obtained a Specific Authorisation, which is published on the Supervisor's website, which, at the date of this Base Prospectus, is [www.nbb.be](http://www.nbb.be) – financial supervision - prudential supervision – areas of responsibility – credit institutions – lists – covered bond issuances carried out by the credit institutions (information only available in French or Dutch).
- 2.14 The Issuer is on the Supervisor's list of credit institutions that have obtained General Authorisation. The Programme is on the Supervisor's list of Belgian covered bonds in respect of which a Specific Authorisation has been granted.

## **3. SPECIAL ESTATE**

- 3.1 A key characteristic of covered bonds is the existence of a segregated pool of assets providing an additional and exclusive right of recourse to the holders of the Belgian Covered Bonds.

### **A. Creation of one or more Special Estates**

- 3.2 In order to segregate a pool of Cover Assets, the Covered Bonds Law introduces a technique to separate one or more Special Estates within the estate of a credit institution that issues Belgian Covered Bonds.
- 3.3 Art. 3, §1 Annex III to the Credit Institutions Supervision Law confirms that the estate of a credit institution that issues Belgian Covered Bonds consist, by operation of law, of a general estate (*algemeen vermogen/patrimoine général*)(the **General Estate**) and one or more special estates (*bijzondere vermogen/patrimoine spécial*)(the **Special Estate(s)**).
- 3.3 The most important part of the Cover Assets in respect of an issuance or issuance programme of Belgian Covered Bonds is segregated into a Special Estate by the registration of such Cover Assets in a Cover Register that is kept by the issuing credit institution in relation to one or more specific issuances of Belgian Covered Bonds or, as the case may be, in relation to all Belgian Covered Bonds under an issuance programme (art. 15, §2 Annex III to the Credit Institutions Supervision Law). See below under 5.1.(a) - *special obligations of the issuer in respect of administration of the Belgian Covered Bonds*.
- 3.4 In accordance with art. 3, §2 Annex III to the Credit Institutions Supervision Law, a Special Estate is, by operation of law, composed of:
- (a) all assets registered in a Cover Register in accordance with art. 15, §2 Annex III to the Credit Institutions Supervision Law;
  - (b) all collateral – cash and financial instruments – received in relation to any hedging instruments that have been registered as Cover Assets;
  - (c) all security interest (*in rem* and personal), guarantees of privileges issued in relation to the Cover Asset, including all rights under insurance policies or other agreements relating to the Cover Assets or the management of the Special Estate;
  - (d) all amounts held as collections in relation to Cover Assets or a result of the exercise of the rights referred to under (a) to (c) above (hereafter, the “**Collections**”); and
  - (e) any mandatory reserves that would be held at the NBB in relation to the Special Estate.
- 3.5 The preparatory works to the Covered Bond Law clarify that the technique to segregate Cover Assets into a Special Estate does not result into the creation of a separate legal entity and hence does not trigger specific corporate law obligations or tax consequences.

#### **B. Purpose of the Special Estate - exclusive right of recourse**

- 3.6 Based on art. 6 Annex III to the Credit Institutions Supervision Law, a Special Estate provides an exclusive right of recourse to:
- (a) the holders of the related Belgian Covered Bonds; and
  - (b) the creditors of a claim that is or may be established on the basis of the terms and condition applicable to the related Belgian Covered Bonds.

As a result, no other creditor will be entitled to exercise any rights, including rights of attachment (*beslag/saisie*) against the Cover Assets in the Special Estate. Collateral that is posted in relation to a hedging instrument that constitutes a Cover Asset, may only be used to satisfy the obligations of the counterparty under such hedging instrument (or be returned to the collateral provider). In respect of the Mortgage Pandbrieven issued under the Programme, only the Pandbrieven Holders and the Other Cover Pool Creditors will thus have an exclusive right of recourse to the Special Estate.

- 3.7 A priority of payments between the claims of the holder of Belgian Covered Bonds (and any other creditors of claims related to the Belgian Covered Bonds issuance) may be determined in the terms and conditions and the agreement entered into in respect of the issuance of Belgian Cover Bonds or the related issuance programme (art. 6, 4<sup>th</sup> paragraph Annex III to the Credit Institutions Supervision Law). *See Condition 9 (Priority of Payments) in the Section Terms and Conditions of the Mortgage Pandbrieven.*
- 3.8 Art. 6, 5<sup>th</sup> to 7<sup>th</sup> paragraph Annex III to the Credit Institutions Supervision Law provide for three exceptions to the exclusive right of recourse:
- (a) in order to improve the liquidity of the Special Estate, additional obligations may be entered into in relation to the Special Estate (such as a liquidity line). The terms and conditions of the Belgian Covered Bonds may determine whether such additional obligations will be paid in priority or will be subordinated (in the absence of any determination, such obligations will rank *pari passu* and *pro rata*);
  - (b) a Cover Pool Administrator (see below under 7.A – Cover Pool Administrator) may, unless otherwise agreed, withhold its remuneration, costs and expenses from the Special Estate; and
  - (c) following liquidation of the Special Estate, a remaining (positive) balance will, by operation of law, form part of the General Estate.
- 3.9 Notwithstanding this exclusive right of recourse to the Special Estate, the holders of the Belgian Covered Bonds and the other creditors related to the Belgian Covered Bonds retain a right of recourse to the General Estate (that ranks *pari passu* with the claims of all other unsubordinated creditors of the issuing institution) so that they can exercise a dual right of recourse (art. 6, 8<sup>th</sup> indent Annex III to the Credit Institutions Supervision Law).

### **C. Management of the Special Estate**

- 3.10 In first instance, the issuing credit institution remains responsible for the management of the Special Estate(s). The rights and obligations in respect of transactions between the issuing credit institution and a Special Estate need to be agreed upon in writing as if the Special Estate were a separate legal entity (art. 7 Annex III to the Credit Institutions Supervision Law).
- 3.11 In accordance with art. 8, §1 Annex III to the Credit Institutions Supervision Law, the Supervisor will appoint a cover pool administrator (*portefeuillebeheerder/surveillant de portefeuille*) (a **Cover Pool Administrator**) for each Special Estate:
- (a) in case a recovery measure as provided for under article 236 of the Credit Institutions Supervision Law is taken in respect of the issuing credit institution that, in the opinion of the Supervisor, may have a negative impact on the related Belgian Covered Bonds;
  - (b) in case of a resolution procedure is initiated against the issuing credit institution; or
  - (c) if, in the opinion of the Supervisor, the position of the issuing credit institution seriously jeopardizes the interest of the holders of the relevant Belgian Covered Bonds.
- 3.12 Upon the appointment of a Cover Pool Administrator by the Supervisor, the Cover Pool Administrator will assume the management of the Special Estate (art. 8, §2 Annex III to the Credit Institutions Supervision Law). The Cover Pool Administrator manages the Special Estate with a view to ensure further compliance with the terms and conditions applicable to the relevant Belgian Covered Bonds. To this end, the Cover Pool Administrator is granted all necessary and useful powers to manage the Special Estate, including the power to dispose of Cover Assets. Any acts relating to the Special Estate that are performed in the name of the issuing credit institutions by any person other than the Cover Pool Administrator following its appointment, are null and void, unless such acts are ratified by the Cover Pool Administrator (See also see below under 7.A – Cover Pool Administrator).

## D. Impact of reorganization and liquidation procedures

- 3.13 In the event liquidation procedures are started against the issuing credit institution (art. 11 Annex III to the Credit Institutions Supervision Law):
- (a) such procedures will only affect the General Estate. The Special Estate(s) and the debts and liabilities covered by the Special Estate(s) will not be part of the bankrupt estate. The Special Estate will be managed separately from the bankruptcy procedure applicable to the General Estate of the issuing credit institution (i.e., on a bankruptcy remote basis);
  - (b) the bankruptcy trustee (*curator/curateur*) has a legal obligation to cooperate with the Supervisor and the Cover Pool Administrator so that they can manage the Special Estate(s) in accordance with the Belgian Covered Bond Regulations;
  - (c) the Belgian Covered Bonds and the other debts and liabilities covered by the Special Estate(s) will not be accelerated. They (can) remain outstanding until their stated maturity, regardless of the opening of liquidation procedures against the issuing credit institution;
  - (d) the holder of Belgian Covered Bonds and any other creditors of claims related to the Belgian Covered Bonds issuance, will retain their rights in the liquidation procedure;
  - (e) the Cover Pool Administrator may, in the interest of the holders of the relevant Belgian Covered Bonds, following consultation with the representative of the holders of the relevant Belgian Covered Bonds and subject to consent of the Supervisor, transfer the Special Estate and the debts and liabilities related thereto to another institution that will assume the performance of the obligations in accordance with the initial terms and conditions;
  - (f) the Cover Pool Administrator may, following consultation with the representative of the holders of the relevant Belgian Covered Bonds and subject to the consent of the Supervisor, proceed with the liquidation of a Special Estate and the early redemption of the relevant Belgian Covered Bonds if the Cover Assets are no longer sufficient, or risk to be no longer sufficient, to satisfy the obligations in respect of the Belgian Covered Bonds;
  - (g) the Cover Pool Administrator will, following consultation with the Supervisor and the representative of the holders of the Belgian Covered Bonds, proceed with the entire liquidation, in part or in full, of the Special Estate and the early redemption of the Belgian Covered Bonds if the holders of the Belgian Covered Bonds have approved such liquidation and early redemption by simple majority at a meeting of bondholders at which a quorum of at least two thirds of the outstanding principal amount of the Belgian Covered Bonds is present;
  - (h) the bankruptcy trustee has the right, following consultation with the Supervisor, to require the Cover Pool Administrator to return those assets to the General Estate in respect of which it is clear they are no longer required as Cover Assets. The preparatory works to the Covered Bonds Law clarify that, when determining whether assets are no longer required as Cover Assets, one must not only take into account the regulatory requirement in view of the Cover Tests (see below 4.c. *Statutory Tests – Cover Tests*), but also the retention of ratings by external credit rating agencies.
- 3.14 Whenever, by way of a resolution measure provided for under Book II, Title VIII of the Credit Institutions Supervision Law), a transfer occurs that involves the Special Estate, the rights of the holders of the Belgian Covered Bonds (and of any other creditors of claims related to the Belgian Covered Bonds issuance) are automatically transferred together with the Cover Assets and assumed as obligations by the transferee (art. 10 Annex III to the Credit Institutions Supervision Law).

- 3.15 The start of liquidation procedures against the issuing credit institution, notwithstanding article 233 of the Credit Institutions Supervision Law, or the revocation of its license as a credit institution does not prevent the issuing credit institution to further perform activities that are necessary or useful to assist the Cover Pool Administrator with its management in order to safeguard the interest of the covered bondholders in respect of the Special Estate. The issuing credit institution may only perform such activities until all obligations in relation to the Special Estate have been satisfied or are extinguished (art. 12, §2 Annex III to the Credit Institutions Supervision Law).

#### **E. Special protection of the Special Estate against commingling risk**

- 3.16 The Special Estate benefits from specific protections against commingling risk:

- (a) if amounts held by the issuing credit institution as Collections, cannot be identified within the General Estate at the time a request is made to allocate such amounts to the Special Estate, the Special Estate will benefit from a special *revindication* right allowing it to exercise a claim on other unencumbered assets within the General Estate. Such assets are identified following consultation between the representative of the Special Estate (either the Cover Pool Administrator or, in absence thereof, the Cover Pool Monitor) and the issuing credit institution (or its liquidator or bankruptcy trustee) on the basis of criteria determined in the terms and conditions of the Belgian Covered Bonds (art. 3, §2, second paragraph Annex III to the Credit Institutions Supervision Law).

*With respect to the Programme, these criteria are specified in Condition 12 (Mortgage Pandbrieven Provisions).*

- (b) in the event of a resolution procedure against the issuing credit institution or the transferring credit institution under Article 4 Annex III to the Credit Institutions Supervision Law, all amounts and payments relating to Cover Assets that are received by or on behalf of the Special Estate are automatically excluded from the bankrupt estate and exclusively allocated to the Special Estate. The bankruptcy trustee or liquidator will have to account for such amounts and remit them to the credit institution to which the assets are transferred in accordance with Article 4 Annex III to the Credit Institutions Supervision Law or, if applicable, to the Cover Pool Administrator (art. 5 Annex III to the Credit Institutions Supervision Law).

### **4. COVER ASSETS AND TESTS**

#### **A. Categories of Cover Assets**

- 4.1 In order to obtain the Specific Authorisation in respect of an issuance or an issuance programme for Belgian Cover Bonds, the issuing credit institution may only include the following types of assets may as Cover Assets in the Special Estate (art. 80, §3 of the Credit Institutions Supervision Law):

- (a) claims secured by a mortgage;
- (b) claims against or guaranteed by (i) a central, regional or local government of an OECD member state or (ii) a central banks of those states or (iii) a public entity of those states or (iv) a multilateral development bank or international organisation;
- (c) participations in securitization vehicles that mainly securitize claims as set out under (a) and/or (b);
- (d) claims against a credit institution, including amounts deposited with such institution or amounts held by the issuing credit institution;
- (e) positions resulting from hedging instruments entered into in relation to the Cover Assets or the relevant Belgian Covered Bonds.

## B. Further qualitative requirements for Cover Assets relating to Belgian Pandbrieven

4.2 The Covered Bonds Royal Decree has further implemented the qualitative requirements for Cover Assets that may be included in a Special Estate related to Belgian Pandbrieven.

4.3 Article 3 of the Covered Bonds Royal Decree identifies five categories of qualifying cover assets:

- (a) **category 1:** claims secured by (at least) a first ranking mortgage on residential real estate situated in an EEA member state (**Residential Mortgage Loans** or certain asset-backed securities backed by such claims (RMBS).

Claims secured by a mortgage on residential real estate under construction (construction loans) may compose up to 15% of the aggregate amount of claims secured by residential real estate that are included as Cover Assets.

**Residential real estate** is real property that is destined for housing or for renting (*huur/location*) as housing by the owner.

- (b) **category 2:** claims secured by (at least) a first ranking mortgage on commercial real estate situated in an EEA member state (**Commercial Mortgage Loans**) or certain asset-backed securities backed by such claims (CMBS). Claims secured by commercial real estate under construction are not eligible.

**Commercial real estate** is real property that is primarily used for industrial or commercial purposes or other professional activities, such as offices or other spaces used for the exercise of commercial activities or the rendering of services.

- (c) **category 3:** claims against or guaranteed or insured by (a) a central government or central bank of a member state of the Organisation for Economic Co-operation and Development (**OECD**), or by a regional or local government of those member states, (b) a public entity of an OECD member states, or (c) a multilateral development bank or international organisation that obtains a 0% risk weight in accordance with article 117.2 of the CRR, and certain asset-backed securities backed by such claims (ABS).

- (d) **category 4:** claims against a EEA credit institution, including amounts deposited with such credit institution or held by the issuing credit institution.

- (e) **category 5:** positions resulting from hedging instruments entered into in relation to Cover Assets or the relevant Belgian Covered Bonds and whereby the counterparty is an OECD credit institution.

In order for hedging instruments to qualify as eligible Cover Assets (art. 4 Covered Bonds Royal Decree):

- (i) the start of reorganisation or liquidation procedures against the issuing credit institution may not result in an automatic early termination (close-out) of the relevant hedging instrument and may not provide the counterparty with a right to invoke early termination (close-out) of the instrument;
- (ii) the issuing credit institution may not include the hedging instrument in netting or novation agreements;
- (iii) the issuing credit institution must be able to show that counterparty risk is minimal; and
- (iv) in case the counterparty is an entity which is part of the consolidation circle of the same group as the issuing credit institution, it needs be an EEA credit institution falling in credit quality category 1 as referred to article 120 of the CRR and the counterparty exposure needs to be covered by eligible collateral or financial instruments as referred to in article 197 of the CRR.

- 4.4 Collections paid in respect of the abovementioned categories of Cover Assets, may be applied as Cover Assets of the same category until such time such Collections are used for other purposes.
- 4.5 At the time an asset is registered as a Cover Asset in the Cover Register, such asset may not be subject to a payment default. A payment default is deemed to exist as soon as the debtor is in arrears with interest or principal payments. In case payments are 90 days in arrears, such payment default becomes definitive. A payment default is also deemed to exist in case the issuing credit institution deems it unlikely that the debtor will fully satisfy its obligations towards the credit institution without further action being taken (such as enforcement of collateral)(art. 3, §6 of the Covered Bonds Royal Decree).

### C. Statutory Tests - Cover Tests

- 4.6 In accordance with Article 2, §2 Annex III to the Credit Institutions Supervision Law, the Cover Assets comprising the Special estate must, for the duration of the Belgian Covered Bonds, provide sufficient cover:

- (a) for the payment of principal and interest on the Belgian Covered Bonds;
- (b) for the obligations towards the other creditors of claims related to the Belgian Covered Bonds issuance; and
- (c) for the management of the Special Estate.

To this end the value of the Cover Assets need to show an excess compared to the principal amount outstanding of the Belgian Covered Bonds. The cover provided by the Cover Assets and the excess needs to be tested periodically and, if required to provide adequate cover, the issuing credit institution needs to further modify the portfolio of Cover Assets. To this end, the issuing credit institution has the legal obligation to maintain an active collateral management policy. Accordingly, the composition of the Cover Assets included in the Special Estate is dynamic.

- 4.7 In respect of Belgian Pandbrieven, this rule has been further implemented in article 5 of the Covered Bonds Royal Decree which provides for:

- (a) a general requirement that, with respect to the Special Estate, the sum of interest, principal and all other revenues generated by the Cover Assets must be sufficient to cover the sum of all interest, principal and charges linked to the Belgian Pandbrieven (the **Cover Asset Adequacy Test**); and
- (b) the following two specific tests in relation to the minimum cover to be provided by the Cover Assets. At the time of the issuance and as long as any Belgian Pandbrieven remain outstanding:
  - (i) the value of the Cover Assets that belong to one of the first three categories, determined in accordance with the valuation rules set out in the Covered Bonds Royal Decree, must represent at least 85% of the aggregate principal amount outstanding of the Belgian Pandbrieven then in issue (the **85% Asset Coverage Test**);
  - (ii) the value of the Cover Assets, determined in accordance with the valuation rules set out in the Covered Bonds Royal Decree, must represent at least 105% of the aggregate principal amount outstanding of Belgian Pandbrieven then in issue (the **Over-Collateralisation Test**).

For the valuation rules, see below *E. Valuation of Cover Assets for the Cover Tests*.

- 4.8 The Cover Asset Adequacy Test, the 85% Asset Coverage Test and the Over-Collateralisation Test are herein jointly referred to as the **Cover Tests**.



#### **D. Statutory Tests – Liquidity Test**

- 4.9 In accordance with art. 13 Annex III to the Credit Institutions Supervision Law, the terms and conditions applicable to Belgian Covered Bonds need to include mechanics to ensure that the Belgian Covered Bonds are repaid within the contractually agreed term.
- 4.10 In respect of Belgian Pandbrieven, art. 7 of the Covered Bonds Royal Decree has implemented this rule by imposing that with respect to the Special Estate, the Cover Assets must, at any time, be able to generate sufficient liquidity or include enough liquid assets to enable the Issuer to make all unconditional payments on the Belgian Pandbrieven (including principal, interest and other costs) falling due during the following 6 months (the **Liquidity Test**). The NBB Covered Bonds Regulation further specifies the conditions to be satisfied in order for an asset to be considered a liquid asset.
- 4.11 In order to satisfy the Liquidity Test, the issuing credit institution may enter into a liquidity facility with another EEA credit institution that, in accordance with article 120 of the CRR, falls within credit quality category 1 and that is not part of the consolidation circle of the group to which the issuing credit institution belongs.
- 4.12 In relation to the Mortgage Pandbrieven issued under the Programme, if an Extended Maturity Date is specified in the applicable Final Terms for a Series of Mortgage Pandbrieven, payments of amounts due on the Maturity Date will not be considered as unconditional for the purpose of the Liquidity Test.

#### **E. Valuation of Cover Assets for the Cover Tests**

- 4.13 For the purposes of the Cover Tests, art. 6 of the Cover Bonds Royal Decree specifies further valuation rules for the Cover Assets in the Special Estate:
- (a) for Cover Assets of category 1 (claims secured by a residential mortgage), the value will be equal to the lowest of (i) the amount of the claim, (ii) 80% of the sales value of the mortgaged real estate and (iii) the value of the mortgage,
- whereby*, the value of the mortgage, is determined as follows:
- (i) if the real estate is located in Belgium and is not secured by mortgage mandate, the amount of the mortgage registered in first rank *plus*, as the case may be, the amount of any subsequent ranks (provided no other creditors have registered before such subsequent rank(s));
- (ii) if the real estate is located in Belgium and in addition to the mortgage, also a mortgage mandate has been granted to secure the claim, the value of the mortgage is the lowest of the following two amounts:
- (1) the amount of the mortgage registered in first rank *plus*, as the case may be, the amount of any subsequent ranks (provided no other creditors have registered before such subsequent rank(s)) *plus* the amount for which the mortgage mandate has been granted; and
- (2) the amount of the mortgage registered in first rank *plus*, as the case may be, the amount of any subsequent ranks (provided no other creditors have registered before such subsequent rank(s)) *divided by* 0.6.
- (iii) if the real estate is not situated in Belgium, the amount of the mortgage registered in first rank *plus*, as the case may be, the amount of any subsequent ranks (provided no other creditors have registered before such subsequent rank(s)).

Residential real estate may only be taken into account for the valuation calculations of the Cover Assets if the requirements of article 208 and the valuation rules of article 229.1 of the CRR are satisfied. This does however not prevent to take into account the value of mortgage mandates as set out above. The valuation of residential real estate is subject to periodic review.

- (b) for Cover Assets of category 2 (claims secured by commercial mortgages), the value will be equal to the lowest of (i) the amount of the claim, (ii) 60% of the sales value of the mortgaged real estate and (iii) the value of the mortgage, *whereby*, the value of the mortgage is equal to the amount of the mortgage registered in first rank *plus*, as the case may be, the amount of any subsequent ranks (provided no other creditors have registered before such subsequent rank(s)). The value of any mortgage mandates is not taken into account.

Commercial real estate may only be taken into account for the valuation calculations of the Cover Assets if the requirements of article 208 of the CRR and the valuation rules of article 229.1 of the CRR are satisfied. The valuation of commercial real estate is subject to periodic review.

- (c) for Cover Assets of category 3 (public sector claims), the value is equal to the amount of such assets as reflected in the financial accounts of the issuing credit institution. If the assets is only guaranteed or insured by an entity as described in category 3, the value of the Cover Asset will be limited to the guaranteed or insured part. Furthermore, in case the relevant entity is not a member of the European Union, the value of the claim is zero, unless:

- (i) such entity falls under credit quality category 1 as referred to in article 116 of the CRR, or
- (ii) such entity falls under credit quality category 2 as set out in the CRR and the claims do not represent more than 20% of the amount of the relevant Belgian Pandbrieven.

- (d) the Cover Assets of category 4 are not taken into account for the 85% Asset Coverage Test. They may not be taken into account for the Over-Collateralisation Test either, unless:

- (i) they fall within credit quality category 1 as referred to in article 120 of the CRR and, to the extent these assets take the form of deposits, their maturity date falls not later than 12 months following the date of registration in the Cover Register, or
- (ii) they fall within credit quality step 2 as referred to in article 120 of the CRR and their maturity date falls not later than 100 days following the date of registration in the Cover Register.

The value of these Cover Assets is equal to the amount of such assets as reflected in the financial accounts of the issuing credit institution.

- (e) the Cover Assets of category 5 are not taken into account for the calculation of the Cover Tests.
- (f) the Cover Assets for which there is a payment default, the value is equal to zero. As soon as an asset is more than 30 days in arrears, it can only be taken into account for 50% of its value as determined in accordance with the above valuation rules.
- (g) in case a mortgage secures multiple claims and not all claims are included in the Special Estate, the value of the mortgage and of the real estate are allocated to the Cover Assets in the Special Estate based on the priority rules that can be established in the terms and conditions of the Belgian Pandbrieven.

- 4.14 In the event an asset included in the Special Estate (or collateral securing such asset) is governed by foreign law, such asset will only be taken into account for compliance with the Statutory Tests if such foreign law does not prevent that such assets will provide an exclusive right of recourse to the holders of the Belgian Pandbrieven (or the other creditors of claims related to the Belgian Covered Bonds issuance) (art. 3, §7 of the Covered Bonds Royal Decree).

## 5. SPECIAL OBLIGATION OF THE ISSUER IN RESPECT OF ADMINISTRATION OF THE BELGIAN COVERED BONDS

- 5.1 In accordance with art. 15, §1 Annex III to the Credit Institutions Supervision Law, a credit institution that has issued Belgian Covered Bonds has the following special obligations in terms of follow-up and administration of the Belgian Covered Bonds:

- (a) in relation to each Special Estate, it needs to organise a special administration for the relevant Belgian Covered Bonds and the Cover Assets. This special administration entails, amongst others, the obligation to keep a register for each issue of Belgian Covered Bonds or, as the case may be, for all issues under an issuance programme in which all Cover Assets are registered (the **Cover Register**).

In accordance with art. 9 of the Covered Bonds Royal Decree, the Cover Register includes at least information in respect of (i) the characteristics (nominal amount, maturity, interest rate) of the Belgian Covered Bonds, (ii) the characteristic of the Cover Assets (category, type of contract, currency, issuance and maturity date of the asset, identification of the counterparty, information on amortization, interest rate, guarantees and valuation).

The issuing credit institution shall as soon as possible (and at least on a daily basis) register any transaction in respect of the Cover Assets in the Cover Register and shall as soon as possible update any characteristics in respect of the Cover Assets in the Cover Register. The segregation of an asset as a Cover Asset is valid and effective against third parties upon its registration in the Cover Register. Once an asset is deleted from the Cover Register, it is no longer part of the Special Estate. Only authorised staff is entitled to update the Cover Register. The issuing credit institutions needs to take safety measures to prevent that the Cover Register is changed by unauthorised persons, damaged or destroyed. An up-to-date back-up shall be made on a monthly basis and be kept for 5 years at another location than the original Cover Register. All information in the Cover Register needs to be verifiable by the Cover Pool Monitor.

- (b) it needs to comply with reporting obligations specified by the Supervisor in accordance with the NBB Covered Bonds Regulations. These regulations provide for quarterly reporting on the Cover Assets and their valuation, yield and maturity, the results of the Liquidity Tests and the hedging of currency and interest rate risk;
- (c) it needs to cooperate with its auditor, any Cover Pool Administrator and the Cover Pool Monitor in order to allow such parties to complete their tasks as set out in the Belgian Covered Bonds Regulations, the terms and conditions of the Belgian Covered Bonds and the contractual agreements;
- (d) it needs to provide evidence to the Supervisor, periodically, that the Belgian Covered Bonds still comply with the Belgian Covered Bond Regulations, by providing a report on the special administration, the Cover Assets and their valuation, and the Liquidity Test;
- (e) it needs to provide evidence to the Supervisor that the Belgian Covered Bonds still comply with the requirement to obtain the Specific Authorisation, each time a significant change occurs in relation to the Belgian Covered Bonds, the issuance programme or the related legal documentation;

- (f) it needs to take measures to reduce interest rate and currency risk. To this effect, the issuing credit institutions must establish a risk policy in order to ensure that in the event of brutal interest rate or currency exchange rate movements (as further specified in art. 8 of the NBB Cover Bonds Regulations), the liquidity flows generated by the Cover Assets are sufficient to satisfy the Cover Tests and the Liquidity Test, or sufficient other liquid assets are available.

## 6. SPECIFIC SUPERVISION

### A. Cover Pool Monitor

- 6.1 As soon as Belgian Covered Bonds are issued, the issuing credit institution has to appoint, following the advice of the Supervisor, a cover pool monitor (*portefeuillesurveillant/surveillant de portefeuille*) (the **Cover Pool Monitor**) for each issuance of, or for an issuance programme of, Belgian Covered Bonds (art. 16, §1 Annex III to the Credit Institutions Supervision Law and art. 11 of the Covered Bonds Royal Decree).
- 6.2 The Cover Pool Monitor will report on the compliance of the issuing credit institution with the Belgian Covered Bond Regulations:
  - (a) prior to an issuance of Belgian Covered Bonds, the Cover Pool Monitor reports to the NBB as Supervisor as to whether the credit institution is able to comply with the qualitative requirements of the Cover Assets, the limitations in respect of the Cover Assets, the level of cover and the available liquidity, and the requirements in respect of correct registration in the Cover Register;
  - (b) following the issuance of Belgian Covered Bonds, these verifications are performed on an annual basis;
  - (c) the compliance with the Cover Tests, the Liquidity Test and the registration in the Cover Register are however verified on a monthly basis.
- 6.3 Once a year, the Cover Pool Monitor reports to the NBB as Supervisor on the results of its activities. As soon as the Cover Pool Monitor finds that the credit institution does not longer comply with the above requirements or the other requirements under the Belgian Cover Bond Regulations, it will immediately inform the NBB as Supervisor and the credit institution. The content and format of its reports are further set out in the NBB Cover Pool Monitor Regulation.
- 6.4 The NBB as Supervisor can also request that the cover pool monitor performs other tasks and verifications.
- 6.5 The Cover Pool Monitor needs to be a recognized auditor of credit institutions other than the actual auditor of the issuing credit institution. Prior to terminating the appointment of the Cover Pool Monitor, the credit institution needs to obtain the advice of the NBB as Supervisor. In case the Cover Pool Monitor wants to resign, it will first need to inform the NBB as Supervisor.
- 6.6 The fees and cost of the cover pool monitor must be borne by the issuing credit institution.
- 6.7 Deloitte Bedrijfsrevisoren BCBVA has been appointed as Cover Pool Monitor in relation to the Special Estate pursuant to article 11 Annex III to the Credit Institutions Supervision Law by the Issuer pursuant to the Cover Pool Monitor Appointment Agreement. The appointment of Deloitte Bedrijfsrevisoren BCBVA as Cover Pool Monitor was approved by the NBB, as Supervisor, on 15 October 2013.

## **B. Supervisor**

- 6.8 The NBB is the competent Supervisor of the Issuer in respect of Belgian Covered Bonds in accordance with allocation of competences between the ECB and the NBB under the SSM-Regulation. In case the Supervisor becomes aware that a specific category of debt instruments does no longer comply with the Belgian Covered Bonds Regulations or if the Issuer does not longer comply with its specific obligations as issuer, the Supervisor will grant a remedy period. If the situation is not remedied within the remedy period, the Supervisor may revoke the General Authorisation and delete the issuer from the relevant list of credit institutions authorised to issue Belgian Covered Bonds. In extremely urgent situations, the Supervisor may proceed with a deregistration without remedy period.
- 6.9 A deregistration will be notified by the Supervisor to the European Commission. As a result of this deregistration, the issuer will no longer be entitled to issue Belgian Cover Bonds. In case it wishes to issue new Belgian Covered Bonds, the Issuer will again have to comply with all requirements in order to be registered. A deregistration does not affect the holders of outstanding Belgian Covered Bonds.
- 6.10 The Supervisor can also publish warnings/statements indicating that a credit institution has failed to comply with the Supervisor's requests to meet the requirements of the Belgian Covered Bond Regulations within a specified grace period. In addition, as part of its general supervisory function under the Credit Institutions Supervision Law, the Supervisor can – after hearing or inviting the issuing credit institution for a hearing – impose a fine of maximum EUR 2,500,000 per breach or EUR 50,000 per day of non-compliance.
- 6.11 The Supervisor has the power to impose administrative penalties on issuing credit institutions. Such administrative penalties may range from EUR 2,500 to EUR 2,500,000.

## **7. OTHER PARTIES**

### **A. Cover Pool Administrator**

- 7.1 Under certain circumstances, the Supervisor may or will appoint a Cover Pool Administrator to take over management of the Special Estate (see above *3.C Management of the Special Estate*).
- 7.2 The required qualifications and powers of a Cover Pool Administrator are further specified in the Cover Pool Administrator Royal Decree.
- 7.3 The Cover Pool Administrator may not be the same entity as the liquidator of the issuing credit institution. Before the appointment of a party as Cover Pool Administrator, the Supervisor will assess whether such party has the required expertise and appropriate experience in order to manage the Cover Assets comprised in the Special Estate, is professionally reliable and has an appropriate organisation for the activities that it will have to perform as Cover Pool Administrator. An EEA credit institution that (i) has issued covered bonds relating to similar cover assets, or (ii) manages portfolios of assets that would qualify as Cover Assets, is deemed to satisfy the requirements of the Cover Pool Administrator Royal Decree (art. 3).
- 7.4 In order to comply with the obligations set out in the terms and conditions of the Belgian Cover Bonds, the Cover Pool Administrator has, *inter alia*, the power to take the following actions:
- (a) to make interest and principal payments in respect of the Belgian Covered Bonds deriving from Collections received or, as the case may be, available liquidity lines;
  - (b) to organise the receipt of Collections (including the enforcement of payments in arrears due on Cover Assets);
  - (c) to sell Cover Assets;

- (d) to invest Collections until these are paid out (in assets that would be eligible as Cover Assets);
- (e) to renegotiate the terms of Cover Assets in arrears;
- (f) to enter into hedging instruments;
- (g) to enter into liquidity lines to ensure compliance with the contractual terms of the relevant Belgian Covered Bonds; and
- (h) to perform administrative task of the issuing credit institutions in relation to the issued Belgian Covered Bonds.

7.5 The Cover Pool Administrator will perform the Statutory Test, report on such tests to the Supervisor and the representative of the holders of the Belgian Covered Bonds on a quarterly basis and ensure the reporting as prescribed by the Covered Bonds Royal Decree and the NBB Covered Bonds Regulations.

7.6 For each transaction (in particular a sale of Cover Assets) that entails the risk that the Statutory Tests or the conditions of the Belgian Covered Bonds will no longer be complied with, the Cover Pool Administrator needs to obtain the approval of the Supervisor and the Representative of the Bondholder.

#### **B. Representative of the holder of the Belgian Covered Bonds**

7.7 For the holders of Belgian Covered Bonds of a specific issue or of the same issuance programme, one or more representatives can be appointed *either* by the issuing credit institution prior to the issuance of the Belgian Covered Bonds *or* by the general meeting of bondholders after the issuance (art 14, §2 Annex III to the Credit Institutions Supervision Law).

7.8 The powers of the representative of the holders of the Belgian Covered Bonds are determined *either* in the terms and conditions of the Belgian Covered Bonds *or* by the general meeting of bondholders. The general meeting of bondholders may at all times revoke the appointment of such Representative of the Bondholders provided at the same time one or more substitute representative are appointed.

7.9 The representative of the holders of the Belgian Covered Bonds may also represent other creditors of claims related to the Belgian Covered Bonds issuance provided it is mandated by such creditors.

7.10 Stichting ING Belgium Mortgage Pandbrieven Holders' Representative has been appointed by the Issuer as representative of the Pandbrieven Holders in relation to the Programme pursuant to Article art 14, §2 Annex III to the Credit Institutions Supervision Law by the Issuer in accordance with the terms of the Mortgage Pandbrieven Holders' Representative Appointment Agreement. The tasks and duties of Stichting ING Mortgage Pandbrieven Holders' Representative as representative of the Pandbrieven Holders (the **Mortgage Pandbrieven Holders' Representative**) are further described in the Belgian Covered Bond Regulations, the Conditions and the Mortgage Pandbrieven Holder Representative Agreement.

#### **8. MOBILISATION LAW**

8.1 In accordance with the provisions of the Covered Bonds Law and the Covered Bonds Royal Decree, Cover Assets that are registered into the Cover Register will form part of the Special Estate providing an exclusive recourse to the holders of Belgian Covered Bonds and the other creditors of claims related to the Belgian Covered Bonds issuance. The Mobilisation Law that was adopted on the same date as the Covered Bond Law provides for certain additional protections in respect of the segregation of Cover Assets in the Special Estate. These include, inter alia, the following:

- (a) the registration of Cover Assets in a Cover Register is valid and effective in case the registration:
  - (i) precedes the start of insolvency proceedings, an attachment or a situation of concurrence of creditors, or
  - (ii) occurs on the date of the opening of such proceedings, provided that the credit institution was rightfully ignorant (*gewettigde onwetendheid/ignorance légitime*) of the start of such proceedings.

In such case, the registration cannot be challenged on the basis of claw-back rules set out in the Belgian Bankruptcy Code of 8 August 1997, unless in the event of fraud (art. 8, §2 of the Mobilisation Law);

- (b) the debtor of a bank claim that is registered as a Cover Asset in the Cover Register, will, subject to some limited exceptions, no longer be entitled to invoke set-off rights (legal and contractual) or suspend payments on the basis of an exception of non-performance in respect of such claim, following a notification of the registration of such claim in the Cover Register or following the start of insolvency proceedings against the issuing credit institutions, if the conditions for set-off or the exception of non-performance (including the requirement that the claims to be set-off or on the basis of which the defense is invoked, are payable) are only satisfied following such notification or start of the insolvency proceedings (art. 6, §§2 to 5 of the Mobilisation Law);
- (c) in the event a claim, secured by a mortgage that is an All Sums Mortgage, is registered into a Special Estate, then such claim will in respect of such mortgage be paid (i) in priority to all other claims secured by the same mortgage that came into existence after the date of this registration and (ii) *pari passu* and *pro rata* with the other claims that existed on the date of registration, unless otherwise agreed between the Special Estate and the General Estate, pursuant to article 81quinquies of the Law of 16 December 1851 on mortgage (the **Mortgage Act**) as introduced by article 13 of the Mobilisation Law;
- (d) a Mortgage Mandate is, by operation of law, deemed to be granted for the benefit of any transferee of the secured claim and is transferred automatically together with the secured claim (including in case of a registration into a Special Estate).

## DESCRIPTION OF PRINCIPAL DOCUMENTS

### 1 Introduction

- 1.1 Under the Programme, the Issuer may issue Mortgage Pandbrieven subject to the Conditions (and applicable Final Terms) set out in this Base Prospectus, but may also from time to time issue Mortgage Pandbrieven subject to terms not contemplated by this Base Prospectus.
- 1.2 The Mortgage Pandbrieven will be issued pursuant to the terms of the Programme Agreement (together with each Subscription Agreement, if applicable) and the Pandbrieven Holders will be represented by the Mortgage Pandbrieven Holders' Representative pursuant to the Mortgage Pandbrieven Holder Representative Agreement which has the powers and rights conferred on it by the applicable Conditions and the Mortgage Pandbrieven Holder Representative Agreement. The Mortgage Pandbrieven also have the benefit of an Agency Agreement, pursuant to which the Fiscal Agent, other Paying Agents, Listing Agent, Registrar (if applicable) and (together with the Calculation Agency Agreement, if applicable) the Calculation Agent shall be appointed. The Mortgage Pandbrieven have the benefit of the Special Estate Administration Agreement.
- 1.3 Furthermore, the Issuer has entered into a Cover Pool Monitor Agreement to appoint a Cover Pool Monitor in accordance with the Belgian Covered Bond Regulations, and has entered into a Clearing Services Agreement with the NBB in relation to the Mortgage Pandbrieven represented by a book-entry in the records of the Securities Settlement System.
- 1.4 The Programme Agreement, the Mortgage Pandbrieven Holder Representative Agreement, the Agency Agreement, the Cover Pool Monitor Agreement, the Clearing Services Agreement, the Special Estate Administration Agreement, any Calculation Agency Agreement, any Subscription Agreement, each of the Final Terms, any Hedging Agreement, any Liquidity Facility Agreement and any additional document entered into in respect of the Mortgage Pandbrieven and/or the Special Estate and designated as a Programme Document by the Issuer and the Mortgage Pandbrieven Holders' Representative (as the same may be amended, supplemented, replaced and/or restated from time to time) are together referred to as the Programme Documents (the **Programme Documents**).
- 1.5 Pursuant to the terms of the Programme Documents, the Issuer is entitled to vary, approve or terminate the appointment of any agent or party thereto and/or appoint any additional or substitute agent or party in relation to the issue of any Mortgage Pandbrieven. The Issuer may also enter into any other agreement or document as it may from time to time deem necessary or appropriate in relation to the Programme or issuance of any Mortgage Pandbrieven. Each of the Programme Documents shall further contain specific provisions for the amendment, supplement, replacement and/or restatement of such agreement and a reference to any Programme Document shall be deemed a reference to such agreement as the same may from time to time be amended, supplemented, replaced and/or restated.

### 2 Programme Agreement

- 2.1 The Issuer, Arranger and the Dealers entered into the Programme Agreement initially dated 23 November 2013 (as amended and/or restated from time to time). The Programme Agreement includes the arrangements under which Mortgage Pandbrieven may from time to time be agreed to be issued by the Issuer to, and subscribed by, the Dealers. The Programme Agreement, *inter alia*, makes provision for the form and terms and conditions of the relevant Mortgage Pandbrieven, the price at which such Mortgage Pandbrieven will be subscribed by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription.
- 2.2 The Programme Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Series of Mortgage Pandbrieven.



### **3 Mortgage Pandbrieven Holder Representative Agreement**

#### **3.1 Introduction**

- (a) Pursuant to the terms of the Mortgage Pandbrieven Holder Representative Agreement concluded initially entered into on 23 November 2013 (as amended and/or restated),, Stichting ING Belgium Mortgage Pandbrieven Holders' Representative has been appointed as the Mortgage Pandbrieven Holders' Representative of the Pandbrieven Holders (the **Mortgage Pandbrieven Holders' Representative**).
- (b) The Mortgage Pandbrieven Holders' Representative has been appointed by the Issuer as representative of the Pandbrieven Holders in accordance with Article 14, §2 Annex III to the Credit Institutions Supervision Law upon the terms and conditions set out in the Mortgage Pandbrieven Holder Representative Agreement and the section "*Meeting Rules of the Pandbrieven Holders*" of this Base Prospectus.
- (c) The Mortgage Pandbrieven Holders' Representative can also be appointed to represent Other Cover Pool Creditors provided that those Other Cover Pool Creditors agree with such representation.

#### **3.2 Powers, authorities and duties**

The powers, authorities and duties of the Mortgage Pandbrieven Holders' Representative are specified under Part 2 "*Mortgage Pandbrieven Holders' Representative*" of the section "*Meeting Rules of the Pandbrieven Holders*" of this Base Prospectus.

#### **3.3 Retirement and removal**

The provisions for the retirement or removal of the Mortgage Pandbrieven Holders' Representative are set out in Part 2 "*Mortgage Pandbrieven Holders' Representative*" of the section "*Meeting Rules of the Pandbrieven Holders*" of this Base Prospectus.

#### **3.4 Liability, exoneration and indemnity of the Mortgage Pandbrieven Holders' Representative**

See Part 2 "*Mortgage Pandbrieven Holders' Representative*" of the section "*Meeting Rules of the Pandbrieven Holders*" of this Base Prospectus for a summary of the provisions relating to the liability, relief from liability and entitlement to indemnity of the Mortgage Pandbrieven Holders' Representative.

#### **3.5 Amendments**

- (a) The Mortgage Pandbrieven Holders' Representative may upon the request of the Issuer on behalf of the Pandbrieven Holders and without the consent or sanction of any of the Pandbrieven Holders of any Series or the Other Cover Pool Creditors it represents at any time and from time to time, concur with the Issuer or any other person in making:
  - (i) any modification (other than in respect of a Basic Term Change) of the terms and conditions applying to the Mortgage Pandbrieven of one or more Series (including the Conditions) or any Programme Document provided that in the sole opinion of the Mortgage Pandbrieven Holders' Representative such modification is not materially prejudicial to the interests of any of the Pandbrieven Holders of such Series; or
  - (ii) any modification of the terms and conditions applying to Mortgage Pandbrieven of any one or more Series (including the Conditions) or any Programme Document which is in the sole opinion of the Mortgage Pandbrieven Holders' Representative of a formal, minor or technical nature or is to correct a manifest error or to comply with the mandatory statutory provisions or would cause such

Mortgage Pandbrieven or such Programme Documents to better reflect or comply with the provisions and requirements of the Belgian Covered Bonds Regulations;

- (b) Any such modification shall be binding on the Pandbrieven Holders.
- (c) In no event may such modification be a Basic Term Change. Reference is made to section "*Meeting Rules of the Pandbrieven Holders*" of this Base Prospectus for further details in this respect.

### **3.6 Waivers**

The Mortgage Pandbrieven Holders' Representative may in its sole discretion, without the consent of the Pandbrieven Holders and without prejudice to its rights in respect of any further or other breach, condition, event or act from time to time and at any time, but only if and in so far as in its opinion the interests of the Pandbrieven Holders will not be materially prejudiced thereby, (i) authorise or waive, on such terms and conditions (if any) as shall seem expedient to it, any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Mortgage Pandbrieven Holder Representative Agreement, the Mortgage Pandbrieven or any of the Programme Documents, or (ii) determine that any breach shall not be, or shall not be subject to specified conditions, treated as such. Any such authorisation, waiver or determination pursuant to this clause shall be binding on the Pandbrieven Holders and notice thereof shall be given by the Issuer (or the Cover Pool Administrator, as applicable) to the Pandbrieven Holders and the Rating Agencies.

