BELFIUS BANK SA/NV

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

Issuer

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

This Base Prospectus was approved by the Belgian Financial Services and Markets Authority ("**FSMA**") on 3 December 2024 as competent authority under the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the "**Prospectus Regulation**") and is valid for one year from that date, provided that this Base Prospectus may be updated by any supplements in accordance with Article 23 of the Prospectus Regulation. This Base Prospectus shall be valid for a period of one year from its date of approval, being until 3 December 2025. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid. Offers of Savings Certificates can still be made under this Base Prospectus after 3 December 2025 and the base prospectus shall remain valid for such purposes, if an exemption from the requirement to draw up a prospectus in respect of such offers applies in accordance with the Belgian law of 11 July 2018 (the "**Prospectus Law**").

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

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

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

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

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

No person is or has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Savings Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer. Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented, or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented, or that any other information supplied in connection with the Base Prospectus is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. If at any time during the life of the Base Prospectus the Issuer shall be required to prepare a supplement pursuant to Article 23 of the Prospectus Regulation, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus.

This Base Prospectus contains or incorporates by reference certain statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the Issuer's business strategies, trends in its business, competition and competitive advantage, regulatory changes, and restructuring plans. Words such as believes, expects, projects, anticipates, seeks, estimates, intends, plans or similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. The Issuer does not intend to update these forward-looking statements except as may be required by applicable securities laws. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. A number of important factors could cause actual results, performance or achievements to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include: (i) the ability to maintain sufficient liquidity and access to capital markets; (ii) market and interest rate fluctuations; (iii) the strength of the global economy in general and the strength of the economies of the countries in which the Issuer conduct operations; (iv) the potential impact of sovereign risk, particularly in certain European Union countries which have in the past come under market pressure; (v) adverse rating actions by credit rating agencies; (vi) the ability of counterparties to meet their obligations to the Issuer; (vii) the effects of, and changes in, fiscal, monetary,

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

trade and tax policies, and currency fluctuations; (viii) the possibility of the imposition of foreign exchange controls by government and monetary authorities; (ix) operational factors, such as systems failure, human error, or the failure to implement procedures properly; (x) actions taken by regulators with respect to the Issuer's business and practices in one or more of the countries in which the Issuer conducts operations; (xi) the adverse resolution of litigation and other contingencies; (xii) the impact of events such as the Covid-19 pandemic, the conflict in Ukraine and the recent adverse developments in the banking sector (such as the events related to the US banks Silicon Valley Bank and Signature Bank and the forced takeover of the Swiss bank Credit Suisse by UBS in March 2023) on the operations and financial position of the Issuer; and (xiii) the Issuer's success at managing the risks involved in the foregoing. The foregoing list of important factors is not exclusive. When evaluating forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, as well as the other risks identified in this Base Prospectus.

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

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

This Base Prospectus was approved by the FSMA on 3 December 2024 as competent authority under the Prospectus Regulation in accordance with Article 20 of the Prospectus Regulation. This approval does not entail any appraisal of the appropriateness or the merits of any issue under the Programme nor of the situation of the Issuer. The FSMA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of this Base Prospectus.

1. TABLE OF CONTENTS AND OVERVIEW OF THE PROGRAMME

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OVERVIEW OF THE PROGRAMME

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

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

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

<u>Information relating to the Issuer</u>	
Issuer	Belfius Bank SA/NV (the "**Issuer**" or "**Belfius Bank**") is a limited liability company of unlimited duration incorporated under Belgian law, licensed as a Belgian credit institution and registered with the Crossroads Bank for Enterprises under business identification number 0403.201.185. Its registered office is at 1210 Brussels, Place Charles Rogier 11, Belgium, telephone +32 22 22 11 11.
Website of the Issuer	www.belfius.be The information on this website does not form part of, and is not incorporated by reference into, this Base Prospectus, except where that information has been expressly incorporated by reference in this Base Prospectus.
Issuer's legal entity identifier (LEI)	A5GWLFH3KM7YV2SFQL84
<u>Information relating to the Programme</u>	
Description	The Programme is a programme for the continuous offer of *bons de caisse/kasbons* (the "**Savings Certificates**").
Savings Certificates	The Savings Certificates shall be Debt Securities as referred to in the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, as amended (herein referred to as "Commission Delegated Regulation (EU) 