### **3.7 Conflicts of interest**

- (a) In exercising any of the powers, authorities and discretions vested in it, the Mortgage Pandbrieven Holders' Representative shall have regard to the overall interests of the Pandbrieven Holders of all Series taken together and of the Other Cover Pool Creditors that have agreed to be represented by the Mortgage Pandbrieven Holders' Representative. The Mortgage Pandbrieven Holders' Representative shall not be obliged to have regard to any interests arising from circumstances particular to individual Pandbrieven Holders or such Other Cover Pool Creditors.
- (b) The Mortgage Pandbrieven Holders' Representative shall, as regards the powers, authorities and discretions vested in it, except where expressly provided otherwise, have regard to the interests of both the Pandbrieven Holders of all Series and the Other Cover Pool Creditors that have agreed to be represented by the Mortgage Pandbrieven Holders' Representative but, if, in the opinion of the Mortgage Pandbrieven Holders' Representative, there is a conflict between the interests the Pandbrieven Holders and those Other Cover Pool Creditors, the Mortgage Pandbrieven Holders' Representative will have regard solely to the interest of the Pandbrieven Holders, but, for the avoidance of doubt, without prejudice to the applicable priority of payments.

## **4 Agency Agreement**

- 4.1 Under the Agency Agreement initially entered into on 23 November 2013 (as amended and/or restated), the Fiscal Agent and the Paying Agent have undertaken to ensure the payment of the sums due on the Mortgage Pandbrieven and perform all other obligations and duties imposed on it by the Conditions and the Agency Agreement.
- 4.2 In addition, the Fiscal Agent will perform the tasks described in the Clearing Services Agreement dated on 22 November 2013, which comprise inter alia providing the NBB as operator the Securities Settlement System with information relating to the issue of the Mortgage Pandbrieven, the Base Prospectus and other documents required by law.
- 4.3 The Listing Agent will cause an application to be made to Euronext Brussels for the admission to trading of the Mortgage Pandbrieven.

- 4.4 The Registrar maintains a register for the Registration of Registered Mortgage Pandbrieven which shall show the principal amount of Registered Mortgage Pandbrieven (as well as their date of issue and the Special Estate relating to such Registered Mortgage Pandbrief). The Register is available for inspecting by the Issuer, Fiscal Agent or any person authorised by any of them. The Registrar will cancel any redeemed Mortgage Pandbrieven.
- 4.5 The Issuer shall pay or procure the payment of such commissions in respect of the services of the Fiscal Agent, the Paying Agents and the Listing Agent under the Agency Agreement as shall be agreed between the Issuer and the Fiscal Agent. The Issuer shall not be concerned with the apportionment of payment among the Agents.
- 4.6 The Issuer and each Agent may at any time, subject to prior written notice, terminate the appointment of a relevant Agent under the Agency Agreement. In addition, in certain events, the Issuer may terminate the appointment of an Agent forthwith. The termination of the appointment of an Agent (whether by the Issuer or by the resignation of the Agent) shall not be effective unless upon the expiry of the relevant notice there is:
- (a) a Fiscal Agent and a Principal Paying Agent (which may be the same entity) that will at all times be a participant in the Securities Settlement System;
  - (b) so long as the Mortgage Pandbrieven are listed on any stock exchange or admitted to listing by any other relevant authority, a Paying Agent (which may be the Fiscal Agent) that has its specified office in such place as may be required by the rules and regulations of such stock exchange or other relevant authority (which, so long as the Mortgage Pandbrieven are listed on Euronext Brussels, shall be Brussels);
  - (c) so long as there are Registered Mortgage Pandbrieven, a Registrar (which may be the Issuer itself); and
  - (d) in the case of Floating Rate Mortgage Pandbrieven, a Calculation Agent (which may be the Issuer itself).
- 4.7 The Agency Agreement provides for the appointment from time to time of a Calculation Agent to determine the interest rate in relation to any Floating Rate Mortgage Pandbrieven. Such Calculation Agent may be appointed pursuant to a Calculation Agency Agreement which supplements the arrangements in the Agency Agreement.

## **5 Cover Pool Monitor Agreement**

### **5.1 Introduction**

- (a) Pursuant to the terms of the Cover Pool Monitor Agreement initially entered into on 22 November 2013 (as amended and/or restated), Deloitte Bedrijfsrevisoren BCVBA has been appointed as cover pool monitor pursuant to 16, §1 Annex III to the Credit Institutions Supervision Law. The appointment of Deloitte Bedrijfsrevisoren BCVBA as Cover Pool Monitor was approved by the NBB, as Supervisor, on 15 October 2013.
- (b) Deloitte Bedrijfsrevisoren BCVBA is a recognized auditor (*revisor/révisieur*) other than the statutory auditor of the Issuer (art. 11 §3 of the Covered Bonds Royal Decree). During the term of the appointment of Cover Pool Monitor, Deloitte Bedrijfsrevisoren BCVBA shall not act as statutory auditor of the Issuer.

### **5.2 Tests and Reporting**

- (a) The Cover Pool Monitor has agreed to perform the tasks and services entrusted to a cover pool monitor under the Belgian Covered Bond Regulations in relation to the Issuer as issuer of Belgian covered bonds and the Special Estate. These tasks include, *inter alia*:

- (i) the issue of periodic reports to the NBB as Supervisor on compliance by the Issuer with the legal and regulatory framework in relation to Belgian covered bonds, including (among other things) the qualitative requirements in relation to the cover assets, the requirements for the cover register and the Statutory Tests; and
  - (ii) such other tasks and verifications as may be requested by the NBB as Supervisor.
- (b) Prior to the first issuance of Mortgage Pandbrieven, the Cover Pool Monitor among other things:
  - (i) verified that all requirements applicable to the Cover Assets were fulfilled;
  - (ii) became familiar with the Issuer's assessment of its organisational capacity to issue Mortgage Pandbrieven, including the Issuer's risk management policies to mitigate interest rate and currency exchange risks and report its findings to the Supervisor; and
  - (iii) performed the procedures set out in the annex to the NBB Cover Pool Monitor Regulation and such other procedures as it deems necessary to assess the Issuer's organisational suitability.
- (c) Following the issuance of Mortgage Pandbrieven, the Cover Pool Monitor will among other things:
  - (i) verify at least once a year whether all requirements applicable to the Cover Assets are fulfilled;
  - (ii) verify at least once a month whether the Statutory Tests and the requirements in relation to the Cover Register are met; and
  - (iii) verify at least once a year that the Special Estate does not include commercial mortgage loans (whereby such verification is performed by the Cover Pool Monitor on a statistically significant sample randomly selected loans included as Cover Assets in the Special Estate; the size of the sample has been determined on the basis of a confidence level of 95% and an accepted error rate of 1%) and verify at least once a month that the Special Estate does not include residential mortgage backed securities, commercial mortgage backed securities or any other asset backed securities.
- (d) If the Issuer does not comply with such requirements (other than as set out in (c)(iii)), the Cover Pool Monitor must immediately inform the NBB as Supervisor and the Issuer.
- (e) The Cover Pool Monitor shall perform its tasks in accordance with the provisions of the Belgian Covered Bond Regulations and in particular the NBB Cover Pool Monitor Regulation.

### **5.3 Termination of appointment**

- (a) The Issuer may terminate the appointment of the Cover Pool Monitor on 30 days' prior written notice provided that it has the prior consent of the NBB as Supervisor.
- (b) The Cover Pool Monitor has agreed to provide its services under the Cover Pool Monitor Agreement until 31 December 2024 provided that the Cover Pool Monitor may resign from its appointment under the Cover Pool Monitor Agreement upon providing the Issuer, the Mortgage Pandbrieven Holders' Representative and the NBB as Supervisor with at least 3 calendar months' prior written notice before the end of the Initial Term or the end of the additional Renewal Period. Notwithstanding the foregoing, the Cover Pool Monitor may with the prior consent of the NBB as Supervisor resign from its appointment immediately by giving written notice to the Issuer and the NBB as Supervisor in the event a professional conflict of interest for the Cover Pool Monitor is

caused by an action of the Issuer (or its shareholders) or the Mortgage Pandbrieven Holders' Representative or in the event the performance of its services would become illegal following a change of law. The Cover Pool Monitor is required to resign if it becomes the statutory auditor of the Issuer or otherwise becomes ineligible to act as a Cover Pool Monitor pursuant to the Belgian Covered Bond Regulations.

- (c) Upon the Cover Pool Monitor giving written notice of resignation, the Issuer shall immediately use all reasonable endeavours to appoint a replacement (such replacement to be approved by the NBB as Supervisor which agrees to perform the duties of the Cover Pool Monitor set out in the Belgian Covered Bond Regulations and in the Cover Pool Monitor Agreement.)

#### **5.4 Costs**

Pursuant to the terms of the Cover Pool Monitor Appointment Agreement, the fees and cost of the Cover Pool Monitor will be borne by the Issuer.

### **6 Subscription Agreement**

The Programme Agreement will be supplemented on or around the date of each issuance by a subscription agreement, which will set out, *inter alia*, the relevant underwriting commitments (such agreement, the **Subscription Agreement**).

### **7 Special Estate Administration Agreement**

7.1 The Special Estate Administration Agreement initially entered into on 23 November 2013 (as amended and/or restated) provides that all Mortgage Pandbrieven issued under the Programme shall be subject to and have the benefit of certain common terms (the Special Estate Administration Terms) regardless of whether the Mortgage Pandbrieven are issued under the Base Prospectus or not. These Special Estate Administration Terms specify that all Pandbrieven Holders will be represented by the Mortgage Pandbrieven Holders' Representative and will benefit from recourse to the same Special Estate. Such recourse shall only extend to the Pandbrieven Holders and the Other Cover Pool Creditors under the Programme.

7.2 The other Special Estate Administration Terms provided for in the Special Estate Administration Agreement are:

- (a) the establishment and maintenance of the Cover Register in accordance with the requirements of the Belgian Covered Bond Regulations;
- (b) compliance of the Special Estate with the Statutory Tests;
- (c) the exclusion of commercial mortgage loans, Residential Mortgage Backed Securities, Commercial Mortgage Backed Securities and any other Asset Backed Securities from the Special Estate;
- (d) the provision of the Investor Report;
- (e) the events of default to apply to all Series of Mortgage Pandbrieven (which are the same as those set out in Condition 8.1 (*Events of Default*));
- (f) the priorities of payment to apply following an Event of Default or an early repayment of the Mortgage Pandbrieven (which are the same as those set out in Condition 9 (*Priorities of Payment*));
- (g) the types of assets which are to be used by the Issuer to comply with its revindication obligations should Cover Assets become commingled with the General Estate of the

Issuer (which are the same as those set out in Condition 12.1 (*Criteria for the transfer of assets by the General Estate to the Special Estate*));

- (h) the priority of application for recoveries from security which secures both Cover Assets (to which such recoveries shall first be applied until such Cover Assets have been satisfied in full) and assets forming part of the General Estate (which shall only receive such recoveries when the relevant Cover Assets have been repaid in full);
- (i) that collateral provided under Hedging Agreements which are Cover Assets shall only be used for obligations in relation to the Special Estate and in accordance with the relevant Hedging Agreement; and
- (j) the appointment and maintenance of the appointment of the Cover Pool Monitor.

7.3 The Special Estate Administration Agreement may only be amended by a Programme Resolution (as defined in the Mortgage Pandbrieven Holder Representative Agreement). However, the Special Estate Administration Agreement may be amended in writing between the Issuer, the Mortgage Pandbrieven Holders' Representative and the Cover Pool Monitor, without the agreement or consent of the Pandbrieven Holders if:

- (a) the Mortgage Pandbrieven Holders' Representative is of the opinion that the amendment will not materially prejudice the interests of the Pandbrieven Holders; or
- (b) the Mortgage Pandbrieven Holders' Representative is of the opinion that the amendment is of a formal, minor or technical nature; or
- (c) the Mortgage Pandbrieven Holders' Representative is of the opinion that the amendment is to correct a manifest error or to comply with mandatory statutory provisions; or
- (d) to better reflect the requirements and provisions of the Belgian Covered Bond Regulations.

7.4 Upon the Issuer's request, the Mortgage Pandbrieven Holders' Representative shall, without the consent or sanction of any of the Pandbrieven Holders, concur with the Issuer in making any modifications to the Conditions, to the Meeting Rules or to the Special Estate Administration Terms (together with any requisite or consequential modifications to the Programme Documents) that the Issuer may decide in its discretion to request in order to comply with mandatory provisions of law or with any criteria of a Rating Agency which may be published after the signing of the initial agreement(s) for the issuance of and subscription for the Mortgage Pandbrieven and which the Issuer certifies to the Mortgage Pandbrieven Holders' Representative in writing it reasonably believes are necessary to avoid a downgrade, withdrawal or suspension of the then current ratings assigned by a Rating Agency to any Series of Mortgage Pandbrieven, provided that the Mortgage Pandbrieven Holders' Representative shall not be obliged to agree to any modifications which, in the sole opinion of the Mortgage Pandbrieven Holders' Representative, as applicable, would have effect of (i) exposing the Mortgage Pandbrieven Holders' Representative, as applicable, to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction; or (ii) increasing the obligations or duties, or decreasing the protections, of the Mortgage Pandbrieven Holders' Representative, as applicable in the Meeting Rules or the Conditions. For avoidance of doubt, such modification may include, without limitation, modifications which would allow any hedge counterparty and/or liquidity facility provider not to post collateral in circumstances where it previously would have been obliged to do so.

Notwithstanding the foregoing, upon the Issuer's request, the Mortgage Pandbrieven Holders' Representative shall, without the consent or sanction of any of the Pandbrieven Holders, concur with the Issuer in making any modifications to the Special Estate Administration Terms (together with any requisite or consequential modifications to the Programme Documents) that the Issuer may decide in its own discretion in relation to future issues of Mortgage Pandbrieven under the Programme provided that (a) such modifications will not affect the then current ratings assigned by a Rating Agency to any Series of Mortgage Pandbrieven issued under the Programme and (b) the Issuer certifies to the Mortgage Pandbrieven Holders' Representative in writing that these modifications will not affect the rights of Mortgage Pandbrieven already issued under the Programme, provided that the Mortgage Pandbrieven Holders' Representative shall not be obliged to agree to any modification which, in the sole opinion of the Mortgage Pandbrieven Holders' Representative, as applicable, would have effect of (i) exposing the Mortgage Pandbrieven Holders' Representative, as applicable, to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction; or (ii) increasing the obligations or duties, or increasing the protections, of the Mortgage Pandbrieven Holders' Representative, as applicable in the Meeting Rules or the Conditions. For avoidance of doubt, such modification may include, without limitation, modifications which would allow any hedge counterparty and/or liquidity facility provider not to post collateral in circumstances where it previously would have been obliged to do so.

## 8 Clearing Services Agreement

Pursuant to the Clearing Services Agreement concluded on 22 November 2013, the NBB as operator of the Securities Settlement System will provide clearing services for the Issuer.

## 9 Hedging Agreements

- 9.1 The Issuer or, upon its appointment by the Supervisor, the Cover Pool Administrator may, from time to time during the Programme, enter into interest rate swap agreements, currency swap agreements and other relevant swap or hedging agreements (together the **Hedging Agreements**) with one or more hedging counterparties (the **Hedging Counterparties**) for the purpose of, *inter alia*, protecting itself against certain risks (including, but not limited to, interest rate, liquidity and credit) related to the Cover Assets and/or the Mortgage Pandbrieven.
- 9.2 The distribution or priority rules between the obligations towards Pandbrieven Holders and the Hedging Counterparties are determined in the Conditions. Reference is made to Condition 9 (*Priority of Payments*) in this respect.

## 10 Liquidity Facility Agreements

- 10.1 The Issuer or, upon its appointment by the Supervisor, the Cover Pool Administrator may, from time to time during the Programme, enter into liquidity facility agreements (the **Liquidity Facility Agreements**) in relation to the Special Estate with one or more liquidity facility providers (the **Liquidity Facility Providers**) in order to improve the liquidity of the Special Estate.
- 10.2 The distribution or priority rules between the obligations towards Pandbrieven Holders and the Liquidity Facility Providers are determined in the Conditions. Reference is made to Condition 9 (*Priority of Payments*) in this respect.

## COVER ASSETS

The Belgian Covered Bond Regulations identify five categories of assets that may be included as cover assets in a special estate in relation to an issuance of mortgage pandbrieven (see “*Summary of the Belgian Covered Bond Regulations*” – section “*4.B. Further qualitative requirements for Cover Assets relating to Belgian Pandbrieven*” above). In accordance with the undertakings included in the Conditions (see Condition 2.6) and the Programme Documents, the Issuer will further limit the types of assets that will be eligible as Cover Assets for the Special Estate as described below.

### 1 Eligible Assets - Types

The following types of assets may be included as Cover Assets in the Special Estate:

- (a) Residential Mortgage Loans (category 1): mortgage receivables secured by a mortgage on residential real estate located in the European Economic Area (**EEA**). With respect to residential mortgage loans, the Issuer must be the beneficiary of a first ranking mortgage. Mortgage receivables relating to residential real estate under construction or in development can only be included in the Special Estate if they do not represent more than 15% of all the residential mortgage loans included in the Special Estate.

Residential real estate is defined as real property that is destined for housing or for rent (*huur/location*) as housing by the owner.

- (b) Exposures to public sector entities (category 3): receivables on or guaranteed or insured by (i) central, regional or local authorities of EEA Member States that are member of the organisation for Economic Co-operation and Development (**OECD**), (ii) central banks of these member states, (iii) public sector entities of these member states or (iv) multilateral development banks or international organisations that qualify for a 0% risk weighing as set out in article 117.2 of the CRR, but excluding in each case, public sector asset backed securities (**ABS**).
- (c) Exposures to credit institutions (category 4): claims against credit institutions that have the status of credit institution under the law of a member state of the OECD and cash held on account with these credit institutions, as well as sums held by the issuing credit institution.
- (d) Hedging Agreements (category 5): positions resulting from one or more Hedging Agreements linked to one or more Cover Assets or Mortgage Pandbrieven concerned, as well as sums paid under these positions may also qualify as Cover Assets. The counterparty of these instruments must have the status of a credit institution under an OECD member state.

The Hedging Agreements may only cover interest rate risk, currency exchange risk or other risks linked to the Cover Assets or the Mortgage Pandbrieven.

The Hedging Agreements may only be included in the Special Estate if reorganisation measures or winding-up proceedings opened against the Issuer do not automatically result in the early termination (close-out) of these Hedging Agreements and if the Hedging Counterparty cannot invoke such procedures in order to claim the termination (close-out) of these Hedging Agreements. The Issuer institution may not include the derivatives in one of the novation or netting agreements to which it is a party.

The Issuer must be able to demonstrate that the default risk of the Hedging Counterparty is limited. This can be established if the counterparty qualifies for:



- (i) Credit quality step 1 or 2 according to Article 120 CRR for Belgian covered bonds that qualify for credit quality step 1; or
- (ii) Credit quality steps 1, 2 or 3 according to Article 120 CRR for Belgian covered bonds that qualify for credit quality step 2 or lower.

Hedging Agreements registered in the cover register are part of the special estate.

When the counterparty is a group-related entity of the Issuer, it must have the status of credit institution in an EEA Member State and must benefit from the credit quality step 1 (as defined in article 120 of the CRR). Moreover, the net risk positions arising from these hedging instruments towards these counterparties have to be covered by financial instruments or values as contemplated in Article 197 CRR.

Amounts paid as reimbursement, collection or payment of interest on claims or assets included in the Special Estate as part of the relevant categories, may be taken into account as Cover Assets that are a part of their respective category.

In accordance with the undertaking of the Issuer included in Condition 2.6, none of the Cover Assets may comprise Residential Mortgage Backed Securities (**RMBS**), commercial mortgage loans or Commercial Mortgage Backed Securities (**CMBS**) or any other ABS.

The Issuer refers to the Summary of the Belgian Covered Bond Regulations for a description of the valuation criteria and the Statutory Tests.

## 2 **Main category of Cover Asset – Residential Mortgage Loans**

The Special Estate may be composed of assets of each of the following categories (residential mortgage loans (but excluding RMBS) (category 1), public exposures (but excluding Public Asset Backed Securities) (category 3), exposures to credit institutions (category 4) and Hedging Agreements (category 5)).

The main asset category of the Special Estate will consist of Category 1 i.e. Residential Mortgage Loans (excluding RMBS).

The value of Cover Assets out of this Category 1 (Residential Mortgage Loans, but excluding RMBS) as determined in accordance with the valuation rules set out in the Article 6 of the Covered Bonds Royal Decree must represent at least 85% of the aggregate Principal Amount Outstanding of all Mortgage Pandbrievien of all Series outstanding (the 85% Asset Coverage Test). In exceptional circumstances the Supervisor may decrease the minimum percentage of 85 % of the 85% Asset Coverage Test.

## 3 **Description of the Residential Mortgage Loans**

### (a) Interest Rates

The Residential Mortgage Loans comprising Cover Assets bear:

- (i) a fixed rate interest for the entire term of the Residential Mortgage Loan; or
- (ii) an interest rate which is subject to a reset from time to time, with the period between to reset dates being no less than one year and no more than ten years.

The actual amount of interest paid under the Residential Mortgage Loans will vary during the life of the Mortgage Pandbrievien as a result of the level of delinquencies, defaults, repurchases, repayments and prepayments in respect of the Residential Mortgage Loans.

(b) Prepayment Penalties

In accordance with applicable law, the Residential Mortgage Loan agreements allow for prepayment penalties equal to three months interest on the prepaid amount, calculated at the interest rate then applicable to the prepaid Residential Mortgage Loan (except in the case of: (a) death of a Borrower if the Residential Mortgage Loan is repaid from the proceeds of life insurance taken out in relation to the Residential Mortgage Loans; or (b) in case of destruction of or damage to the property because of hazard, to the extent that the prepayment occurs with funds paid pursuant to a hazard insurance policy relating to the Residential Mortgage Loan).

(c) Default Interest

In respect of arrears on the Residential Mortgage Loans, default interest (*nalatighedsinterest/intérêt moratoire*) at a rate of up to 0.5 per cent per annum is charged/applied in addition to the interest rate then applicable to the Residential Mortgage Loan.

(d) Types of Residential Mortgage Loans

The Residential Mortgage Loans comprising Cover Assets are of the following repayment terms:

- (i) **Linear Residential Mortgage Loan** means a mortgage loan under which the Borrower has to make a periodical repayment of principal which remains the same for the duration of the loan, so that the debt gradually decreases. Due to the decreasing outstanding balance, the interest payment decreases proportionally. As a result, the gross mortgage costs (interest plus repayment of principal) decreases over time;
- (ii) **Annuity Residential Mortgage Loan** means a mortgage loan under which the Borrower has to make a periodical repayment which remains the same for the duration of the loan consisting partly of interest and partly of principal, whereby the interest payments decrease and the repayments of principal increase;
- (iii) **Bullet Residential Mortgage Loan** means a mortgage loan under which the Borrower does not have to reimburse principal amount until maturity of such loan, but only makes interest payments during the lifetime of the loan. The interest payment can be monthly, quarterly, semi-annually, or annually; and
- (iv) **Contractual Residential Mortgage Loan** means a mortgage loan whereby the amount of principal repayments determined at the start of the Contractual Residential Mortgage Loan can, by upfront decision of the Borrower, be changed up to 4 times during the lifetime of the Contractual Residential Mortgage Loan. The interest is calculated on the outstanding balance and therefore decreases over time. The Borrower decides the payment frequency of the interest, which does not necessarily have to correspond with that for the capital repayments.

(e) Loan Security

The Residential Mortgage Loans are secured by (1) a first ranking mortgage, and, as the case may be, (2) a lower ranking mortgage provided that the Issuer also has the benefit of all higher ranking mortgages on the same real estate and, as the case may be, a mandate to create mortgages.

(i) Mortgage

A mortgage creates a priority right to payment out of the mortgaged assets, subject to mandatory statutory priorities (including beneficiaries of prior ranking mortgages).

The Residential Mortgage Loans constitute term advances under facilities which have the form of a revolving facility (*kredietopening/ouverture de crédit*). The mortgage that is granted as security for this type of loans is used to secure all advances (*voorschotten/avances*) made available under such revolving facility and any other debt owed by the Borrower to the Issuer from the time which the Issuer decides to include (*imputatie/imputation*) in the revolving facility and this under the cover of the mortgage.

Pursuant to article 81*quinquies* of the Mortgage Act, a receivable secured by a mortgage securing all debts that can arise over an indefinite period of time (an **All Sums Mortgage**) which is registered in the Cover Register shall, in respect of such mortgage, (i) rank in priority to any receivable which arises after the date of the registration and (ii) have equal ranking with loans or debts which existed at the time of the registration, unless stipulated otherwise in the issue conditions.

Pursuant to article 81*quater*, §2 of the Mortgage Act, an advance granted under a revolving facility secured by a mortgage can be registered in the Cover Register. Such advance will benefit from the privileges and mortgages securing the revolving facility. The advance registered in the Cover Register shall, in respect of the mortgage securing the revolving facility, (i) rank in priority to further advances that are granted after the date of registration and (ii) have equal ranking with other advances which existed at the time of the registration, unless stipulated otherwise in the issue conditions.

Condition 12.3 (*Priority Rules regarding security interest securing both Cover Assets and assets in the General Estate*) of the Conditions provides that if a security interest (including any mortgage and mortgage mandate) secures both Cover Assets and assets in the General Estate, all sums received out of the enforcement of the security interest will be applied in priority to satisfy the obligations in relation to the Cover Assets. Any proceeds of enforcement of such security interest can only be applied in satisfaction of the obligations of the relevant assets in the General Estate once all sums owed to the Special Estate in respect of the relevant Cover Assets are irrevocably repaid in full.

(ii) Mortgage Mandate

A mortgage mandate is often used in addition to a mortgage to limit registration duties payable by the Borrower.

A mortgage mandate does not create an actual security interest and does not therefore create an actual priority right of payment out of the proceeds of a sale of the mortgaged assets. The mortgage mandate is an irrevocable mandate granted by a Borrower or a third party collateral provider to certain attorneys to create a mortgage as security for the Residential Mortgage Loan and all other amounts which the Borrower owes or in the future may owe to the Issuer. Only after creation of the mortgage and registration at the relevant mortgage register, the beneficiary of the mortgage will have a priority right to payment out of the proceeds of a sale of the mortgaged assets.

In certain circumstances, exercise of a mandate may no longer be possible or may no longer result in valid and effective security. The following limitations, amongst others, exist in relation to the conversion of mortgage mandates:

- (a) the Borrower or the third party collateral provider that has granted a mortgage mandate, may grant a mortgage to a third party that will rank ahead of the mortgage to be created pursuant to the conversion of the mortgage mandate, although this would generally constitute a contractual breach of the standard loan documentation;

(b) if a conservatory or an executory seizure of the real property covered by the mortgage mandate has been filed by a third party creditor of the Borrower or, as the case may be, of the third party collateral provider, a mortgage registered pursuant to the exercise of the mortgage mandate after the writ of seizure has been recorded at the mortgage register, will not be enforceable against the seizing creditor;

(c) if the Borrower or the third party collateral provider is a merchant or commercial entity:

(i) the mortgage mandate can no longer be converted following the bankruptcy of the Borrower or, as the case may be, the third party collateral provider and any mortgage registered at the mortgage register after the bankruptcy judgement is void; and

(ii) a mortgage registered at the mortgage register pursuant to the exercise of a mortgage mandate during the pre-bankruptcy investigation period (i.e. after the date of cessation of payments that may be fixed by the court) for a pre-existing loan will not be enforceable against the bankrupt estate. Under certain circumstances, the clawback rules are not limited in time, for example where a mortgage has been granted pursuant to a mortgage mandate and in order to “fraudulently prejudice” creditors; and

(iii) mortgages registered after the day of cessation of payments of debt can be declared void by the bankruptcy court, if the registration was made more than 15 days after the creation of the mortgage; and

(iv) the effect of a judicial reorganisation (gerechtelijke reorganisatie/réorganisation judiciaire) of a Borrower or of a third party collateral provider on the mortgage mandate is uncertain;

(d) if the Borrower or the third party collateral provider, as the case may be, is a private person and started collective debt settlement proceedings, a mortgage registered at the mortgage register after the court has declared the request admissible, is not enforceable against the other creditors of the Borrower or of the third party collateral provider;

(e) besides the possibility that the Borrower or the third party collateral provider may grant a mortgage to another lender discussed above, the mortgage to be created pursuant to a mortgage mandate may also rank behind certain statutory mortgages (such as e.g. the statutory mortgage of the tax and the social security authorities) to the extent these mortgages are registered before the exercise of the mortgage mandate. In this respect, it should be noted that the notary involved in preparing the mortgage deed will need to notify the tax administration, and, as the case may be, the social security administration before finalising the mortgage deed pertaining to the creation of the mortgage;

(f) if the Borrower or the third party collateral provider, as the case may be, is a private person, certain limitations apply to the conversion of the mortgage mandate into a mortgage if the Borrower or third party collateral provider dies before the conversion; certain limitations also apply in case of a dissolution of the Borrower or third party collateral provider that is a legal person;

(iii) as the case may be, life insurance policies and hazard insurance policies;

(iv) as the case may be, an assignment of salary by the Borrower; and/or

- (v) as the case may be, any pledge, set-off or unicity of account rights of the Issuer pursuant to its applicable general banking terms and conditions.

Pursuant to Article 3, §2, 3° Annex III to the Credit Institutions Supervision Law (and, as far as Mortgage Mandates are concerned, Articles 81*sexies* and 81*decies* of the Belgian Mortgage Act) all security interests and sureties, guarantees or privileges under whichever form that have been granted in relation to Cover Assets as well as rights under insurance policies and other contracts in relation to the Cover Assets or the management of the Special Estate are automatically part of the Special Estate.

#### 4 Underwriting and Servicing of the Loans

(a) Credit applications and reviews

The bank extends a limited number of simple, low risk and transparent products to financially sound clients.

Target customers:

- private individuals;
- self-employed; and
- professionals.

The mortgage loans are only sold through the bank's branches, franchised (232) and statutory (499). The underwriting policy and the processing for mortgage loans are the same for both kinds of branches.

Financing policy is detailed in policy papers and is published on the bank's intranet accessible for both relationship and risk management.

(b) Origination process

The credit application is initiated in BTM/TPK 503. This is a straight-through processing system in which all activities on a certain application are tracked. Application is scored by the system, giving advice to the approver and to the branch.

The granting of a mortgage loan is based on several criteria of which the following are the most important:

- positive and negative Belgian credit database (via Belgian National Bank);
- available internal credit history and internal credit behaviour (if any); and
- approval can be automatically based on the credit risk based on certain drivers like behavioural score, internal and external databases, debt to available income, known credit behaviour etc.

(c) Approval process

Credit decisions amounts are either automatically approved or are manually underwritten. These are predefined for each approver based on experience and seniority and on the internal rating assigned to a credit application. All credit decisions in excess of EUR 1 million are taken by 2 mandate levels within 48 hours.

(d) Collateral

Collateral in a transaction is an important item in the credit decision. All mortgage loans are collateralised and any received collateral typically consists of one or more of the following types:

- inscriptions/Mortgages (i.e. liens on specified residential properties); and
- mortgage mandates.

For the avoidance of doubt, the Residential Mortgage Loans will only be eligible as Cover Assets if they are secured by, at least, a first ranking Mortgage.

(e) Internal Credit Risk Rating System

The Issuer uses internal risk ratings for managing applications and ongoing credits. The assigned internal risk rating represents the Issuer's assessment of the expected default probability of a given Borrower not taking collateral into account. It is the result of an evaluation of several inputs and internal behavioural data, using statistically based scorecard analyses. The application score could affect the outcome (in combination with other factors like credit record at Supervisor) of the credit decision, but it also determines the level of decision-making authority required to take the decision.

All behavioural scores are delivered on a monthly basis to ING Groep N.V., which uses a set of internal risk ratings throughout all its different international units.

Currently the ING Internal Risk Rating scale consists of 22 risk ratings that fall into 3 larger classes of risk:

1. "Investment Grade": 01 to 10;
2. "Speculative Grade"; 11 to 17;
3. "Substandard/Problem Loan Grade"; 18 to 22.

(f) Credit restructuring process

Risk management continuously monitors the credit quality of the processes and observes developments related to the borrowers, the sector it operates in (which developments could affect the Borrower in the future whilst its current credit profile does not yet reflect these) or in the acceptance criteria.

Credit exposures which have been in arrear for more than 70 days will be managed by the regularisation department. As soon as a file is transferred to the regularisation department, that department takes over the main responsibility of the relationship with the client.

The regularisation department manages a file with the aim to improve the client's credit standing and the bank's position so that normal relationship management and risk management can take over again. If the restructuring department decides that a file should be terminated (and the bank repaid) the file is transferred to the recovery department.

In the "**Recovery**" department any collateral is liquidated by third parties. If there is still any exposure left following the work-out in "Recovery", they will proceed the writes-off and (if possible) attempt to collect the remaining balance.

## 5 Initial selection of Residential Mortgage Loans as Cover Assets for the Special Estate

The Issuer may, from time to time, apply additional criteria in order to select the Residential Mortgage Loans that will be allocated as Cover Assets to the Special Estate from its available pool of Residential Mortgage Loans.

For the selection of an initial pool of Residential Mortgage Loans that can be allocated to the Special Estate in relation to the Mortgage Pandbrieven under the Programme, the Issuer has applied, *inter alia*, the following selection criteria:

- the underlying residential real estate is located in Belgium;
- the underlying residential real estate is at origination owner-occupied (hence not used for renting); and
- the current loan to indexed market value (whereby the market value is determined on the basis of the agreed price for the property in the underlying sale agreement or on the basis of the most recently available valuation report by an external valuer, as indexed on the basis of the Stadim index) of the Residential Mortgage Loan is not higher than 115%.

Provided that the Residential Mortgage Loans allocated to the Special Estate satisfy the requirements of the Belgian Covered Bonds, including, in particular, the Statutory Tests, the Issuer may change from time to time change its selection policy and thereby no longer apply the abovementioned criteria or apply additional and/or different criteria.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus shall be incorporated in, and form part of, this Base Prospectus:

- the Issuer's annual report for the financial year ended 31 December 2018<sup>1</sup>; and
- the Issuer's annual report for the financial year ended 31 December 2019<sup>2</sup>,

save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to 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).

### Specific items contained in "Documents Incorporated by Reference"

	FY 2019	FY 2018
<b>Documents</b>		
Report of the Management Board	9-13	9-14
consolidated statement of financial position	21	22
consolidated statement of profit and loss	22	23
consolidated statement of comprehensive income	23	24
consolidated statement of cash flows	24	23
consolidated statement of changes in equity	25	24
Notes to the consolidated annual accounts	50-70	58-77
Statutory auditor's report	137	137

\* Page references are to the English language PDF version of the relevant incorporated documents.

Information contained in the documents incorporated by reference other than information listed in the table above is for informational purposes only.

Furthermore, in respect of any issuance of a new Tranche increasing a Series issued under a previous Base Prospectus, the present Base Prospectus should be read and construed in conjunction with the Conditions (set out in *Terms and Conditions of the Mortgage Pandbrieven*) of the relevant Base Prospectus, which are incorporated by reference in the present Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer, on its website ([www.ing.be/investor-relations](http://www.ing.be/investor-relations)).

**Potential investors in the Mortgage Pandbrieven should be aware that any website referred to in this Base Prospectus does not form part of this Base Prospectus and has not been scrutinised or approved by the FSMA.**

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<sup>1</sup> <https://about.ing.be/About-ING/Press-room/Financial-results.htm>

<sup>2</sup> <https://about.ing.be/About-ING/Press-room/Financial-results.htm>



## **PROSPECTUS SUPPLEMENT**

The Issuer is required to prepare a supplement to the Base Prospectus without undue delay, in accordance with article 23(1) of the Prospectus Regulation, if a significant new factor, material mistake or material inaccuracy relating to the information included in the Base Prospectus occurs, provided it is capable of affecting the assessment of the Mortgage Pandbrieven and which arises or is noted between the time when the Base Prospectus is approved and the final closing of the offer to the public or, as the case may be, the time when trading on a regulated market begins, whichever occurs later.

The obligation of the Issuer to supplement the Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the validity of the Base Prospectus has expired. The validity of the Base Prospectus will expire on 7 July 2021].

## TERMS AND CONDITIONS OF THE MORTGAGE PANDBRIEVEN

The following are the Terms and Conditions (the **Conditions**) of the Mortgage Pandbrieven which, as completed by the applicable Final Terms in relation to any Tranche of Mortgage Pandbrieven, will apply to the Mortgage Pandbrieven. Reference should be made to "Form of the Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Tranche of Mortgage Pandbrieven.

The applicable Final Terms in relation to any Tranche of Mortgage Pandbrieven may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Conditions, replace or modify the following Conditions for the purpose of such particular Tranche of Mortgage Pandbrieven, in the case of any Mortgage Pandbrieven which are neither to be admitted to trading on a regulated market within the European Economic Area nor offered to the public in an EEA State in circumstances which require the publication of a prospectus under the Prospectus Regulation (**Exempt Mortgage Pandbrieven**).

The Issuer may also issue from time to time Mortgage Pandbrieven under the Programme which shall be subject to terms and conditions and/or final terms not contemplated by this Base Prospectus. In such circumstances, the relevant forms of terms of such Mortgage Pandbrieven will be set out in a schedule to the Agency Agreement.

ING Belgium NV/SA (the **Issuer**) has established a Residential Mortgage Pandbrieven Programme (the **Programme**) for the issuance of Belgian *pandbrieven/lettres de gage* governed by the Law of 3 August 2012 on the legal framework of Belgian covered bonds (*Wet van 3 augustus 2012 tot invoering van een wettelijke regeling voor Belgische covered bonds/Loi du 3 août 2012 instaurant un régime légal pour les covered bonds belges*) (as implemented in articles 79 to 84 of the Credit Institutions Supervision Law and Annex III to the Credit Institutions Supervision Law) as subsequently amended and/or supplemented (hereinafter the **Mortgage Pandbrieven**).

The National Bank of Belgium (*Nationale Bank van België/Banque Nationale de Belgique*) (the **NBB**), as Supervisor, has admitted the Issuer to the list of credit institutions that have obtained the authorisation to issue Belgian covered bonds pursuant to Article 80, §1 of the Credit Institutions Supervision Law on 5 November 2013. The Programme has been admitted by the NBB, as Supervisor, to the list of authorised programmes for issue of Belgian covered bonds pursuant to Article 80, §2 of the Credit Institutions Supervision Law on 5 November 2013. Upon so being notified by the Issuer, the Supervisor shall regularly update such list with the Mortgage Pandbrieven issued under the Programme and shall indicate that the Mortgage Pandbrieven constitute Belgian *pandbrieven/lettres de gage* under the Belgian Covered Bond Regulations.

As used herein, **Tranche** means Mortgage Pandbrieven which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Mortgage Pandbrieven together with any further Tranche or Tranches of Mortgage Pandbrieven which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Each Tranche is the subject of Final Terms (hereinafter the **Final Terms**) which completes these terms and conditions (hereinafter the **Conditions**). The terms and conditions applicable to any particular Tranche of Mortgage Pandbrieven are these Conditions as completed by the applicable Final Terms, save to the extent that such Final Terms replace or modify such Conditions.

All subsequent references in these Conditions to **Mortgage Pandbrieven** are, unless the context otherwise requires, to the Mortgage Pandbrieven of the relevant Series.

The relationship between the Issuer and the Issuer as fiscal agent, paying agent and listing agent (hereinafter the **Fiscal Agent**, the **Paying Agent** and the **Listing Agent** which expression includes any successor agent appointed from time to time in connection with the Mortgage Pandbrieven), any entity from time to time appointed as registrar (hereinafter the **Registrar**, which expression includes any successor registrar appointed from time to time in connection with the Mortgage Pandbrieven) and the other paying agents appointed from time to time under the agency agreement (together with

the Fiscal Agent, the Paying Agent, the Listing Agent and the Registrar, the **Agents**, which expression includes any successor agent appointed from time to time in connection with the Mortgage Pandbrieven) is determined in accordance with an agency agreement initially concluded on 22 November 2013 between the Issuer, the Agents and the Mortgage Pandbrieven Holders' Representative (such agency agreement as modified and/or supplemented and/or restated from time to time, the **Agency Agreement**).

The Mortgage Pandbrieven Holders' Representative acts as representative of the Pandbrieven Holders within the meaning of article 1, 4° Annex III to the Credit Institutions Supervision Law in accordance with the provisions of the Mortgage Pandbrieven Holder Representative Agreement (such Mortgage Pandbrieven Holder Representative Agreement as modified and/or supplemented and/or restated from time to time, the **Mortgage Pandbrieven Holder Representative Agreement**) initially concluded on 22 November 2013 between the Issuer and Stichting ING Belgium Mortgage Pandbrieven Holders' Representative as representative (in such capacity the **Mortgage Pandbrieven Holders' Representative**, which expression shall include any successor Mortgage Pandbrieven Holders' Representative) and with the Belgian Covered Bond Regulations.

The Cover Pool Monitor has been appointed as cover pool monitor in relation to the Special Estate (as defined below) pursuant to article 16, §1 Annex III to the Credit Institutions Supervision Law and the Belgian Covered Bond Regulations.

Pursuant to a special estate administration agreement entered into between the Issuer, the Mortgage Pandbrieven Holders' Representative and the Cover Pool Monitor (such special estate administration agreement as modified and/or supplemented and/or restated from time to time, the **Special Estate Administration Agreement**) initially concluded on 22 November 2013, all Mortgage Pandbrieven issued under the Programme shall be subject to and have the benefit of certain common terms (the **Special Estate Administration Terms**) regardless of whether the Mortgage Pandbrieven are issued under the Base Prospectus or not.

The relationship between the Issuer and the NBB as operator of the Securities Settlement System (as hereinafter defined) in relation to the clearing of the Dematerialised Mortgage Pandbrieven is governed by (i) a clearing services agreement (such clearing services agreement as modified and/or supplemented and/or restated and/or renewed from time to time, the **Clearing Services Agreement**), entered into between the Issuer, the Fiscal Agent and the NBB on 22 November 2013 and (ii) the Settlement System Regulations (as hereinafter defined).

The Issuer may, from time to time during the Programme, enter into interest rate swap agreements, currency swap agreements and other relevant swap or hedging agreements (together the **Hedging Agreements**) with one or more hedging counterparties (the **Hedging Counterparties**) for the purpose of, *inter alia*, protecting itself against certain risks (including, but not limited to, interest rate, currency exchange, liquidity and credit) related to the Cover Assets (as defined below) and/or the Mortgage Pandbrieven.

The Issuer may, from time to time during the Programme, enter into liquidity facility agreements (the **Liquidity Facility Agreements**) in relation to the Special Estate with one or more liquidity facility providers (the **Liquidity Facility Providers**) in order to improve the liquidity of the Special Estate.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of:

- (a) the Agency Agreement;
- (b) the Mortgage Pandbrieven Holder Representative Agreement;
- (c) the Programme Agreement;
- (d) the Special Estate Administration Agreement; and
- (e) the Clearing Services Agreement.

The Agency Agreement, the Mortgage Pandbrieven Holder Representative Agreement, the Programme Agreement, the Cover Pool Monitor Agreement, the Clearing Services Agreement, the Special Estate Administration Agreement, any Subscription Agreement, each of the Final Terms, any Hedging Agreement, any Liquidity Facility Agreement, any Calculation Agency Agreement and any additional document entered into in respect of the Mortgage Pandbrieven and/or the Special Estate and designated as a Programme Document by the Issuer and the Mortgage Pandbrieven Holders' Representative, are together referred to as the **Programme Documents**.

Copies of the Programme Documents are available for inspection during normal business hours at the registered office of the Issuer and at the Specified Office of the Fiscal Agent and copies may be obtained from those offices save that, if the relevant Mortgage Pandbrief is an Exempt Mortgage Pandbrief, the applicable Final Terms will only be obtainable by a Pandbrieven Holder holding one or more Mortgage Pandbrieven and such Pandbrieven Holder must produce evidence satisfactory to the Issuer and the Fiscal Agent as to its holding of such Mortgage Pandbrieven and identity. The Pandbrieven Holders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Final Terms which are applicable to them. By subscribing for or otherwise acquiring the Mortgage Pandbrieven, the Pandbrieven Holders will also be deemed to have knowledge of, accept and be bound by all the provisions of, the other Programme Documents.

## 1 Interpretation

### *Definitions*

In these Conditions the following expressions have the following meanings:

**85% Asset Coverage Test** means the requirement set out in the Belgian Covered Bond Regulations that the Asset Coverage Percentage must be at least 85% at all times.

**Accrual Yield** has, in relation to a Zero Coupon Mortgage Pandbrieven, the meaning given in the applicable Final Terms.

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

- (a) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (b) the Issuer determines, following consultation with the Independent Adviser and acting in good faith, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or (if the Issuer determines that no such industry standard is recognised or acknowledged);
- (c) the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith, determines to be appropriate.

**Asset Coverage Percentage** means the proportion, expressed as a percentage, that the aggregate value of the Residential Mortgage Loans registered as Cover Assets in the Special Estate and determined in accordance with the valuation rules set out in the Covered Bonds

Royal Decree bears to the aggregate Principal Amount Outstanding of the Mortgage Pandbrieven.

**Alternative Rate** means an alternative benchmark or screen rate which the Issuer determines in accordance with Condition 4.7(b) and which has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same Specified Currency as the Mortgage Pandbrieven.

**Applicable Banking Regulation** means at any time, the laws, regulations, rules, guidelines and policies of the Lead Regulator, or of the European Parliament and Council then in effect in Belgium, relating to capital adequacy and applicable to the Issuer at such time (for the avoidance of doubt, including as at the Issue Date the rules contained in, or implementing, CRR and CRD IV).

**Base Prospectus** means the base prospectus in relation to the Programme dated 7 July 2020, as amended from time to time.

**Belgian Company Code** means the Belgian *Wetboek van Vennootschappen en Verenigingen/Code des Sociétés et des Associations* of 23 March 2019, as amended, supplemented and/or replaced from time to time.

**Belgian Covered Bond Regulations** means the Credit Institutions Supervision Law, the Mobilisation Law, the Covered Bonds Royal Decree, the Cover Pool Administrator Royal Decree, the NBB Covered Bonds Regulation, the NBB Cover Pool Monitor Regulation and any other law, royal decree, regulation or order that may be passed or taken in relation to Belgian covered bonds.

**Benchmark Amendments** has the meaning given to it in Condition 4.7(d).

**Benchmark Event** means:

- (a) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (b) a public statement by the administrator of the Original Reference Rate stating that it will, by a specified date within the following six months, cease to publish the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Original Rate); or
- (c) a public statement by the supervisor of the administrator of Original Reference Rate stating that the Original Reference Rate has been or will be, by a specified date within the following six months, permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or
- (e) it has become unlawful for any Paying Agent, Calculation Agent, the Issuer or any other party to the Agency Agreement to calculate any payments due to be made to any Pandbrieven Holder using the Original Reference Rate.

**Business Day** means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Brussels and in each Additional Business Centre specified in the applicable Final Terms; and

- (b) a day on which the TransEuropean Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the TARGET2 System) is open.

**Calculation Agency Agreement** means any calculation agency agreement that may be entered into by the Issuer with a third party in relation to the Mortgage Pandbrieven.

**Calculation Agent** means the Issuer or any other calculation agent appointed by the Issuer pursuant to a Calculation Agency Agreement, as specified in the applicable Final Terms.

**Cover Assets** means Residential Mortgage Loans and any other loans, securities, accounts, contracts or other assets which comply with the requirements of the Belgian Covered Bond Regulations and that are registered in the Cover Register, and all other assets listed in Article 80, §3, 2° of the Credit Institutions Supervision Law that are included in the Special Estate pursuant to Article 3 Annex III to the Credit Institutions Supervision Law.

**Cover Asset Adequacy Test** means the requirement set out in Article 5 of the Covered Bonds Royal Decree that, with respect to the Special Estate, the sum of interest principal and all other revenues generated by the Cover Assets must be sufficient to cover the sum of all interest, principal and charges linked to the Mortgage Pandbrieven.

**Cover Pool Administrator** means any person or persons appointed (and any additional or replacement person or persons appointed or substituted) as a cover pool administrator (*portefeuillebeheerder/gestionnaire de portefeuille*) by the Supervisor pursuant to Article 8, §1 Annex III to the Credit Institutions Supervision Law.

**Cover Pool Administrator Royal Decree** means the Royal Decree of 11 October 2012 on the cover pool administrator in the context of the issue of Belgian covered bonds by a Belgian credit institution (*Koninklijk Besluit van 11 oktober 2012 betreffende de portefeuillebeheerder in het kader van de uitgifte van Belgische covered bonds door kredietinstellingen naar Belgisch recht/Arrêté Royal du 11 octobre 2012 relatif au gestionnaire de portefeuille dans le cadre de l'émission de covered bonds belges par un établissement de crédit de droit belge*) as subsequently amended and/or supplemented and/or re-issued.

**Cover Pool Creditors** means the Pandbrieven Holders and the Other Cover Pool Creditors.

**Cover Pool Monitor** means a cover pool monitor (*portefeuillesurveillant/surveillant de portefeuille*) appointed in accordance with Article 16, §1 Annex III to the Credit Institutions Supervision Law and its representative (as approved by the Supervisor in accordance with the Belgian Covered Bond Regulations).

**Cover Register** means the Cover Register established by the Issuer for the Mortgage Pandbrieven issued under the Programme in accordance with Article 15, §2 Annex III to the Credit Institutions Supervision Law.

**Cover Tests** means the Cover Asset Adequacy Test, the 85% Asset Coverage Test and the Over-Collateralisation Test.

**Covered Bonds Royal Decree** means the Royal Decree of 11 October 2012 on the issue of Belgian covered bonds by Belgian credit institutions (*Koninklijk Besluit van 11 oktober 2012 betreffende de uitgifte van Belgische covered bonds door kredietinstellingen naar Belgisch recht/Arrêté Royal du 11 octobre 2012 relatif a l'émission de covered bonds belges par des établissements de crédit de droit belge*) as subsequently amended and/or supplemented and/or re-issued.

**Credit Institutions Supervision Law** means the Act of 25 April 2014 regarding the status of and supervision on credit institutions and stockbroking firms, published in the Belgian Official Journal on 7 May 2014, as amended and/or supplemented and/or re-enacted from time to time.

**Day Count Fraction** means, in respect of the calculation of an amount of interest for any Interest Period in accordance with Condition 4.2 (*Interest on Floating Rate Mortgage Pandbrieven*):

- (a) if **Actual/Actual** or **Actual/Actual (ISDA)** is specified in the applicable Final Terms, the actual number of days in the Interest Period 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);
- (b) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (c) If **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (d) if **30/360,360/360** or **Bond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"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 of 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 of 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>2</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>2</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (e) if **30E/360** or **Eurobond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"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 of 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 of 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;

- (f) if **30E/360 (ISDA)** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"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 of 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 of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless

(x) that day is the last day of February or (y) 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 (x) that day is the last day of February but not the Maturity Date or (y) such number would be 31, in which case D<sub>2</sub> will be 30; and

- (g) if **1/1** is specified in the applicable Final Terms, 1.

**Dematerialised Mortgage Pandbrieven** has the meaning given in Condition 2.2 (*Form*).

**Determination Date** has the meaning given in the applicable Final Terms.

**Determination Period** means the period from (and including) a Determination Date to (but excluding) the next Determination Date (including where either the Interest Commencement Date or the final Interest Period End Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

**Early Redemption Amount** means the amount calculated in accordance with Condition 6.4 (*Early Redemption Amounts*).

**ECB Eligible** means debt claims (other than those of the Issuer or any of its group companies) that are, at the relevant time, included on the list of assets eligible to be used as collateral for monetary policy operations published by the European Central Bank on its website [www.ecb.europa.eu](http://www.ecb.europa.eu);



**Eligible Investor** means a person who is entitled to hold securities through a so-called "X-account" (being an account exempted from withholding tax) in a settlement system in accordance with Article 4 of the Belgian Royal Decree of 26 May 1994 on the collection and refund of withholding tax (as amended or replaced from time to time).

**Euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty, as amended.

**Event of Default** has the meaning given in Condition 8.1 (*Events of Default*).

**Excess Swap Collateral** means an amount equal to the value of any collateral transferred to the Issuer by a Hedging Counterparty under a Hedging Agreement: (A) in respect of which the terms of such Hedging Agreement do not, at the relevant time, provide for such collateral to be applied in satisfaction of the Hedging Counterparty's obligations to the Issuer; or (B) that is in excess of the Hedging Counterparty's liability to the Issuer thereunder (i) as at the termination date of the transaction entered into under such Hedging Agreement or (ii) as at any other date of valuation in accordance with the terms of the Hedging Agreement.

**Exempt Investor** has the meaning given in Condition 7 (*Taxation*).

**Extraordinary Resolution** has the meaning given in the Meeting Rules.

**Final Redemption Amount** has the meaning given in the applicable Final Terms.

**Fixed Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with Condition 4.1 (*Interest on Fixed Rate Mortgage Pandbrieven*):

- (a) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms:
  - (i) in the case of Mortgage Pandbrieven where the number of days in the relevant period from (and including) the most recent Interest Period End Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year;
  - (ii) in the case of Mortgage Pandbrieven where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
    - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (b) if **Actual/Actual** or **Actual/Actual (ISDA)** is specified in the applicable Final Terms, the actual number of days in the Interest Period 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);

- (c) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (d) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (e) if **30/360,360/360** or **Bond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

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 of 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 of 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>2</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (f) if **30E/360** or **Eurobond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

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 of 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 of 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;

- (g) if **30E/360 (ISDA)** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

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 of 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 of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub>, will be 30;

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30; and

- (h) if **1/1** is specified in the applicable Final Terms, 1.

**General Estate** means the assets of the Issuer that at such time do not form part of a special estate(s) of the Issuer constituted pursuant to Article 3 Annex III to the Credit Institutions Supervision Law.

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

**Independent Adviser** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4.7(a).

**Interest Commencement Date** means, in the case of interest-bearing Mortgage Pandbrieven, the date specified in the applicable Final Terms from (and including) which the relevant Mortgage Pandbrieven will accrue interest.

**Interest Determination Date** has the meaning specified in the applicable Final Terms.

**Interest Payment Date** means, in the case of interest-bearing Mortgage Pandbrieven, the Interest Payment Date(s) in each year specified in the applicable Final Terms.

**Interest Period** means, in the case of interest-bearing Mortgage Pandbrieven, the period from (and including) an Interest Period End Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Period End Date.

**Interest Period End Date** means, in the case of interest-bearing Mortgage Pandbrieven, the Interest Period End Date(s) in each year specified in the applicable Final Terms.

**Issue Date** has the meaning given in the applicable Final Terms.

**Lead Regulator** means the NBB, ECB or any successor entity primarily responsible for the prudential supervision of the Issuer.

**Liquidity Test** means the requirement set out in the Belgian Covered Bond Regulations that the Cover Assets must, at any time, be able to generate sufficient liquidity or include enough liquid assets to enable the Issuer to make all unconditional payments on the Mortgage Pandbrieven (including principal, interest and other costs) falling due during the following 6 months. If an Extended Maturity Date is specified in the applicable Final Terms for a Series of Mortgage Pandbrieven, payments of amounts of principal due on the Maturity Date in respect of such Series of Mortgage Pandbrieven will not be considered as unconditional for the purpose of the Liquidity Test.

**Margin** has the meaning given in the applicable Final Terms.

**Maximum Rate of Interest** means, in the case of Floating Rate Mortgage Pandbrieven, the Rate of Interest (if any) specified as such in the applicable Final Terms.

**Meeting Rules** has the meaning assigned to it in Condition 13 (*Meeting Rules of Pandbrieven Holders*).

**Minimum Rate of Interest** means, in the case of Floating Rate Mortgage Pandbrieven, the Rate of Interest (if any) specified as such in the applicable Final Terms.

**Mobilisation Law** means the Law of 3 August 2012 on various measures to facilitate the mobilisation of receivables in the financial sector (*Wet van 3 augustus 2012 betreffende diverse maatregelen ter vergemakkelijking van de mobiliseritng van schuldvorderingen in de financiële sector/Loi du 3 août 2012 relative à des mesures diverses pour faciliter la mobilisation de créances dans le secteur financier*) as subsequently amended and/or supplemented and/or re-enacted.

**NBB Cover Pool Monitor Regulation** means the Regulation of the NBB addressed to the cover pool monitors of Belgian credit institutions that issue Belgian covered bonds dated 29 October 2012 (*Circulaire aan de portefeuillesurveillanten bij kredietinstellingen naar Belgisch recht die Belgische covered bonds uitgeven/Circulaire aux surveillants de portefeuille auprès d'établissements de crédit de droit belge qui émettent des covered bonds belges*) as subsequently amended and/or supplemented and/or re-issued.

**NBB Covered Bonds Regulation** means the Regulation of the NBB concerning the practical modalities for the application of the law of 3 August 2012 that establishes a legal regime for Belgian Covered Bonds dated 29 October 2012 (*Circulaire over de praktische regels voor de toepassing van de wet van 3 augustus 2012 tot invoering van een wettelijke regeling voor Belgische covered bonds/Circulaire sur les modalités pratiques d'application de la loi du 3 août 2012 instaurant un régime legal pour les covered bonds*) as subsequently amended and/or supplemented and/or re-issued.

**Notice of Default** has the meaning given to it in Condition 8 (*Events of Default and Enforcement*).

**Operational Creditors** means (1) any servicer appointed to service the Cover Assets, (2) any account bank appointed to hold accounts of the Issuer in relation to the Special Estate, (3) any stock exchange on which the Mortgage Pandbrieven are listed and/or admitted to trading, (4) any auditor, legal counsel and tax advisor of the Issuer in relation to the Special Estate or the Programme, (5) any custodian of Cover Assets or assets in the Special Estate, (6) any rating agency appointed by the Issuer to rate the Programme or the Mortgage Pandbrieven, (7) any agent or party appointed in accordance with the Programme Documents, (8) any other creditor of amounts due in connection with the management or administration of the Special Estate, and (9) any other creditor of the Issuer pursuant to any services provided or any transaction entered into in connection with the Special Estate or the Programme, and notified to the Mortgage Pandbrieven Holders' Representative or as may from time to time be specified in the Conditions of any Mortgage Pandbrieven issued under the Programme.

**Ordinary Resolution** has the meaning given in the Meeting Rules.

**Original Reference Rate** means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Mortgage Pandbrieven.

**Other Cover Pool Creditors** means the Mortgage Pandbrieven Holders' Representative, any Cover Pool Administrator, the Cover Pool Monitor, the Agents, the Registrar, the Hedging Counterparties (if any), any Liquidity Facility Providers (if any) and any Operational Creditors.

**Over-Collateralisation Test** means the requirement set out in the Belgian Covered Bond Regulations that the value of the Cover Assets determined in accordance with the valuation rules set out in the Covered Bonds Royal Decree must represent at least 105% of the Principal Amount Outstanding of Mortgage Pandbrieven.

**Pandbrieven Holders** or **holders of Mortgage Pandbrieven** means the persons in whose name a Registered Mortgage Pandbrief is registered or, as the case may be, the holders from time to time of Dematerialised Mortgage Pandbrieven as determined by reference to the records of the relevant clearing systems or financial intermediaries and the affidavits referred to in Condition 2 (*Type, Form, Denomination and Title*).

**Principal Amount Outstanding** means, in respect of a Mortgage Pandbrief on any day, the principal amount of that Mortgage Pandbrief on the Issue Date thereof less principal amounts received by the relevant Pandbrief Holder in respect thereof on or prior to that day, provided that the Principal Amount Outstanding in respect of a Mortgage Pandbrief that has been purchased and cancelled by the Issuer shall be zero.

**Programme Resolution** has the meaning given in the Meeting Rules.

**Rate of Interest** means, in the case of interest-bearing Mortgage Pandbrieven, the rate of interest payable from time to time as described in Condition 4 (*Interest*).

**Rating Agency** means any rating agency (or its successor) who, at the request of the Issuer, assigns and for as long as it assigns, one or more ratings to the Mortgage Pandbrieven under the Programme from time to time, which may include Moody's and Fitch.

**Record Date** has the meaning given in Condition 5.1(b) (*Payments in relation to Registered Mortgage Pandbrieven*).

**Reference Banks** means the principal Eurozone office of four major banks in the Eurozone interbank market, in each case selected by the Calculation Agent in its sole discretion.

**Reference Price** has, in respect of a Zero Coupon Mortgage Pandbrieven, the meaning given in the applicable Final Terms.

**Reference Rate** has the meaning given in the applicable Final Terms.

**Registered Mortgage Pandbrieven** has the meaning given in Condition 2.2 (*Form*).

**Related Security** means all security interests and sureties, guarantees or privileges under whichever form that have been granted in relation to Cover Assets as well as rights under insurance policies and other contracts in relation to the Cover Assets or the management of the Special Estate.

**Relevant Nominating Body** means, in respect of a benchmark or screen rate (as applicable):

- (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

**Resolution** means an Ordinary Resolution, an Extraordinary Resolution or a Programme Resolution.

**Residential Mortgage Loans** means loans that are secured by a mortgage on residential real estate as defined in article 2, 6° of the Covered Bonds Royal Decree.

**Screen Rate Determination** means, if specified as applicable in the applicable Final Terms, the manner in which the Rate of Interest on Floating Rate Mortgage Pandbrieven is to be determined in accordance with Condition 4.2 (*Interest on Floating Rate Mortgage Pandbrieven*).

**Securities Settlement System** has the meaning given in Condition 2.2 (*Form*).

**Series Principal Amount Outstanding** means, in respect of a Series of Mortgage Pandbrieven on any day, the aggregate of the Principal Amount Outstanding of each of the Mortgage Pandbrieven comprised in that Series.

**Settlement System Regulations** means Belgian clearing regulations, including the Belgian law of 6 August 1993 on transactions in certain securities, its implementing Belgian Royal Decrees of 26 May 1994, 14 June 1994, 31 May 2017 and the rules of the Securities Settlement System and its annexes, as issued or modified by the NBB from time to time.

**Special Estate** means the special estate (*bijzonder vermogen/patrimoine spécial*) of the Issuer constituted pursuant to Article 3 Annex III to the Credit Institutions Supervision Law in relation to the Programme.

**Specified Currency** means Euro or such other currency as may be specified in the applicable Final Terms.

**Specified Office** means 1000 Brussels, Avenue Marnix 24, Belgium or such office as notified to the Pandbrieven Holders by the Fiscal Agent in accordance with Condition 19 (*Notices*).

**Specified Time** means 11.00 a.m. (Brussels time) in the case of EURIBOR.

**Statutory Tests** means the Cover Tests and the Liquidity Test.

**Subordinated Termination Payment** means any termination payments due and payable to any Hedging Counterparty under a Hedging Agreement where such termination results from (a) an Additional Termination Event relating to the credit rating or credit worthiness of the Hedging Counterparty as specified in the schedule to the relevant Hedging Agreement, (b) the bankruptcy of the relevant Hedging Counterparty, or (c) any default and/or failure to perform by such Hedging Counterparty under the relevant Hedging Agreement, other than, in the event of (a) or (b) above, the amount of any termination payment due and payable to such Hedging Counterparty in relation to the termination of such transaction to the extent of any premium received by the Issuer from a replacement hedging counterparty.

**Sub-unit** with respect to Euro, means, one cent.

**Successor Rate** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

**Treaty** means the Treaty establishing the European Community, as amended.

**VAT** means:

- (c) any tax chargeable under or pursuant to the Council Directive of 28 November 2006 on the common system of value added tax (**EC Directive 2006/112**) or any legislation implemented by any member state of the European Union by virtue of EC Directive 2006/112; and
- (d) any other tax of a similar nature, whether chargeable in a member state of the European Union or elsewhere.

**Winding-up Proceedings** means winding-up proceedings (*liquidatieprocedures/procedures de liquidation*) within the meaning of article 242, 1° of the Credit Institutions Supervision Law.

## 2 Type, Form, Denomination and Title

### 2.1 Residential Mortgage Pandbrieven

The Mortgage Pandbrieven under the Programme are issued as Belgian pandbrieven (*Belgische pandbrieven/lettres de gage Belges*) in accordance with the Belgian Covered Bond Regulations. The Mortgage Pandbrieven will be covered in accordance with the Belgian Covered Bond Regulations by the same Special Estate of which the main asset category will consist of Residential Mortgage Loans, their Related Security and all monies derived therefrom from time to time in accordance with the Belgian Covered Bond Regulations.

### 2.2 Form

The Mortgage Pandbrieven can be issued in dematerialised form in accordance with Article 7:35 *et seq.* of the Belgian Company Code (**Dematerialised Mortgage Pandbrieven**) or in registered form in accordance with Article 7:27 *et seq.* of the Belgian Company Code (**Registered Mortgage Pandbrieven**).

Registered Mortgage Pandbrieven will be registered in a register maintained by the Issuer or by the Registrar on behalf of the Issuer in accordance with Article 7:27 *et seq.* of the Belgian Company Code. Holders of Registered Mortgage Pandbrieven can obtain a certificate demonstrating the registration of the Registered Mortgage Pandbrieven in the register.

The Dematerialised Mortgage Pandbrieven will be represented by a book entry in the records of the clearing system operated by the NBB or any successor thereto (the **Securities Settlement System**). The Dematerialised Mortgage Pandbrieven can be held by their holders through the participants in the Securities Settlement System, including Euroclear Bank SA/NV (**Euroclear**), Clearstream Banking *société anonyme* Germany (**Clearstream, Germany**), SIX SIS Ltd. Switzerland (**SIX SIS (Switzerland)**), Euroclear France SA (**Euroclear France**), INTERBOLSA (**Interbolsa (Portugal)**) Monte Titoli S.p.A. Italy (**Monte Titoli (Italy)**) and any other national or international NBB investors central securities depository (**NBB investor (I)CSDs**) and through other financial intermediaries which in turn hold the Dematerialised Mortgage Pandbrieven through Euroclear, Clearstream, Germany, SIX SIS (Switzerland), Euroclear France SA (France), INTERBOLSA (Portugal) Monte Titoli (Italy) or other participants in the Securities Settlement System. Payments of principal, interest and other sums due under the Dematerialised Mortgage Pandbrieven will be made in accordance with the rules of the Securities Settlement System through the NBB. Holders of Dematerialised Mortgage Pandbrieven are entitled to exercise the rights they have, including exercising their voting rights and other social rights (as defined for the purposes of Article 7:41 of the Belgian Company Code against the Issuer in accordance with the Conditions and without prejudice to the powers of the Mortgage Pandbrieven Holders' Representative, upon submission of an affidavit drawn

up by the NBB, Euroclear, Clearstream, Germany, SIX SIS (Switzerland), Euroclear France SA (France), INTERBOLSA (Portugal), Monte Titoli (Italy) and any other NBB investor (I)CSDs, or any other participant duly licensed in Belgium to keep dematerialised securities accounts showing their position in the Dematerialised Mortgage Pandbrievan (or the position held by the financial institution through which their Dematerialised Mortgage Pandbrievan are held with the NBB, Euroclear, Clearstream, Germany, SIX SIS (Switzerland), Euroclear France SA (France), INTERBOLSA (Portugal), Monte Titoli (Italy) or such other participant, in which case an affidavit drawn up by that financial institution will also be required).

References to the Securities Settlement System, Euroclear and/or Clearstream, Germany, SIX SIS, Switzerland, Euroclear France SA (France), INTERBOLSA (Portugal), Monte Titoli, Italy and any other NBB investor (I)CSDs shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer and the Fiscal Agent.

The Dematerialised Mortgage Pandbrievan and the Registered Mortgage Pandbrievan may not be exchanged for Mortgage Pandbrievan in bearer form. Registered Mortgage Pandbrievan may not be exchanged for Dematerialised Mortgage Pandbrievan.

## 2.3 Title and transfer

### (a) Title

Title to and transfer of Dematerialised Mortgage Pandbrievan will be evidenced only by records maintained by the Securities Settlement System, Euroclear, Clearstream, Germany, SIX SIS (Switzerland), Euroclear France SA (France), INTERBOLSA (Portugal), Monte Titoli (Italy) or other Securities Settlement System participants and in accordance with the applicable rules and procedures for the time being of the Securities Settlement System, Euroclear, Clearstream, Germany, SIX SIS (Switzerland), Euroclear France SA (France), INTERBOLSA (Portugal), Monte Titoli (Italy) and any other NBB investor (I)CSDs, or other Securities Settlement System participants, as the case may be.

Title to and transfer of Registered Mortgage Pandbrievan shall pass by registration of the transfer by the Issuer or by the Registrar in a register in accordance with Article 7:27 *et seq.* of the Belgian Company Code.

Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Mortgage Pandbrievan shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, or its theft or loss and no person shall be liable for so treating the holder.

### (b) Transfer

#### (i) Transfer free of charge

Transfer of Mortgage Pandbrievan on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer and/or the Registrar, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar may require).

#### (ii) Transfer documents and certificates

Upon a sale or transfer of Registered Mortgage Pandbrievan, the seller thereof will be required to complete the relevant transfer documents and certificates which can be found at <http://www.ing.be> or can be obtained from the Registrar.

#### (iii) Closed Period



No Pandbrievien Holder may require the transfer of a Registered Mortgage Pandbrief to be registered (i) during the period of 15 calendar days ending on the due date for redemption of that Registered Mortgage Pandbrief, (ii) after any such Registered Mortgage Pandbrief has been called for redemption or (iii) during the period of 15 calendar days ending on (and including) the due date for payment of principal and/or interest in respect of Registered Mortgage Pandbrievien.

## 2.4 Denomination

The Mortgage Pandbrief will be issued in such denomination as may be agreed between the Issuer and the relevant Dealer(s) and set out in the applicable Final Terms (the **Specified Denomination**) with a minimum specified denomination of EUR 100,000 (or a multiple of EUR 100,000) or its equivalent in any other relevant Specified Currency as at the date of issuance of the relevant Mortgage Pandbrievien.

All Mortgage Pandbrievien of the same Series will have the same Specified Denomination shown in the applicable Final Terms in relation to each Tranche comprising such Series.

## 2.5 Fixed Rate Mortgage Pandbrievien, Floating Rate Mortgage Pandbrievien or Zero Coupon Mortgage Pandbrievien

The applicable Final Terms will indicate whether the Mortgage Pandbrievien are Fixed Rate Mortgage Pandbrievien, Floating Rate Mortgage Pandbrievien or Zero Coupon Mortgage Pandbrievien, or a combination of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms (**Interest Basis**).

## 2.6 Issuer undertaking

For so long as the Mortgage Pandbrievien are outstanding, the Issuer will ensure that:

- (a) it will comply with the obligations applicable to it under the Belgian Covered Bond Regulations;
- (b) the Special Estate will not contain any commercial mortgage loans, any residential mortgage backed securities (RMBS), any commercial mortgage backed securities (CMBS) and any other asset backed securities (ABS);
- (c) that the Special Estate will at all times include a number of liquid bonds (i) which have an aggregate market value which, after applying the ECB haircut in accordance with the Guideline (EU) 2015/510 of the ECB of 19 December 2014 on the implementation of the Eurosystem monetary policy (as may be amended, supplemented, replaced and/or restated from time to time), is higher than the amount of interest due and payable on the outstanding Mortgage Pandbrievien within a period of three months meeting the criteria set out in paragraph 7 of the NBB Covered Bonds Regulation and (ii) which (1) are eligible as collateral for Eurosystem monetary policy purposes and intra-day credit operations by the Eurosystem, (2) have a credit quality step 1 as defined in the CRR, (3) are subject to a daily mark-to-market, (4) have a remaining maturity of more than three months and, (5) are not debt issued by the Issuer, and (6) are not residential mortgage backed securities (RMBS), commercial mortgage backed securities (CMBS) or any other asset backed securities (ABS) (the **Undertaking of the Issuer with regard to Liquidity of the Special Estate**); and
- (d) it will provide regular investor reports containing information regarding, amongst others, the Mortgage Pandbrievien and the composition of the Special Estate, on a on a monthly basis, on the 15th Business Day of each calendar month (each an Investor Report Date), which will be made available on the website of the Issuer at <http://www.ing.be/investor-relations>.

## 3 Status of the Mortgage Pandbrievien

The Mortgage Pandbrieven are issued as Belgian pandbrieven (*Belgische pandbrieven/lettres de gage belges*) in accordance with the Belgian Covered Bond Regulations and will constitute direct, unconditional and unsubordinated obligations of the Issuer. The Mortgage Pandbrieven rank *pari passu* and rateably without any preference or priority among themselves, irrespective of their Series, and at least *pari passu* with all other present and future outstanding unsecured obligations of the Issuer, save for such obligations as may be preferred by law that are both mandatory and of general application. In addition, the Mortgage Pandbrieven will be covered in accordance with the Belgian Covered Bond Regulations by the Special Estate and the Pandbrieven Holders and the Other Cover Pool Creditors will have an exclusive right of recourse to the Special Estate.

## 4 Interest

### 4.1 Interest on Fixed Rate Mortgage Pandbrieven

Each Fixed Rate Mortgage Pandbrief bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest determined in accordance with this Condition 4.1. Interest will accrue in respect of each Interest Period and will be payable in arrear on the Interest Payment Date(s).

Interest shall be calculated in respect of any period by applying the Rate of Interest to, in the case of Dematerialised Mortgage Pandbrieven, the relevant Series Principal Amount Outstanding or, in the case a Registered Mortgage Pandbrief, the Principal Amount Outstanding of such Registered Mortgage Pandbrief and, in either case, multiplying such sum by the applicable Fixed Day Count Fraction, and rounding the resultant figure to the nearest Sub-unit, half of any such Sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

### 4.2 Interest on Floating Rate Mortgage

#### (a) Interest Period End Dates and Interest Payment Date

Each Floating Rate Mortgage Pandbrief bears interest at the rate per annum (expressed as a percentage) equal to the Rate of Interest (determined in accordance with Condition 4.2(b) (*Rate of Interest*)), from (and including) the Interest Commencement Date. Interest will accrue in respect of each Interest Period and will be payable in arrear on the Interest Payment Date(s). The amount of interest payable shall be calculated in accordance with Condition 4.2(d) (*Determination of Rate of Interest and calculation of Interest Amounts*).

#### (b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Mortgage Pandbrieven will be equal to the rate of interest determined in the following manner, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms.

#### (i) ISDA Determination for Floating Rate Mortgage Pandbrieven

Where **ISDA Determination** is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph 4.2(b)(i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Issuer or other person specified in the applicable Final Terms under an interest rate swap transaction if the Issuer or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Mortgage Pandbrieven (the **ISDA Definitions**), and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is the period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is either (I) if the applicable Floating Rate Option is based on the Eurozone inter-bank offered rate (**EURIBOR**), the first day of that Interest Period or (II) in any other case, as specified in the applicable Final Terms.

For the purposes of this subparagraph 4.2(b)(i), (1) **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity and Reset Date** have the meanings given to those terms in the ISDA Definitions and (2) **Eurozone** means the region comprising the member states of the European Union that adopt or have adopted the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.

When this Condition 4.2(b)(i) (*ISDA Determination for Floating Rate Mortgage Pandbrieven*) applies, in respect of each relevant Interest Period the Calculation Agent will be deemed to have discharged its obligations under Condition 4.2(d) (*Determination of Rate of Interest and calculation of Interest Amounts*) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this subparagraph 4.2(b)(i).

(ii) Screen Rate Determination

(A) Where **Screen Rate Determination** is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation (if there is only one quotation appearing on the relevant Screen Page); or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page at the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent.

(B) If the Reference Rate is EURIBOR, and

- (1) the Relevant Screen Page is not available or if, in the case of (A)(1) above, no such offered quotation appears or, in the case of (A)(2) above, fewer than three such offered quotations appear, in each case as at the Specified Time on the Interest Determination Date in question, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question;
- (2) on any Interest Determination Date,
  - (I) two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for

such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent; or

(II) fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the Rate of Interest for the relevant Interest Period shall be the offered rate for deposits in Euro for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in Euro for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Calculation Agent suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Eurozone interbank market, as the case may be, plus or minus (as appropriate) the Margin (if any);

(3) five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations; and

(4) the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specify a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Calculation Agent will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. The Calculation Agent will notify the Fiscal Agent and the Issuer, as applicable, of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable on the Mortgage Pandbrievien for the relevant Interest Period by applying the Rate of Interest to, in the case of Dematerialised Mortgage Pandbrievien, the relevant Series Principal Amount Outstanding or, in the case a Registered Mortgage Pandbrief, the Principal Amount Outstanding of such Registered Mortgage Pandbrief and, in either case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest Sub-unit, half of any such Sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

(e) Notification of Rate of Interest and Interest Amounts

The Calculation Agent will promptly notify the Fiscal Agent and the Issuer, as applicable, of each Interest Amount and the Fiscal Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the other Agents and any stock exchange on which the relevant Floating Rate Mortgage Pandbrievien are for the time being listed (to the extent required by the rules applicable to the relevant stock exchange) and notice thereof to be published in accordance with Condition 19 (*Notices*) as soon as possible after their determination but in no event later than the fourth Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Mortgage Pandbrievien are for the time being listed (to the extent required by the rules applicable to the relevant stock exchange) and to the Pandbrievien Holders in accordance with Condition 19 (*Notices*).

(f) Calculation Agent

If for any reason at any relevant time after the Issue Date, the Calculation Agent defaults in its obligation to determine the Rate of Interest and any Interest Amount in accordance with Conditions 4.2(b)(i) (*ISDA Determination for Floating Rate Mortgage Pandbrievien*) or 4.2(b)(ii) above, and in each case in accordance with Condition 4.2(d) (*Determination of Rate of Interest and calculation of Interest Amounts*), the Issuer or upon the opening of Winding-up Proceedings against the Issuer, the Cover Pool Administrator, if the Calculation Agent is not the Issuer or the Mortgage Pandbrievien Holders' Representative, if the Calculation Agent is the Issuer, may determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it may think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Issuer, the Cover Pool Administrator or the Mortgage Pandbrievien Holders' Representative, as applicable, may calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances but taking into account the provisions of the applicable Final Terms. In making any such determination or calculation, the Issuer, the Cover Pool Administrator or the Mortgage Pandbrievien Holders' Representative, as applicable, may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute). If such determination or calculation is made, the Issuer, the Cover Pool Administrator or the Mortgage Pandbrievien Holders' Representative, as applicable, shall as soon as reasonably practicable notify the Issuer, the Fiscal Agent, the other Agents, the Issuer or the Mortgage Pandbrievien Holders' Representative, as applicable, and each stock exchange on which the relevant Floating Rate Mortgage Pandbrievien are for the time being listed (to the extent required by the rules applicable to the relevant stock exchange), of such determination or calculation and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

(g) Notifications to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2 (*Interest on Floating Rate Mortgage Pandbrievens*), whether by the Issuer or the Mortgage Pandbrievens Holders' Representative shall (in the absence of wilful default, gross negligence, fraud or manifest error) be binding on the Issuer, the Fiscal Agent, the other Agents and all Pandbrievens Holders and (in the absence as aforesaid) no liability to the Issuer or the Pandbrievens Holders, as applicable, shall attach to the Issuer or the Mortgage Pandbrievens Holders' Representative, as applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

#### **4.3 Accrual of Interest**

Each Mortgage Pandbrief (or in the case of the redemption of part only of a Mortgage Pandbrief, that part only of such Mortgage Pandbrief) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of: (a) the date on which all amounts due in respect of such Mortgage Pandbrief have been paid; and (b) five days after the date on which the full amount of the moneys payable has been received by the Fiscal Agent and notice to that effect has been given to the Pandbrievens Holders in accordance with Condition 19 (*Notices*).

#### **4.4 Interest on Zero Coupon Mortgage Pandbrievens**

Zero Coupon Mortgage Pandbrievens will be offered and sold at a discount to their nominal amount and will, subject to Condition 4.5 (*Interest Payments up to the Extended Maturity Date*), not bear periodic interest. When a Zero Coupon Mortgage Pandbrief becomes repayable prior to its Maturity Date, it will be redeemed at the Early Redemption Amount calculated in accordance with Condition 6.4 (*Early Redemption Amounts*). In the case of late payment the amount due and repayable shall be calculated in accordance with Condition 6.9 (*Late Payment for Zero Coupon Mortgage Pandbrievens*).

#### **4.5 Interest Payments up to the Extended Maturity Date**

If the maturity of the Mortgage Pandbrievens is extended beyond the Maturity Date in accordance with Condition 6.2 (*Extension of Maturity Date*);

- (a) the Mortgage Pandbrievens then outstanding shall bear interest from (and including) the Maturity Date to (but excluding) the Extended Maturity Date or, if earlier, the relevant Interest Payment Date after the Maturity Date on which the Mortgage Pandbrievens are redeemed, subject to Condition 4.3 (*Accrual of Interest*). In that event, interest shall be payable on the Mortgage Pandbrievens at the rate determined in accordance with Condition 4.5(b) below on each Mortgage Pandbrief then outstanding on each Interest Payment Date after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date, subject as otherwise provided in the applicable Final Terms. The final Interest Payment Date shall fall no later than the Extended Maturity Date;
- (b) the rate of interest payable from time to time under Condition 4.5(a) above will be as specified in the applicable Final Terms and, where applicable, determined by the Calculation Agent fourteen Business Days after the Maturity Date in respect of the first such Interest Period and thereafter as specified in the applicable Final Terms; and

- (c) in the case of Mortgage Pandbrieven which are Zero Coupon Mortgage Pandbrieven, for the purposes of this Condition 4.5, the principal amount outstanding of each Mortgage Pandbrief shall be the total amount otherwise payable by the Issuer on the Maturity Date in respect of such Mortgage Pandbrief less any payments made by the Issuer in respect of such amount in accordance with the Conditions.

#### 4.6 Business Day Conventions

If a **Business Day Convention** is specified in the applicable Final Terms in relation to any date (including, for the avoidance of doubt, any Maturity Date or Extended Maturity Date) and (x) if there is no numerically corresponding day in the calendar month in which such date should occur or (y) if such date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (a) in the case of Floating Rate Mortgage Pandbrieven, the Floating Rate Convention, the relevant Interest Period End Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day, unless it would thereby fall into the next calendar month, in which event (A) such Interest Period End Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Period End Date shall be the last Business Day in the month;
- (b) the **Following Business Day Convention**, such date shall be postponed to the next day which is a Business Day; or
- (c) the **Preceding Business Day Convention**, such date shall be brought forward to the immediately preceding Business Day.

In the event of Mortgage Pandbrieven cleared through the Securities Settlement System, the Following Business Day Convention will always be applicable (unless otherwise specified in the applicable Final Terms).

#### 4.7 Benchmark discontinuation

- (a) Independent Advisor

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in each case in accordance with Condition 4.7(b) and, in either case, an Adjustment Spread if any (in accordance with Condition 4.7(c) and any Benchmark Amendments (in accordance with Condition 4.7(d))).

An Independent Adviser appointed pursuant to this Condition 4.7 shall act in good faith as an expert and (in the absence of fraud) shall have no liability whatsoever to the Issuer, the Principal Paying Agent or the Pandbrieven Holders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4.7.

- (b) Successor Rate or Alternative Rate

If the Issuer, following consultation with the Independent Adviser and acting in good faith, determines that:

- (i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4.7(c) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part

thereof) for all future payments of interest on the Mortgage Pandbrieven (subject to the operation of this Condition 4.7); or

- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4.7(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Mortgage Pandbrieven (subject to the operation of this Condition 4.7).

(c) Adjustment Spread

If the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(d) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4.7 and the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of such Benchmark Amendments, then the Issuer may, without any requirement for the consent or approval of Pandbrieven Holders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in a notice given in accordance with Condition 4.7(e).

At the request of the Issuer, but subject to receipt by the Principal Paying Agent of a notice from the Issuer pursuant to Condition 4.7(e), the Principal Paying Agent shall (at the expense of the Issuer), without any requirement for the consent or approval of the Pandbrieven Holders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, inter alia, by the execution of an agreement supplemental to or amending the Agency Agreement), provided that the Principal Paying Agent shall not be obliged so to concur if in the opinion of the Principal Paying Agent doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Principal Paying Agent in these Conditions or the Agency Agreement (including, for the avoidance of doubt, any supplemental agency agreement) in any way.

In connection with any such variation in accordance with this Condition 4.7(d), the Issuer shall comply with the rules of any stock exchange on which the Mortgage Pandbrieven are for the time being listed or admitted to trading.

(e) Notices

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4.7 will be notified promptly by the Issuer to the Principal Paying Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 19, the Pandbrieven Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

The Principal Paying Agent shall be entitled to rely on such notice (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such notice will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Principal Paying Agent's



ability to rely on such notice as aforesaid) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent, the Paying Agents and the Pandbrieven Holders.

(f) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Condition 4.7 (a),(b),(c) and (d), the Original Reference Rate and the fallback provisions provided for in Condition 4.2(b)(ii) will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 4.7(e).

## 5 Payments

### 5.1 Method of payment

(a) Payments in relation to Dematerialised Mortgage Pandbrieven

Subject as provided below, all payments of principal or interest owing under the Dematerialised Mortgage Pandbrieven shall be made through the Fiscal Agent and the Securities Settlement System in accordance with the Settlement System Regulations and the Clearing Services Agreement.

Any payment of interest, principal or other sums payable on Dematerialised Mortgage Pandbrieven expressed in any currency other than Euro will be settled outside the Securities Settlement System and paid by the Fiscal Agent and Paying Agents via Euroclear and Clearstream, Germany.

(b) Payments in relation to Registered Mortgage Pandbrieven.

Payments of principal and interest in respect of Registered Mortgage Pandbrieven shall be paid to the person shown on the register of the Registered Mortgage Pandbrieven at the close of business on the fifteenth calendar day before the due date for payment thereof (the **Record Date**).

### 5.2 Payments subject to fiscal laws

Payments will be subject in all cases to (a) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) as applicable and (b) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the US Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

No commissions or expenses shall be charged by the Issuer or the Fiscal Agent to the Pandbrieven Holders in respect of such payments.

### 5.3 Payment Day

If the date for payment of any amount in respect of any Mortgage Pandbrief is not a Payment Day (as defined below), the holder thereof shall not be entitled to payment of the relevant amount due until the next following Payment Day and shall not be entitled to any interest or other payment in respect of any delay. For these purposes, **Payment Day** means any day which (subject to Condition 10 (*Prescription*)) is:

(a) a day on which the TARGET2 System is open; and

(b) a day (other than Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing

in foreign exchange and foreign currency deposits) in any Additional Financial Centre specified in the applicable Final Terms

#### **5.4 Interpretation of principal and interest**

Any reference in the Conditions to principal in respect of the Mortgage Pandbrievien shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*) or under any undertakings or covenants given in addition thereto, or in substitution therefore, pursuant to the Agency Agreement;
- (b) the Final Redemption Amount;
- (c) the Early Redemption Amount; and
- (d) in relation to Zero Coupon Mortgage Pandbrievien, the Amortised Face Amount (as defined in Condition 6.4(c) (*Early Redemption Amounts*)).

Any reference in these Conditions to interest in respect of the Mortgage Pandbrievien shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (*Taxation*) or under any undertakings given in addition thereto, or in substitution therefore, pursuant to the Agency Agreement.

## **6 Redemption and Purchase**

### **6.1 Final redemption**

Unless previously redeemed or purchased and cancelled as specified below, each Mortgage Pandbrief will be redeemed by the Issuer at the Final Redemption Amount specified in the applicable Final Terms in the Specified Currency on the Maturity Date.

### **6.2 Extension of Maturity Date**

If the Issuer fails to redeem a Series of Mortgage Pandbrievien in full within fourteen Business Days after their Maturity Date and provided that an Extended Maturity Date is specified in the applicable Final Terms as applying to such Series of Mortgage Pandbrievien then:

- (a) (subject as provided below) payment of the unpaid amount by the Issuer shall be deferred until the Extended Maturity Date and in such case the Final Redemption Amount will not be considered to have been due and payable on the Maturity Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the Extended Maturity Date;
- (b) if following the extension of the Maturity Date in accordance with Condition 6.2(a), the Issuer has, in the same month, the obligation to pay principal on two or more Series of Mortgage Pandbrievien, it will make payments in respect of the Series of Mortgage Pandbrievien where the Maturity Date has been extended prior to paying Series of Mortgage Pandbrievien where the Maturity Date has not been extended. If the Issuer fails to pay the Final Redemption Amount in respect of such Mortgage Pandbrievien with a later Maturity Date, payments of unpaid amounts shall be deferred in accordance with Condition 6.2(a);
- (c) an extension of one Series shall not automatically result in an extension of any other Series (other than, for the avoidance of doubt, as provided for in Condition 6.2(b) above);

- (d) any payments which shall be subject to an extension in accordance with this Condition 6.2 shall not be considered as unconditional for the purpose of article 7, §1 of the Covered Bonds Royal Decree;
- (e) the Issuer shall confirm to the Cover Pool Monitor, the Rating Agencies, any relevant Hedging Counterparty, the Mortgage Pandbrieven Holders' Representative, the Fiscal Agent and the Paying Agent and any relevant stock exchange as soon as reasonably practicable and in any event at least four Business Days prior to the Maturity Date of any inability of the Issuer to pay in full the Final Redemption Amount in respect of a Series of Mortgage Pandbrieven within fourteen Business Days after the Maturity Date. The Issuer shall give notice of the extension of the Maturity Date to the Extended Maturity Date to the Pandbrieven Holders of such Series as soon as reasonably practicable. Any failure by the Issuer to notify such parties shall not affect the validity or effectiveness of the extension nor give rise to any rights towards any such party;
- (f) failure to pay in full by the Issuer on the Maturity Date shall not constitute an Event of Default. However, failure by the Issuer to pay the Final Redemption Amount on the Extended Maturity Date will constitute an Event of Default;
- (g) if the maturity of any Mortgage Pandbrieven is extended up to the Extended Maturity Date in accordance with this Condition 6.2, for as long as any of those Mortgage Pandbrieven remain outstanding, the Issuer shall not issue any further Mortgage Pandbrieven, unless the proceeds of issuance of such further Mortgage Pandbrieven are applied by the Issuer on issuance in redeeming in whole or in part the relevant Mortgage Pandbrieven in accordance with the terms hereof; and
- (h) this Condition 6.2 shall only apply if the Issuer has insufficient funds available to redeem Mortgage Pandbrieven in full on the relevant Maturity Date (or within fourteen Business Days thereafter).

### **6.3 Redemption for taxation reasons**

The Mortgage Pandbrieven may be redeemed at the option of the Issuer in whole, but not in part, at any time (if the relevant Mortgage Pandbrief is not a Floating Rate Mortgage Pandbrief) or on any Interest Payment Date (if the relevant Mortgage Pandbrief is a Floating Rate Mortgage Pandbrief), on giving not less than 30 nor more than 60 days' notice to the Fiscal Agent and the Mortgage Pandbrieven Holders' Representative and, in accordance with Condition 19 (*Notices*), the Pandbrieven Holders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Mortgage Pandbrieven, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (Taxation), as a result of any change in, or amendment to, the laws or regulations of Belgium or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Mortgage Pandbrieven; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Mortgage Pandbrieven then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Fiscal Agent and the Mortgage Pandbrievens Holders' Representative a certificate signed by two authorised signatories of the Issuer, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Mortgage Pandbrievens redeemed pursuant to this Condition 6.3 (*Redemption for taxation reasons*) will be redeemed at their Early Redemption Amount referred to in Condition 6.4 (*Early Redemption Amounts*) together (if appropriate) with interest accrued to (but excluding) the date of early redemption.

#### 6.4 Early Redemption Amounts

For the purpose of Condition 6.1 (*Final redemption*), Condition 6.2 (*Extension of Maturity Date*), Condition 6.3 (*Redemption for taxation reasons*), Condition 6.5 (*Illegality*) and Condition 8 (*Events of Default and Enforcement*), the Early Redemption Amount in respect of any Mortgage Pandbrievens shall be calculated as follows:

- (a) in the case of a Mortgage Pandbrief with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (b) in the case of a Mortgage Pandbrief (other than a Zero Coupon Mortgage Pandbrief) with a Final Redemption Amount which is or may be less or greater than the Issue Price, at the amount specified in the applicable Final Terms or, if no such amount is so specified in the applicable Final Terms, at its Principal Amount Outstanding; and
- (c) in the case of a Zero Coupon Mortgage Pandbrief, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

**y** is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Mortgage Pandbrievens to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Mortgage Pandbrief becomes due and repayable and the denominator of which is 360, provided that where such calculation is to be made for a period which is not a whole number of years, it shall be made (i) in the case of Zero Coupon Mortgage Pandbrievens payable in a specified currency other than Euro, on the basis of a 360-day year consisting of 12 months of 30 days each or (ii) in the case of Zero Coupon Mortgage Pandbrievens payable in Euro, on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of (x) the number of those days falling in a leap year divided by 366 and (y) the number of those days falling in a non-leap year divided by 365) or (iii) other such redemption amount of a Zero Coupon Mortgage Pandbrievens as may be specified in the applicable Final Terms.

## **6.5 Illegality**

In the event that the Issuer determines that the performance of the Issuer's obligations under the Mortgage Pandbrieven has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, the Issuer having given not less than 10 nor more than 30 days' notice to Pandbrieven Holders and the Mortgage Pandbrieven Holders' Representative in accordance with Condition 19 (*Notices*) (which notice shall be irrevocable), may, on expiry of such notice redeem all, but not some only, of the Mortgage Pandbrieven of the relevant Series, each Mortgage Pandbrief being redeemed at the Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Fiscal Agent and the Mortgage Pandbrieven Holders' Representative a certificate signed by two authorised signatories of the Issuer, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

## **6.6 Purchases**

The Issuer or any subsidiary, affiliate or holding company of the Issuer may at any time purchase or otherwise acquire Mortgage Pandbrieven at any price in the open market either by tender or private agreement or otherwise.

Such Mortgage Pandbrieven acquired by the Issuer may be held, reissued, resold or, at the option of the Issuer, transferred to the Fiscal for cancellation.

Unless otherwise indicated in the applicable Final Terms, Mortgage Pandbrieven so acquired by the Issuer may be held in accordance with Article 12, §1 Annex III to the Credit Institutions Supervision Law or cancelled in accordance with this Condition 6.6.

## **6.7 Subscription to own Mortgage Pandbrieven**

The Issuer may subscribe to its own Mortgage Pandbrieven in accordance with Article 12, §1 Annex III to the Credit Institutions Supervision Law.

Mortgage Pandbrieven so subscribed by the Issuer may be held in accordance with Article 12, §1 Annex III to the Credit Institutions Supervision Law or transferred to the Fiscal Agent for cancellation.

## **6.8 Cancellation of redeemed Mortgage Pandbrieven**

All Mortgage Pandbrieven which are redeemed will forthwith be cancelled.

## **6.9 Late Payment for Zero Coupon Mortgage Pandbrieven**

If the amount payable in respect of any Zero Coupon Mortgage Pandbrief upon redemption of such Mortgage Pandbrief pursuant to Condition 6.1, 6.3 above or 6.5 above or upon its becoming due and repayable as provided in Condition 8 (*Events of Default and Enforcement*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Mortgage Pandbrief shall be the amount calculated as provided in Condition 6.4 (*Early Redemption Amounts*) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Mortgage Pandbrief becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Mortgage Pandbrief have been paid; and

- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Mortgage Pandbrief has been received by the Fiscal Agent and notice to that effect has been given to the Pandbrieven Holders in accordance with Condition 19 (Notices).

## 7 Taxation

All payments of principal and interest in respect of the Mortgage Pandbrieven by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed, levied, collected, withheld or assessed by or on behalf of Belgium or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such Taxes is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Pandbrieven Holders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Mortgage Pandbrief:

- (a) with respect to any payment in respect of any Dematerialised Mortgage Pandbrief:
  - (i) held by a holder of a Dematerialised Mortgage Pandbrief which is liable to Taxes in respect of such Dematerialised Mortgage Pandbrief by reason of its having some connection with the jurisdiction by which such Taxes have been imposed, levied, collected, withheld or assessed other than the mere holding of the Dematerialised Mortgage Pandbrief; or
  - (ii) where such withholding or deduction is required to be made pursuant to FATCA; or
  - (iii) held by a holder of a Dematerialised Mortgage Pandbrief who would have been able to avoid such withholding or deduction by arranging to receive the relevant payment through another paying agent of the Issuer in a member state of the European Union; or
  - (iv) where such withholding or deduction is imposed because the holder of the Dematerialised Mortgage Pandbrieven is not an Eligible Investor (unless that person was an Eligible Investor at the time of its acquisition of the relevant Mortgage Pandbrief but has since ceased (as such term is defined from time to time under Belgian law) being an Eligible Investor by reason of a change in the Belgian tax laws or regulations or in the interpretation or application thereof or by reason of another change which was outside that person's control), or is an Eligible Investor but is not holding the relevant Dematerialised Mortgage Pandbrief in an exempt securities account with a qualifying clearing system in accordance with the Belgian law of 6 August 1993 relating to transactions in certain securities and its implementation decrees; or
  - (v) to a holder who is liable to such Taxes because the Dematerialised Mortgage Pandbrieven were converted into registered Mortgage Pandbrieven upon his/her request and could no longer be cleared through the Securities Settlement System; or
  - (vi) to a holder who is entitled to avoid such deduction or withholding by making a declaration of non-residence or other similar claim for exemption.
- (b) with respect to any payment in respect of any Registered Mortgage Pandbrief:

- (i) held by a holder of a Registered Mortgage Pandbrief which is liable to Taxes in respect of such Mortgage Pandbrief by reason of its having some connection with the jurisdiction by which such Taxes have been imposed, levied, collected, withheld or assessed other than the mere holding of the Registered Mortgage Pandbrief; or
- (ii) where such withholding or deduction is required to be made pursuant to FATCA; or
- (iii) held by a holder of a Registered Mortgage Pandbrief who would have been able to avoid such withholding or deduction by arranging to receive the relevant payment through another paying agent of the Issuer in a member state of the European Union; or
- (iv) where such withholding or deduction is imposed because the holder of the Registered Mortgage Pandbrieven is not a holder who is an Exempt Investor (as defined below) (unless that person was an Exempt Investor at the time of its acquisition of the relevant Mortgage Pandbrief but has since ceased (as such term is defined from time to time under Belgian law) being an Exempt Investor by reason of a change in the Belgian tax laws or regulations or in the interpretation or application thereof); or
- (v) where such withholding or deduction is imposed for reason of the holder of the Registered Mortgage Pandbrieven, at the time of the relevant interest payment, not benefitting from a full exemption from Belgian interest withholding tax due to the Issuer no longer qualifying as a financial institution as referred to in the Articles 105, 1°, a) and 107, §2, 5°, b) of the Royal Decree implementing the Belgian Income Tax Code 1992"; or
- (vi) to a holder who is entitled to avoid such deduction or withholding by making a declaration of non-residence or other similar claim for exemption; or
- (vii) presented for payment more than 30 calendar days after the Relevant Date (as defined below) except to the extent that the holder of the Registered Mortgage Pandbrief would have been entitled to additional amounts on presenting the same for payment on the expiry of such period of 30 calendar days; or
- (viii) which is issued as a Zero Coupon Mortgage Pandbrief or any other Registered Mortgage Pandbrief which provides for the capitalisation of interest.

As used in this Condition:

**Exempt Investor** means a holder of a Registered Mortgage Pandbrief that, as of the relevant interest payment date, (i) is not resident for tax purposes in Belgium and does not use the income producing assets to exercise a business or professional activity in Belgium, (ii) has been the legal owner (*eigenaar/proprietaire*) or usufructuary (*vruchtgebruiker/usufruitier*) of the Registered Mortgage Pandbrief during the entire relevant interest period, (iii) has been registered with the Issuer as the holder of the Registered Mortgage Pandbrief during the entire relevant interest period, (iv) has provided the Issuer an affidavit in which it is certified that the conditions mentioned in points (i) and (ii) are complied with respect to such interest payment on or before the date such affidavit is required to be delivered to the Issuer and (v) complies with any further requirement imposed by any successor provision to the current relevant Belgian tax provisions.

**Relevant Date** in respect of any payment means the date on which such payment first becomes due.

## 8 Events of Default and Enforcement

### 8.1 Events of Default

If any of the following events occurs and is continuing (each an **Event of Default**):

- (a) on the Extended Maturity Date (in respect of any Series in respect of which an Extended Maturity Date applies in accordance with the applicable Final Terms) or on the Maturity Date (in respect of any Series in respect of which an Extended Maturity Date does not apply) in respect of any Series there is a failure to pay any amount of principal due on the Mortgage Pandbrieven on such date and such default is not remedied within a period of fourteen Business Days from the due date thereof; or
- (b) on any Interest Payment Date, a default in the payment of the amount of interest due on any Series occurs and such default is not remedied within a period of fourteen Business Days from the due date thereof,

then the Mortgage Pandbrieven Holders' Representative may and, if it has been so directed by a request in writing by the holders of not less than 25% of the aggregate of the Series Principal Amount Outstanding of the Mortgage Pandbrieven of all Series then outstanding but excluding the Mortgage Pandbrieven held by the Issuer for the calculation of the percentage (with the Mortgage Pandbrieven of all Series taken together as a single Series) or if so directed by a Programme Resolution (subject to being indemnified and/or secured and/or prefunded to its satisfaction), shall serve a notice (a **Notice of Default**) on the Issuer (copied to the Cover Pool Monitor, the Supervisor, the Rating Agencies and, if appointed, the Cover Pool Administrator). Following the service of a Notice of Default, (i) no further Mortgage Pandbrieven will be issued and (ii) the Mortgage Pandbrieven of each Series shall become immediately due and repayable on the date specified in the Notice of Default at the Early Redemption Amount, together with accrued interest thereon to the date of repayment.

### 8.2 Enforcement

The Mortgage Pandbrieven Holders' Representative may at any time, at its discretion and without further notice, take such proceedings against the Issuer and/or any other person as it may think fit to enforce the provisions of the Mortgage Pandbrieven or any Programme Document.

No Pandbrief Holder shall be entitled to proceed directly against the Issuer or to take any action with respect to the Programme Documents, the Mortgage Pandbrieven or the Cover Assets unless the Mortgage Pandbrieven Holders' Representative, having become bound so to proceed pursuant to a Resolution or a direction of the Pandbrieven Holders in accordance with the Conditions, as applicable, fails so to do within a reasonable period, fourteen Business Days being considered reasonable in this respect, and such failure shall be continuing.

### 8.3 Pandbrieven Holders' Waiver

For the avoidance of doubt, the Pandbrieven Holders waive, to the fullest extent permitted by law (i) all their rights whatsoever pursuant to Article 1184 of the Belgian Civil Code to rescind (*ontbinden/résoudre*), or demand in legal proceedings the rescission (*ontbinding/résolution*) of, the Mortgage Pandbrieven and (ii) all their rights whatsoever in respect of Mortgage Pandbrieven pursuant to Article 7:64 of the Belgian Company Code (right to rescind (*ontbinding/résolution*)).



## 9 Priorities of Payments

### 9.1 Post Event of Default Priority of Payments

Following delivery of a Notice of Default and subject to Condition 9.3 (*Excess Cover Assets*) all funds deriving from the Cover Assets or otherwise received or recovered by the Special Estate (whether in the administration, liquidation of the Special Estate or otherwise) (other than amounts or financial instruments representing Excess Swap Collateral (if any), which amounts shall be applied in accordance with the terms of the relevant Hedging Agreement(s)) shall be applied on any Business Day in accordance with the following order of priority of payments (the **Post Event of Default Priority of Payments**) (in each case only if and to the extent that payments of a higher priority have been made in full) provided that any such amount that is due to be paid hereunder has not been paid by the Issuer using funds not forming part of the Special Estate:

- (a) first, *pari passu* and *pro rata* according to the respective amounts thereof, (a) to pay all amounts then due and payable to the Mortgage Pandbrieven Holders' Representative (including remuneration or amounts by way of indemnity payable to it) under the provisions of the Mortgage Pandbrieven Holder Representative Agreement or any other Programme Document together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein, (b) to pay all amounts then due and payable to the Agents and/or the Registrar (if any) under the provisions of the Agency Agreement, any Calculation Agency Agreement or any other Programme Document together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein; (c) to pay all amounts then due and payable to the Cover Pool Monitor under the provisions of the Cover Pool Monitor Agreement or any other Programme Document together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein and (d) upon its appointment in accordance with the Belgian Covered Bond Regulations, to pay all amounts then due to any Cover Pool Administrator (including any of its representatives or delegates) pursuant to the conditions of its appointment together with interest and applicable VAT or other similar taxes and any costs and expenses incurred by or on behalf of the Special Estate;
- (b) second, *pari passu* and *pro rata* according to the respective amounts thereof, to pay any amounts, fees, costs, charges, liabilities, expenses and taxes due and payable by the Issuer or the Special Estate to the Operational Creditors;
- (c) third, *pari passu* and *pro rata* according to the respective amounts thereof, (a) to pay all amounts of interest and principal then due and payable on any Mortgage Pandbrieven, (b) any amounts due and payable under any Hedging Agreement other than the Subordinated Termination Payments to any Hedging Counterparties under any such Hedging Agreements, and (c) to pay all amounts due and payable under any Liquidity Facility Agreement to any Liquidity Facility Provider;
- (d) fourth, *pari passu* and *pro rata*, according to the respective amounts thereof, to pay any amount due and payable to any Hedging Counterparties arising out of any Subordinated Termination Payment; and
- (e) fifth, once all Mortgage Pandbrieven have been redeemed and following the payment in full of all items under (a) to (d) above, to pay any excess to the General Estate of the Issuer.

### 9.2 Early Redemption Priority of Payments

Following a decision by the Cover Pool Administrator to early redeem the Mortgage Pandbrieven of all Series pursuant to Articles 11, 6° or 7° Annex III to the Credit Institutions Supervision Law and as long as no Notice of Default has been delivered all funds deriving from the Cover Assets or otherwise received or recovered by the Special Estate and subject to Condition 9.3 (*Excess Cover Assets*) (whether in the administration, liquidation of the Special Estate or otherwise) (other than amounts or financial instruments representing Excess Swap

Collateral (if any), which amounts shall be applied in accordance with the terms of the relevant Hedging Agreement(s)) shall be applied on any Business Day in accordance with the following order of priority of payments (the **Early Redemption Priority of Payments**) (in each case only if and to the extent that payments of a higher priority have been made in full) provided that any such amount that is due to be paid hereunder has not been paid by the Issuer using funds not forming part of the Special Estate:

- (a) first, *pari passu* and *pro rata* according to the respective amounts thereof, (a) to pay all amounts then due and payable to the Mortgage Pandbrieven Holders' Representative (including remuneration or amounts by way of indemnity payable to it) under the provisions of the Mortgage Pandbrieven Holder Representative Agreement or any other Programme Document together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein, (b) to pay all amounts then due and payable to the Agents and/or the Registrar (if any) under the provisions of the Agency Agreement, any Calculation Agency Agreement or any other Programme Document together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein; (c) to pay all amounts then due and payable to the Cover Pool Monitor under the provisions of the Cover Pool Monitor Agreement or any other Programme Document together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein, (d) upon its appointment in accordance with the Belgian Covered Bond Regulations, payment of all amounts then due to any Cover Pool Administrator (including any of its representatives or delegates) pursuant to the conditions of its appointment together with interest and applicable VAT or other similar taxes and any costs and expenses incurred by or on behalf of the Special Estate and (e) payment of any amounts, fees, costs, charges, liabilities, expenses and taxes due and payable by the Issuer or the Special Estate to the Operational Creditors;
- (b) second, *pari passu* and *pro rata* according to the respective amounts thereof, (a) to pay all amounts of interest and principal then due and payable on any Mortgage Pandbrieven, (b) any amounts due and payable under any Hedging Agreement other than the Subordinated Termination Payments to any Hedging Counterparties under any such Hedging Agreements, and (c) to pay all amounts due and payable under any Liquidity Facility Agreement to any Liquidity Facility Provider;
- (c) third, *pari passu* and *pro rata*, according to the respective amounts thereof, to pay any amount due and payable to any Hedging Counterparties arising out of any Subordinated Termination Payment; and
- (d) fourth, once all Mortgage Pandbrieven have been redeemed and following the payment in full of all items under (a) to (c) above, to pay any excess to the General Estate of the Issuer.

### **9.3 Excess Cover Assets**

Nothing in Conditions 9.1 or 9.2 shall operate to prevent the Issuer, the Special Estate, the Mortgage Pandbrieven Holders' Representative, the Cover Pool Monitor or any Cover Pool Administrator from complying with any direction made in accordance with Article 11, 8° Annex III to the Credit Institutions Supervision Law from the bankruptcy trustee of the General Estate of the Issuer from transferring to the General Estate of the Issuer such Cover Assets as the bankruptcy trustee of the General Estate of the Issuer has determined, after consultation with the Supervisor (taking into account the Belgian Covered Bond Regulations and, as the case may be, the rating assigned to the Mortgage Pandbrieven), are no longer be required to form part of the Special Estate.

## **10 Prescription**

Claims against the Issuer for payment of principal and interest in respect of the Mortgage Pandbrieven will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after their due date, unless application to a court of law for such payment has been initiated on or before such respective time. The due date for

Mortgage Pandbrieven of which the Maturity Date has been extended shall be the Extended Maturity Date.

## 11 Agents

- (a) In acting under the Agency Agreement and in connection with the Mortgage Pandbrieven, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Pandbrieven Holders.
- (b) The initial Agents and their initial specified offices are set forth in the Base Prospectus. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor Agent provided, however, that:
  - (i) the Issuer shall at all times maintain a Fiscal Agent and a Principal Paying Agent (which may be the same entity) which will at all times be a participant in the Securities Settlement System;
  - (ii) so long as the Mortgage Pandbrieven are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (which may be the Fiscal Agent) with a specified office in such place as may be required by the rules and regulations of such stock exchange or other relevant authority (which, so long as the Mortgage Pandbrieven are listed on Euronext Brussels, shall be Brussels);
  - (iii) so long as there are Registered Mortgage Pandbrieven, the Issuer shall maintain a Registrar for the relevant Series of Registered Mortgage Pandbrieven (which may be the Issuer itself); and
  - (iv) in the case of Floating Rate Mortgage Pandbrieven, the Issuer shall at all times maintain a Calculation Agent for the relevant Series of Mortgage Pandbrieven (which may be the Issuer itself).

Notice of any change in any of the Agents, the Registrar or the Calculation Agent or in their specified offices shall promptly be given to the Pandbrieven Holders in accordance with Condition 19 (*Notices*).

## 12 Mortgage Pandbrieven Provisions

### 12.1 Criteria for the transfer of assets by the General Estate to the Special Estate

In accordance with Article 3, §2, second paragraph of Annex III to the Credit Institutions Supervision Law, the following criteria shall be applied in circumstances where amounts must be transferred to the Special Estate but cannot be identified within the General Estate of the Issuer. In such circumstances, the General Estate shall transfer to the Special Estate (in consultation between the Cover Pool Administrator and the bankruptcy trustee of the Issuer), instead of the relevant amounts, the following unencumbered assets available within the General Estate in an equal amount determined in the following order of priority:

- (a) first, credit quality step 1 bonds that are ECB eligible and/or level 1 assets as described in the liquidity risk framework calculation of the Liquidity Coverage Ratio (as implemented through CRD IV);
- (b) failing which, credit quality step 2 bonds that are ECB eligible and/or level 2 assets as described in the liquidity risk framework calculation of the Liquidity Coverage Ratio (as implemented through CRD IV);
- (c) failing which, bonds other than (a) or (b) above that are ECB eligible;

- (d) failing which, bonds other than (a), (b) or (c) above;
- (e) failing which, public sector exposure other than (a), (b), (c) or (d);
- (f) failing which, residential mortgage loans; and
- (g) failing any of the above, such assets as the Cover Pool Administrator in the name and for the account of the Special Estate may select in its sole discretion.

## **12.2 Use of swap collateral**

Any collateral provided to the Issuer in the context of a Hedging Agreement that constitutes a Cover Asset, may only be used in order to satisfy the obligations that relate to the Special Estate and in accordance with the provisions of the relevant Hedging Agreement.

## **12.3 Priority Rules regarding security interest securing both Cover Assets and assets in the General Estate**

If a security interest (including any mortgages or mortgage mandate) secures claims of both the Special Estate and the General Estate of the Issuer, proceeds from the enforcement of any such security interest shall be applied in priority to satisfy the obligations due in respect of the Cover Assets shown in the Cover Register as comprising part of the Special Estate. Only upon satisfaction in full of the relevant claims of the Cover Assets shown in the Cover Register as comprising part of the Special Estate shall any of the proceeds be applied against the claims of the General Estate which are also secured by such security interest.

## **13 Meeting Rules**

The Meeting Rules of Pandbrieven Holders (the **Meeting Rules**) are attached to, and form an integral part of, these Conditions. References in these Conditions to the Meeting Rules include such rules as from time to time modified in accordance with the provisions contained therein and any agreement or other document expressed to be supplemental thereto.

The Articles 7:162 to 7:174 of the Belgian Company Code relating to Bondholders' meetings shall only apply to the extent that (i) the Conditions (including the Meeting Rules) and (ii) the articles of association of the Issuer, do not contain provisions which differ from the provisions contained in such articles.

## **14 The Mortgage Pandbrieven Holders' Representative**

The Mortgage Pandbrieven Holders' Representative has been appointed by the Issuer as representative of the Pandbrieven Holders in accordance with Article 14, §2 Annex III to the Credit Institutions Supervision Law upon the terms and conditions set out in the Mortgage Pandbrieven Holder Representative Agreement and herein.

As long as the Mortgage Pandbrieven are outstanding, there shall at all times be a representative of the Pandbrieven Holders in accordance with Article 14, §2 Annex III to the Credit Institutions Supervision Law, which has the power to exercise the rights conferred on it by these Conditions, the Meeting Rules, the Mortgage Pandbrieven Holder Representative Agreement and the Belgian Covered Bond Regulations in order to protect the interests of the Pandbrieven Holders.

By reason of holding Mortgage Pandbrieven, each Pandbrieven Holder:

- (a) recognises the Mortgage Pandbrieven Holders' Representative as its representative and (to the fullest extent permitted by law) agrees to be bound by any agreement entered into from time to time by the Mortgage Pandbrieven Holders' Representative in such capacity as if such Pandbrieven Holder was a signatory thereto; and

- (b) acknowledges and accepts that the Issuer shall not be liable, except in case of fraud, in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the Pandbrieven Holders as a result of the performance by the Mortgage Pandbrieven Holders' Representative of its duties or the exercise of any of its rights under these Conditions (including the Meeting Rules).

The Mortgage Pandbrieven Holders' Representative may also be appointed to represent Other Cover Pool Creditors provided that such Other Cover Pool Creditors agree with such representation.

## **15 Conflicts of Interest**

The Mortgage Pandbrieven Holders' Representative shall, as regards the powers, authorities and discretions vested in it, except where expressly provided otherwise, have regard to the overall interests of the Pandbrieven Holders of all Series taken together and of the Other Cover Pool Creditors that have agreed to be represented by the Mortgage Pandbrieven Holders' Representative provided that if, in the opinion of the Mortgage Pandbrieven Holders' Representative, there is a conflict between the interests the Pandbrieven Holders and those Other Cover Pool Creditors, the Mortgage Pandbrieven Holders' Representative will have regard solely to the interest of the Pandbrieven Holders. The Mortgage Pandbrieven Holders' Representative shall not have regard to any interests arising from circumstances particular to individual Pandbrieven Holders or such Other Cover Pool Creditors.

## **16 Meetings of Pandbrieven Holders**

### **16.1 Meetings of Pandbrieven Holders**

The Meeting Rules contain provisions for convening meetings of the Pandbrieven Holders of each Series to consider matters relating to the Mortgage Pandbrieven, including the modification or waiver of any provision of the Conditions. For the avoidance of doubt any such modification or waiver shall be subject to the consent of the Issuer or, upon the opening of Winding-up Proceedings against the Issuer, the Cover Pool Administrator on behalf of the Special Estate, except as provided otherwise in the Meeting Rules.

All meetings of Pandbrieven Holders will be held in accordance with the Meeting Rules. The Articles 7:162 to 7:174 of the Belgian Company Code relating to Bondholders' meetings shall only apply to the extent that (i) the Conditions (including the Meeting Rules) and (ii) the articles of association of the Issuer do not contain provisions which differ from the provisions contained in such articles.

### **16.2 Written Resolution**

Except in relation to a Programme Resolution to direct the Cover Pool Administrator to proceed with the liquidation of the Special Estate and with the early redemption of the Mortgage Pandbrieven pursuant to Article 11, 7° Annex III to the Credit Institutions Supervision Law, a resolution in writing signed by or on behalf of holders of 50% or more of the aggregate of the Series Principal Amount Outstanding of the Mortgage Pandbrieven of all Series then outstanding shall take effect as a Programme Resolution. A resolution in writing to direct the Cover Pool Administrator to proceed with the liquidation of the Special Estate and with the early redemption of the Mortgage Pandbrieven pursuant to Article 11, 7° Annex III to the Credit Institutions Supervision Law signed by or on behalf of holders of 75 per cent. of the Series Principal Amount Outstanding of the Mortgage Pandbrieven of all Series then outstanding shall take effect as a Programme Resolution. A resolution in writing signed by or on behalf of holders of two thirds of the Series Principal Amount Outstanding of the relevant Series of Mortgage Pandbrieven outstanding shall take effect as an Extraordinary Resolution. A written resolution signed by the holders of 50% or more of the Series Principal Amount Outstanding of the relevant Series of the Mortgage Pandbrieven outstanding shall take effect as if it were an Ordinary Resolution. Such resolutions in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Pandbrieven Holders.

## **17 Amendments to the Conditions and Waivers**

Amendments to and waivers of the Conditions shall be made in accordance with the Meeting Rules.

## **18 Further Issues**

The Issuer may from time to time, subject to Condition 6.2 (*Extension of Maturity Date*), without the consent of the Pandbrieven Holders, create and issue further Mortgage Pandbrieven having either: (i) the same terms and conditions as the Mortgage Pandbrieven in all respects (or in all respects except for the first payment of interest thereon, issue date and/or issue price) so as to form a single series with the Mortgage Pandbrieven; or (ii) different terms from any existing Mortgage Pandbrieven, where Mortgage Pandbrieven shall constitute a new Series of Mortgage Pandbrieven.

## **19 Notices**

Notices to be given by any holder of Mortgage Pandbrieven (including notices to convene a meeting of Pandbrieven Holders) shall be in writing and given by lodging the same, with the Fiscal Agent and the Mortgage Pandbrieven Holders' Representative. Notices to be given to the holders of Dematerialised Mortgage Pandbrieven (including notices to convene a meeting of Pandbrieven Holders) shall be deemed to have been duly given to the relevant Pandbrieven Holders if sent to the Securities Settlement System, Euroclear, Clearstream, Germany, SIX SIS (Switzerland), Euroclear France SA (France), INTERBOLSA (Portugal) and Monte Titoli (Italy) and any other NBB investor (I)CSDs for communication by them to the Participants and shall be deemed to be given on the date on which it was so sent.

All notices to holders of Registered Mortgage Pandbrieven (including notices to convene a meeting of Pandbrieven Holders) will be mailed by regular post or by fax to the holders at their respective addresses or fax numbers appearing in the register of Registered Mortgage Pandbrieven.

If sent by post, notices will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. If sent by fax, notices will be deemed to have been given upon receipt of a confirmation of the transmission.

So long as the Mortgage Pandbrieven are listed on any stock exchange or admitted to listing by any other relevant authority and if the rules of the exchange so require, any notice shall also be published in accordance with the rules and regulations of such stock exchange or other relevant authority.

No notifications in any such form will be required for convening meetings of Pandbrieven Holders if all Pandbrieven Holders have been identified and have been given an appropriate notice by registered mail.

Notwithstanding the above, the Mortgage Pandbrieven Holders' Representative shall be at liberty to approve any other method of giving notice to Pandbrieven Holders if, in its opinion, such other method is reasonable having regard to the then-prevailing market practice and rules of the competent authority, stock exchange, clearing system or, as the case may be, quotation system on which the Mortgage Pandbrieven are then admitted to trading.

## **20 Governing Law and Submission to Jurisdiction**

The Mortgage Pandbrieven and all matters arising from or connected with the Mortgage Pandbrieven (and any non-contractual obligations arising out of or in connection with the Mortgage Pandbrieven) are governed by, and shall be construed in accordance with Belgian law.

The Dutch speaking courts of Brussels, Belgium are to have exclusive jurisdiction to settle any dispute, arising from or connected with the Mortgage Pandbrieven (including any disputes relating to any non-contractual obligations arising out of or in connection with the Mortgage Pandbrieven).

# MEETING RULES OF THE PANDBRIEVEN HOLDERS

## PART 1 – GENERAL PROVISIONS AND INTERPRETATION

### 1. GENERAL PROVISIONS

- 1.1. Each Pandbrief Holder is a member of the meeting of Pandbrieven Holders held in accordance with these meeting rules (the **Meeting Rules**). The Articles 7:162 to 7:174 of the Belgian Company Code shall only apply to the extent that (1) the Conditions (including these Meeting Rules) or (2) the articles of association of the Issuer do not contain provisions which differ from the provisions contained in such articles.
- 1.2. The Meeting Rules, which are deemed to be an integral part of the Conditions of the Mortgage Pandbrieven of each Series issued by the Issuer under the Programme, aim to coordinate the exercise of the rights of the Pandbrieven Holders and, more generally, to protect the interest of the Pandbrieven Holders. To this end:
- (A) Part 2 of these Meeting Rules contains provisions applicable to the Mortgage Pandbrieven Holders' Representative; and
- (B) Part 3 of these Meeting Rules contains the rules that apply in particular to the meeting of Pandbrieven Holders.
- 1.3. The Meeting Rules shall remain in full force and effect until full repayment or cancellation of all Mortgage Pandbrieven of whatever Series.

### 2. INTERPRETATION

#### 2.1. Definitions

Unless otherwise defined in these Meeting Rules or unless the context otherwise requires, in these Meeting Rules the following words shall have the following meanings:

- Basic Term Change** : means the matters referred to under Clauses 6.2(f) to 6.2(i) of part 3 of the Meeting Rules;
- Block Voting Instruction** : means a document issued by a Recognised Accountholder or the Securities Settlement System in accordance with Clause 1.3.(c) of part 3 of the Meeting Rules;
- Conditions** : means the Terms and Conditions of the Mortgage Pandbrieven of the relevant Series or Tranche issued by the Issuer;
- Extraordinary Resolution** : means a resolution passed at a Meeting duly convened and held in accordance with the Meeting Rules by a majority of at least two thirds of the aggregate Series Principal Amount Outstanding of the Series of Mortgage Pandbrieven for which votes have been cast;
- Ordinary Resolution** : means any resolution passed at a Meeting duly convened and held in accordance with the Meeting Rules by a simple majority of at least 50 per cent. of the aggregate Series Principal Amount Outstanding of the Series of Mortgage Pandbrieven for which votes have been cast plus one vote;
- Programme Resolution** : means any resolution passed at a Meeting duly convened and held in accordance with the Meeting Rules by a simple majority of at least 50 per cent. of the aggregate Series



Principal Amount Outstanding of the Mortgage Pandbrieven of all Series under the Programme for which votes have been cast plus one vote, with the Mortgage Pandbrieven of all Series taken together as a single Series;

- Recognised Accountholder** : means, in relation to one or more Dematerialised Mortgage Pandbrieven, the recognised accountholder (*erkende rekeninghouder/teneur de compte agréé*) within the meaning of Article 7:35 of the Belgian Company Code with which a Pandbrieven Holder holds such Dematerialised Mortgage Pandbrieven on a securities account;
- Resolution** : means an Ordinary Resolution, an Extraordinary Resolution or a Programme Resolution;
- Voting Certificate** : means a certificate issued by a Recognised Accountholder or the Securities Settlement System in accordance with Clause 1.3. (b) of part 3 of the Meeting Rules.

Any other capitalized terms used in the Meeting Rules and not otherwise defined herein, shall have the meaning and the construction ascribed to them in the Conditions.

## 2.2. Interpretation

All references in the Meeting Rules to

- (a) **Mortgage Pandbrieven** are, unless the context otherwise requires, references to the Mortgage Pandbrieven of the relevant Series;
- (b) a **Clause** shall, except where expressly provided to the contrary, be a reference to a Clause of the Meeting Rules; and
- (c) a **Meeting** references to a meeting of Pandbrieven Holders of a single Series of Mortgage Pandbrieven (except in case of a meeting to pass a Programme Resolution, in which case the Mortgage Pandbrieven of all Series are taken together as a single Series) and includes, unless the context otherwise requires, any adjournment.

## **PART 2 – MORTGAGE PANDBRIEVEN HOLDERS’ REPRESENTATIVE**

### **1. APPOINTMENT AND REMOVAL**

#### **1.1. Appointment**

The Mortgage Pandbrieven Holders’ Representative has been appointed by the Issuer as Mortgage Pandbrieven Holders’ Representative of the Pandbrieven Holders in accordance with Article 14, §2 Annex III to the Credit Institutions Supervision Law upon the terms and conditions set out in the Mortgage Pandbrieven Holder Representative Agreement and herein.

As long as the Mortgage Pandbrieven are outstanding, there shall at all times be a Mortgage Pandbrieven Holders’ Representative of the Pandbrieven Holders in accordance with Article 14, §2 Annex III to the Credit Institutions Supervision Law.

The Mortgage Pandbrieven Holders’ Representative protects the interests of the Pandbrieven Holders and hereto has the power to exercise the rights conferred on it by the Conditions, the Meeting Rules, the Mortgage Pandbrieven Holder Representative Agreement and the Belgian Covered Bond Regulations. In connection with the exercise of its functions (including but not limited to those referred to in these Meeting Rules) the Mortgage Pandbrieven Holders’ Representative shall have regard to the interests of the Pandbrieven Holders under the Programme and Other Cover Pool Creditors (in accordance with Clause 2.3), and shall not have regard to the consequences of such exercise for individual Pandbrieven Holders and the Mortgage Pandbrieven Holders’ Representative shall not be entitled to require, nor shall any Pandbrieven Holder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Pandbrieven Holders.

By reason of holding Mortgage Pandbrieven, each Pandbrieven Holder:

- (a) recognises the Mortgage Pandbrieven Holders’ Representative as its Mortgage Pandbrieven Holders’ Representative and (to the fullest extent permitted by law) agrees to be bound by any agreement entered into from time to time by the Mortgage Pandbrieven Holders’ Representative in such capacity as if such Pandbrieven Holder were a signatory thereto;
- (b) acknowledges and accepts that the Issuer shall not be liable, except in case of fraud, in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the Pandbrieven Holders as a result of the performance by the Mortgage Pandbrieven Holders’ Representative of its duties or the exercise of any of its rights under the Conditions; and
- (c) agrees that the Issuer, as agreed in the Mortgage Pandbrieven Holder Representative Agreement, shall pay to the Mortgage Pandbrieven Holders’ Representative a remuneration for its services as Mortgage Pandbrieven Holders’ Representative.

#### **1.2. Retirement and removal**

##### **1.2.1. Conditions for Removal**

As long as Mortgage Pandbrieven are outstanding, the Mortgage Pandbrieven Holders’ Representative shall not retire and may only be removed from its duties under the Mortgage Pandbrieven Holder Representative Agreement, the Meeting Rules or any other Programme Document by means of a Programme Resolution:

- (A) if any of the following events occurs, namely:
- (I) an order is made or an effective resolution is passed for the dissolution (*ontbinding / dissolution*) of the Mortgage Pandbrieven Holders' Representative except a dissolution (*ontbinding / dissolution*) for the purpose of a merger where the Mortgage Pandbrieven Holders' Representative remains solvent; or
  - (II) the Mortgage Pandbrieven Holders' Representative ceases or threatens to cease to carry on its business or a substantial part of its business or stops payment or threatens to stop payment of its debts or becomes unable to pay its debts as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account for both these purposes its contingent and prospective liabilities) or otherwise becomes insolvent; or
  - (III) the Mortgage Pandbrieven Holders' Representative defaults in the performance or observance of any of its material covenants and obligations under the Conditions, Mortgage Pandbrieven Holder Representative Agreement or any other Programme Document and (except where such default is incapable of remedy, when no such continuation and/or notice shall be required) such default continues unremedied for a period of thirty (30) Business Days after the earlier of the Mortgage Pandbrieven Holders' Representative becoming aware of such default and receipt by the Mortgage Pandbrieven Holders' Representative of written notice from the Issuer requiring the same to be remedied; or
  - (IV) the Mortgage Pandbrieven Holders' Representative becomes subject to any bankruptcy (*faillissement / faillite*), judicial reorganisation (*gerechtelijke reorganisatie / réorganisation judiciaire*), as applicable, or other insolvency procedure under applicable laws; or
  - (V) the Mortgage Pandbrieven Holders' Representative is unable to perform its material obligations under the Conditions or the Mortgage Pandbrieven Holder Representative Agreement for a period of twenty (20) Business Days by circumstances beyond its reasonable control or *force majeure*;
- (B) provided that:
- (I) in the same Programme Resolution a substitute Mortgage Pandbrieven Holders' Representative is appointed; and
  - (II) such substitute Mortgage Pandbrieven Holders' Representative meets all legal requirements to act as Mortgage Pandbrieven Holders' Representative and accepts to be bound by the terms of the Conditions, the Meeting Rules and the Programme Documents in the same way as its predecessor.

### 1.2.2. Procedure

#### (A) Termination

Upon the Programme Resolution as provided for by Clause 1.2.1 (*Conditions for Removal*) the Issuer shall provide notice in writing to the Mortgage Pandbrieven Holders' Representative of the termination of the powers delegated to it under the Mortgage Pandbrieven Holder Representative Agreement and the Programme Documents.

The termination of the Mortgage Pandbrieven Holder Representative Agreement (1) shall take effect from a date (not earlier than the date of the notice) specified in the notice and (2) shall also terminate the appointment and power of attorney by the Other Cover Pool Creditors.

**(B) Substitute Mortgage Pandbrieven Holders' Representative**

The appointment of the substitute Mortgage Pandbrieven Holders' Representative in accordance with the Programme Resolution referred to in Clause 3.2.2(A) above shall become automatically effective upon the termination of the Mortgage Pandbrieven Holders' Representative becoming effective and at such time all rights and powers granted to the then acting Mortgage Pandbrieven Holders' Representative shall terminate and shall automatically be vested in the substitute Mortgage Pandbrieven Holders' Representative. All references to the Mortgage Pandbrieven Holders' Representative in the Programme Documents shall where and when appropriate be read as references to the substitute Mortgage Pandbrieven Holders' Representative as selected and upon vesting of rights and powers pursuant to this Clause.

**1.3. Appointment of the Management Board of the Mortgage Pandbrieven Holders' Representative**

Pursuant to the Mortgage Pandbrieven Holders' Representative's articles of association, the management board (*bestuur*) of the Mortgage Pandbrieven Holders' Representative shall initially consist of one (1) member, being Amsterdamsch Trustee's Kantoor BV.

Except as set forth in Clause 3.4 below, any other board member to the management board will be appointed by the management board or, if there are no more board members in office, one or more board members can be appointed by a Programme Resolution.

**1.4. Resignation and Removal of the Management Board of the Mortgage Pandbrieven Holders' Representative**

Pursuant to the Mortgage Pandbrieven Holders' Representative's articles of association, membership of the management board shall end in the following cases:

- (a) upon written voluntary resignation by the board member;
- (b) in the case of an individual, upon the death of the board member;
- (c) in the case of a legal entity, upon the dissolution of the board member;
- (d) upon the board member being declared bankrupt or becoming subject to a moratorium or if and when a debt application natural persons (*schuldsanering natuurlijke personen*) becomes applicable on the board member;
- (e) upon the board member being placed under guardianship (*ondercuratelestelling*) or becoming subject to a court order whereby as a result of the physical or mental condition of the board member an administrator is appointed in respect of one or more of the goods or the board member;
- (f) by dismissal ordered by court;
- (g) if the board consists of more than two members, by dismissal by board resolution adopted unanimously by all board members in position, the board member involved excluded;

- (h) by dismissal by a Programme Resolution of the Pandbrieven Holders, provided that, in case there would be no more board members as a result of such dismissal, the Pandbrieven Holders appoint one or more new board members.

## **2. POWERS**

### **2.1. Powers**

The Mortgage Pandbrieven Holders' Representative, acting in its own name and on behalf of the Pandbrieven Holders shall have the powers and authorities set forth in the Belgian Covered Bond Regulations, the Mortgage Pandbrieven Holder Representative Agreement, the Conditions and in any of the Programme Documents to which it is a party and such powers incidental thereto, which it will exercise in accordance with and subject to the provisions of the Belgian Covered Bond Regulations, the Mortgage Pandbrieven Holder Representative Agreement, the Conditions and the Programme Documents. In particular, but without limitation, the Mortgage Pandbrieven Holders' Representative, acting in its own name and on behalf of the Pandbrieven Holders shall have the power:

- (a) to represent the Pandbrieven Holders as provided for in Article 14, §2 Annex III to the Credit Institutions Supervision Law;
- (b) to exercise all other powers and rights and perform all duties given to the Mortgage Pandbrieven Holders' Representative under the Conditions including the Meeting Rules, the Programme Documents and the Belgian Covered Bond Regulations;
- (c) upon service of a Notice of Default, to proceed against the Issuer to enforce the performance of the Programme Documents and the Conditions on behalf of the Pandbrieven Holders and the Other Cover Pool Creditors represented by it;
- (d) to collect all proceeds in the course of enforcing the rights of the Pandbrieven Holders and the Other Cover Pool Creditors represented by it;
- (e) to apply or to direct the application of the proceeds of enforcement in accordance with the Conditions; and
- (f) generally, to do all things necessary in connection with the performance of such powers and duties.

The Mortgage Pandbrieven Holders' Representative may act in court and represent the Pandbrieven Holders or Other Cover Pool Creditors (provided such Other Cover Pool Creditors previously agreed with the representation in accordance with the provisions of the Mortgage Pandbrieven Holder Representative Agreement) in any bankruptcy or similar insolvency proceedings, without having to reveal the identity of the Pandbrieven Holders or Other Cover Pool Creditors it represents.

### **2.2. Delegation**

The Mortgage Pandbrieven Holders' Representative may delegate the performance of any of the powers listed in this Clause 2 (*Powers*) to any persons (including any legal entity) whom it may designate.

Notwithstanding any sub-contracting or delegation of the performance of its obligations hereunder or under the Programme Documents or under the Mortgage Pandbrieven Holder Representative Agreement, the Mortgage Pandbrieven Holders' Representative shall not thereby be released or discharged from any liability hereunder and shall remain responsible for the performance of the obligations of the Mortgage Pandbrieven Holders' Representative and shall be jointly and severally liable for the performance or non-performance or the manner of performance of any sub-contractor, agent or delegate and such sub-contracting or delegation shall not affect the Mortgage Pandbrieven Holders' Representative's obligations hereunder, under the Programme Documents to which it is a party or under the Mortgage

Pandbrieven Holder Representative Agreement. The Mortgage Pandbrieven Holders' Representative shall, prior to such appointment, give notice to the Issuer of the appointment of any delegate and any renewal, extension and termination of such appointment.

### **2.3. Representation of Other Cover Pool Creditors**

#### **2.3.1. Representation of Other Cover Pool Creditors**

The Mortgage Pandbrieven Holders' Representative may also be appointed to represent Other Cover Pool Creditors provided that such Other Cover Pool Creditors agree with such representation.

In relation to any duties, obligations and responsibilities of the Mortgage Pandbrieven Holders' Representative to these Other Cover Pool Creditors in its capacity as agent of these Other Cover Pool Creditors, the Mortgage Pandbrieven Holders' Representative and these Other Cover Pool Creditors will agree and the Issuer will concur, that the Mortgage Pandbrieven Holders' Representative shall discharge these duties, obligations and responsibilities by performing and observing its duties, obligations and responsibilities as representative of the Pandbrieven Holders in accordance with the provisions of the Mortgage Pandbrieven Holder Representative Agreement, the Programme Documents and the Conditions including these Meeting Rules.

#### **2.3.2. Conflicts between Pandbrieven Holders and Other Cover Pool Creditors**

The Mortgage Pandbrieven Holders' Representative shall, as regards the powers, authorities and discretions vested in it, except where expressly provided otherwise, have regard to the interests of both the Pandbrieven Holders of all Series and the Other Cover Pool Creditors that have agreed to be represented by the Mortgage Pandbrieven Holders' Representative but if, in the opinion of the Mortgage Pandbrieven Holders' Representative, there is a conflict between the interests the Pandbrieven Holders and those Other Cover Pool Creditors, the Mortgage Pandbrieven Holders' Representative will have regard solely to the interest of the Pandbrieven Holders, but, for the avoidance of doubt, without prejudice to the applicable priority of payments.

### **3. INSTRUCTIONS AND INDEMNITY**

The Mortgage Pandbrieven Holders' Representative shall not be bound to take any action under its powers or duties unless:

- (a) it shall have been directed to do so by an Extraordinary Resolution of the Pandbrieven Holders in accordance with the Meeting Rules or, in relation to the service of a Notice of Default pursuant to Condition 8.1 (*Events of Default*), it shall have been (x) requested to do so by a request in writing by the holders of not less than 25% of the aggregate Series Principal Amount Outstanding of the Mortgage Pandbrieven of all Series then outstanding (but excluding the Mortgage Pandbrieven held by the Issuer for the calculation of the percentage) or (y) so directed by a Programme Resolution; and
- (b) it shall in all cases have been indemnified, prefunded or secured to its satisfaction against all liability, proceedings, claims and demands to which it may be or become liable and all costs, charges and expenses which may be incurred by it in connection therewith, save where these are due to its own gross negligence, wilful misconduct or fraud.

Whenever the interests of the Pandbrieven Holders are or can be affected in the opinion of the Mortgage Pandbrieven Holders' Representative, the Mortgage Pandbrieven Holders' Representative may – if indemnified, prefunded or secured to its satisfaction – take legal action on behalf of the Pandbrieven Holders and represent the Pandbrieven Holders in any insolvency proceeding and any other legal proceedings initiated against the Issuer or any other party to a Programme Document.

The Mortgage Pandbrieven Holders' Representative can under no circumstances, including the situation wherein Pandbrieven Holders' instruction or approval cannot be obtained for whatever reason, be required to act without it being remunerated and indemnified or secured to its satisfaction.

The Mortgage Pandbrieven Holders' Representative shall be indemnified by the Issuer and held harmless, in respect of any and all liabilities and expenses incurred by it or by anyone appointed by it or to whom any of its functions may be delegated by it in carrying out its functions.

#### **4. REPORTING, LIABILITY, EXONERATION AND INDEMNIFICATION OF THE MORTGAGE PANDBRIEVEN HOLDERS' REPRESENTATIVE**

##### **4.1. Reporting**

If so requested in advance by the Issuer or the Cover Pool Administrator, as applicable, the Mortgage Pandbrieven Holders' Representative shall report to the Meeting on the performance of its duties under the Mortgage Pandbrieven Holder Representative Agreement, the Meeting Rules and the Programme Documents (the **Report**) provided such request is notified by registered mail no later than ten (10) Business Days prior to the relevant Meeting.

The Issuer or the Cover Pool Administrator, as applicable, shall require a Report if so instructed by those Pandbrieven Holders who have requested that such Meeting be convened.

##### **4.2. Liabilities and Exoneration**

The Mortgage Pandbrieven Holder Representative Agreement contains provisions governing the responsibility (and relief from responsibility) of the Mortgage Pandbrieven Holders' Representative and providing for its indemnification in certain circumstances, including provisions relieving the Mortgage Pandbrieven Holders' Representative from taking enforcement proceedings unless indemnified to its satisfaction.

The Mortgage Pandbrieven Holders' Representative shall not be liable to the Issuer or any of the Pandbrieven Holders or the Other Cover Pool Creditors represented by it in respect of any loss or damage which arises out of the exercise, or the attempted exercise of, or the failure to exercise any of its powers or any loss resulting therefrom, except that the Mortgage Pandbrieven Holders' Representative shall be liable for such loss or damage that is caused by its gross negligence, wilful misconduct or fraud.

The Mortgage Pandbrieven Holders' Representative shall not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Cover Assets, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of the Issuer or any agent or related company of the Issuer or by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons.

The Mortgage Pandbrieven Holders' Representative shall have no liability for any breach of or default under its obligations under the Mortgage Pandbrieven Holder Representative Agreement if and to the extent that such breach is caused by any failure on the part of the Issuer, any of the Other Cover Pool Creditors (other than the Mortgage Pandbrieven Holders' Representative) to duly perform any of their material obligations under any of the Programme Documents. In the event that the Mortgage Pandbrieven Holders' Representative is rendered unable to duly perform its obligations under the Mortgage Pandbrieven Holder Representative Agreement by any circumstances beyond its control (*overmacht/force majeure*), the Mortgage Pandbrieven Holders' Representative shall not be liable for any failure to carry out its obligations under the Mortgage Pandbrieven Holder Representative Agreement which are thus affected by the event in question and, for so long as such circumstances continue, its obligations under the Mortgage Pandbrieven Holder Representative Agreement which are thus affected will be suspended without liability for the Mortgage Pandbrieven Holders' Representative.

The Mortgage Pandbrieven Holders' Representative shall not be responsible for monitoring the compliance by any of the other parties (including the Issuer and the Cover Pool Monitor) with their obligations under the Programme Documents. The Mortgage Pandbrieven Holders' Representative may, until it has actual knowledge or express notice to the contrary, assume the Issuer and the Cover Pool Monitor are observing and performing all their obligations under any of the Programme Documents and in any notices or acknowledgements delivered in connection with any such Programme Documents.

The Mortgage Pandbrieven Holders' Representative shall not be responsible for ensuring that the Issuer complies with the obligations applicable to it under the Belgian Covered Bond Regulations or that any asset is duly registered in the Cover Register and the Cover Register is duly maintained.

Except if such meeting is convened by the Mortgage Pandbrieven Holders' Representative or the passing of a Written Resolution has been organised by the Mortgage Pandbrieven Holders' Representative, but only to the extent that any defect has arisen directly from the Mortgage Pandbrieven Holders' Representative's gross negligence, wilful misconduct or fraud, the Mortgage Pandbrieven Holders' Representative shall not be liable for acting upon any resolution purporting to be a Written Resolution or to have been passed at any Meeting in respect whereof minutes have been made and signed or a direction of the requisite percentage of Pandbrieven Holders, even though subsequent to its acting it may be found that there was some defect in the constitution of the meeting or passing of the Written Resolution or the giving of such direction or that for any reason the resolution purporting to be a Written Resolution or to have been passed at any meeting or the giving of the direction was not valid or binding upon such Pandbrieven Holders.

#### **4.3. Indemnity**

If the Mortgage Pandbrieven Holders' Representative has acted upon such resolution or direction, each Pandbrieven Holder shall forthwith on demand indemnify the Mortgage Pandbrieven Holders' Representative for its *pro rata* share in any liability, loss or expense incurred or expected to be incurred by the Mortgage Pandbrieven Holders' Representative in any way relating to or arising out of its acting as Mortgage Pandbrieven Holders' Representative in respect of that resolution or direction, except to the extent that the liability or loss arises directly from the Mortgage Pandbrieven Holders' Representative's gross negligence, wilful misconduct or fraud. The liability shall be divided between the Pandbrieven Holders *pro rata* according to the respective Principal Amount Outstanding of the Mortgage Pandbrieven held by each of them respectively at the time of such resolution or direction.



## **5. MODIFICATIONS BY THE MORTGAGE PANDBRIEVEN HOLDERS' REPRESENTATIVE**

### **5.1. Waivers**

#### **5.1.1. Waivers**

The Mortgage Pandbrieven Holders' Representative may in its sole discretion, without the consent of the Pandbrieven Holders and without prejudice to its rights in respect of any further or other breach, condition, event or act from time to time and at any time, but only if and in so far as in its opinion the interests of the Pandbrieven Holders will not be materially prejudiced thereby:

- (a) authorise or waive, on such terms and conditions (if any) as shall seem expedient to it, any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Mortgage Pandbrieven Holder Representative Agreement, the Mortgage Pandbrieven or any of the Programme Documents, or
- (b) determine that any breach shall not be, or shall not be subject to specified conditions, treated as such.

Any such authorisation, waiver or determination pursuant to this clause shall be binding on the Pandbrieven Holders and notice thereof shall be given to the Pandbrieven Holders and the Rating Agencies.

#### **5.1.2. Reliance**

In determining whether or not any power, trust, authority, duty or discretion or any change, event or occurrence under or in relation to the Conditions or any of the Programme Documents will be materially prejudicial to the interests of Pandbrieven Holders, the Mortgage Pandbrieven Holders' Representative shall be able to rely on, and act on any advice or opinion of or any certificate obtained from a valuer, accountant, banker, broker, securities company or other company other than the Rating Agencies whether obtained by itself or the Issuer and it shall not be liable for any loss occasioned by such action, save where such loss is due to its gross negligence, wilful misconduct or fraud.

### **5.2. Amendments**

The Mortgage Pandbrieven Holders' Representative may upon the request of the Issuer on behalf of the Pandbrieven Holders and without the consent or sanction of any of the Pandbrieven Holders of any Series or the Other Cover Pool Creditors it represents at any time and from time to time, concur with the Issuer or any other person in making:

- (a) any modification (other than in respect of a Basic Term Change) of the terms and conditions applying to the Mortgage Pandbrieven of one or more Series (including the Conditions) or any Programme Document provided that in the sole opinion of the Mortgage Pandbrieven Holders' Representative such modification is not materially prejudicial to the interests of any of the Pandbrieven Holders of such Series; or
- (b) any modification of the terms and conditions applying to Mortgage Pandbrieven of any one or more Series (including the Conditions) or any Programme Document which is in the sole opinion of the Mortgage Pandbrieven Holders' Representative of a formal, minor or technical nature or is to correct a manifest error or to comply with applicable mandatory statutory provisions or would cause such terms and conditions of the Mortgage Pandbrieven or provision of any Programme Document to better reflect or comply with the provisions and requirements of the Belgian Covered Bond Regulations.

In no event may such modification be a Basic Term Change. The Mortgage Pandbrieven Holders' Representative shall not be bound to give notice to Pandbrieven Holders of any modifications to the Programme Documents agreed pursuant to this Clause.

The Issuer or the Cover Pool Administrator, as applicable, shall cause notice of any modification in this Clause 7.2 to be given to the Rating Agencies and the Fiscal Agent.

If, in the Mortgage Pandbrieven Holders' Representative's opinion it is not sufficiently established that the proposed amendment or variation can be approved by it in accordance with this Clause, it will determine in its full discretion whether to submit the proposal to a duly convened Meeting or to refuse the proposed amendment or variation.

Upon the Issuer's request, the Mortgage Pandbrieven Holders' Representative shall, without the consent or sanction of any of the Pandbrieven Holders, concur with the Issuer in making any modifications to the Conditions, to the Meeting Rules or to the Special Estate Administration Terms that the Issuer may decide in its discretion in order to comply with any criteria of the Rating Agency which may be published after the signing of the initial agreement(s) for the issuance of and subscription for the Mortgage Pandbrieven and in respect of which the Issuer certifies to the Mortgage Pandbrieven Holders' Representative in writing that it reasonably believes such modifications are necessary to avoid a downgrade, withdrawal or suspension of the then current ratings assigned by a Rating Agency to any Series of Mortgage Pandbrieven, provided that the Mortgage Pandbrieven Holders' Representative shall not be obliged to agree to any modification which, in the sole opinion of the Mortgage Pandbrieven Holders' Representative, as applicable, would have the effect of (i) exposing the Mortgage Pandbrieven Holders' Representative, as applicable, to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the protections, of the Mortgage Pandbrieven Holders' Representative, as applicable in these Meeting Rules or the Conditions. For avoidance of doubt, such modification may include, without limitation, modifications which would allow any hedge counterparty and/or liquidity facility provider not to post collateral in circumstances where it previously would have been obliged to do so.

Notwithstanding the foregoing, upon the Issuer's request, the Mortgage Pandbrieven Holders' Representative shall, without the consent or sanction of any of the Pandbrieven Holders, concur with the Issuer in making any modifications to the Special Estate Administration Terms in relation to future issues of Mortgage Pandbrieven under the Programme provided that (i) the Issuer certifies to the Mortgage Pandbrieven Holders' Representative in writing that it reasonably believes such modifications will not affect the then current ratings assigned by a Rating Agency to any Series of Mortgage Pandbrieven issued under the Programme and (ii) the Issuer certifies to the Mortgage Pandbrieven Holders' Representative in writing that these modifications will not affect the rights of holders of Mortgage Pandbrieven already issued under the Programme, provided that the Mortgage Pandbrieven Holders' Representative shall not be obliged to agree to any modification which, in the sole opinion of the Mortgage Pandbrieven Holders' Representative, as applicable, would have the effect of (i) exposing the Mortgage Pandbrieven Holders' Representative, as applicable, to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the protections, of the Mortgage Pandbrieven Holders' Representative, as applicable in the Meeting Rules. For avoidance of doubt, such modification may include, without limitation, modifications which would allow any hedge counterparty and/or liquidity facility provider not to post collateral in circumstances where it previously would have been obliged to do so.

## PART 3 – MEETING RULES

### 1. MEETING ATTENDANCE

#### 1.1. General

Subject to the provisions of this Clause 1 (Meeting Attendance) the following persons may attend and speak at a Meeting:

- (a) Pandbrieven Holders and their proxies;
- (b) the chairman; and
- (c) the Issuer, the Mortgage Pandbrieven Holders' Representative, the Cover Pool Monitor the Dealers (through their respective officers, employees, advisers, agents or other representatives) and their financial and legal advisers.

#### 1.2. Proxies

Pandbrieven Holders may be represented at a Meeting by proxies authorised by a power of attorney that is duly dated and signed by a Pandbrief Holder (a **Power of Attorney**). Proxies need not to be Pandbrieven Holders.

The Issuer or the Cover Pool Administrator, as applicable, may determine the form of the Power of Attorney.

#### 1.3. Dematerialised Pandbrieven

- (a) With respect to Dematerialised Mortgage Pandbrieven, save as expressly provided otherwise herein, no person shall be entitled to attend or to vote at any Meeting unless he (1) is a proxy or (2) he produces the Voting Certificate as defined in to in Clause 1.3. (b).

- (b) **Voting Certificate** means: a voting certificate in Dutch or French (with a translation in English) issued by the Recognised Accountholder or the Securities Settlement System and dated in which it is stated:

- (i) that on the date thereof Dematerialised Pandbrief (not being Dematerialised Mortgage Pandbrieven in respect of which a Block Voting Instruction (as defined below in Clause 1.3.(c)) has been issued and is outstanding in respect of the Meeting specified in such certificate and any such adjourned Meeting) of a specified Principal Amount Outstanding were (to the satisfaction of such Recognised Accountholder or Securities Settlement System) held to its order or under its control and blocked by it and that no such Dematerialised Mortgage Pandbrieven will cease to be so held and blocked until the first to occur of:

- (°) the conclusion of the Meeting specified in such certification or, if applicable, any adjourned Meeting; and

- (°°) the surrender of the certificate to the Recognised Accountholder or Securities Settlement System who issued the same; and

- (ii) that until the release of the Dematerialised Mortgage Pandbrieven represented thereby the bearer thereof is entitled to attend and vote at such Meeting and any such adjourned meeting in respect of the Dematerialised Mortgage Pandbrieven represented by such certificate.

- (c) **Block Voting Instruction** means a document in Dutch or French (with a translation in English) issued by the Recognised Accountholder or Securities Settlement System and dated in which:
- (i) it is certified that Dematerialised Mortgage Pandbrieven (not being Dematerialised Mortgage Pandbrieven in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction and any such adjourned meeting) of a specified Principal Amount Outstanding were (to the satisfaction of such Recognised Accountholder or Securities Settlement System) held to its order or under its control and blocked by it and that no such Dematerialised Mortgage Pandbrieven will cease to be so held and blocked until the first to occur of:
    - (A) the conclusion of the Meeting specified in such document or, if applicable, any such adjourned Meeting; and
    - (B) the giving of notice by the Recognised Accountholder or the Securities Settlement System to the Issuer in accordance with Clause 7.3 hereof, stating that certain of such Dematerialised Mortgage Pandbrieven cease to be held with it or under its control and blocked and setting out the necessary amendment to the Block Voting Instruction;
  - (ii) it is certified that each holder of such Dematerialised Mortgage Pandbrieven has instructed such Recognised Accountholder or Securities Settlement System, that the vote(s) attributable to the Dematerialised Mortgage Pandbrief or Dematerialised Mortgage Pandbrieven so held and blocked should be cast in a particular way in relation to the resolution or resolutions to be put to such Meeting or any such adjourned meeting and that all such instructions are during the period commencing three (3) Business Days prior to the time for which such Meeting or any such adjourned meeting is convened and ending at the conclusion or adjournment thereof neither revocable nor capable of amendment;
  - (iii) the nominal amount of the Dematerialised Mortgage Pandbrieven so held and blocked is stated, distinguishing with regard to each resolution between those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
  - (iv) one or more persons named in such document (each hereinafter called a proxy) is or are authorised and instructed by such Recognised Accountholder or Securities Settlement System to cast the votes attributable to the Dematerialised Mortgage Pandbrieven so listed in accordance with the instructions referred to in paragraph (ii) above as set out in such document.

#### 1.4. Registered Mortgage Pandbrieven

With respect to Registered Mortgage Pandbrieven, save as expressly provided otherwise herein, no person shall be entitled to attend or vote at any Meeting unless:

- (a) it appears from the register held in accordance with Article 7:27 *et seq.* of the Belgian Company Code that the relevant person is registered as a holder of Registered Mortgage Pandbrieven; or
- (b) such person is authorised and instructed, by means of a Power of Attorney to cast the votes attributable to a Pandbrief Holder.

## **2. Convening a meeting**

### **2.1. Initiative**

#### **2.1.1. Single Series**

The Meeting:

- (a) may be convened by the Issuer, or upon its appointment the Cover Pool Administrator, as applicable, or the Mortgage Pandbrieven Holders' Representative; and
- (b) shall be convened by the Issuer, or upon its appointment the Cover Pool Administrator, as applicable, upon the request in writing signed by Pandbrieven Holders holding not less than one fifth of the aggregate Series Principal Amount Outstanding of the Mortgage Pandbrieven of the relevant Series.

#### **2.1.2. Multiple Series**

The Mortgage Pandbrieven Holders' Representative can convene a meeting of Pandbrieven Holders of more than one Series if in the opinion of the Mortgage Pandbrieven Holders' Representative (i) the subject matter of the Meeting is relevant to the Pandbrieven Holders of each of those Series and (ii) there is no conflict between the Pandbrieven Holders of the relevant Series, in which case these Meeting Rules shall apply *mutatis mutandis*.

### **2.2. Time, Place and Notice**

#### **2.2.1. Time and Place**

Every Meeting shall be held at a time and place approved by the Mortgage Pandbrieven Holders' Representative.

#### **2.2.2. Notice**

At least fifteen (15) calendar days' notice (exclusive of the day on which the notice is given and the day on which the Meeting is held) specifying the day, time and place of the Meeting shall be given to the Pandbrieven Holders in the manner provided by Condition 19 (*Notices*).

Such notice shall include the agenda of the Meeting. The agenda shall state the nature of the business to be transacted at the Meeting thereby convened and specify the terms of any resolution to be proposed. Such notice shall include a statement to the effect that Dematerialised Mortgage Pandbrieven must be held with or under the control of and blocked by (i) a Recognised Accountholder (as defined below) (ii) as the case may be, the Securities Settlement System for the purpose of obtaining Voting Certificates or appointing proxies until three (3) Business Days before the time fixed for the Meeting but not thereafter.

## **3. CHAIRMAN**

### **3.1. Appointment**

The Issuer may appoint a chairman (who may, but need not be, a Pandbrieven Holder). Failing such choice the Mortgage Pandbrieven Holders' Representative may appoint a chairman in writing, but if no such appointment is made or if the person appointed is not present within fifteen (15) minutes after the time fixed for the Meeting, the Meeting shall be chaired by the person elected by the majority of the voters present, failing which, the Mortgage Pandbrieven Holders' Representative shall appoint a chairman.

### **3.2. Adjourned Meeting**

The chairman of an adjourned Meeting held in accordance with the provisions in Clause 5 (*Adjourned Meeting*) needs not to be the same person as was chairman at the original Meeting.

## **4. QUORUM**

### **4.1. General provisions**

Mortgage Pandbrieven held by the Issuer shall not be taken into account for the calculation of the required quorum in accordance with this Clause 4 (*Quorum*).

For the avoidance of doubt, any modification (regardless of whether such modification is a Basic Term Change or not), shall require the consent of the Issuer, except that no such consent shall be required in relation to a Programme Resolution.

### **4.2. Ordinary Resolutions and Extraordinary Resolutions (other than a Basic Term Change)**

The quorum at any Meeting the purpose of which is to pass an Ordinary Resolution or an Extraordinary Resolution concerning matters referred to under Clauses 6.2(a) to 6.2(e), will be one or more persons holding or representing at least 50 per cent. of the aggregate Series Principal Amount Outstanding of the Mortgage Pandbrieven of the relevant Series, or, at an adjourned meeting in accordance with the provisions of Clause 5 (*Adjourned Meeting*), one or more persons being or representing Pandbrieven Holders of the relevant Series for the time being outstanding, whatever the Series Principal Amount Outstanding of the Mortgage Pandbrieven so held or represented.

### **4.3. Basic Term Change**

At any Meeting the purpose of which is to pass an Extraordinary Resolution concerning a Basic Term Change, the quorum will be one or more persons holding or representing not less than two thirds of the aggregate Series Principal Amount Outstanding of the Mortgage Pandbrieven of such Series or, at any adjourned meeting, one or more persons being or representing not less than one third of the aggregate Series Principal Amount Outstanding of the Mortgage Pandbrieven of such Series for the time being outstanding.

### **4.4. Programme Resolutions**

The quorum at any Meeting the purpose of which is to pass a Programme Resolution concerning matters referred to under Clauses 6.3(a) to 6.3(d), will be one or more persons holding or representing at least 50 per cent. of the aggregate Principal Amount Outstanding of the Mortgage Pandbrieven of all Series taken together as a single Series, or, at an adjourned meeting in accordance with the provisions of Clause 5 (*Adjourned Meeting*), one or more persons being or representing Pandbrieven Holders for the time being outstanding, whatever the Series Principal Amount Outstanding of the Mortgage Pandbrieven so held or represented.

At any Meeting the purpose of which is to pass a Programme Resolution concerning matters referred to under Clause 6.3(e), the quorum will be one or more persons holding or representing not less than two thirds of the aggregate Principal Amount Outstanding of the Mortgage Pandbrieven of all Series taken together as a single Series, including at an adjourned meeting.

### **4.5. Non-quorate Meeting**

No business (except choosing a chairman) shall be transacted at a Meeting unless a quorum as required by this Clause 4 (*Quorum*) is present at the commencement of the Meeting.

If a quorum is not present within fifteen (15) minutes from the time initially fixed for the Meeting, the Meeting shall, if convened on the request of the Pandbrieven Holders, be dissolved. In any other case it shall be adjourned in accordance with the provisions with regard to Adjourned Meetings under Clause 5 (*Adjourned Meeting*).

#### 4.6. Overview

Purpose of the meeting	Required proportion for an initial meeting to be quorate	Required proportion for an adjourned meeting to be quorate
To pass any Ordinary Resolution	50%	No minimum proportion
To pass any Extraordinary Resolution concerning matters referred to under Clauses 6.2(a) to 6.2(e)	50%	No minimum proportion
To pass any Extraordinary Resolution concerning matters referred to under Clauses 6.2(f) to 6.2(i)	Two thirds	One third
To pass any Programme Resolution concerning matters referred to under Clauses 6.3(a) to 6.3(d)	50%	No minimum proportion
To pass any Programme Resolution concerning matters referred to under Clause 6.3(e)	Two thirds	Two thirds

### 5. Adjourned meeting

#### 5.1. Convening

In the event of a non-quorate Meeting (in accordance with the provisions of Clause 4.5) the chairman may with the consent of (and shall if directed by) the Meeting, adjourn the same “from time to time and from place to place” (the **Adjourned Meeting**).

The chairman may determine the time and place of the Adjourned Meeting that shall take place, not less than fourteen (14) nor more than forty-two (42) calendar days upon the original Meeting from which the adjournment took place.

Notice of any Adjourned Meeting shall be given in the same manner as for a Meeting, and such notice shall state the quorum required at the Adjourned Meeting. Subject as aforesaid, it shall not be necessary to give any other notice of an Adjourned Meeting.

#### 5.2. Agenda

No business shall be transacted at any Adjourned Meeting except business which could have been transacted at the original Meeting from which the adjournment took place.

## **6. Powers of meetings**

### **6.1. Ordinary Resolutions**

A Meeting shall, subject to the Conditions and only with the consent of the Issuer, and without prejudice to any powers conferred on other persons by these Meeting Rules, have power to decide by Ordinary Resolution on any business which is not listed under Clause 6.2 (*Extraordinary Resolutions*) or under Clause 6.3 (*Programme Resolutions*).

### **6.2. Extraordinary Resolutions**

A Meeting shall, subject to the Conditions and only with the consent of the Issuer, and without prejudice to any powers conferred on other persons by these Meeting Rules, have power by Extraordinary Resolution:

- (a) to approve any modification, abrogation, variation or compromise in respect of (i) the rights of the Mortgage Pandbrieven Holders' Representative, the Issuer, the Pandbrieven Holders or any of them, whether such rights arise under the Programme Documents or otherwise, and (ii) these Meeting Rules, the Conditions, any Programme Document or any arrangement in respect of the obligations of the Issuer under or in respect of the Mortgage Pandbrieven, other than a Basic Term Change;
- (b) to discharge or exonerate, whether retrospectively or otherwise, the Mortgage Pandbrieven Holders' Representative from any liability in relation to any act or omission for which the Mortgage Pandbrieven Holders' Representative has or may become liable pursuant or in relation to these Meeting Rules, the Conditions or any Programme Document;
- (c) to give any authority or approval which under these Meeting Rules or the Conditions is required to be given by Extraordinary Resolution;
- (d) to authorise the Mortgage Pandbrieven Holders' Representative (subject to it being indemnified and/or secured to its satisfaction) or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- (e) to waive any breach or authorise any proposed breach by the Issuer of its obligations in respect of the Mortgage Pandbrieven or to waive the occurrence of an Event of Default;
- (f) to approve any reduction or cancellation of the amount payable or, where applicable, a modification of the method of calculating the amount payable or a modification of the date of payment or, where applicable, a modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Mortgage Pandbrieven other than in accordance with the terms thereof;
- (g) to approve any alteration of the currency in which payments under the Mortgage Pandbrieven are to be made;
- (h) to approve any alteration of the quorum or majority required to pass an Extraordinary Resolution; and
- (i) to approve any scheme or proposal for the exchange or sale of the Mortgage Pandbrieven for or the conversion of the Mortgage Pandbrieven into, or the cancellation of the Mortgage Pandbrieven in consideration of, shares, stock, Mortgage Pandbrieven, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, bonds, Mortgage Pandbrieven, debentures, debenture stock and/or other obligations.



### **6.3. Programme Resolutions**

A Meeting shall, subject to the Conditions, and without prejudice to any powers conferred on other persons by these Meeting Rules, have power by Programme Resolution:

- (a) to appoint, remove or replace the Mortgage Pandbrieven Holders' Representative in accordance with Clause 1.2 of part 2 (*Retirement and Removal*) above or a member of the management board in accordance with Clause 3.4 of part 2 (*Resignation and Removal of the Management Board of the Mortgage Pandbrieven Holders' Representative*) above;
- (b) to direct the Mortgage Pandbrieven Holders' Representative to service a Notice of Default;
- (c) with the consent of the Issuer (or, if applicable, the Cover Pool Administrator on behalf of the Special Estate), to amend the Special Estate Administration Terms;
- (d) to consider the decision or proposal of the Cover Pool Administrator to proceed with the liquidation of the Special Estate and with the early redemption of the Mortgage Pandbrieven pursuant to Article 11, 6° Annex III to the Credit Institutions Supervision Law; and
- (e) to direct the Cover Pool Administrator to proceed with the liquidation of the Special Estate and with the early redemption of the Mortgage Pandbrieven pursuant to Article 11, 7° Annex III to the Credit Institutions Supervision Law.

## **7. VOTING**

### **7.1. General Provisions**

#### **7.1.1. Voting by show of hands**

Every question submitted to a Meeting shall be decided in the first instance by a show of hands, then by a poll subject to the provisions of Clause 7.1.2 (*Voting by poll*).

#### **7.1.2. Voting by poll**

At any meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, the Issuer or the Cover Pool Administrator, as applicable, one or more persons holding Voting Certificates in respect of the Dematerialised Mortgage Pandbrieven or proxies holding or representing in the aggregate not less than 2 per cent. of the relevant Series of the aggregate Series Principal Amount Outstanding of the Mortgage Pandbrieven, a declaration by the chairman that a resolution has passed or not passed, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

If at any Meeting a poll is so demanded, it shall be taken in such manner and (subject as hereinafter provided) either at once or after such an adjournment as the chairman directs. The result of such poll shall be deemed to be the resolution of the Meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the Meeting for the transaction of any business other than the question on which the poll has been demanded.

Any poll demanded at any Meeting on the election of a chairman or on any question of adjournment shall be taken at the Meeting without adjournment.

### **7.1.3. Mortgage Pandbrieven held by the Issuer**

In case Mortgage Pandbrieven are held by the Issuer, the Issuer shall not have any voting rights with respect to such Mortgage Pandbrieven.

### **7.1.4. Registered Mortgage Pandbrieven**

The formalities and procedures to validly cast a vote at a Meeting in respect of Registered Mortgage Pandbrieven shall be such formalities and procedures as described by the Mortgage Pandbrieven Holders' Representative.

### **7.1.5. Equality of votes**

In case of equality of votes the chairman shall have a casting vote in addition to any other votes which he may have.

## **7.2. Majority**

### **7.2.1. Ordinary Resolutions**

An Ordinary Resolution shall be validly passed by a simple majority of at least 50% of the aggregate Series Principal Amount Outstanding of the Series of Mortgage Pandbrieven for which votes have been cast plus one vote.

### **7.2.2. Extraordinary Resolutions**

An Extraordinary Resolution shall be validly passed by a voting majority of at least two thirds of the aggregate Series Principal Amount Outstanding of the Series of Mortgage Pandbrieven for which votes have been cast.

### **7.2.3. Programme Resolutions**

A Programme Resolution shall be validly passed by a simple majority of at least 50% of the aggregate Series Principal Amount Outstanding of the Mortgage Pandbrieven for which votes have been cast plus one vote.

## **7.3. Voting Certificates and Block Voting Instructions regarding Dematerialised Mortgage Pandbrieven**

Any vote given in accordance with the terms of a Block Voting Instruction shall be valid notwithstanding the previous revocation or amendment of the Block Voting Instruction or of any Pandbrieffholder's instructions pursuant to which it was executed, provided that no confirmation in writing of such revocation or amendment shall have been received from the Securities Settlement System or Recognised Accountholder by the Issuer at its headquarters (Avenue Marnix 24, 1000 Brussels, Belgium or such other address as notified to the Pandbrieven Holders in accordance with the Conditions) by the time being 24 hours before the commencement of the Meeting or Adjourned Meeting at which the Block Voting Instruction is intended to be used.

Voting Certificates and Block Voting Instructions will only be issued in respect of Dematerialised Mortgage Pandbrieven (to the satisfaction of such Recognised Accountholder or Securities Settlement System) held to the order or under the control and blocked by a Recognised Accountholder or Securities Settlement System not less than three (3) Business Days before the time for which the Meeting or the poll to which the same relate has been convened or called and shall be valid for so long as the relevant Dematerialised Mortgage Pandbrieven continue to be so held and blocked and during the validity thereof the holder of any such Voting Certificate or (as the case may be) the proxies named in any such Block Voting Instruction shall, for all purposes in connection with the relevant Meeting, be deemed to be the holder of the Dematerialised Mortgage Pandbrieven to which such Voting Certificate or Block Voting Instruction relates and the Recognised Accountholder or Securities

Settlement System with which such Dematerialised Mortgage Pandbrievens have been deposited or to whose order or under whose control they are held or the person holding them blocked as aforesaid shall be deemed for such purpose not to be the holder of those Dematerialised Mortgage Pandbrievens.

Each Voting Certificate and each Block Voting Instruction shall be deposited at the registered office of the Issuer not less than three Business Days before the time appointed for holding the meeting or adjourned meeting at which the holder of the Voting Certificate or the proxies named in the Block Voting Instruction propose to vote and in default of such deposit the Voting Certificate or Block Voting Instruction shall not be treated as valid unless the chairman of the general meeting decides otherwise before such Meeting or Adjourned Meeting proceeds to business.

## **8. MINUTES**

### **8.1. General**

Minutes of all resolutions and proceedings at every Meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer (or the Cover Pool Administrator, as applicable) and signed by the chairman and any such minutes as aforesaid shall be conclusive evidence of the matters therein contained, and until the contrary is proved each such meeting in respect of the proceedings of which minutes have been made and signed as aforesaid shall be deemed to have been duly held and convened and all resolutions passed or proceedings transacted thereat to have been duly passed or transacted.

### **8.2. Attachments**

An attendance list will be attached to the minutes.

### **8.3. Certified Copies**

Certified copies or extracts of the minutes shall be signed by two directors of the Issuer (or the Cover Pool Administrator, as applicable).

## **9. BINDING RESOLUTIONS**

### **9.1. Ordinary or Extraordinary Resolutions**

Any Ordinary or Extraordinary Resolution passed at a Meeting duly convened and held in accordance with these Meeting Rules shall be binding on all the Pandbrievens Holders of the relevant Series, whether or not they are present at the Meeting and whether or not they vote in favour of such resolution.

### **9.2. Programme Resolutions**

Any Programme Resolution passed at a Meeting of all Series duly convened and held in accordance with these Meeting Rules shall be binding on all Pandbrievens Holders of all Series, whether or not they are present or represented at the Meeting and whether or not they vote in favour of such resolution.

### **9.3. Notice to Pandbrievens Holders**

Save as the Mortgage Pandbrievens Holders' Representative may otherwise agree, the Issuer or the Cover Pool Administrator (as the case may be) shall give notice of the passing of a Resolution to the Pandbrievens Holders in accordance with Condition 19 (*Notices*), within fourteen (14) calendar days of the conclusion of the meeting, but failure to do so shall not invalidate the Resolution.

## **10. WRITTEN RESOLUTIONS**

### **10.1. Format**

Written resolutions may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Pandbrieven Holders.

### **10.2. Thresholds**

#### **10.2.1. Ordinary Resolutions**

A written resolution signed by the holders of 50 per cent. of the Series Principal Amount Outstanding of the relevant Series of the Mortgage Pandbrieven outstanding shall take effect as if it were an Ordinary Resolution.

#### **10.2.2. Extraordinary Resolutions**

A resolution in writing signed by or on behalf of holders of 75 per cent. of the Series Principal Amount Outstanding of the relevant Series of Mortgage Pandbrieven outstanding shall take effect as an Extraordinary Resolution.

#### **10.2.3. Programme Resolutions**

Except in relation to a Programme Resolution to direct the Cover Pool Administrator to proceed with the liquidation of the Special Estate and with the early redemption of the Mortgage Pandbrieven pursuant to Article 11, 7° Annex III to the Credit Institutions Supervision Law, a resolution in writing signed by or on behalf of holders of 50 per cent. of the Series Principal Amount Outstanding of the Mortgage Pandbrieven of all Series then outstanding shall take effect as a Programme Resolution.

A resolution in writing to direct the Cover Pool Administrator to proceed with the liquidation of the Special Estate and with the early redemption of the Mortgage Pandbrieven pursuant to Article 11, 7° Annex III to the Credit Institutions Supervision Law signed by or on behalf of holders of 75 per cent. of the Series Principal Amount Outstanding of the Mortgage Pandbrieven of all Series then outstanding shall take effect as a Programme Resolution.

## **11. WRITTEN RESOLUTIONS**

Subject to the provisions contained in these Meeting Rules and with the consent of the Issuer, the Mortgage Pandbrieven Holders' Representative may determine, in its sole discretion, further regulations regarding the holding of Meetings of Pandbrieven Holders and attendance and voting as the Mortgage Pandbrieven Holders' Representative may determine in its sole discretion.

## FORM OF FINAL TERMS

*Set out below is the form of Final Terms which, subject to any necessary amendment, will be completed for each Tranche of Mortgage Pandbrieven issued under the Programme. Text in this section appearing in italics does not form part of the Final Terms but provides directions for completing the Final Terms.*

Final Terms dated [●]

**ING Belgium NV/SA**

Issue of [Aggregate Nominal Amount of Tranche] [Title of Mortgage Pandbrieven]  
Issued under the EUR 10,000,000,000

### **Belgian Mortgage Pandbrieven Programme**

**MiFID II PRODUCT GOVERNANCE** – Solely for the purposes of the product approval process of each Manufacturer (i.e., each person deemed a manufacturer for purposes of the EU Delegated Directive 2017/593, hereinafter referred to as a **Manufacturer**), the target market assessment in respect of the Mortgage Pandbrieven as of the date hereof has led to the conclusion that: (i) the target market for the Mortgage Pandbrieven is eligible counterparties and professional clients each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Mortgage Pandbrieven to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Mortgage Pandbrieven (a **Distributor**) should take into consideration each Manufacturer’s target market assessment. A distributor subject to MiFID II is, however, responsible for undertaking its own target market assessment in respect of the Mortgage Pandbrieven (by either adopting or refining a Manufacturer’s target market assessment) and determining appropriate distribution channels.

**PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** – The Mortgage Pandbrieven are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**) or the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2016/97/EU (**IDD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the **Prospectus Regulation**). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Mortgage Pandbrieven or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Mortgage Pandbrieven or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALE TO CONSUMERS IN BELGIUM** - The Mortgage Pandbrieven are not intended to be offered, sold or otherwise made available, and will not be offered, sold or otherwise made available, in Belgium to “consumers” within the meaning of the Belgian Code of Economic Law dated 28 Februari 2013, as amended.

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Mortgage Pandbrieven in any Member State of the European Economic Area (each, a **Member State**) will be made pursuant to an exemption under article 1.4 of the Prospectus Regulation from the requirement to publish a prospectus for offers of the Mortgage Pandbrieven. Accordingly any person making or intending to make an offer in that Member State of the Mortgage Pandbrieven may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Mortgage Pandbrieven in any other circumstances.

[[specify benchmark] is provided by [administrator legal name]][repeat as necessary], [[administrator legal name] [appears]/[does not appear]][repeat as necessary] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (**ESMA**) pursuant to article 36 of the Benchmarks Regulation (Regulation (EU) 2016/1011) (the **BMR**).

[As far as the Issuer is aware, [[insert benchmark(s)] [does/do] not fall within the scope of the BMR by virtue of Article 2 of that regulation] **OR** [the transitional provisions in Article 51 of the BMR apply], such that [insert names(s) of administrator(s)] [is/are] not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]]<sup>3</sup>

## PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [date] [and the supplement to the Base Prospectus dated [date]] (the **Base Prospectus**) which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation . This document constitutes the final terms of the Mortgage Pandbrieven described herein for the purposes of Article 8.4 of the Prospectus Regulation and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Mortgage Pandbrieven is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the Supplement to the Base Prospectus] is available for viewing at the Issuer's website (www.ing.be/investor-relations) and copies may be attained from ING Belgium NV/SA, Avenue Marnixlaan 24, 1000 Brussels, Belgium.

*[The following alternative language applies if the first Tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in the Base Prospectus dated [original date] [and the supplement to the Base Prospectus dated [date]] (the **Base Prospectus**). This document constitutes the final terms of the Mortgage Pandbrieven described herein for the purposes of Article 8.4 of Regulation (EU) 2017/1129, as amended (the **Prospectus Regulation**) and must be read in conjunction with the Base Prospectus dated [current date] [and the supplement to the Base Prospectus dated [date]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation, save in respect of the Conditions which are extracted from the [Base Prospectus] dated [original date] [and the Prospectus Supplement dated [●]] and are attached hereto. Full information on the Issuer and the offer of the Mortgage Pandbrieven is only available on the basis of the combination of these Final Terms and the Base Prospectus dated [original date] and [current date] [and the supplement to the Base Prospectus dated [date]]. The Base Prospectus [original date] and [current date] [and the Supplement to the Base Prospectus] are available for viewing at the Issuer's website (www.ing.be/investor-relations) and copies may be attained from ING Belgium NV/SA, Avenue Marnixlaan 24, 1000 Brussels, Belgium.

*[The following alternative language applies if no prospectus is required in accordance with the Prospectus Regulation.]*

The Final Terms do not constitute final terms for the purposes of Article 8.4 of the Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). The Issuer is not offering the Mortgage Pandbrieven in any jurisdiction in circumstances which would require a prospectus pursuant to the Prospectus Regulation. Nor is any person authorised to make such an offer of the Mortgage Pandbrieven on behalf of the Issuer in any jurisdiction. In addition, no application has been made (nor is it proposed that any application will be made) for listing the Mortgage Pandbrieven on any stock exchange.

*[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 subparagraphs.]*

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<sup>3</sup> For benchmarks other than EURIBOR this legend and the relevant final term will be included.

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

- |   |   |  |
|---|---|--|
| 1 | Issuer:   | ING Belgium NV/SA  |
| 2 | (a) Series Number:  | [•]  |
|   | (b) Tranche Number:   | [•]  |
|   |   | <i>(If fungible with an existing Series, details of that Series, including the date on which the Mortgage Pandbrieven become fungible).</i>  |
| 3 | Specified Currency:   | [•]  |
| 4 | Aggregate Nominal Amount of Mortgage Pandbrieven: [admitted to trading] | [•]  |
|   | (a) [Series:  | [•]]   |
|   | (b) [Tranche:   | [•]]   |
| 5 | Issue Price:  | [•]% of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> ( <i>in the case of fungible issues only, if applicable</i> )]   |
| 6 | Specified Denominations:  | [•]  |
| 7 | (a) Issue Date:   | [•]  |
|   | (b) Interest Commencement Date:   | [•]  |
| 8 | (a) Maturity Date:  | <i>[Fixed rate - specify date/Floating Rate - Interest Payment Date falling in or nearest to the relevant month and year]</i>  |
|   | (i) Business Day Convention for Maturity Date:                          | [Following Business Day Convention/Preceding Business Day Convention/ Not Applicable]  |
|   | (ii) Additional Business Centre(s):                                     | [•] ( <i>please specify other financial centres required for the Business Day definition</i> )   |
|   | (b) Extended Maturity Date:   | [Not Applicable] <i>[Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year, in each case falling one year after the Maturity Date]]</i> |
|   | (i) Business Day Convention for Extended Maturity Date:                 | [Following Business Day Convention/ Preceding Business Day Convention/ Not Applicable]   |
|   | (ii) Additional Business Centre(s):                                     | [•] ( <i>please specify other financial centres required for the Business Day definition</i> )   |
| 9 | Interest Basis:   |  |

- (a) Period to (but excluding) Maturity Date: [[•]% Fixed Rate]  
[Floating Rate]  
[Zero Coupon]  
(further particulars specified below)
- (b) Period from Maturity Date to (but excluding) Extended Maturity Date: [[•]% Fixed Rate]  
[Floating Rate]  
[Zero Coupon]  
(further particulars specified below)
- 10 Redemption/Payment Basis: [Redemption at par]/[Specify others]
- 11 Change of Interest Basis: [Applicable. The Interest Basis changes from fixed to floating from and including [•]]/Not Applicable]
- 12 (a) Status of the Mortgage Pandbrieven: *Belgische pandbrieven/ Lettres de gage Belges*
- (b) Date [Board (or similar)] approval for issuance of Mortgage Pandbrieven obtained: [•]  
*(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Mortgage Pandbrieven)*
- 13 Method of Distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- 14 Fixed Rate Mortgage Pandbrief Provisions: [Applicable/Not Applicable][to and including [•]]
- (a) To Maturity Date: [Applicable/Not Applicable]
- (b) From Maturity Date to Extended Maturity Date: [Applicable/Not Applicable]  
*(If (a) and (b) are not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (c) Rate[(s)] of Interest:
- (i) To Maturity Date: [•]% per annum [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrear]
- (ii) From Maturity Date to Extended Maturity Date: [Not Applicable] [•]% per annum [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrear]
- (d) Interest Period End Date(s):
- (i) To Maturity Date: [•] in each year, starting on [•], up to and including the [•]



- (ii) From Maturity Date to [Not Applicable][●] in each year, starting on [●],  
Extended Maturity Date: up to and including [●]
- (NB: This will need to be amended in the case of long or short coupons)*
- (e) Business Day Convention for  
Interest Period End Dates:
- (i) To Maturity Date: [Following Business Day Convention/Preceding  
Business Day Convention/Not Applicable]
- (ii) From Maturity Date to [Not Applicable] [Following Business Day  
Extended Maturity Date: Convention/Preceding Business Day  
Convention/Not Applicable]
- (f) Interest Payment Date(s):
- (i) To Maturity Date: [[●] in each year up to and including the Maturity  
Date]/[Interest Payment Dates will correspond to  
Interest Period End Dates]
- (ii) From Maturity Date to [Not Applicable] [[●] in each year up to and  
Extended Maturity Date: including the Extended Maturity Date, if  
applicable]/[Interest Payment Dates will  
correspond to Interest Period End Dates]
- (g) Fixed Coupon Amount[(s)]:
- (i) To Maturity Date: [●] per 100,000 of Principal Amount Outstanding
- (ii) From Maturity Date up to [Not Applicable] [●] per 100,000 of Principal  
Extended Maturity Date: Amount Outstanding
- (h) Broken Amount(s):
- (i) To Maturity Date: [●] per Calculation Amount payable on the  
Interest Payment Date falling [in/on] [●]
- (ii) From Maturity Date up to [Not Applicable] [●] per Calculation Amount  
Extended Maturity Date: payable on the Interest Payment Date falling  
[in/on] [●]
- (i) Business Day Convention for  
Interest Payment Dates:
- (i) To Maturity Date: [Following Business Day Convention/Preceding  
Business Day Convention/Not Applicable]
- (ii) From Maturity Date to [Not Applicable] [Following Business Day  
Extended Maturity Date: Convention/Preceding Business Day  
Convention/Not Applicable]
- (j) Additional Business Centre(s):
- (i) To Maturity Date: [●] *(please specify other financial centres)*

*required for the Business Day definition)*

- (ii) From Maturity Date to [Not Applicable] [●] *(please specify other financial centres required for the Business Day definition)*  
Extended Maturity Date:
- (k) Day Count Fraction:
- (i) To Maturity Date: *(Specify one of the options listed below)*  
[Actual/Actual (ICMA)]  
[[Actual/Actual] or [Actual/Actual] (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30/360] or [360/360] or [Bond Basis]  
[[30E/360] or [Eurobond Basis]]  
[30E/360] (ISDA)  
1/1
- (ii) From Maturity Date to [Not Applicable] *(Specify one of the options listed below)*  
Extended Maturity Date:  
[Actual/Actual (ICMA)]  
[[Actual/Actual] or [Actual/Actual] (ISDA)]  
Actual/365 (Fixed)  
Actual/360  
[30/360] or [360/360] or [Bond Basis]  
[[30E/360] or [Eurobond Basis]]  
[30E/360] (ISDA)  
1/1  
*(see Condition [●] for alternatives)*
- (l) Determination Date:
- (i) To Maturity Date: [●] in each year
- (ii) From Maturity Date to [Not Applicable] [●] in each year  
Extended Maturity Date:  
*[Insert regular Interest Period End Dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]*  
  
*(This will need to be amended in the case of regular Interest Period End Dates which are not*

of equal durations)

(N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))

- (m) Other terms relating to the method of calculating interest for Fixed Rate Mortgage Pandbrieven: [●]
- 15 Floating Rate Mortgage Pandbrief Provisions: [Applicable/Not Applicable] [from and including [●]]
- (a) To Maturity Date: [Applicable/Not Applicable]
- (b) From Maturity Date to Extended Maturity Date: [Applicable/Not Applicable]
- (If (a) and (b) are not applicable, delete the remaining sub-paragraphs of this paragraph)
- (c) Interest Period End Dates:
- (i) To Maturity Date: [●] in each year, starting on [●], up to and including the [●]
- (ii) From Maturity Date to Extended Maturity Date: [Not Applicable][●] in each year, starting on [●], up to and including [●]
- (NB: This will need to be amended in the case of long or short coupons)
- (d) Business Day Convention for Interest Period End Dates:
- (i) To Maturity Date: [Floating Rate Convention/Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
- (ii) From Maturity Date to Extended Maturity Date: [Not Applicable] [Floating Rate Convention/Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
- (e) Interest Payment Dates:
- (i) To Maturity Date: [[●] in each year, starting on [●], up to and including the Maturity Date] [Interest Payment Dates will correspond to Interest Period End Dates]
- (ii) From Maturity Date to Extended Maturity Date: [Not Applicable] [[●] in each year, starting on [●], up to and including the Extended Maturity Date] [Interest Payment Dates will correspond to Interest Period End Dates]
- (f) Business Day Convention for Interest Payment Dates:
- (i) To Maturity Date: [Floating Rate Convention/Following Business Day Convention/Preceding Business Day

- Convention/Not Applicable]
- (ii) From Maturity Date to [Not Applicable] [Floating Rate  
Extended Maturity Date: Convention/Following Business Day  
Convention/Preceding Business Day  
Convention/Not Applicable]
- (g) Additional Business Centre(s):
- (i) To Maturity Date: [•] *(please specify other financial centres required for the Business Day definition)*
- (ii) From Maturity Date to [Not Applicable] [•] *(please specify other financial centres required for the Business Day definition)*  
Extended Maturity Date:
- (h) Manner in which the Rate(s) of Interest is/are to be determined:
- (i) To Maturity Date: [Screen Rate Determination / ISDA Determination]
- (ii) From Maturity Date to [Not Applicable] [Screen Rate Determination / ISDA Determination]  
Extended Maturity Date:
- (i) Party responsible for calculating the Rate of Interest and Interest Amount:
- (i) To Maturity Date: *(Give name and address)*
- (ii) From Maturity Date to [Not Applicable] *(Give name and address)*  
Extended Maturity Date:
- (j) Screen Rate Determination: [Applicable/Not Applicable]
- (i) To Maturity Date:
- Reference Rate: [•]/[Specify Others]  
*(Insert Euribor)*
- Interest Determination Date(s): [•] *[the second day on which the TARGET2 System is open prior to the start of each Interest Period]*
- Relevant Screen Page: [•]  
*(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- Relevant Time: [•]
- Relevant Financial Centre: [•]
- (ii) From Maturity Date to [Not Applicable]  
Extended Maturity Date:

Reference Rate: [●]/[Specify others]

*(Insert relevant Euribor)*

Interest Determination Date(s): [●] *(the second day on which the TARGET2 System is open prior to the start of each Interest Period)*

*N.B. Specify the Interest Determination Date(s) up to and including the Extended Maturity Date, if applicable*

Relevant Screen Page: [●]

*(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*

(k) ISDA Determination:

(i) To Maturity Date: [●]

Floating Rate Option: [●]

Designated Maturity: [●]

Reset Date: [●]

(ii) From Maturity Date to [Not Applicable]  
Extended Maturity Date:

Floating Rate Option: [●]

Designated Maturity: [●]

Reset Date: [●]

(l) Margin(s):

(i) To Maturity Date: [+/-][●]% per annum

(ii) From Maturity Date to [Not Applicable] [+/-][●]% per annum  
Extended Maturity Date:

(m) Minimum Rate of Interest:

(i) To Maturity Date: [Not Applicable] [●]% per annum *(this Minimum Rate of Interest cannot be below zero)*

(ii) From Maturity Date to [Not Applicable] [●]% per annum *(this Minimum Rate of Interest cannot be below zero)*  
Extended Maturity Date:

(n) Maximum Rate of Interest:

(i) To Maturity Date: [Not Applicable] [●]% per annum

- (ii) From Maturity Date to [Not Applicable] [•]% per annum  
 Extended Maturity Date: *(With respect to any Interest Period, insert (i) Minimum Rate of Interest to floor the Rate of Interest; (ii) Maximum Rate of Interest to cap the Rate of Interest and (iii) Minimum Rate of Interest and Maximum Rate of Interest to collar the Rate of Interest)*
- (o) Day Count Fraction:
- (i) To Maturity Date: *(Specify one of the options listed below)*  
 [[Actual/ Actual] or [Actual/Actual] (ISDA)  
 Actual/365 (Fixed)  
 Actual/360  
 [30/360] or [360/360] or [Bond Basis]  
 [30E/360] or [Eurobond Basis]  
 30E/360 (ISDA)  
 1/1
- (ii) From Maturity Date to [Not Applicable] *(Specify one of the options listed below)*  
 Extended Maturity Date: [[Actual/ Actual] or [Actual/Actual] (ISDA)  
 Actual/365 (Fixed)  
 Actual/360  
 [30/360] or [360/360] or [Bond Basis]  
 [30E/360] or [Eurobond Basis]  
 30E/360 (ISDA)  
 1/1  
*(See Condition [•] for alternatives)*
- 16 Zero Coupon Mortgage Pandbrief [Applicable/Not Applicable][up to and including  
 Provisions: the Maturity Date]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Accrual Yield: [•]% per annum
- (b) Reference Price: [•]
- (c) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Preceding Business Day

- Convention/[specify other]]
- (d) Additional Business Centre(s): [•] (please specify other financial centres required for the Business Day definition)
- (e) Day Count Fraction in relation to Early Redemption Amounts and late payments: Conditions [•] and [•] apply/specify other]
- 17 Final Redemption Amount of each Mortgage Pandbrief: Principal Amount Outstanding/specify other/[•] per Calculation Amount
- 18 Early Redemption Amount:
- Early Redemption Amount(s) per 100,000 of Principal Amount Outstanding payable on redemption for taxation reasons, illegality or on event of default or other early redemption: [[•]/Condition [•] applies]
- Notice Period: [•]

#### GENERAL PROVISIONS APPLICABLE TO THE MORTGAGE PANDBRIEVEN

- 19 Form of Mortgage Pandbrieven: [Dematerialised Mortgage Pandbrieven / Registered Mortgage Pandbrieven]
- 20 Additional Financial Centre(s) or other special provisions relating to [Interest Payment Days]: [Not Applicable/give details]. Mortgage Pandbrief that this item relates to the date and place of payment, and not interest period end dates, to which items [15 (j)]relate]
- 21 Redenomination, renominatisation and reconventioning provisions: [Redenomination [not] applicable]
- (If redenomination is applicable, specify the terms of the redenomination in an annex to the Final Terms)
- 22 [Consolidation provisions:]: [Not Applicable/The provisions [in Condition [•] ([•])] apply]
- 23 Other final terms: [Not Applicable/give details] (When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)

#### DISTRIBUTION

- 24 (a) If syndicated, names of Managers: [Not Applicable/give names, addresses and

*underwriting commitments]*

- (b) Date of Subscription Agreement: [●]
- (c) Stabilising Manager(s) (if any): [Not Applicable/*give name and address*]
- 25 If non-syndicated, name of relevant Dealer: [Not Applicable/*give name and address*]
- 26 US Selling Restrictions: [The C Rules are applicable / The C Rules are not applicable]
- 27 Additional selling restrictions: [Not Applicable/*give details*]

## **PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for the issue [and admission to trading on [the regulated market of Euronext Brussels][*specify relevant regulated market*] of the Mortgage Pandbrieven described herein pursuant to the EUR 10,000,000,000 Residential Mortgage Pandbrieven Programme of ING Belgium NV/SA.

## **STABILISATION**

In connection with this issue, [*insert name of Stabilising Manager(s)*] (the **Stabilising Manager(s)**) (or any person acting for the Stabilising Manager(s)) may over-allot or effect transactions with a view to supporting the market price of the Mortgage Pandbrieven at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager(s) (or any agent of the Stabilising Manager(s)) to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with the applicable recommendation of the International Capital Markets Association (ICMA).

## **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [(*Relevant third party information*) has been extracted from [(*specify source*)]. The Issuer 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 (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Issuer:

By: \_\_\_\_\_  
*Duly authorised*



## PART B – OTHER INFORMATION

### 1 Listing and admission to trading

- (a) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Mortgage Pandbrieven to be admitted to trading on the regulated market of the *[specify relevant regulated market (for example Euronext Brussels, the Bourse de Luxembourg, the London Stock Exchange's Regulated Market or the Regulated Market of the Irish Stock Exchange) and if relevant, admission to an official list (for example, the Official List of the U.K. Listing Authority)]* with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Mortgage Pandbrieven to be admitted to trading on the *[specify relevant regulated market (for example Euronext Brussels, the Bourse de Luxembourg, the London Stock Exchange's Regulated Market or the Regulated Market of the Irish Stock Exchange) and if relevant, admission to an official list (for example, the Official List of the U.K. Listing Authority)]* with effect from [•].] [Not Applicable.]
- (b) Listing: *(Where documenting a fungible issue need to indicate that original Mortgage Pandbrieven are already admitted to trading.)*
- (c) Estimate of total expenses related to admission to trading: [•]

### 2 Ratings

- Ratings: The Mortgage Pandbrieven to be issued have been rated:
- Fitch
- Moody's
- [[Other]: [•]]
- (The above disclosure should reflect the rating allocated to Mortgage Pandbrieven of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*
- [Moody's/Fitch] [is/are] established in the European Union and [is/are] registered for the purposes of the EU Regulation on credit rating agencies (Regulation (EC)No.1060/2009) (the CRA Regulation), as amended from time to time. As such [•/•] [is/are] included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.*

*(if applicable) [Other] is established in the European Union and [has made an application to be (but as at the date hereof is not)]/[is] registered for the purposes of the EU Regulation on credit rating agencies (Regulation (EC)No.1060/2009), as amended*

**3 [Hedging Agreement]**

Hedging Agreement Provider: [•]

Nature of Hedging Agreement: [•]

**4 [Interests of natural and legal persons involved in the issue/offer]**

[Include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

*"Save as discussed in ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the Mortgage Pandbrieven has an interest material to the offer." Amend as appropriate if there are other interests*

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)]*

**5 Reasons for the offer, estimated net proceeds and to total expenses**

Reasons for the offer: [•]

Estimated net proceeds: [•]

Estimated total expenses: [•]

**6 Yield (Fixed Rate Mortgage Pandbrieven Only)**

Indication of yield: [•]

*[The yield is calculated on the basis of the Issue Price, the Rate of Interest applicable from and including the Interest Commencement Date until and excluding the Maturity Date, and the Final Redemption Amount. It is not an indication of future yield.]*

**7 Operational information**

ISIN Code: [•]

Common Code: [•]

*(insert here any other relevant codes such as CINS codes):* [•]

Any clearing system(s) other than the Securities Settlement System, Euroclear Clearstream Germany, SIX SIS Switzerland, Euroclear France, INTERBOLSA and Monte Titoli, Italy and any other NBB Investor (I)CSDs the relevant identification number(s):	[Not Applicable/give name(s) and number(s)]
Delivery:	Delivery [against/free of] payment
Names and addresses of Registrar (if different than Issuer):	[•]
Names and addresses of initial Paying Agent(s):	ING Belgium NV/SA, Avenue Marnix 24, 1000 Brussels, Belgium
Names and addresses of additional Paying Agent(s) (if other than the Issuer):	[•]/Not Applicable
Name and address of the Calculation Agent (if any):	[•]
Names and addresses of the Fiscal (if any):	ING Belgium NV/SA, Avenue Marnix 24, 1000 Brussels, Belgium
Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes][No] [Note that the designation "yes" simply means that the Mortgage Pandbrieven to be held in a manner which would allow Eurosystem eligibility and does not necessarily mean that the Mortgage Pandbrieven will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]
[Relevant Benchmark[s]]:	[Not applicable]/ Applicable/[ <i>specify benchmark</i> ] is provided by [ <i>administrator legal name</i> ]. As at the date hereof, [ <i>administrator legal name</i> ][appears]/[does not appear] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 ( <i>Register of administrators and benchmarks</i> ) of the BMR.]/[As far as the Issuer is ware, as at the date hereof, [ <i>specify benchmark</i> ] does not fall within the scope of the BMR.]

## **USE OF PROCEEDS**

The net proceeds from each issue of Mortgage Pambrieven will be applied by the Issuer for its general corporate purposes. If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

# OVERVIEW OF BELGIAN HOUSING AND MORTGAGE MARKET

## Demographics

Belgium has 11.5 million inhabitants (2020) on a surface of only 30,528 km<sup>2</sup>, thereby being the third most densely populated country in Europe after Malta and the Netherlands. The number of households increased by approximately 32.900 per annum over the past decade and is expected to grow by approximately 16.900 per annum in 2020-2060 (with a declining trend). The number of households though has been growing faster than the population, reflecting a trend towards more single-person households and elderly people living independently (Source: Federal Planning Bureau<sup>4</sup>).

Especially the regions of Brussels and Flanders are densely populated. This has led to a scarcity of building plots. As a consequence the average size of building plots sold for construction has decreased by 7% since 2002. However, this drop in size did not compensate for a quickly increasing land price (price per square meters has multiplied by four in Flanders between 2000 and 2012)<sup>5</sup>. The same kind of movement has been observed in Wallonia, but at a lower scale, especially as some southern provinces remain rural and far from economic centres. These two regions are therefore very different from that point of view.

## Belgian economic situation<sup>6</sup>

During the last decade, the Belgian economy performed reasonably well. After the 2008-09 crisis (-2.0% gross domestic product (GDP) growth in 2009), Belgium performed quite strongly in the two subsequent years, as economic activity picked up supported by supportive macroeconomic policies and by the strong trade relation with Germany (that performed well). The economic picture changed once again in 2012-13, as the Eurozone debt crisis hit the economic dynamic of the Monetary Union. While different countries of the Euro area encountered a recession during this second wave of the economic crisis, Belgium was not hit as much as many other Eurozone countries (0.7% and 0.5% GDP growth respectively in 2012 and 2013).<sup>7</sup>

After this second wave of the economic crisis in the Euro area, the Belgian economy recovered gradually, reaching higher levels of GDP growth. In 2019, while the world economy was slowing down, the Belgian economy showed an interesting dynamic : GDP growth rather accelerated in the course of the year, driven by domestic demand and more particularly by household consumption. This seemed to confirm the recovery of the Belgian economy, despite a weak international context and, above all, despite a major political crisis. Indeed, after the fall of the government at the end of 2018, the elections in May 2019 did not produce a new majority at the federal level.

The beginning of 2020 seemed to confirm the acceleration of the Belgian economy, thanks to a more buoyant international economic environment. However, the coronavirus crisis has eliminated these forecasts. All economies are marked by a heavy recession in 2020. Belgium will not escape it. We expect GDP to contract by 7.8% this year. This forecast takes into account a major impact of the lockdown measures in the first and especially the second quarter of this year. In the second half of the year, a gradual recovery of the economy should begin, but the level of activity at the end of 2020 would remain more than 4% lower than at the end of 2019.

In view of the unprecedented fall in economic activity in 2020, as a direct consequence of the coronavirus pandemics and the lockdown measures that were taken to limit it, and due to the measures taken by the various governments (federal and regional) in order to support the economy,

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<sup>4</sup> Source: <https://www.plan.be/databases/data-35-en-population+forecasts+2019+2070> and <https://www.plan.be/databases/data-49-en-household+projections+2019+2070>

<sup>5</sup> Source: ADSEI/DGSIE house price database: [http://economie.fgov.be/nl/modules/publications/statistiques/economie/downloads/bouw\\_en\\_industrie\\_verkoop\\_onroerende\\_goederen.jsp](http://economie.fgov.be/nl/modules/publications/statistiques/economie/downloads/bouw_en_industrie_verkoop_onroerende_goederen.jsp)

<sup>6</sup> Source: ING evaluation based on NBB figures.

<sup>7</sup> Source: National Economic statistic database of the NBB: <http://stat.nbb.be>

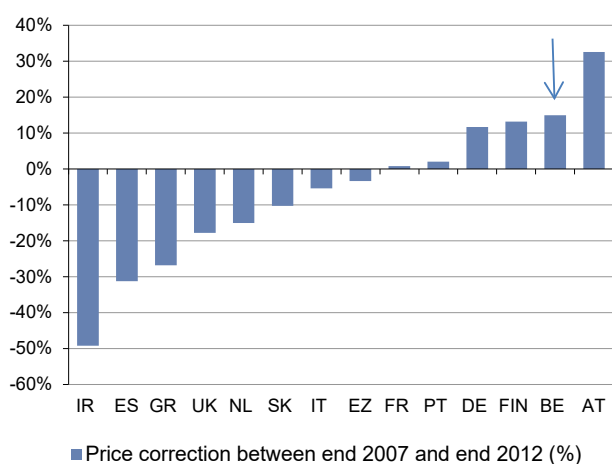
the public deficit expected in 2020 should plunge to 9.5% of GDP. In 2021, however, thanks to the recovery in activity (which increases revenues) and expenditure that will not have to be renewed, the deficit could be reduced to 4.5% of GDP. Considering the nominal growth of GDP and the public deficit trajectory, the gross debt, that was just below the 100% of GDP threshold since 2018 is expected to jump to more than 115% of GDP in 2020, and to come back around 113% in 2021. Belgium's sovereign rating is still strong (Rating on long term bonds: S&P: AA (Stable); Moody's: Aa3, Fitch: AA- (Negative))<sup>8</sup>.

On the political front, a government has been urgently put in place to deal with the coronavirus crisis. But this government has only external support from most political parties. As soon as the health situation has stabilized, it is highly likely that new discussions will begin to form a new government with a majority in parliament. If this is not possible (discussions between the May 2019 elections and the coronavirus crisis did not lead to any agreement), new elections will probably be held. Their outcome remains highly uncertain.

### The Belgian real estate market

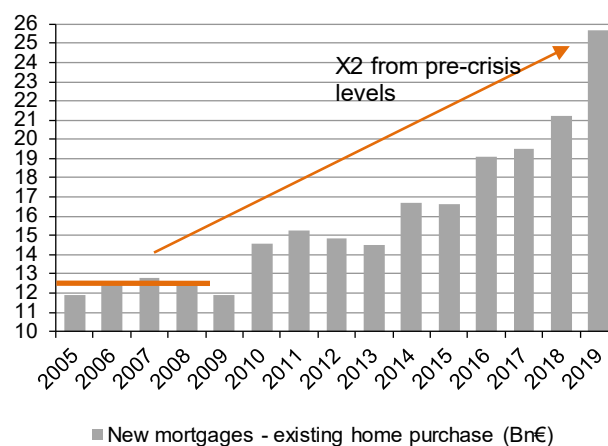
The market was very active in 2019 and house price growth was strong. This can be explained by a number of factors. First, real estate remains attractive for investors given the taxation on rental income and the weak or risky return of alternative investments. Second, income growth was strong in 2019. Third the mortgage interest rate remained very low and even dropped a bit in 2019. Fourth, to the abolition of the “woonbonus” (a tax benefit for those who borrow to buy a house to live in) in Flandres also triggered a lot of activity at the end of the year.

Fig 3 Belgian prices continued to grow during the first 5Y of the crisis



Source: ECB housing price database: <https://sdw.ecb.europa.eu/browse.do?node=9691230>

Fig 4 Recent mortgage market development



Source: National economic statistic database of the NBB: <http://stat.nbb.be/> (Survey on mortgage destination)

### The Belgian mortgage market (for existing home purchase)<sup>9</sup>

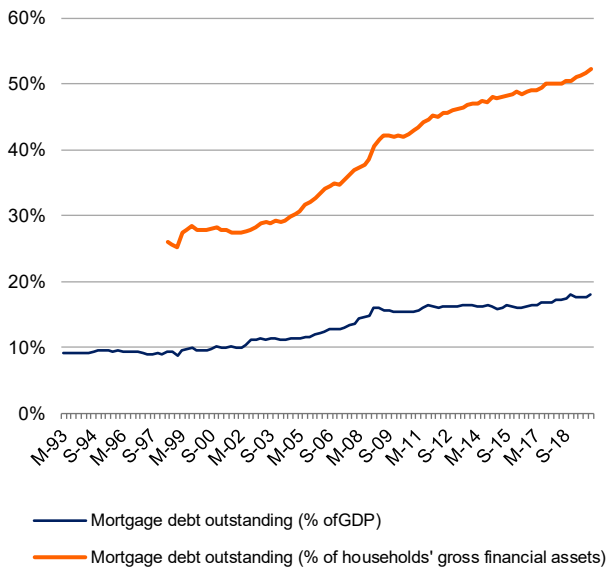
The main subsector of the Belgian mortgage market continues to be the mortgage market for existing home purchases (47.8% of all new mortgages produced in 2019 in Belgium across all lenders – Source UPC). In 2019, 158,000 (Source NBB) of these mortgages were provided by the banking sector (which represented 96% of new mortgages for existing home purchases – Source UPC), 35% above the average of the previous 10 years, which makes 2019 the best year of production ever after 2017 and 2018. Volumes reached 25.7 bn€, twice the pre-2008 Crisis average

<sup>8</sup> Source: Reuters

<sup>9</sup> Source: National economic statistic database of the NBB: <http://stat.nbb.be/> (Survey on mortgage destination)

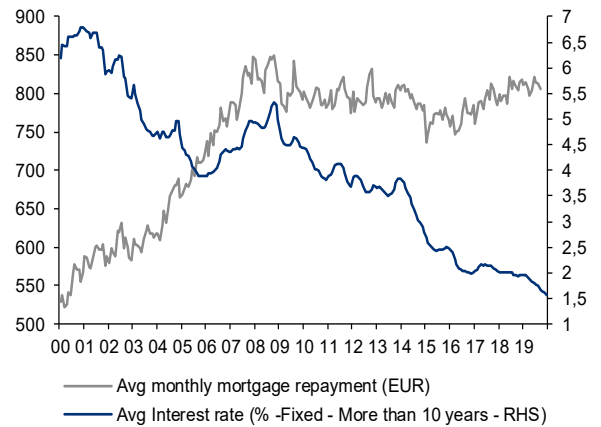
before the crisis (Cf. Figure 4). Low interest rates are believed to be the main factor behind the high numbers reached in recent years. However, fiscal changes in Flanders are part of the explanation. Such changes pushed borrowers to frontload their early 2020 borrowings to December 2019, making 2019 an outstanding year. A similar fiscal change had already happened in 2014: without that change (a first drop in the fiscal advantage granted for home purchasing), 2014 would have been (together with 2009) the weakest year of production since 1995. This implies that even before the Covid-19 market freeze, volumes were up for a 15% drop in 2020. A drop that the crisis will probably accentuate.

Fig 5 Mortgages, prices and financial assets



Source: Stat.NBB, ECB, ING

Fig 6 Monthly repayments and rates



Source: Stat.NBB, DGSIE, ING

On the new building mortgage market: low interest rates pushed the number of new mortgages up by one third (to around 32,000) in 2016 and 2017, 33,400 in 2018, and 42,100 in 2019, which almost entirely explains the increase in volumes (the rest is due to an increase in the average mortgage amount granted), from 3.5 Bn€ in 2015 to 7.3 Bn€ in 2019, a record for new building projects. For renovation projects, the number of mortgages also increased in 2019, but without catching up its 2016 peak (around 70,000 mortgages and 3Bn€).

Finally, one has to note that mortgage refinancing, which reached unprecedented levels in 2015 with 10.2Bn€ of refinanced mortgages (more than the three previous years taken together), remained elevated in 2016 (6.8 Bn€) but decreased strongly afterwards and were limited to 3.7 Bn€ in 2019. In the last five years, 27 Bn€ of mortgages have been refinanced, the equivalent of 11% of the outstanding mortgage stock.

Important capital transfers towards the real estate market also underline that Belgium is a country with a quite high saving rate (13.1% in 2019)<sup>10</sup>. This is particularly important as the borrower bears full responsibility for the mortgage on all of his/her assets and not just the underlying property. As Belgian households' assets are among the highest in Europe, it makes the total mortgage market relatively small compared to the financial assets of Belgian households (18%). However, total long term liabilities of Belgian households (taken as a share of their gross financial assets) doubled from 9% at the end of 1999 towards 18% in 2019 and was also increasing in terms of GDP (Cf. Figure 5). Even if this is historically high for Belgium, it is still low in European comparison.

This explains the relatively low default rate: at the beginning of 2019, only 30,000 mortgage loans (out of 3.22 million existing contracts or 0.9%<sup>11</sup> were delinquent. This rate has been stable for more than a decade, even if a minority of riskier categories (longer maturities with higher loan to value ratios) have default rates thought to be higher.

## Housing market outlook

### 1- Pre-2008 (financial crisis) evolutions

The Belgian real estate market is regularly listed by the OECD as one of the most overvalued in the industrial world because of the high price-to-income and price-to-rent ratios (In 2019 respectively 133.50% and 149.6% of their long-term average (The long-term average is calculated over the whole period available when the indicator begins after 1980 or after 1980 if the indicator is longer))<sup>12</sup>. According to the Issuer's measure of real estate affordability, it has never been as difficult to purchase a home for a Belgian resident as in 2008. This has raised worries of a potential correction among investors and mortgage issuers in Belgium ever since, to the point that the National Bank of Belgium itself is now calling for even more caution from lenders, although they already are among the most cautious in the world. It should be noted that thanks to stagnating prices and declining interest rates, affordability has increased somewhat since 2008 (and can now be compared to the 2005 market conditions following the Issuer's affordability index).

As one of the main mortgage issuers in the country, the Issuer<sup>13</sup> has developed a view on this situation, which mitigates the OECD perspective and is summarized hereafter. It is possible to explain the growing gap between income and prices through several factors that were responsible for exceptional price developments in the 2000s. However, the current situation is certainly at a fragile equilibrium, because of those very factors.

During the years 2000-2008, house price increases saw an acceleration. This exceptional period of high growth rates (responsible for most of today's measures of overvaluation) can be explained by three factors. Firstly, financial conditions were easier in the 2000s (interest rates were decreasing and maturities were lengthening from less than 20 years towards 25) and households used this to increase their leverage so that their monthly repayments increased throughout the period (by 38% between 2002 and 2008 – Cf. Fig 6). Even in the period 2008-2014, they have been decreasing very slowly (by less than 0.5% per year) because of stagnating incomes and despite lower interest rates. Secondly, fiscal conditions were easier in the 2000s for borrowers and investors (who were favored by the DLU (*Déclaration Libératoire Unique*) – a fiscal operation consisting of repatriating undeclared money in Belgium at a special tax rate which was lower if this money was invested in real estate). (*More details to be found in the section "Tax system"*). Thirdly, starting in 2004 (when the tax law on donations was revised), buyers continuously increased their own capital contribution: from 20% of the average sold home value in 2004, it reached an average of 40% in 2013 and has remained elevated ever since (Cf. Fig 7), contributing during the period 2004-2013 to the increasing growth discrepancy between prices and work incomes. The market stability is therefore also due to the large saving reserves that Belgian households have accumulated throughout the years: Belgium has one of the

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<sup>10</sup> Source: National economic statistic database of the NBB: <http://stat.nbb.be/> (Sector Accounts)

<sup>11</sup> Source: National economic statistic database of the NBB: [http://stat.nbb.be](http://stat.nbb.be/) (Financial Statistics).

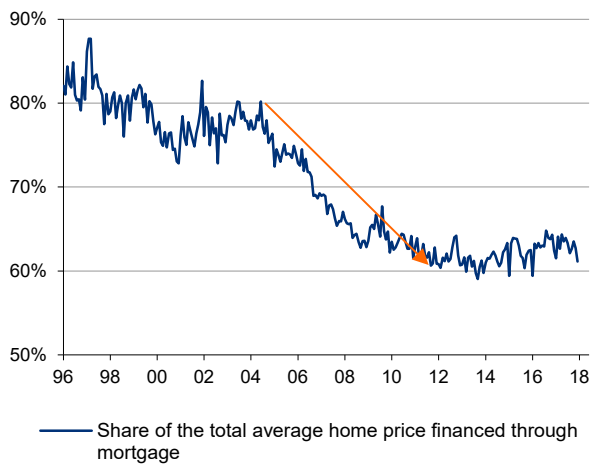
<sup>12</sup> [https://stats.oecd.org/Index.aspx?DataSetCode=HOUSE\\_PRICES#](https://stats.oecd.org/Index.aspx?DataSetCode=HOUSE_PRICES#)

<sup>13</sup> The ING Focus real estate is an ING research publication released twice a year and available on <https://about.ing.be/Over-ING/Publicaties/Publicaties/ING-Focus-Belgian-Real-Estate-BRE.htm>.



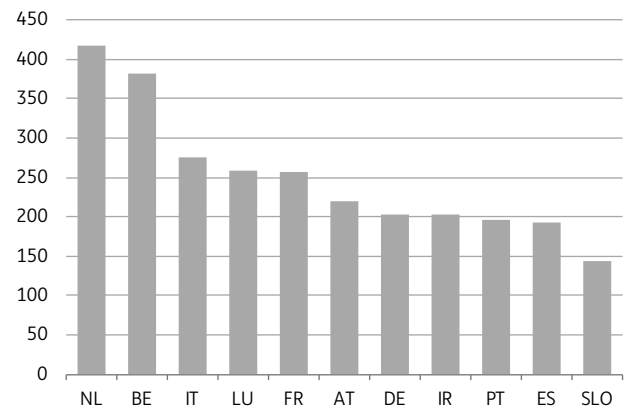
highest net financial wealth of Europe in terms of GDP, which will be a market stabilizer as long as they remain keen on having bricks in their portfolios.

Fig 7 Personal capital contribution has been growing



Source: NBB, DGSIE, ING

Fig 8 Net financial wealth of European households (% of GDP)



Source: Eurostat database: <http://ec.europa.eu/eurostat/data/database> (nasa\_10\_ki)

These three factors fully explain why prices have been able to distance themselves from incomes during the booming years (until 2008). Since then, own capital contributions have remained elevated, without growing further while interest rates reached a first kind of floor between November 2011 and March 2014 (an historical low of 3.7% on fixed mortgage interest rates of more than 10 years). These stagnations explain why house price growth has remained quite limited between 2009 and 2014 (0.0% per year on average in real terms).

## 2- Recent signs of overvaluation

Since March 2014 however, ECB's monetary policy pushed long-term interest rates even lower, with the average fixed mortgage interest rates (of more than 10 years) dropping by 170bp to 2.0% in December 2015. Last time a more than 100bp drop in interest was observed, it was in early 2006 and price growth was roaring at more than 11% a year. This time around, the effect has not been entirely translated into prices. Indeed, the average monthly repayment significantly decreased in 2015/2016 for the first time since the early nineties, leaving space for only a limited jump in average mortgage amounts. These increased significantly for the first time since 2006 though, by 3.7% per year in 2014-2016, before slowing down to 2.8% in 2017 and 3.1% in 2018. By the end of 2019, average mortgage amounts for existing home purchases had rebounded by 21% (since 2014). At mid-2019 this had translated in a 19% price rebound over the same period. The phenomenon, which has therefore been unfolding for several years, already triggered a warning by the NBB as soon as 2015, saying that the price increase of 2015 (4%), coupled with the lower borrowing capacity of households due to the fiscal changes, had probably increased the market price overvaluation. Most of the lower interest rate effect (-170bp) has now been translated to prices. Positive income dynamics have since then led the NBB to scale own its measure of price overvaluation, from 8% in 2017 to 6.6% at the end of 2019 (February 2020 NBB Annual Report).

## 3-Outlook

Academic research<sup>14</sup> shows that Belgian house prices in the long run are determined by borrowing capacity, which in turn is determined by income, mortgage lending conditions and taxation. This theory assumes that people will buy the most expensive property they can.

<sup>14</sup> Source: [https://steunpuntwonen.be/Documenten\\_2012-2015/Onderzoek\\_Werkpakketten/WP9\\_Woningprijzen\\_woningprijs\\_mechanisme.pdf](https://steunpuntwonen.be/Documenten_2012-2015/Onderzoek_Werkpakketten/WP9_Woningprijzen_woningprijs_mechanisme.pdf)

Of all the factors influencing borrowing capacity, we believe that income growth will be most strongly affected by the Covid-19 crisis. The government took already some action to counter this (for example the system of temporary unemployment and delaying tax payments), but it will not be possible to compensate all income losses. Another measure taken by the government is that mortgage payments can be postponed under certain conditions. This will also support the stability of the real estate market.

We currently do not foresee significant changes in credit conditions (interest rates, maturities, repayment ratios and loan-to-value) as a result of the crisis. As the European Central bank aims to support lending and to keep market interest rates low, we believe that these measures will keep the interest rate on Belgian government paper low. This implies that mortgage interest rates will also remain relatively low. We do stress that credit conditions, excluding interest rates, may be less easy in 2020 compared to 2019, which will depend on competitive pressure in the market and so is difficult to quantify in advance, but that the tightening would also have taken place independently of the corona crisis. At the beginning of 2020, we already assumed a tightening of credit conditions for mortgages, here too difficult to quantify as it depends on competitive pressure, since the new macro-prudential measures of the National Bank of Belgium have been in force since 1 January 2020.

Regarding future taxation, we do not expect any major changes in the short term. Over the next six months, the emergency federal government Wilmès II will focus on managing the corona crisis. Thereafter, a new government should in principle be formed. However, it is difficult to predict exactly when it will be formed, given the difficult formation discussions prior to the Covid-19 crisis. New elections cannot be ruled out. All this implies that the chance of large-scale fiscal changes in 2020 is small. In the longer term, however, the chance is higher. In particular, the way in which rental income is taxed is under pressure as the European Commission repeatedly criticised this Belgian tax. If any change can be expected in the future, the tax on rental income could become less favourable, which could have an impact on the investment demand for real estate.

Apart from these long term determinants, we think that there are other factors that currently influence house prices. The first is the return on alternative investments. If bond yields are low and/or equity markets are considered very risky, investors can be attracted by real estate. We have certainly seen this in recent years and we expect this phenomenon to continue in the coming years. As a result of the ECB's policy, we do not expect any sharp increases in market interest rates, and therefore also not in government bond yields. Equity markets will also be seen as too risky by many, especially after the major shocks we have seen in recent weeks. So we think investors will remain interested in real estate, which support prices.

A second factor that may support property prices today are buyers' expectations. If everyone thinks that the property market will remain healthy, the demand for property will remain high and prices will continue to experience upward pressure. Belgians are traditionally very optimistic about the evolution of real estate prices. Our last ING International Survey (IIS) showed that 57% of Belgians in 2019 think that real estate prices will never fall, while only 30% of Germans and 34% of the Dutch think like that (In France, 63% think house prices never fall). A strong belief of Belgians in the stability of the real estate market therefore makes a sharp downward correction less likely. As we expect that the recession will not last long, this should in principle not undermine the confidence of Belgians in the real estate market.

All in all, we can conclude that the drop in income growth will put downward pressure on property prices, but that government policy will limit the income loss. Moreover low interest rate, stable taxation, investors interest and the strong belief in the stability of the Belgian in real estate market also support property prices. We therefore think that house prices will fall, but that the fall will be relatively modest given the sharp drop in economic growth.

### **Household debt and net financial asset position**

Outstanding mortgages represent more than 80% of Belgian households' debt since 2016 (81.6% in 2019) and represented 52.4% of GDP at the end of 2019. According to the National Bank of Belgium (NBB Financial Stability Review 2014 (pp112-151)), three main factors have contributed to this increased indebtedness: (i) an increase in the number of mortgage loans outstanding, (ii) an increase

in the average amount of new mortgage loans, and (iii) a decline in the rate of amortisation of the outstanding stock.

Belgian households have a very high net financial asset position, in comparison with other Euro area countries. Eurostat figures for 2018 point to net financial assets worth more than 350% of their disposable income, one of the highest ratio of the Euro area. At the end of 2019, mortgage debt outstanding represented only 18% of their gross financial assets. The net financial asset position is calculated as the difference between the financial assets and the financial liabilities of households. 'Financial assets' comprise deposits and savings accounts, investments in bonds, etc. Real estate is not taken into account. 'Financial liabilities' refer to loans, debit amounts on an account, etc. Please see "Financial Stability Review" as published by the NBB for more information and Figure 5.

## Tax system

For a large part, Belgian households live in their own properties, which is due to a tax system that encourages home ownership. In 2018, it had an owner occupation rate of 73%, back to pre-crisis levels and still higher than the eurozone average (66% in 2018).

The tax system has since long been promoting home ownership, but between 2005 and 2014 the system had become even more favourable for Belgians' primary residence. Interest payments, principal redemptions and insurance premiums were all deductible for up to EUR 2,300 per person per year (amount for the tax year 2013). On top of this, this ceiling is increased by EUR 730 per person per year (amount for the tax year 2013) in the first ten years of the mortgage loan.

This system led to more mortgage financing for house purchases. Before 2005, around 80% of purchases of existing homes were financed at least in part by a mortgage loan. Since 2005, this has increased to more than 90%. (Source: National economic statistic database of the NBB: <http://stat.nbb.be/> (Survey on mortgage destination))

However, fiscal conditions have changed dramatically on January 1st 2015. Indeed, as part of the political agreement on a State reform reached in 2011, the Regions (i.e., Flanders, Wallonia and Brussels) became competent for tax incentives (including tax reductions and tax credits for mortgage loans) regarding the purchase of own dwellings as of July 2014. Flanders decided to limit the deductible amount to 2280 EUR during the first 10 years (minus 730 EUR after 10 years) and to change the deduction rate to 40% (before, it was linked to the marginal tax rate, 50% or 45% in most cases).<sup>15</sup> This should have had an impact of 10%-15% (in Flanders) on most buyers' ability to borrow. In Flanders, the "woonbonus" has been completely cancelled as of January 2020, potentially repeating the impact.

Wallonia decided to change the deduction rate to 40% for the year 2015. More changes intervened in Wallonia in 2016 which considerably increased its budget cuts by changing the form of the fiscal advantage. It becomes the 'cheque habitat', a fiscal reduction (each borrower can have 20 cheques during his/her lifetime) that depends on people's incomes (the larger the income, the lower the cheque) and the house value.<sup>16</sup> The shock on people's ability to borrow have ranged from 10% (for lowest incomes) to 20% (for higher income), affecting prices already in 2016.

In Brussels, the fiscal advantage has disappeared altogether in 2017, which brings a net present value cost of around 50,000€ for every future borrower compared with the system valid until 31/12/2016.<sup>17</sup> This loss is compensated partially (and not for all types of buyers) by a reduction in registration tax of around 15,000€.

These effects on households' borrowing power have been partly transmitted to home prices in recent years. However, as soon as 2015, lower interest rates have helped buyers to mitigate these effects.

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<sup>15</sup> Source: Regeerakkoord Vlaamse regering 2014-2019 – p91: [http://static.tijd.be/upload/Het\\_regeerakkoord\\_Vlaamse\\_Regering\\_2014\\_2019\\_5032071-1501415.pdf](http://static.tijd.be/upload/Het_regeerakkoord_Vlaamse_Regering_2014_2019_5032071-1501415.pdf)

<sup>16</sup> Source : Walloon Government <http://www.wallonie.be/fr/actualites/cheque-habitat-le-nouvel-avantage-fiscal-lie-au-logement>.

<sup>17</sup> Source: Brussels Capital region Government <http://fiscalite.brussels/reforme-fiscale-2>

That said, the relative weakness of the price rebound observed after the new drop in interest rates could partly be explained by these effects.

In recent years, there was also a favourable treatment for other properties (for example second homes). This change in the mortgage deduction was preceded by a tax amnesty in 2004. Illegal offshore money could be legalised by paying a fee of 9%. The fee was lowered to 6% if the money was reinvested in certain assets. Money reinvested in the purchase, construction or renovation of real estate also qualified for the lower fee of 6%. This tax amnesty led to a surge in house prices in 2004-2005, as legalised money was largely invested in Belgian real estate.

Between 1 January 2009 and 31 December 2011, another tax incentive led to a sharp increase in the number of mortgage loans. As part of a fiscal stimulus package, a favourable tax regime for “green loans” was introduced. The sole purpose of these loans was the financing of pre-defined energy-saving investments (e.g. replacing or maintenance of heating system; solar panels; double glazed windows; insulation of roofs, floor or walls; thermostatic valves; energy audits; etc.). For loan amounts between EUR 1,250 and EUR 15,000 per person/house/year, households could benefit from an interest rate reduction of 1.5% and a tax reduction of 40% (30% since 2012) of the remaining interest rate costs. Most of the loans under this “green loans” agreement were made in the form of a(n) (additional) mortgage loan. The number of new loans for renovation purposes surged from an annual average of 36,000 in the period 2000-2008 to an annual average of 100,000 in the years 2009-2011. The large number of loans in these three years resulted in new production totalling EUR 8.7 billion. The end of the fiscal advantage (at the end of 2011) triggered a drop in mortgage production for transformation purposes of 57.5% in 2012 and 7.1% in 2013. It is only in 2019 that volumes recovered helped by lower interest rates and specific fiscal conditions. (see above).

### **Registration tax**

Another important element of the Belgian house market is the high level of registration taxes on the purchase of a real estate property.<sup>18</sup> Registration tax differs between regions. In Flanders, the registration tax on family homes equals 6%. For homes that costs less than 200,000€ there is an exemption on the first tranche of 80.000€. For homes in Flemish core cities and the ‘Vlaamse Rand’ (Municipalities neighbouring Brussels), the level to get the exemption is 220.000€. This exemption yields 5600€. For a second property, building ground or corporate real estate the registration right equals 10%.

In Brussels, it is at 12.5% of the sale value, with a tax-free amount for the first EUR 60,000. Since 01/01/2017, the first 175,000€ (of home value) has been freed of tax (under certain circumstances, which for example only includes purchases with values below 500,000€).

In Wallonia, it is at 12.5% of the sale value,.. However, there are also several special regimes in Wallonia, notably for low incomes (where the rate is not 12.5% but 5%, and even 0% for some ecological projects) or modest homes (the tax rate of the first 150,000€ can be lowered to 6% under some conditions).

As a consequence of these registration taxes, the turnover on the Belgian residential real estate market remains quite low compared to other countries. Though the registration tax is now transferable in the Flanders region, this has not yet led to a sizeable increase in turnover.

### **Mortgage mandates – a Belgian particularity**

There is also a tax in Belgium on the mortgage registration, which amounts to 1% of the size of the mortgage. In order to reduce mortgage registration fees and taxes, a mortgage mandate (*hypothecair mandaat/mandat hypothécaire*) is frequently used. A mortgage mandate is an agreement between the borrower and a proxy whereby the borrower gives the proxy an irrevocable and unconditional power of attorney to unilaterally (no further involvement of the borrower required) create a mortgage on a

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<sup>18</sup> An overview of the system can be found on the website of the National Notary Association: <https://www.notaire.be/acheter-louer-emprunter/1-droits-d-enregistrement>.

predefined property in favour of the lender (up to a certain predefined amount). This mandate can be exercised at any time.

It is market practice in Belgium to grant a residential mortgage loan partially covered by a mortgage (frequently up to the maximum tax benefit) and partially by a mandate. This way the borrower avoids part of the mortgage registration fees it needs to pay.

### **Main characteristics of Belgian mortgage loans**

Over the past years, Belgian households have shown a strong preference for fixed rate loans, or rates which are fixed for relatively long periods. However, there are occasional surges in mortgage loans which are reset more frequently, if the yield curve is favourable as it was observed at the end of 2018 and at the beginning of 2019. In 2018 as a whole, yearly revised rates made up to 6.7% of loans produced. This share came down to 2.8% in 2019.

The law imposes a large set of restrictions on resettable mortgage rates that protect the debtor against large interest rate shocks. The reference interest rates are the Belgian 12-month T-bill and longer-term OLO yields. The minimum reset frequency is 1 year. The margin is fixed at origination. After the first year, the interest rate may increase by maximum one percentage point compared to the original interest rate. After the second year, the interest rate may increase by maximum two percentage points compared to the original interest rate. Over the whole duration of the mortgage loan, the interest rate may increase to maximum the double of the original interest rate.

The maturity of a mortgage inscription is capped at 30 years by law. Therefore, real estate loans exceeding 30 years are rare. The share of mortgage loans with an original maturity exceeding 20 years has increased strongly in recent years and represented more than one third of the mortgages produced in 2018.

Most mortgage loans are reimbursed in constant annuities, with also a small part in constant principal reimbursement (linear amortisation). The share of interest-only loans remains low.

### **Mortgage amounts by reimbursement type and vintage<sup>19</sup>**

In 2019, borrowers predominantly preferred to take out a longer fixed rate period mortgage loan. 75.4% of mortgage loans were fixed permanently and 8.2% were fixed for the first ten years of the loan. This compares to respectively 68.1% and 8.2% in 2018.

There are a limited amount of short-term variable rate loans originated. Approximately 4.5% were variable in a time period of one to five years in 2017. Their share reached 11.7% in 2018, one of the highest values observed since 2012, the reason being the continuous downward trend on short-term interest rates at the end of 2018. As this was due to market expectations adjusting to a lower interest rate and economic activity outlook, the trend did not continue in 2019 (their share reached 5.1%) and should continue to unwind in 2020.

Average mortgage loan for the purchase of a home in 2019 was approximately 162500 euros (up 2.8% from the 158,650 euros observed one year before).

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<sup>19</sup> Source: Credit Professionals Union – UPC/BVK – Press release of 2th May 2018).

## DESCRIPTION OF THE ISSUER

### 1. INFORMATION ABOUT THE ISSUER

#### 1.1 History and development of the Issuer

The Issuer was formed under the name Bank Brussels Lambert S.A. through a merger of Banque de Bruxelles and Banque Lambert, which was effected on June 30, 1975 as a further development of the holding companies of the two banks which took place in 1972.

Banque de Bruxelles was founded in 1871 and during the next 60 years acquired interests in other banks in the main cities in Belgium. By 1931, these banks had been absorbed into a single entity, whose operations included not only traditional banking activities, but the management of an industrial portfolio with interests in Belgium and Africa. Following the Belgian banking reforms of 1934-35, the Bank's activities were transferred to a new company, bearing the same name, which was formed on January 30, 1935. This achieved the separation of the holding company's banking activities from its industrial interests, as required by the reforms. Banque Lambert had its origin in the banking business founded by the Lambert family, active bankers in Belgium since Belgian independence in 1830. Banque Lambert expanded its banking activities rapidly after 1945 by successive mergers with various privately owned banks.

Since the beginning of 1998, the Issuer has been a wholly owned subsidiary of ING Bank N.V. (**ING Bank**). ING Bank is a wholly owned subsidiary of ING Groep N.V. (**ING Group**). ING Group is the holding company for a broad spectrum of companies (for purposes of this section, together **ING**).

An Extraordinary General Meeting held on April 17, 2003 adopted a resolution to change the legal name from Bank Brussels Lambert S.A. to ING Belgium NV/SA as from April 22, 2003. The Issuer's commercial name is ING.

The Issuer is recognised as a credit institution under the provisions of the Law of 25 April 2014 on the legal status and supervision of credit institutions.

#### 1.2 Legal and commercial name of the Issuer

**Legal name:** ING Belgium NV/SA

**Commercial Name:** ING

#### 1.3 Place of registration of the Issuer, its registration number and Legal Entity Identifier ('LEI').

**Registered office:** Avenue Marnix 24, B-1000 Brussels, Belgium

**Company registration:** Brussels company register (*registre des personnes morales – rechtspersonen-register*) under number 0403.200.393

**Legal Entity Identifier** JLS56RAMYQZECFUF2G44

#### 1.4 Date of incorporation of the Issuer

**Date of Incorporation:** 30 January 1935

#### 1.5 Domicile and legal form of the Issuer, the legislation under which the Issuer operates, its country of incorporation, the address, telephone number of its statutory seat and

### website of the Issuer

<b>Domicile:</b>	Avenue Marnix 24, 1000 Brussels, Belgium
<b>Legal Form:</b>	Société Anonyme/Naamloze Vennootschap
<b>Applicable legislation:</b>	Belgian law
<b>Country of Incorporation:</b>	Kingdom of Belgium
<b>Telephone number statutory seat:</b>	Switchboard: +32 2 547 21 11
<b>General postal address:</b>	Cours Saint-Michel 60, 1040 Brussels, Belgium
<b>Website:</b>	<a href="https://about.ing.be/NL/About-ING.htm">https://about.ing.be/NL/About-ING.htm</a>

The information on the Issuer's website does not form part of this Base Prospectus unless that information is incorporated by reference into this Base Prospectus.

#### **1.6 Recent events particular to the Issuer and which are to a material extent relevant to an evaluation of the Issuer's solvency.**

There are no recent events particular to the Issuer which, to a material extent, are relevant to the evaluation of the Issuer's solvency.

#### **1.7 Credit ratings assigned to the Issuer at the request or with the cooperation of the Issuer in the rating process.**

At the time of approval of the Base Prospectus, the Issuer has a senior debt rating from Standard & Poor's Credit Market Services Europe Limited ("**S&P**") of A+ (stable outlook), a long term counterparty risk rating from Moody's France SAS ("**Moody's**") of Aa3 (stable outlook) and a senior debt rating from Fitch Ratings Ltd. ("**Fitch**") of AA- (negative outlook). Current credit ratings assigned to the Issuer can be found on <https://about.ing.be/About-ING/Investor-Information/Investor-Information/Ratings-ING-Belgium-SANV.htm>.

#### **1.8. Statutory Auditors**

KPMG Bedrijfsrevisoren BV CVBA, member of the "*Institut des Réviseurs d'Entreprises*" in Belgium, represented by Olivier Macq, Partner, has audited the consolidated accounts for the financial years 2018 and 2019 and has issued unqualified opinions on these financial statements.

Such Auditors have not resigned, been removed nor failed to be re-appointed during the period covered by the historical financial information. Their reports are included in Annual Reports (*Documents Incorporated by Reference*).

#### **1.9 Risk Factors**

For the risk factors concerning the Issuer, please consult the "*Risk Factors*" section.

## 2. BUSINESS OVERVIEW

### ING in Belgium & Luxembourg

The Issuer is a financial institution focusing its core activities on Retail & Private Banking and Wholesale Banking. The bank caters over 2.9 million clients in Belgium with a wide range of financial products via the distribution channel of their choice.

ING Luxembourg -a fully owned subsidiary of the Issuer- is an universal bank with more than 130,000 customers serviced in retail agencies and 15,000 wholesale clients. It is a key challenger in mass markets (free online current account, Orange Account), an international Wealth Management centre and a main actor in wholesale banking services (cash facilities, lending, securities custody) for Large & Mid-size Corporate and Financial Institutions.

### Strategy of ING

The purpose of ING is to empower people to stay a step ahead in life and in business. To continue doing this in today's world we must be where our customers are: on digital platforms. Our own and those of others. Offering one consistently superior ING experience, instant and borderless. To do this we have to break down our own borders and become one, united ING.

The purpose explained in the first paragraph guides ING in everything it does. It is founded on the belief that ING's role as a financial institution is to support and promote economic, social and environmental progress, and at the same time generate healthy returns for shareholders.

### Think Forward

ING's Think Forward strategy – with its purpose to empower people to stay a step ahead in life and in business – continues to guide its strategic response to the challenges and opportunities these developments present. Chief among these is how banks can master the digital customer experience and tap into its opportunities.

The strategic priorities that are the focus of the Think Forward strategy aim to create a differentiated customer experience. This is done by deepening the relationship with the customer, by providing tools to know customers better and to anticipate their evolving needs, and by fostering an innovation culture that will ensure ING is able to continuously adapt its offerings and business model to anticipate and meet those needs in future. And the Customer Promise – clear and easy, anytime anywhere, empower, and keep getting better – forms the basis of the customer experience ING aims for.

In concrete terms, this translates into a focus on primary relationships. These are relationships where ING serves multiple banking or other needs of retail customers and wholesale banking clients and which allow it to know these customers and their needs better so it can add value for them and grow the relationship. To do this, ING aims to master data management and analytics skills, including artificial intelligence. To provide for future needs, ING promotes an internal culture of innovation and partners with fintechs and other innovative partners to develop interesting propositions, both in financial services and beyond banking that can add value for customers and others.

### Platform approach

The competitive landscape that banks face is increasingly being shaped by Big Tech companies. They offer customers a superior digital experience through an open platform approach that delivers a range of their primary needs in a go-to digital ecosystem. This ability to provide for primary needs,



with both proprietary and third-party offerings that are easily accessed through mobile devices, defines their success. Banking, by contrast, is a facilitator and not a primary need. The choice for banks is to challenge their existing business models, to disrupt themselves, or risk being disintermediated and relegated to a status of white label facilitators of others' platforms.

ING chooses to pursue its own platform approach. It aims to create a go-to financial services platform offering one customer experience wherever it operates and one that's mobile-first in keeping with ING's clear and easy, anytime anywhere Customer Promise. To support this ambition, ING is evolving to a single global modular technological foundation that can be easily scaled up to accommodate growth, and one that's open so it's ready to connect to other platforms and offers users relevant third-party products and services.

## **Innovation and transformation**

To pursue this aim, ING is converging businesses with similar customer propositions. The Unite be+nI initiative is combining the Netherlands and Belgium. The Maggie (formerly Model Bank) transformation programme is standardising the approach in four European markets - Czech Republic, France, Italy and Spain - similar to ING's digital approach in Germany based on a standardised omnichannel customer experience across mobile devices and web. ING pursues a plug-and-play approach to product development to ensure it can share innovations quickly across its businesses. An example of this in practice includes the One App now active in Belgium, Germany and the Netherlands, offering one mobile customer experience in those markets. And ING is evolving toward a uniform approach to data and its management, to processes and to one way of working to support this transformation and accelerate innovation.

Increasing the pace of innovation is a strategic priority and core to ensuring ING remains relevant to its customers and can live up to its purpose to empower people to stay a step ahead in life and in business. And it is a prerequisite for realising ING's platform ambitions. It does this by fostering an internal culture of innovation through customised methodologies and by providing resources to its business through the ING Innovation Fund. And ING collaborates with a wide range of fintechs and other external parties to accelerate the development of innovative solutions for customers.

To spur this collaboration, ING in 2019 opened the Cumulus Park innovation district in Amsterdam Zuidooost, an initiative together with local government and educational institutions offering businesses, academics and innovators workspaces designed to co-create, learn, research and inspire in a collaborative atmosphere around the themes of urbanisation and digital identity.

And through ING Labs in Amsterdam, Brussels, London and Singapore, ING is also collaborating with fintechs and others on disruptive innovations in domains that best match the expertise and ecosystems in those locations.

Examples of collaborative innovations include beyond banking initiatives for retail customers. In 2019, ING launched the first protection products as part of the global insurance partnership with AXA, distributed primarily through a mobile app. Examples in Wholesale Banking include Cobase, a platform that enables companies to manage accounts at multiple banks through one interface, and blockchain solutions in areas like trade finance that drastically reduce the time and complexity of trades.

In 2019, resources were devoted to improving ING's capabilities in the areas of know your customer and fighting financial economic crime, causing some reprioritisation related to the pace of implementation of innovation and transformation goals. However, ING's strategy and priorities in these areas remains unchanged.

## **Promoting a sustainable society**

ING's empowerment purpose is not limited to its own customers. In striving to help people to stay a step ahead in life and in business, ING sees a key role for ING in promoting a sustainable society, as well as important opportunities both for it and for its customers.

Through its financing ING seeks to positively influence society's transition to a more sustainable, low-carbon economy. One of the important ways it does that is through its Terra approach to steer the impact of ING's lending portfolio to support the Paris Climate Agreement's goal to limit the rise of global temperatures to well below two degrees Celsius. Drawing upon two main methodologies for target-setting, namely the Paris Alignment Capital Transition Assessment (PACTA) and the Science Based Target Initiative's Sectoral Decarbonisation Approach (SBTi SDA), Terra adheres to a number of underlying principles. Perhaps the most critical principle is that ING steers its portfolio per sector. This sector-based approach respects the fact that each sector has its own transition pathway, or 'technology roadmap', for it to contribute to a low-carbon, below-two-degree world. This leads to the second key principle of Terra: ING prioritises 'asset-level data' (ALD) for accurate measurement. The impact its clients make is driven by the types of energy, vehicles, buildings, aircraft, ships and plants that they own, operate or produce. In other words: their assets. Real change will be at the core of its clients' businesses and their strategies for transition. Terra looks at the changes that each sector needs according to the relevant Paris transition pathway, and steers towards these changes. This approach also provides opportunities for ING to work with clients on the challenges they face and support them on their journey. ING uses detailed insights into the trends and changes needed in each sector, which then facilitates discussions with clients about their own strategies. Ultimately, this sector-based approach allows ING to be more effective in steering each portfolio towards Paris.

## Strategy of the Issuer

### **New business model begins to take shape**

There are three pillars to the Issuer's new business model, which was introduced three years ago in anticipation of changing customer expectations: new channels for mobile and online banking, contact by telephone via the client service, and personal advise in the branches and Client Houses.

#### *Pillar 1: New ING Banking app*

We live in a rapidly digitalising world. By now, 1.7 million customers – in other words, more than half of all ING customers in Belgium - manage their bank transactions online or via the app. In addition, more customers are using the app than the online banking facility. At the end of 2019, 1.3 million customers were dealing with bank transactions via the app, while one million customers used online banking.

The Issuer launched its new mobile and online banking channels against this background of rapidly accelerating digital adoption. The new ING Home'Bank platform is more clearly structured and user-friendly and offers more intuitive navigation.

25 teams of eight employees in Belgium, the Netherlands, Germany and Spain developed the new ING Banking app, which has been available to Belgian customers from the App Store and the Google Play store since December 2019. These 200 internationally based developers are currently working to extend the app by adding new functionalities. This app also runs on the same basis as the ING Banking apps in the Netherlands and Germany.

#### *Pillar 2: One single tool helps 6,500 customer services employees in Belgium and the Netherlands*

In 2019 ING also invested in the second pillar of the new banking model with the introduction of the Assisted Toolkit. This new tool records all interactions between ING and the customer, whether they take place by phone or through the branches. It is also a customer relationship management (CRM) tool which displays all relevant information about the customer. This facilitates collaboration between the branches and the client service and also between client service employees, as a result of which customers receive faster and more personalised service. The tool also ensures better alignment of customer processes in Belgium and the Netherlands, which in turn helps to improve cross-border

collaboration. Today, the customer services employees at the Issuer answer an average of 10,000 calls within 90 seconds every day.

The new Sales and Servicing organisation was rolled out in 2018. With this new approach, personal advice has become more accessible. When customers now come into an ING branch, their first contact person, is the “Customer Coach”. If they are coming for certain banking services, the “Customer Coach” will give support via the self-service channels (digital or in certain circumstances Customer Loyalty Teams (CLTs)). If customers are coming for advice, then the “Customer Coach” will refer them to the right banker. The new Client Services model ensures that customers no longer have to go to their branch for simple banking services. Between 8 a.m. and 10 p.m. on weekdays and between 9 a.m. and 5 p.m. on Saturdays, customers are able to talk to a contact in the Customer Loyalty Teams by phone, mail or chat.

#### *Pillar 3: 8th new Client House opened its doors*

The fact that customers are increasingly going digital, and are financially independent for longer, has a positive impact on ING employees, who are able to concentrate more and more on personalised advice to customers. As of 2019, the Issuer counts eight Client Houses, one in each major strategic city: Wavre, Brussels, Ghent, Aalst, Leuven, Liège, Antwerp and Namur. By the end of 2021, the Issuer plans to open 15 of them. The Client House is a new branch concept introduced by the Issuer in 2017 where innovation, expertise and customer friendliness come together.

#### **Combined forces across borders: IT, customer service and finance**

The agile way of working in the different ING countries also ensures that employees work together much more efficiently as one organisation across national borders. For example, the agile way of working is the foundation for the migration of ING customers to a single integrated bank platform for Belgium and the Netherlands, with the IT staff now applying the same agile method in both countries.

As part of this vision the customer services in Ghent moved from two different locations to the new ING 9000 building, which is specifically designed to support the agile way of working. Because these staff members now work from the same building as self-managing teams, they can meet each other more easily and therefore require fewer transfer moments. Customer requests can be dealt with more quickly as a result. Customer services in Namur and Louvain-La-Neuve are also relocating to a single new site in October 2021.

As of 2019, the the finance cross-border organisation has now been completed. All finance employees have a harmonised way of working across both countries, acting as a proactive partner in empowering the business with valuable information and advice.

#### **Staff evolution**

In the course of 2019, the total number of staff (in full time equivalent, or FTE's) of the Issuer decreased by 3% from 8,738 FTE's to 8,504 FTE's.

While overall staffing members declined in 2019, the Issuer was able to continue to recruit new staff equal to 882 FTE's to meet its strategic goals.

#### **Retail Belgium (includes ING in Luxembourg)**

Retail Belgium represents income from retail and private banking activities in Belgium (including Luxembourg), for private individuals, self-employed and micro companies, SME and mid-corporate segments.

The underlying result before tax of Retail Belgium increased 8.7 percent to EUR 647 million in 2019, compared with EUR 595 million in 2016, reflecting a higher net interest income and lower expenses.

Interest income is up 4% despite a worsening interest rate environment and a slower lending growth pace, witnessing an increased loan pricing discipline. Operating expenses are slightly down despite

increased costs related to KYC enhancement efforts. Risk costs in 2019 are up 22 million versus last year owing to a selected number of loans against the backdrop of a slowdown of the economy.

The lending portfolio increased by EUR +3.9 bln compared to 2018, ends at EUR 91.3 bln for the year 2019. This increase in production is driven by mortgages (EUR 1.8 bln), business lending (EUR 1.3 bln) and Group Treasury (EUR 0.6 bln). Customer Deposits increase by EUR 3.9 bln excl. Group Treasury, mostly in Current Accounts.

## Wholesale Banking

Through the Wholesale Banking business the Issuer also serves corporate clients and financial institutions.

For corporate clients and financial institutions the Issuer provides specialised lending, tailored corporate finance and debt and equity markets solutions. The Issuer also offers working capital, payments and cash management and trade and treasury services to help them achieve their business goals.

## Regulation and Supervision

### *Law on the Legal Status and Supervision of Credit Institutions*

The banking regime in Belgium is governed by the Law on the Legal Status and Supervision of Credit Institutions and stockbroking firms of 25 April 2014 ("*Wet op het statuut van en het toezicht op kredietinstellingen en beursvennootschappen/ Loi relative au statut et au contrôle des établissements de crédit et des sociétés de bourse*", the **Credit Institutions Supervision Law**). The Credit Institutions Supervision Law replaced the Act on the Legal Status and Supervision of Credit Institutions of 22 March 1993 and its subsequent modifications. The Credit Institutions Supervision Law sets forth the conditions under which the Issuer may operate in Belgium and defines the regulatory and supervisory powers of the Supervisor. The Credit Institutions Supervision Law aims to reinforce the financial solidity of Belgian credit institutions by way of, *inter alia*, strengthening own funds, imposing stricter liquidity requirements and limits on distributions. The Credit Institutions Supervision Law largely follows the evolution of European legislation. It implements, among other things, the CRD IV Directive (**CRD IV**) and, where applicable, the Capital Requirements Regulation (the **CRR**). The CRR was directly applicable as from 1 January 2014, subject to further implementation and phased introduction of certain provisions, set out therein. The Credit Institutions Supervision Law also puts a lot of emphasis on the solid and efficient organisation of credit institutions and hereto introduces a dual governance structure at management level, specialised committees within the board (audit committee, risk committee, remuneration committee and nomination committee), independent control functions, and strict remuneration policies (including limits on the amount of compensation, the form and timing for vesting and payment of variable remuneration, as well as reduction and claw-back mechanics). The Credit Institutions Supervision Law also introduces a prohibition in principle of proprietary trading. The prohibition applies to the Issuer as from 1 January 2015. However, some proprietary trading activities are excluded from the prohibition. Permitted proprietary trading activities (including market-making, hedging, treasury management and long-term investments) are capped, and these types of activities must comply with strict requirements on reporting, internal governance, and risk-management. The Credit Institutions Supervision Law also transposes provisions of the Banking Recovery and Resolution Directive (**BRRD**) (see further below under – *Bank Recovery and Resolution Regimes*) into Belgian law, including the various resolutions tools and powers granted to the resolution authority, including the bail-in tool.

In addition, on 31 July 2017, the Belgian legislator adopted a new law to, amongst others, amend the Credit Institutions Supervision Law in order to give effect to the European Commission's proposals of 23 November 2016 to amend CRD IV and the BRRD. In particular, the law also adds a new article 389/1 in the Credit Institutions Supervision Law which aims at increasing the effectiveness of the bail-in tool and introduces a new category of claims in the statutory creditor hierarchy in the case of a liquidation procedure (*liquidatieprocedure/procédure de liquidation*) of a credit institution. Article 389/1, 2° of the Credit Institutions Supervision Law now divides senior notes into: (i) senior preferred notes, retaining the same ranking as the previous senior notes; and (ii) senior non-preferred notes.

Senior non-preferred notes are direct, unconditional, senior, and unsecured (*chirografaire/chirographaires*) obligations. They must have the following characteristics:

- they do not include embedded derivatives and are not themselves derivatives. Debt instruments with a variable interest rate resulting from a widely used benchmark rate and debt instruments that are not denominated in the issuer's domestic currency, provided that the principal, the repayment and the interest are denominated in the same currency, are not considered as debt instruments including embedded derivatives as a result of these sole features;
- their maturity may not be less than one year;
- the issuance terms must expressly provide that the claim is unsecured (*chirografair /chirographaire*) and that their ranking is as set forth in Article 389/1, 2° of the Credit Institutions Supervision Law.

In accordance with this new provision, in case of liquidation of a credit institution or stockbroking firm, the claims will rank as follows (whereby Common Equity Tier 1 will rank lowest):

Common Equity Tier 1	
Additional Tier 1	
Tier 2 + other Subordinated Liabilities	
Non Preferred Senior Unsecured Instruments (art. 389/1, 2° Belgian Banking Law 25 April 2014)	
Other Preferred Senior Unsecured Liabilities	} <i>Pari passu</i>
Derivatives	
Deposits Large Enterprises (> 100,000 EUR)	
Deposits SME and Physical Persons (> 100,000 EUR)	
Covered Deposits (> 100,000 EUR)	
Secured Liabilities	

Article 242, 10° of the Credit Institutions Supervision Law explicitly excludes covered bonds from the scope of eligible debts that may be subject to bail-in powers. The circumstances allowing the resolution authority to apply the bail-in tool would also allow the Supervisor to designate a Cover Pool Administrator to manage the Special Estate.

Further to the above, it should be noted that (i) certain elements of the Credit Institutions Supervision Law require further detailed measures to be taken by other authorities, in particular the National Bank of Belgium, (ii) certain elements of the Credit Institutions Supervision Law will be influenced by further regulations (including through technical standards) taken or to be taken at European level, and (iii) the application of the Credit Institutions Supervision Law may be influenced by the recent assumption by the European Central Bank of certain supervisory responsibilities which were previously handled by the National Bank of Belgium and, in general, by the allocation of responsibilities between the European Central Bank and the National Bank of Belgium.

Although the Issuer works closely with its regulators and continually monitors regulatory developments, there can be no assurance that the additional regulatory or capital requirements

included in the Credit Institutions Supervision Law will not have an adverse impact on the Issuer, its business, financial condition or results of operations.

### ***Single Supervisory Mechanism***

In November 2014 the European Central Bank (**ECB**) assumed responsibility, conferred on it by the Single Supervisory Mechanism (**SSM**), for a significant part of the prudential supervision of euro area banking groups in the Eurozone, including ING. The Issuer is subject to consolidated supervision by the ECB on the basis of the consolidated financial situation of ING Group and ING Bank. The ECB is amongst others responsible for tasks such as market access, compliance with capital and liquidity requirements and governance arrangements. The Issuer is also subject to the supplementary supervision of the ECB as regards the supplementary supervision of financial entities in a financial conglomerate. National regulators, including the National Bank of Belgium for the Issuer, remain responsible for supervision of tasks that have not been transferred to the ECB such as financial crime and payment supervision. The prudential supervision of the Belgian Covered Bonds in respect of the Issuer currently remain with and is performed by the NBB.

The Issuer expects to benefit from the harmonisation of supervision resulting from the SSM but at the same time does not expect such harmonisation to be fully in place in the short to mid-term. The Issuer expects that the National Bank of Belgium will continue to play a significant role in the supervision of the Issuer.

Another significant change in the regulatory environment has been the setting up of the Single Resolution Mechanism (**SRM**), which comprises the Single Resolution Board (**SRB**) and the national resolution authorities and is fully responsible for the resolution of banks within the Eurozone as of 1 January 2016. ING has been engaging already with the Dutch national resolution authorities and the SRB for a few years with the aim of supporting the preparation of a resolution plan for ING and will continue to collaborate with the resolution authorities. The rules underpinning the SRM could have a significant impact on business models and capital structure of financial groups in order to become resolvable but at this stage it is not fully clear what the impact on ING will be.

As a third pillar to the Banking Union, the EU aims at further harmonising regulations for Deposit Guarantee Schemes (**DGS**). Main elements are the creation of ex-ante funded DGS funds, financed by risk-weighted contributions from banks. As a next step, the EU is discussing a pan-European (or pan-banking union) DGS (the European Deposit Insurance Scheme (**EDIS**)), (partly) replacing or complementing national compensation schemes. The progress on the EDIS proposal is slower than expected; this proposal as well as certain accompanying risk reduction measures are still being discussed in the European Parliament and in the Council.

### ***Basel III and CRD IV***

In December 2010, the Basel Committee on Banking Supervision (**BCBS**) announced higher global minimum capital standards for banks, and introduced a new global liquidity standard and a new leverage ratio. The BCBS's package of reforms, collectively referred to as the 'Basel III' rules, will, among other requirements, increase the amount of common equity required to be held by subject banking institutions, prescribe the amount of liquid assets and the long-term funding a subject banking institution must hold at any given moment, and limit leverage. Banks are required to hold a "capital conservation buffer" to withstand future periods of stress. Basel III has also introduced a "countercyclical buffer" as an extension of the capital conservation buffer, which permits national regulators to require banks to hold more capital during periods of high credit growth (to strengthen capital reserves and moderate the debt markets). Further, Basel III has strengthened the definition of capital that will have the effect of gradually disqualifying many hybrid securities during the years 2013-2022, including the hybrids that were issued by the Group, from inclusion in regulatory capital, as well as the higher capital requirements associated with certain business conditions (for example, for credit value adjustments ("**CVAs**") and illiquid collateral) as part of a number of reforms to the Basel II framework. In addition, the BCBS and the Financial Stability Board (the **FSB**) published measures in October 2011 that would have the effect of requiring higher loss-absorbency capacity, liquidity surcharges, exposure limits and special resolution regimes for, and instituting more intensive and effective supervision of, 'systemically important financial institutions' (**SIFIs**) and so-called 'Global' SIFIs (**G-SIFI**), in addition to the Basel III requirements otherwise applicable to most financial

institutions. One such measure, published by the FSB in November 2015, is the Final Total-Loss Absorbing Capacity (**TLAC**) standard for G-SIFIs, which aims for G-SIFIs to have sufficient loss-absorbing and recapitalisation capacity available in resolution. ING Bank has been designated by the Basel Committee and FSB as a so-called “Global Systemically Important Bank” (**G-SIB**), since 2011.

The Basel III proposals and their potential impact are monitored via semi-annual monitoring exercises in which ING participates. As a result of such monitoring exercises and ongoing discussions within the regulatory environment, revisions have been made to the original Basel III proposals as was the case with the revised Liquidity Coverage Ratio in January 2013 and the revised Net Stable Funding Ratio and Leverage Ratio in January 2014. In December 2017, revisions to Basel III were formally announced by the Basel Committee. These revisions to Basel III establish new prudential rules for banks, including a revision to the standardised approach to credit risk, the introduction of a capital floor based on standardised approaches, the use of internal models, limitation of options for modelling operating risks, and new rules for the establishment of risk-weighted items and unused credit lines at the banks. Such revisions have a long implementation phase and are yet to be fully transposed into EU regulation. The revisions are commonly referred to as “Basel III Reform” or “Basel IV”.

For European banks, the original Basel III requirements were implemented through the CRR, which was adopted by the EC in June 2013 following approval by the European Parliament in April 2013, and the CRD IV. The CRR entered into force on 28 June 2013 and the CRD IV entered into force on 17 July 2013, and all banks and investment firms in the EU (as opposed to the scope of the Basel III requirements, which apply to ‘internationally active banks’) were required to apply the new rules from 1 January 2014 in phases and these rules were required to be fully implemented as of 1 January 2019.

The full impact of these rules, and any additional requirements for SIFIs or G-SIFIs, if and as applicable to ING Bank and/or to the Issuer, will depend on how the CRD IV Directive is transposed into national laws in each Member State, including the extent to which national regulators and supervisors set more stringent limits and additional capital requirements or surcharges.

CRD IV has not only resulted in new quantitative requirements but has also led to the setting of new standards and evolving regulatory and supervisory expectations in the area of governance, including with regard to topics like conduct and culture, strategy and business models, outsourcing and reporting accuracy. The European Banking Association (**EBA**) in particular has published new guidance such as the revised Guidelines on Internal Governance (2017), the Guidelines on the assessment of the suitability of members of the management body and key function holders (2017) and the revised Guidelines on the governance framework with regard to outsourcing arrangements (2019). These guidelines enhance the roles and responsibilities of the management body as well as those of the risk management function and put importance on the establishment of a sound risk culture and code of conduct, and managing conflicts of interest. ING’s lead regulator, the ECB, increasingly puts emphasis on these new standards in its day to day supervision and incorporates the standards in the Supervisory Review and Evaluation Process (**SREP**) methodology. Continuing initiatives by multiple regulators and supervisors on corporate governance may significantly impact how ING designs and structures its governance.

Following the adoption of the CRR and CRD IV, regulators increasingly came to focus on the required capital calculations across banks. Since the start of the financial crisis there has been much debate on the risk-weighted capitalisation of banks, and specifically on whether internal models are appropriate for such purposes. These developments have suggested that stricter rules may be applied by a later framework. The Basel Committee released several consultative papers, containing proposals to change the methodologies for the calculation of capital requirements and is expected to issue further standards in this respect. In these proposals, the Basel Committee suggests methods to calculate RWA using more standardised or simpler methods in order to achieve greater comparability, transparency and consistency.

On 27 June 2019, a series of measures referred to as the Banking Reform Package (including certain amendments to CRR and CRD IV commonly referred to as “**CRR II**” and “**CRR V**”) came into force, subject to various transitional and staged timetables. The adoption of the Banking Reform Package concluded a process that began in November 2016 and marks an important step toward the completion of the European post-crisis regulatory reforms, drawing on a number of international

standards agreed by the Basel Committee, the Financial Stability Board and the G20. The Banking Reform Package updates the framework of harmonised rules established following the financial crisis and introduces changes to the CRR, CRD IV, the BRRD and the Single Resolution Mechanism Regulation (**SRMR**). The Banking Reform Package covers multiple areas, including the Pillar 2 framework, the leverage ratio, mandatory restrictions on distributions, permission for reducing own funds and eligible liabilities, macroprudential tools, a new category of 'non-preferred' senior debt, the minimum requirement for own funds and eligible liabilities (**MREL**) and the integration of the TLAC standard into EU legislation.

Whilst the Banking Reform Package was being developed, the ECB introduced the Targeted Review of Internal Models (**TRIM**) in June 2017 to assess reliability and comparability between banks' models for calculating each bank's risk-weighted assets (**RWA**) used for determining certain of such bank's capital requirements. The operating consequences of the TRIM exercise have been significant. The TRIM is expected to finalise in 2020, and could impact ING through more stringent regulation on internal models. There is also heightened supervisory attention for the credit quality of loans to corporates and/or households. These exercises could impact the RWA ING recognises for certain assets.

### ***Bank Recovery and Resolution Regimes***

Since its adoption by the European Parliament in 2014, the BRRD has become effective in all EU countries after transposition into national law, including in Belgium.

The BRRD aims to safeguard financial stability and minimise the use of public funds in case banks face financial distress or fail to comply with the BRRD. Banks across the EU need to have recovery plans in place and need to cooperate with resolution authorities to determine, and make feasible, the preferred resolution strategy.

The aim of the BRRD is to provide supervisory authorities and resolution authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

The powers granted to authorities include, among others, a statutory 'write-down and conversion power' and a 'bail-in' power, which gives the resolution authority the power to, as a resolution action or when the resolution authority determines that otherwise the Issuer would no longer be viable, inter alia, (i) reduce or cancel existing shares, (ii) convert relevant capital instruments or eligible liabilities or bail-inable liabilities into shares or other instruments of ownership of the relevant entity and/or (iii) write down relevant capital instruments or eligible liabilities or reduce or cancel the principal amount of, or interest on, certain unsecured liabilities (which could include certain securities that have been or will be issued by the Issuer), whether in whole or in part and whether or not on a permanent basis.

In addition to the 'write-down and conversion power' and the 'bail-in' power, the powers granted to the resolution authority include the power to (i) sell and transfer a banking group or all or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply, (ii) transfer a banking group or all or part of its business to a 'bridge institution' (a publicly controlled entity) and (iii) separate and transfer all or part of a banking group's business to an asset management vehicle (a publicly controlled entity) to allow them to be managed over time.

In addition, among the broader powers granted to the resolution authority, the BRRD provides powers to the resolution authority to amend the maturity date and/or any interest payment date of, or the interest amount payable under, debt instruments or other bail-inable liabilities, including by suspending payment for a temporary period.

The Banking Reform Package includes changes to MREL to ensure an effective bail in process. It also includes new competences for resolution authorities and requires G-SIBs to have more loss-absorbing and recapitalisation capacity.



The SRB confirmed to ING in 2017 that a single-point-of-entry (SPE) strategy is ING Group's preferred resolution strategy, with ING Group as the resolution entity.

In 2018, ING Group received a formal notification from De Nederlandsche Bank (**DNB**) of its MREL. The MREL requirement has been established to ensure that banks in the European Union have sufficient own funds and eligible liabilities to absorb losses in the case of potential bank failure. The MREL requirement is set for ING Group at a consolidated level, as determined by the SRB. This MREL requirement has been set at 10.89% of total liabilities and own funds.

ING has been replacing, and will continue to replace, maturing ING Bank debt with ING Group instruments. In order to build up its MREL capacity, ING Group issued multiple transactions. These transactions will not only allow ING to support business growth, but will also help to meet future MREL and TLAC requirements with ING Group instruments only.

CRR II implements the Financial Stability Board's TLAC requirement for Global Systemically Important Institutions (**G-SII**), which is the EU equivalent of a G-SIB. The transitional requirement—the higher of 16 percent of the resolution group's risk weighted assets (**RWA**) or six percent of the leverage ratio exposure measure—applies immediately. The higher requirement—18 and 6.75 percent, respectively—comes into effect as of 1 January 2022. As a G-SII ING is expected to meet the TLAC requirement alongside the other minimum regulatory requirements set out in EU regulation.

ING has had a recovery plan in place since 2012. The plan includes information on crisis governance, recovery indicators, recovery options, and operational stability and communication measures. The plan enhances the bank's readiness and decisiveness in case of a financial crisis. The plan is updated annually to make sure it stays fit for purpose. The completeness, quality and credibility of the updated plan is assessed each year by ING's regulators.

### ***Services Directive 2 (PSD2)***

PSD2 entered into force in January 2018 and responds to technical change and a variety of developments in the payments domain. It fosters innovation and competition by promoting non-discriminatory access to payment systems and accounts, including the newly introduced account information services and payment initiation services. Customers benefit from greater transparency of costs and charges, PSD2's extended geographical reach and being applicable to transactions in any currency, a reduction of the maximum liability for unauthorised transactions and a backstop date for complaint resolution. Finally, to combat cybercrime and online fraud, PSD2 continues the trend towards enhancing the security around the making of payments, e.g. by the introduction of strong customer authentication. It consists of two factor authentication, to be performed every time a payer accesses its payment account online or initiates electronic remote payment transactions. The Regulatory Technical Standards for strong customer authentication and common and secure communication provide further requirements to implement the strict security requirements for payment service providers in the EU.

### ***Benchmarks Regulation***

The London Interbank Offered Rate (**LIBOR**), the Euro OverNight Index Average ("**EONIA**"), the Euro Interbank Offered Rate (**EURIBOR**) and other interest rates or other types of rates and indices which are deemed to be 'benchmarks' are the subject of ongoing national and international regulatory reform. On 8 June 2016, the EU adopted a Regulation (the **Benchmarks Regulation**) on indices (such as LIBOR and EURIBOR) used in the EU as benchmarks in financial contracts. The Benchmarks Regulation became effective as of 1 January 2018. It provides that administrators of benchmarks used in the EU generally must be authorised by or registered with regulators no later than 1 January 2020, and that they must comply with a code of conduct designed primarily to ensure reliability of input data, governing issues such as conflicts of interest, internal controls and benchmark methodologies. Furthermore, on 27 July 2017 the FCA announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021. The announcement indicates that the continuation of the LIBOR on the current basis cannot and will not be guaranteed after 2021. In addition, as of October 2019, the new euro risk-free rate euro short-term rate (**€STR**) is being published and the EONIA benchmark was reformed, making it dependant to the

€STR benchmark. The reformed EONIA benchmark will cease to exist by 1 January 2022 and therefore the European Money Markets Institute (EONIA's administrator) has indicated that EONIA cannot be used in any contracts that will be outstanding as of 1 January 2022. Public authorities have initiated industry working groups in various jurisdictions to search for and recommend alternative risk-free rates that could serve alternatives if current benchmarks like LIBOR and EONIA cease to exist or materially change. The work of these working groups is still ongoing, though certain of such organizations have advanced proposals for benchmark replacements. For example, the US Federal Reserve's Alternative Reference Rates Committee (commonly referred to as **ARRC**) has recommended adoption of the Secured Overnight Financing Rate (commonly referred to as **SOFR**) as an alternative to US dollar LIBOR.

### ***Know your customer (KYC)***

ING is committed to the preservation of its reputation and integrity through compliance with applicable laws, regulations and ethical standards in each of the markets in which it operates. All employees are expected to adhere to these laws, regulations and ethical standards, and management is responsible for ensuring such compliance. Compliance is therefore an essential ingredient of good corporate governance. As gatekeepers of the financial system ING has obligations to safeguard trust in that system and prevent misuse. However, money laundering is not contained within a single country or jurisdiction, it is a global challenge that impacts the entire financial system. ING, like all other participants in the financial services industry, has an important role to play in helping to combat financial economic crime. ING contributes knowledge and capacity to various public-private partnerships fighting financial crime. ING believes it can be even more effective in safeguarding the financial system if it joins forces and works with other banks and with national and European authorities and law enforcement to identify and manage the financial economic crime risks better, taking all relevant laws and regulations into account (including the regulations set-out in the European Anti-Money Laundering Directive 2015/849, as amended by Directive 2018/843). Improving the way ING manages compliance risk, especially when it comes to preventing criminals from misusing the financial system, is a key priority for ING.

### ***MiFID II***

Integrity and transparency in financial markets are essential for public and investor confidence. The revised Markets in Financial Instruments Directive European legislation (MiFID II/MiFIR) came into effect in January 2018 and had a major impact on ING and the markets in which it operates. A central programme continued in 2019 to support ING's commitment to further embed the revised legislation throughout the organisation.

The requirements set out in MiFID II/MiFIR are manifold and impact a large part of our organisation and day-to-day business. In order to ensure compliance with these rules, standard controls were rolled out throughout the ING EU entities. In addition, a framework measuring MiFID compliance risk was implemented in order to stay abreast of any compliance issues that need addressing.

Regulatory guidance around MiFID II/MiFIR continues to evolve and key requirements are currently under review. As a result, ING will ensure that the organisation has continuous access to central guidance giving a clear steer on expected conduct and processes. A network of experts has been set up to ensure timely implementation of any regulatory changes.

## **3 ORGANISATIONAL STRUCTURE**

The Issuer is a wholly owned subsidiary of ING Bank. ING Bank is a non-listed 100% subsidiary of ING Group . ING Group is the holding company for a broad spectrum of companies (together, ING).

ING currently is a global financial institution with a strong European base, offering banking services. ING draws on its experience and expertise, its commitment to excellent service and its global scale to meet the needs of a broad customer base, comprising individuals, families, small businesses, large corporations, institutions and governments. ING serves more than 38 million customers in over 40 countries. ING has more than 56,000 employees.

ING Luxembourg is a wholly owned subsidiary of the Issuer. The Issuer is not dependent on any subsidiaries.

#### **4. RISK MANAGEMENT**

Information on Risk management can be found in the Issuer's Annual Report 2019 on page 100 onwards (see "*Documents Incorporated by Reference*").

#### **5. TREND INFORMATION**

There has been no material adverse change in the prospects of the Issuer since 31 December 2019. However, the Issuer continues to monitor closely the impact of the COVID-19 pandemic in order to assess the materiality of such impact on its prospects.

#### **6. PROFIT FORECASTS OR ESTIMATES**

The Board of Directors does not formulate any forecasts for the results for the period under review, in line with the position drawn up by the Executive Board of ING Group.

#### **7. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**

##### **7.1 Members of the administrative, management and supervisory bodies**

Information on the administrative, management and supervisory bodies of the Issuer can be found in the Issuer's Annual Report 2019 on page 6 onwards. (see *Documents Incorporated by Reference*).

All members of these bodies have elected domicile at the registered office of the Issuer, Avenue Marnixlaan 24 at B-1000 Brussels for the purpose of their functions within the Issuer.

##### **Management of the Issuer (Board of Directors)**

- Count Diego du Monceau de Bergendal, Chairman Board of Directors
- Erik Van Den Eynden, Chief Executive Officer, Managing Director (until 30 September 2020)
- Gordana Hulina, Managing Director
- Philippe Wallez, Managing Director
- Frank Stockx, Managing Director
- Hans De Munck, Managing Director
- Ellen Aelvoet, Managing Director
- Tanate Phutrakul, Non-executive Director
- Swee-Im Ung, Non-executive Independent Director
- Ingrid De Poorter, Non-executive Independent Director

- Nancy Dhollander, Non-executive Independent Director
- Koen Van Gerven, Non-executive Independent Director

The most recent composition of the Board of Directors of the Issuer can be found on <https://about.ing.be/About-ING/ING-Belgium/ING-Belgium/Structure-organisation/The-Board-of-Directors.htm>

### **Executive Committee of the Issuer**

- Erik Van Den Eynden, Chief Executive Officer (until 30 September 2020)
- Philippe Wallez, Head of Retail and Private Banking
- Frank Stockx, Chief Operations Officer
- Hans De Munck, Chief Financial Officer
- Ellen Aelvoet, Head of Wholesale Banking
- Gordana Hulina, Chief Risk Officer
- Executive Committee (*ad interim*), Chief Informations Officer

As of 1 October and subject to regulatory approval, Mr. Hans De Munck will replace Mr. Erik Van Den Eynden as CEO ad interim until the appointment of a new CEO. The most recent composition of the Executive Committee of the Issuer can be found on <https://about.ing.be/About-ING/ING-Belgium/ING-Belgium/Structure-organisation/Executive-Committee.htm>

### **Audit Committee<sup>20</sup>**

The Board of Directors has set up, from among its members, an Audit Committee. The members of the Audit Committee of the Issuer are:

- Koen Van Gerven, Chairman
- Ingrid De Poorter
- Count Diego du Monceau de Bergendal

The most recent composition of the Audit Committee of the Issuer can be found on <https://about.ing.be/About-ING/ING-Belgium/ING-Belgium/Structure-organisation/The-Board-of-Directors.htm>

### **Risk Committee**

The Board of Directors has set up, from among its members, a Risk Committee. The members of the Risk Committee of the Issuer are:

- Ingrid De Poorter, Chairman

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<sup>20</sup> Subject to NBB/ECB approval

- Count Diego du Monceau de Bergendal
- Swee-Im Ung

The most recent composition of the Risk Committee of the Issuer can be found on <https://about.ing.be/About-ING/ING-Belgium/ING-Belgium/Structure-organisation/The-Board-of-Directors.htm>

### **Nomination Committee**

The Board of Directors has set up, from among its members, a Nomination Committee. The members of the Nomination Committee of the issuer are:

- Nancy Dhollander, Chairman
- Tanate Phutrakul
- Koen Van Gerven

The most recent composition of the Nomination Committee of the Issuer can be found on <https://about.ing.be/About-ING/ING-Belgium/ING-Belgium/Structure-organisation/The-Board-of-Directors.htm>

### **Remuneration Committee**

The Board of Directors has set up, from among its members, a Remuneration Committee. The members of the Remuneration Committee of the Issuer are:

- Swee-Im Ung, Chairman
- Tanate Phutrakul
- Ingrid De Poorter

The most recent composition of the Remuneration Committee of the Issuer can be found on <https://about.ing.be/About-ING/ING-Belgium/ING-Belgium/Structure-organisation/The-Board-of-Directors.htm>

### **Corporate governance**

See 'ING Belgium SA and the rules of corporate governance' on pages 14 to 20 of the Issuer's Annual Report 2019 (see *Documents Incorporated by Reference*).

## **8. POTENTIAL CONFLICTS OF INTEREST**

The Issuer confirms that, to the best of its knowledge, at the date of this Base Prospectus, there are no conflicts of interests, potential or not, between any duties to the Issuer of the persons referred to in the Issuer's Annual Report 2019 at pages 14 to 20 and their private interests and/or other duties (see *Documents Incorporated by Reference*).

## **9. MAJOR SHAREHOLDERS**

The Issuer is controlled by ING Bank who owns 100% of the shares of the Issuer.

There are for the time being no arrangements known to the Issuer which might result in a subsequent change of control of the Issuer.

## **10. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**

### **10.1 Historical financial information**

The audited consolidated accounts 2018 are prepared according to International Financial Reporting Standards (**IFRS**), and are to be found in the Issuer's Annual Report 2018 from page 22 onwards (see *Documents Incorporated by Reference*).

The audited consolidated accounts 2019 are prepared according to International Financial Reporting Standards (**IFRS**), and are to be found in the Issuer's Annual Report 2019 from page 21 onwards (see *Documents Incorporated by Reference*).

### **10.2 Financial statements**

The audited consolidated accounts 2018 are prepared according to International Financial Reporting Standards (**IFRS**), and are to be found in the Issuer's Annual Report 2018 from page 22 onwards (see *Documents Incorporated by Reference*).

The audited consolidated accounts 2019 are prepared according to International Financial Reporting Standards (**IFRS**), and are to be found in the Issuer's Annual Report 2019 from page 21 onwards (see *Documents Incorporated by Reference*).

### **10.3 Age of latest financial information**

The latest financial information is not older than 18 months as it dates back to 31 December 2019.

### **10.4 Auditing of historical annual financial information**

The historical financial information for the years 2019 and 2018 has been audited.

For the year 2019, see pages 137 onwards of the Issuer's Annual Report 2019 for the auditor's report on the consolidated accounts (see *Documents Incorporated by Reference*).

For the year 2018, see pages 139 onwards of the Issuer's Annual Report 2018 for the auditor's report on the consolidated accounts (see *Documents Incorporated by Reference*).

No other information in this Prospectus has been audited by the Issuer's Auditors.

### **10.5 Key figures**

#### **Highlights**

<b>In EUR billions</b>	<b>2019</b>	<b>2018</b>
Profit after tax	0.750	0.834
Customer deposits	107	103
Customer loans	114	111
In %		
Tier 1 (Basel III)	16.7	16.0
Total capital ratio	18.6	18.1
Leverage ratio	5.7	5.4

## ING Belgium NV/SA – Consolidated assets

In EUR millions	2019	2018	%
Cash and balances with central banks	13,501	11,912	+13.3%
Amounts due from banks	8,421	8,770	-4.0%
Financial assets at fair value through profit and loss	8,525	7,981	+6.8%
Financial assets at fair value through other comprehensive income	3,893	4,054	-4.0%
Securities at amortised cost	9,741	9,164	+6.3%
Loans and advances to customers	114,211	110,571	+3.3%
Remaining assets	2,541	1,909	+33.1%
<b>Total Consolidated assets</b>	<b>154,360</b>	<b>154,360</b>	<b>+4.2%</b>

## ING Belgium NV/SA – Consolidated liabilities and Equity

In EUR millions	2019	2018	%
Deposits from banks	20,368	17,124	+18.9%
Customer deposits	107,387	103,331	+3.9%
Financial liabilities at fair value through profit and loss	9,489	10,243	-3.8%
Remaining liabilities	12,111	13,446	-9.9%
Shareholders' equity	11,117	10,216	+8.8%
Non-controlling interests	0	0	0.0
<b>Total consolidated liabilities and equity</b>	<b>160,832</b>	<b>154,360</b>	<b>+4.2%</b>

## ING Belgium NV/SA – Consolidated Income statement

In EUR millions	2019	2018	%
<b>Financial and operational income/expenses</b>	<b>3,213</b>	<b>3,290</b>	<b>-2.3%</b>
of which: net interest income	2,363	2,323	+1.7%
of which: commissions and fees	574	584	-1.7%
of which: other income	276	383	-27.9%
<b>Total expenses (-)</b>	<b>-2,243</b>	<b>-2,113</b>	<b>+6.2%</b>
of which: staff expenses	-1,005	-1,055	-4.7%
of which: operating expenses	-746	-678	+10.0%
of which: regulatory expenses	-214	-222	-3.6%
of which: loan loss provisioning	-278	-158	+75.9%
<b>Profit before tax</b>	<b>970</b>	<b>1,177</b>	<b>-17.5%</b>

Taxation (-)	-220	-344	-36.0%
<b>Profit after tax</b>	<b>750</b>	<b>834</b>	<b>-9.3%</b>
Third party interest (-)	0	-6	-100%
<b>Consolidated net profit (attributable to the equity holders of the parent)</b>	<b>750</b>	<b>827</b>	<b>-9.3%</b>
<b>Financial and operational income/expenses</b>	<b>3,213</b>	<b>3,290</b>	<b>-2.3%</b>
of which: net interest income	2,363	2,323	+1.7%

### ING Belgium NV/SA – Ratios in respect of Regulatory Capital Requirements

Excluding the impact of the capital buffers, in 2019 the minimum Pillar I capital requirements were as follows:

- Common Equity Tier 1 ratio: 4.5%,
- Tier 1 ratio: 6%
- Total Capital ratio: 8%.

In order to determine the overall Pillar I capital requirements, these ratios need to be augmented with the combined buffer requirements, i.e. for the Issuer, on a fully loaded basis: 2.5% Capital Conservation Buffer, 1.5% (DSIB) systemic buffer and 0.07% counter-cyclical buffer. This results in the following ratios (Fully Loaded):

- Core Tier 1 ratio: 8.56%
- Tier 1 ratio: 10.06%
- Total Capital ratio: 12.06%.

### ING Belgium NV/SA – Total Capital Ratio

CET 1 Fully loaded (2019): 14.75%

Total Capital Ratio Fully loaded (2019): 18.59%

## 10.6 Legal and arbitration proceedings

The Issuer and its subsidiaries are involved in legal proceedings in Belgium and abroad involving claims by and against them which arise in the ordinary course of their business, including in connection with their activities as lenders, investors and taxpayers. In certain of such proceedings, large or indeterminate amounts are claimed, including damages and interest. While it is not feasible to predict or determine the ultimate outcome of all pending or threatened proceedings, management does not believe that their outcome will have a material adverse effect on the Issuer's financial position or operating results, taking into account provisions made for some of these cases.

What is mentioned hereafter are the legal proceedings or type of legal proceedings in which an amount of more than 5,000,000 euro is claimed against the Issuer.

The Issuer has been summoned by some customers who subscribed (or intended to subscribe) floating rate credit facilities with the Issuer or another bank and who signed an IRS contract (**Interest Rate Swap**) with the Issuer in 2007-2008 in order to hedge the increase of the interest rates which had been announced. The Issuer has obtained favourable judgments in first degree in all the cases. The appeal procedure is ongoing for some cases. Four cases resulted in a judgment of the Court of



Appeal, in favour of the Issuer.

The Issuer has also been summoned by an IT services supplier with whom an agreement was concluded on the outsourcing of the conservation and the execution of orders relating to financial instruments. The performance of this contract by the supplier being unsatisfactory, the Issuer terminated the agreement in accordance with its terms. This termination was disputed by the supplier. The Issuer won in the first instance. The IT services supplier lodged appeal.

Record Bank, a former subsidiary of the Issuer, has received multiple summons from clients of some of its independent agents. Without knowledge of Record Bank, these independent agents have received funds from their clients to be invested with a third party with whom Record Bank has neither a link nor a business relationship. This third party has since gone bankrupt. Criminal proceedings have been opened, in which Record Bank is no longer prosecuted. Following the integration of Record Bank's banking activities into the Issuer at the beginning of May 2018, this dispute was taken over by the Issuer. In 2019, two cases were decided one in first instance and one in appeal. Those decisions were favourable for the Issuer. In the beginning of 2020, 3 new sentences were pronounced in first instance and have condemned the Issuer to indemnify all or a part of the financial loss of the consumer. The Issuer has decided to appeal those 3 decisions.

#### **10.7 Significant change in the Issuer's financial or trading position**

There has been no significant change in the financial or trading position of the Issuer since 31 December 2019. However, the Issuer continues to monitor closely the impact of the COVID-19 pandemic in order to assess the materiality of such impact on its financial or trading position.

### **11. MATERIAL CONTRACTS**

There are no material contracts outside the ordinary course of the Issuer's business, which could result in being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to the Pandbrieven Holders in respect of the Mortgage Pandbrieven being issued.

### **12. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST**

There is no third party information nor statement by experts nor declaration of any interest.

### **13. ADDITIONAL INFORMATION**

#### Share Capital

Since 30 June 2020, the Issuer's share capital amounts to EUR 2.17 billion represented by 55,414,649 ordinary shares without par value. The Issuer has not issued any other class of shares. Since 12 March 2020 all of the Issuer's shares have been held by ING Bank.

#### Articles of Association and Purpose

Under Article 3 of its Articles of Association, the Issuer's activity is to carry out, on its own behalf or on behalf of third parties, in Belgium or abroad, any business associated with a banking service, in the broadest sense of the term. This includes, but is not necessarily limited to, all transactions relating to deposits of cash and securities, credit transactions of any nature, financial business, stock-market operations, foreign exchange, issuance, intermediation and brokerage.

The Issuer is also authorised to conduct any other business activities that banks are, or may be, allowed to carry out in Belgium or abroad, such as, inter alia, those relating to the commission and brokerage of insurance services, finance leasing and other leasing services in any form, as well as asset, property, advisory or consultancy services on behalf of third parties within the context of these activities.

Through contribution, transfer, merger, subscription, acquisition of holdings or any other form of investment in securities or personal property rights, through financial participation or any other participation, the Issuer may participate in all businesses, undertakings, associations or companies with company business identical, analogous, similar or related to its own or likely to directly or indirectly favour realisation or development of that company business.

The Issuer may carry out all commercial, industrial, financial and movable or real property transactions, which are directly or indirectly related to its company business or may contribute to realisation of that company business.

## TAXATION

### Belgium

*The following summary describes the principal Belgian tax considerations of acquiring, holding and selling the Mortgage Pandbrieven. This information is of a general nature and does not purport to be a comprehensive description of all Belgian tax considerations that may be relevant to a decision to acquire, to hold or to dispose of the Mortgage Pandbrieven. In some cases, different rules may apply. This summary does not describe the tax consequences for a holder of Mortgage Pandbrieven that are redeemable in exchange for, or convertible into assets, of the exercise, settlement or redemption of such Mortgage Pandbrieven or any tax consequences after the moment of exercise, settlement or redemption. Furthermore, this description is based on current legislation, published case law and other published guidelines and regulations as in force at the date of this document and remains subject to any future amendments, which may or may not have retroactive effect.*

*Prospective holders of Mortgage Pandbrieven are urged to consult their own professional advisers with respect to the tax consequences of an investment in the Mortgage Pandbrieven, taking into account their own particular circumstances and the possible impact of any regional, local or national laws.*

### General

For the purpose of the below summary, a Belgian resident is (i) an individual subject to Belgian personal income tax (i.e., an individual who has his domicile in Belgium or has his seat of wealth in Belgium, or a person assimilated to a Belgian resident), (ii) a legal entity subject to Belgian corporate income tax (ie a company that has its registered office, its main establishment, its administrative seat or its seat of management in Belgium), or (iii) a legal entity subject to Belgian legal entities tax (i.e. an entity other than a legal entity subject to corporate income tax having its registered office, its main establishment, its administrative seat or its seat of management in Belgium).

A non-resident is a person or entity that is not a Belgian resident. For Belgian income tax purposes, interest includes (i) the periodic interest income, (ii) any amounts paid by the Issuer in excess of the issue price (upon full or partial redemption whether or not at maturity, or upon purchase by the Issuer), (iii) if the Mortgage Pandbrieven qualify as "fixed income securities" (in the meaning of article 2, §1, 8° of the Belgian Income Tax Code 1992) in case of a sale of the Mortgage Pandbrieven between two interest payment dates to any third party, excluding the Issuer, 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.

### Belgian withholding tax

#### General

The interest component of payments on the Mortgage Pandbrieven made by or on behalf of the Issuer is as a rule subject to Belgian withholding tax, currently at a rate of 30 per cent on the gross amount of such interest. Both Belgian domestic tax law and applicable tax treaties may provide for a lower or zero rate subject to certain conditions.

## X/N clearing system of the NBB

The holding of the Mortgage Pandbrieven in the X/N clearing system of the NBB (the **Securities Settlement System**) permits investors to collect interest on their Mortgage Pandbrieven free of Belgian withholding tax if and as long as at the moment of payment or attribution of interest the Mortgage Pandbrieven are held by certain types of investors (the **Eligible Investors**, see below) in an exempt securities account (**X-account**) that has been opened with a financial institution that is a direct or indirect participant (a **Participant**) in the Securities Settlement System of the Nationale Bank van België/Banque Nationale de Belgique. Euroclear, Clearstream, Germany, SIX SIS (Switzerland), Euroclear France SA (France), INTERBOLSA (Portugal) or Monte Titoli (Italy) are directly or indirectly Participants for this purpose.

Holding the Mortgage Pandbrieven through the Securities Settlement System enables Eligible Investors to receive the gross interest income on their Mortgage Pandbrieven and to transfer the Mortgage Pandbrieven on a gross basis.

Participants to the Securities Settlement System must enter the Mortgage Pandbrieven which they hold on behalf of Eligible Investors in an X-Account.

Eligible Investors are those entities referred to in article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax (*koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing/l'arrêté royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier*), which includes *inter alia*:

- (i) Belgian resident companies referred to in article 2, §1, 5°, b) Belgian Income Tax Code of 1992 (*wetboek van inkomstenbelastingen 1992/code des impôts sur les revenus 1992*) (**BITC**);
- (ii) Without prejudice to article 262,1° and 5° of the BITC, the institutions, associations or companies referred to 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°;
- (iii) Semi-governmental institutions (*institutions parastatales / parastatalen*) for social security or institutions assimilated therewith, as referred to in article 105, 2° of the Royal Decree of 27 August 1993 implementing the BITC (**RD/BITC**);
- (iv) Non-resident investors referred to in article 105, 5° RD/BITC;
- (v) Investment funds referred to in article 115 of the RD/BITC;
- (vi) Investors referred to in article 227, 2° BITC, that are subject to non-resident income tax (*belasting van niet-inwoners / impôt des non-résidents*) in accordance with article 233 of the BITC and which have used the Mortgage Pandbrieven for the exercise of their professional activities in Belgium;
- (vii) The Belgian State, in respect of investments which are exempt from withholding tax in accordance with article 265 BITC;
- (viii) Investment funds governed by foreign law (such as *fonds de placement / beleggingsfondsen*) that are an undivided estate managed by a management company for the account of the participants, provided the funds units are not publicly issued in Belgium or traded in Belgium; and
- (ix) Belgian resident companies, not referred to under (i), whose sole or principal activity consists of the granting of credits and loans.

If the holder of the Mortgage Pandbrieven does not belong to, or ceases to belong to, one of the categories listed in Article 4 of the royal decree of 26 May 1994, as amended from time to time, its account with the clearing system organised by the clearer will be designated as a non-exempted account (**N-account**), and, therefore, the holder of the Public Pandbrieven will be submitted to the withholding tax, of which the rate is currently 30 per cent.

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

Participants to the Securities Settlement System must keep the Mortgage Pandbrieven which they hold on behalf of non-Eligible Investors in a non-exempt securities account (**N-account**). In such instance all payments of interest are subject to withholding tax, currently at a rate of 30 per cent. This withholding tax is withheld by the NBB from the interest payment and paid to the tax authorities.

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

When opening an X-account for the holding of Mortgage Pandbrieven, an Eligible Investor will be required to certify its eligible status on a standard form approved by the Belgian Minister of Finance and send it to the participant to the Securities Settlement System where this account is kept. This statement needs not be periodically reissued (although Eligible Investors must update their certification should their eligible status change). Participants to the Securities Settlement System are however required to annually report to the NBB as to the eligible status of each investor for whom they hold Mortgage Pandbrieven in an X-account during the preceding calendar year.

These identification requirements do not apply to Mortgage Pandbrieven held with Euroclear or Clearstream, Germany, SIX SIS (Switzerland), Euroclear France SA (France), INTERBOLSA (Portugal) or Monte Titoli (Italy) acting as Participants to the Securities Settlement System, provided that they only hold X-accounts and that they are able to identify the holders for whom they hold Mortgage Pandbrieven in such account. Moreover, the contracts concluded by Euroclear, Clearstream, Germany, SIX SIS (Switzerland), Euroclear France SA (France), INTERBOLSA (Portugal) or Monte Titoli (Italy) should contain the commitment that all of their clients-accountholders qualify as Eligible Investors.

## **Belgian income tax and capital gains**

### **Belgian resident individuals**

For individuals who are Belgian residents for tax purposes, i.e., who are subject to the Belgian personal income tax (*personenbelasting/impôt des personnes physiques*), payment of the 30 per cent. interest withholding tax fully discharges them from their personal income tax liability with respect to interest received on the Mortgage Pandbrieven (*précompte mobilier libérateur/bevrijdende roerende voorheffing*). This means that they do not have to report the interest obtained from the Mortgage Pandbrieven in their personal income tax return, provided that Belgian withholding tax was in fact levied on the interest.

Belgian resident individuals may nevertheless elect to report the interest in their personal income tax return. Where the beneficiary opts to report the interest, interest payments will normally be taxed at withholding separate tax rate of 30 per cent. (or at the progressive personal tax rates taking into account the taxpayer's other reported income, whichever is more beneficial). If the interest payment is reported, any Belgian withholding tax retained may be credited in accordance with the usual conditions.

Capital gains realised on the sale of the Mortgage Pandbrieven are in principle tax exempt, unless the capital gains are realised outside the scope of the management of the transferor's private estate or unless the capital gains qualify as interest (as defined above). Capital losses are in principle not tax deductible.

### **Different tax rules apply to Belgian resident individuals who do not hold the Mortgage Pandbrieven as a private investment.**

#### **Belgian resident companies**

Interest attributed or paid to corporate Pandbrieven Holders who are Belgian residents for tax purposes, i.e. who are subject to Belgian corporate income tax (*vennootschapsbelasting / impôt des sociétés*), as well as capital gains realised upon disposal of the Mortgage Pandbrieven are taxable at the ordinary corporate income tax rate of in principle 29.58 per cent. as of assessment year 2019 linked to a taxable period starting at the earliest on 1 January 2018. Furthermore, small and medium-sized companies are taxable at the reduced corporate income tax rate of 20.4 per cent. for the first EUR 100,000 of their taxable base. As of assessment year 2021 linked to a taxable period starting at the earliest on 1 January 2020, the ordinary corporate income tax rate will be 25 per cent., and the reduced corporate income tax rate 20 per cent.

Any Belgian interest withholding tax retained will generally, subject to certain conditions, be creditable against any corporate income tax due and the excess amount will be refundable. Capital losses realised upon disposal of the Mortgage Pandbrieven are in principle tax deductible.

Other tax rules apply to investment companies within the meaning of Article 185bis of the Belgian Income Tax Code.

#### **Belgian legal entities**

Belgian legal entities subject to the Belgian legal entities tax (*rechtspersonenbelasting / impôt des personnes morales*) which do not qualify as Eligible Investors (as defined in the Section "*Belgian Withholding Tax – X/N clearing system of the NBB*") and/or which do not hold the Mortgage Pandbrieven through an X-account in the Securities Settlement System are subject to a withholding tax of 30 per cent. on any interest payments received under the Mortgage Pandbrieven. Such withholding tax then generally constitutes the final taxation in the hands of the relevant beneficiaries.

Belgian legal entities which do qualify as Eligible Investors (as defined in the section "*Belgian Withholding Tax – X/N clearing system of the NBB*") and which hold the Mortgage Pandbrieven through an X-account in the Securities Settlement System, and which consequently have received gross interest income on the Mortgage Pandbrieven, are required to report and pay the 30 per cent. withholding tax to the Belgian tax authorities themselves.

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

#### **Organisation for Financing Pensions**

Interest and capital gains derived by Organisations for Financing Pensions (**OFP**) in the meaning of the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision, are in principle not included in the OFP's corporate income tax base and are therefore, as a rule, not subject to corporate income tax at the level of the latter. Capital losses are in principle not tax deductible. Subject to certain conditions, any Belgian withholding tax that may have been levied on the interest due under the Mortgage Pandbrieven can be credited against any corporate income tax due and any excess amount is in principle refundable.

#### **Belgian non-residents**

Pandbrieven Holders who are non-residents of Belgium for Belgian tax purposes and are not holding the Mortgage Pandbrieven through a Belgian establishment and do not invest the Mortgage Pandbrieven in the course of their Belgian professional activity generally will not incur or become

liable for any Belgian tax on income or capital gains by reason only of the acquisition, ownership or disposal of the Mortgage Pandbrieven, provided that they qualify as Eligible Investors and hold their Mortgage Pandbrieven through an X-account in the Securities Settlement System.

If the Mortgage Pandbrieven are not entered into an X-account by the Eligible Investor, withholding tax on the interest is in principle applicable at the current rate of 30 per cent., possibly reduced pursuant to Belgian domestic tax law or applicable tax treaties, on the gross amount of the interest.

### **Tax on stock exchange transactions and tax on sales with a forward purchase**

A tax on stock exchange transactions (*beurstaks/taxe sur les opérations de bourse*) will be due on the purchase and sale of the Mortgage Pandbrieven on a secondary market through a professional intermediary established in Belgium. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is 0.12 per cent. with a maximum amount of EUR 1,300 per transaction and per party. The tax is due separately from each party to any such transaction, i.e. the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary. The acquisition of the Mortgage Pandbrieven upon their issuance (primary market) is not subject to the tax on stock exchange transactions.

Following the Law of 25 December 2016, the scope of application of the tax on stock exchange transactions has been extended as from 1 January 2017 in the sense that as from that date, transactions that are entered into or carried out by an intermediary that is not established in Belgium are considered to be entered into or carried out in Belgium if the order to execute the transaction is directly or indirectly given by either a natural person that has its habitual residence in Belgium or by a legal entity on behalf of its registered office or establishment in Belgium. In such a scenario, foreign intermediaries have the possibility to appoint a Belgian tax representative that is responsible for collecting the stock exchange tax due and for paying it to the Belgian treasury on behalf of clients that fall within one of the aforementioned categories (provided that these clients do not qualify as exempt persons for stock exchange tax purposes – see below). If no such permanent representative is appointed, the relevant parties themselves are responsible for the filing of a stock exchange tax return and for the timely payment of the amount of stock exchange tax due.

No tax on stock exchange transactions 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 of various duties and taxes (*Code des droits et taxes divers/Wetboek diverse rechten en taksen*).

A request for annulment has been introduced with the Constitutional Court in order to annul the extended scope of application of the tax on stock exchange transactions, as per the Law of 25 December 2016. On 8 November 2018, the Constitutional Court has requested a preliminary ruling from the Court of Justice of the European Union in this respect. On 30 January 2020, the Court of Justice of the European Union has delivered its preliminary ruling, pursuant to which the extended application of the tax on stock exchange transaction would not amount to a violation of Article 56 of the Treaty on the Functioning of the European Union or Article 36 of the Agreement on the European Economic Area, in so far as the Law of 25 December 2016 offers the issuer of the order and the non-resident professional intermediaries options, both as regards the declaration obligations connected with the tax on stock exchange transactions and its payment, which ensure that the restriction of the freedom to provide services is limited to that which is necessary to attain the legitimate objectives pursued by that legislation. It is now for the Constitutional Court to decide whether the restriction to the freedom to provide services is actually justified and whether it is in conformity with the constitutional principle of equality. If the Constitutional Court were indeed to annul said extension without upholding its effects, all taxpayers would be authorised to claim restitution of the tax already paid on this ground.

On 14 February 2013, the EU Commission published a proposal for a Directive for a common financial transaction tax (FTT). The draft Directive currently stipulates that once the FTT enters into effect, the Participating Member States (as defined below) shall not maintain or introduce any taxes

on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into effect. The draft Directive is still subject to negotiation between the Participating Member States and may, therefore, be further amended at any time.

### **Annual tax on securities accounts**

The law of 7 February 2018 introducing a tax on securities accounts of 0.15 per cent. to be levied on Belgian resident and non-resident individuals on their share in the average value of the qualifying financial instruments (including but not limited to shares, notes and units of undertakings for collective investment) held on one or more securities accounts during a reference period of twelve consecutive months starting on 1 October and ending on 30 September of the subsequent year (**Tax on Securities Accounts**). The first reference period started on the day of entry into effect of the Law (i.e., 10 March 2018) and ended on 30 September 2018.

The tax on securities accounts has been annulled by the Belgian Constitutional Court but the effect of annulled provisions has been maintained for the tax due for the reference periods ending before or on 30 September 2019.

### **Exchange of information: Common Reporting Standard**

Following recent international developments, the exchange of information is governed by the Common Reporting Standard (**CRS**). CRS requires financial institutions to identify and report the tax residency and account details of non-resident customers to the relevant authorities in CRS-compliant jurisdictions. As of 24 September 2019, 108 jurisdictions -including Belgium- had signed the multilateral competent authority agreement (**MCAA**), which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications.

Under CRS, financial institutions resident in a CRS country are required to report, according to a due diligence standard, financial information with respect to reportable accounts, which includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (incl. trusts and foundations) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

On 9 December 2014, EU Member States adopted Directive 2014/107/EU on administrative cooperation in direct taxation (**DAC2**), which provides for mandatory automatic exchange of financial information as foreseen in CRS. DAC2 amends the previous Directive on administrative cooperation in direct taxation, Directive 2011/16/EU. The Belgian government has implemented said Directive 2014/107/EU, respectively the Common Reporting Standard, per law of 16 December 2015 ("*Wet tot regeling van de mededeling van inlichtingen betreffende financiële rekeningen, door de Belgische financiële instellingen en de FOD Financiën in het kader van automatische uitwisseling van inlichtingen op internationaal niveau en voor belastingdoeleinden/Loi réglant la communication des renseignements relatifs aux comptes financiers, par les institutions financières belges et le SPF Finances, dans le cadre d'un échange automatique de renseignements au niveau international et à des fins fiscales*") (**Law of 16 December 2015**).

The Mortgage Pandbrieven are subject to CRS. Under DAC2 and to the Law of 16 December 2015 Belgian financial institutions holding the Mortgage Pandbrieven for tax residents in another CRS contracting state, shall report financial information regarding the Mortgage Pandbrieven (income, gross proceeds,...) to the Belgian competent authority, who shall communicate the information to the competent authority of the state of the tax residence of the beneficial owner.

### **DAC6**

The measures included in EU Directive 2011/16 after amendment by EU Directive 2018/822 (commonly referred to as **DAC6**) impose mandatory disclosure requirements for taxpayers and



intermediaries involving the reporting of cross-border arrangements affecting at least one EU member state that fall within one of a number of 'hallmarks'. These hallmarks are broad categories setting out particular characteristics identified as potentially indicative of aggressive tax avoidance. On 12 December 2019, the Belgian Parliament adopted a bill to transpose DAC 6 into domestic law. The bill, which mirrors the Directive, was published in the Official Gazette in Belgium on 30 December 2019. The reporting obligations apply to 'intermediaries' (financial institutions like the Issuer may fall under this term) or, in some circumstances, the taxpayer itself. There will be a mandatory automatic exchange of information on such reportable cross-border schemes via the Common Communication Network (CCN) between the member states which will be set-up by the EU. Under DAC6, taxpayers and intermediaries are required to report cross-border reportable arrangements from 1 July 2020 (within a thirty-day turnaround period to report to the domestic tax authorities). However, reports will retrospectively cover arrangements where the first step is implemented between 25 June 2018 and 1 July 2020.

## **FATCA (US Foreign Account Tax Compliance Act)**

In certain very exceptional circumstances the Issuer, the Fiscal Agent and certain other entities through which payments on the Mortgage Pandbrieven are made might be required to withhold US tax at a rate of 30% on a portion of interest payments made in respect of Mortgage Pandbrieven that would be treated as debt for US federal tax purposes, pursuant to sections 1471 through 1474 of the US Internal Revenue Code and the regulations and other guidance promulgated thereunder (FATCA).

Under FATCA, non-US financial institutions generally will be required to enter into agreements with the US Internal Revenue Service (the IRS) to identify financial accounts held by certain US persons or entities with substantial US ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. For these purposes, the term financial institution includes, among others, banks, insurance companies and funds that are engaged primarily in the business of investing, reinvesting or trading in securities, commodities or partnership interests. If a participating financial institution makes a relevant payment to an accountholder that has not provided information requested to establish the accountholder is exempt from reporting under the rules, or if the recipient of the payment is a non-participating financial institution (that is not otherwise exempt), the payor might be required to withhold 30% on a portion of the payment which is or is deemed to be from US source. However, the IRS is further considering the treatment of these so called foreign pass-through payments and it is uncertain whether and how this rule will ultimately apply to the Issuer or the Mortgage Pandbrieven.

If the Issuer or one of its agents were required to withhold any amount from any payment on the Mortgage Pandbrieven in respect of FATCA, there will be no “gross up” (or any other additional amount) payable by way of compensation to the investor for the withheld amount. An investor that is able to claim the benefits of an income tax treaty between its own jurisdiction and the United States may be entitled to a refund of amounts withheld pursuant to the FATCA rules, though the investor would have to file a US tax return to claim this refund and may not be entitled to interest from the IRS for the period prior to the refund.

On 23 April 2014, the Belgian and US governments signed an Intergovernmental Agreement (IGA) intended to implement FATCA in Belgium. The Belgian IGA is a so-called Model 1 agreement, meaning that foreign financial institutions established in Belgium will be required to report information on US accountholders directly to the Belgian tax authorities, who in turn will report to the IRS. The Belgian IGA is intended to simplify FATCA requirements for Belgian financial institutions but in many cases still requires significant efforts to maintain compliance.

Belgium has implemented FATCA in its domestic legislation by a law of 16 December 2015 (“Wet tot regeling van de mededeling van inlichtingen betreffende financiële rekeningen, door de Belgische financiële instellingen en de FOD Financiën in het kader van automatische uitwisseling van inlichtingen op internationaal niveau en voor belastingdoeleinden/Loi réglant la communication des renseignements relatifs aux comptes financiers, par les institutions financières belges et le SPF Finances, dans le cadre d'un échange automatique de renseignements au niveau international et à des fins fiscales”) Under this law, Belgian financial institutions holding Mortgage Pandbrieven for “US accountholders “ and for “Non US owned passive Non Financial Foreign entities” are held to report financial information regarding the Mortgage Pandbrieven (income, gross proceeds,...) to the Belgian competent authority, who shall communicate the information to the US tax authorities.

FATCA is particularly complex and its application to the Issuer or the Mortgage Pandbrieven issued is uncertain at this time. Each holder of Mortgage Pandbrieven should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such holder in its specific circumstance, in particular if it may be, or hold its interest through an entity that is, classified as a financial institution under FATCA.

## SUBSCRIPTION AND SALE

The Dealers have in a programme agreement, originally dated 22 November 2013 as amended and/or supplemented and/or restated from time to time (the **Programme Agreement**) agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Mortgage Pandbrieven. Any such agreement will extend to those matters stated under “*Form of the Mortgage Pandbrieven*” and “*Terms and Conditions of the Mortgage Pandbrieven*” above. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Mortgage Pandbrieven under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Mortgage Pandbrieven or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Mortgage Pandbrieven under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries. None of the Issuer nor any other Dealer shall have any responsibility therefor.

In particular (but without limiting the generality of the above), subject to any amendment or supplement which may be agreed with the Issuer in respect of the issue of any Tranche, each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, to comply with the following provisions except to the extent that, as a result of any change in, or the official interpretation of, any applicable laws and/or regulations, non-compliance would not result in any breach of the applicable laws and/or regulations.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Mortgage Pandbrieven, or possession or distribution of this Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Mortgage Pandbrieven issued under the Programme. Any such short positions could adversely affect future trading prices of Mortgage Pandbrieven issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### **Prohibition of sales to consumers in Belgium**

The Mortgage Pandbrieven are not intended to be offered, sold or otherwise made available, and will not be offered, sold or otherwise made available, in Belgium to “consumers” within the meaning of the Belgian Code of Economic Law dated 28 February 2013.

### **Prohibition of sales to EEA or UK Retail Investors**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Mortgage Pandbrieven which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA or the UK.

For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, MiFID II); or
  - (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Mortgage Pandbrieven to be offered so as to enable an investor to decide to purchase or subscribe the Mortgage Pandbrieven.

#### **Public Offering Selling Restriction Under the Prospectus Regulation**

In relation to each Member State of the European Economic Area, each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, it has not made and will not make an offer of Mortgage Pandbrieven which are the subject of the offering contemplated by this Base Prospectus as completed by the relevant final terms in relation thereto to the public in that Member State, except that it may, make an offer of such Mortgage Pandbrieven to the public in that Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “**offer of Mortgage Pandbrieven to the public**” in relation to any Mortgage Pandbrieven in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Mortgage Pandbrieven to be offered so as to enable an investor to decide to purchase or subscribe the Mortgage Pandbrieven, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129 and amendments thereto

#### **United States**

The Mortgage Pandbrieven have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the Securities Act and that would not result in the Issuer becoming subject to registration under the Investment Company Act of 1940, as amended, or to regulation under the Commodity Exchange Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, it will not offer, sell or deliver Mortgage Pandbrievien (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution as determined and certified by the relevant Dealer or, in the case of an issue of Mortgage Pandbrievien on a syndicated basis, the relevant lead manager, of all Mortgage Pandbrievien of the Tranche of which such Mortgage Pandbrievien are a part, within the United States or to, or for the account or benefit of, US persons. Each Dealer has further agreed and each further Dealer appointed under the Programme will be required to agree that it will send to each dealer to which it sells any Mortgage Pandbrievien during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Mortgage Pandbrievien within the United States or to, or for the account or benefit of, US persons. Terms used in this paragraph have the meanings given to them by Regulation S under the United States Securities Act of 1933, as amended (the **Securities Act**).

Until 40 days after the commencement of the offering of any Series of Mortgage Pandbrievien, an offer or sale of such Mortgage Pandbrievien within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

The Mortgage Pandbrievien are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by US treasury regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code of 1986, and treasury regulations thereunder.

Each issuance of Fixed Rate Mortgage Pandbrievien or Floating Rate Mortgage Pandbrievien shall be subject to such additional US selling restrictions as the Issuer and the relevant Dealer or Dealers may agree as a term of the issuance and purchase of such Mortgage Pandbrievien, which additional selling restrictions shall be set out in the applicable Final Terms.

## **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- in relation to any Mortgage Pandbrievien which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Mortgage Pandbrievien other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Mortgage Pandbrievien would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the **UK FSMA**) by the Issuer;
- it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the UK FSMA) received by it in connection with the issue or sale of any Mortgage Pandbrievien in circumstances in which Section 21(1) of the UK FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- it has complied and will comply with all applicable provisions of the UK FSMA with respect to anything done by it in relation to any Mortgage Pandbrievien in, from or otherwise involving the United Kingdom.

## **Switzerland**

The Mortgage Pandbrievien may not be publicly offered, sold or advertised, directly or indirectly, in or from Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to

the Mortgage Pandbrieven constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Federal Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange Ltd., and neither this Base Prospectus nor any other offering or marketing material relating to the Mortgage Pandbrieven may be publicly distributed or otherwise made available in Switzerland.

## **Japan**

The Mortgage Pandbrieven have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and sold and will not offer or sell any Mortgage Pandbrieven, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

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## GENERAL INFORMATION

### Authorisation

The establishment of the Programme and the initial issue of Mortgage Pandbrieven have been duly authorised by resolutions of the Issuer's Executive Committee dated respectively 19 February 2013 and 5 November 2013.

### Listing and admission to trading of Mortgage Pandbrieven on Euronext Brussels

Application has also been made to Euronext Brussels for the Mortgage Pandbrieven to be listed on Euronext Brussels. References in the Base Prospectus to the Mortgage Pandbrieven being listed (and all related references) shall mean that the Mortgage Pandbrieven have been listed on Euronext Brussels and admitted to trading on Euronext Brussels' regulated market. Euronext Brussels' regulated market is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (as amended, supplemented or replaced from time to time, **MIFID II**).

### Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will be available during normal business hours at the registered office of the Issuer and from the specified office of the Paying Agent (where applicable, with an English translation thereof):

- (i) the constitutional documents of the Issuer;
- (ii) the Special Estate Administration Agreement;
- (iii) the Mortgage Pandbrieven Holder Representative Agreement; and
- (iv) the Agency Agreement (including its Schedules).

For the period of 12 months following the date of this Base Prospectus, copies and, where appropriate, English translations of the following documents will be available on the website of the Issuer at [www.ing.be/investor-relations](http://www.ing.be/investor-relations) and during normal business hours at the registered office of the Issuer:

- (i) this Base Prospectus;
- (ii) the audited annual consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2018 and 31 December 2019; and
- (iii) any future prospectuses, base prospectuses, information memoranda and supplements including Final Terms relating to Mortgage Pandbrieven which are listed on Euronext Brussels or offered in a Member State of the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation (whether or not listed on Euronext Brussels).

Copies of each Final Terms (together with the relevant Base Prospectus) relating to Mortgage Pandbrieven which are either admitted to trading on any other regulated market in the European Economic Area or offered in any other Member State of the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation will be available for viewing in accordance with Article 21(2) of the Prospectus Regulation and the rules and regulations of the relevant regulated market.

### Clearing Systems

The Dematerialised Mortgage Pandbrieven have been accepted for clearance through the Securities Settlement System, Euroclear, Clearstream, Germany, SIX SIS (Switzerland), Euroclear France SA

(France), INTERBOLSA (Portugal) and Monte Titoli (Italy). The appropriate Common Code and ISIN for each Tranche will be specified in the applicable Final Terms. If the Dematerialised Mortgage Pandbrieven are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of the NBB is De Berlaimontlaan 14, 1000 Brussels, the address of Euroclear is 3 Boulevard du Roi Albert III, B.1210 Brussels, Belgium, the address of Clearstream, Germany is Mergenthalerallee 61, 65760 Eschborn, Germany, the address of SIX SIS (Switzerland) is SIX SIS Ltd, Baslerstrasse 100, CH-4600 Olten, Switzerland, the address of Euroclear France SA (France) is 113, rue Réaumur, 75081 Paris, France, the address of INTERBOLSA (Portugal) is Avenida da Boavista 3433, 4100-138 Porto, Portugal and the address of Monte Titoli (Italy) is Monte Titoli S.p.A, piazza degli Affari 620123 Milan, Italy.

### **Conditions for Determining Price**

The price and amount of Mortgage Pandbrieven to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **Statutory Auditors**

The Auditors of the Issuer are KPMG Bedrijfsrevisoren burg. CVBA. The Auditors of the Issuer are members of the *Instituut der Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*. The financial statements of the Issuer for the years ended 31 December 2018 and 31 December 2019 have been audited in accordance with ISA and resulted, in each case, in an unqualified opinion. The Auditors of the Issuer have no material interest in the Issuer.

The reports of the Auditors of the Issuer are included or incorporated in the form and context in which they are included or incorporated, with the consent of the Auditors who have authorised the contents of that part of this Base Prospectus.

### **Post-issuance information**

The Issuer will provide Investor Reports detailing, among other things, compliance with the Statutory Tests. This information will be available at [www.ing.be/investor-relations](http://www.ing.be/investor-relations).

**THE ISSUER**

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1000 Brussels  
Belgium

**DEALER**

**ING BANK N.V. Belgian Branch**  
Avenue Marnix 24  
1000 Brussels  
Belgium

**FISCAL, PAYING AND LISTING AGENT**

**ING Belgium NV/SA**  
Avenue Marnixlaan 24  
1000 Brussels  
Belgium

**MORTGAGE PANDBRIEVEN HOLDERS' REPRESENTATIVE**

Stichting ING Belgium Pandbrieven Holders' Representative  
Prins Bernhardplein 200  
1097 JB Amsterdam  
The Netherlands

**COVER POOL MONITOR**

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1930 Zaventem  
Belgium

**LEGAL ADVISER**

*To the Issuer and to the Dealers as to Belgian law*

PwC Legal BV  
Woluwedal 20  
1932 Sint-Stevens-Woluwe  
Belgium

**AUDITORS**

*To the Issuer*

**KPMG Bedrijfsrevisoren BV CVBA**

Bourgetlaan 40  
1130 Haren (Brussel- Stad)  
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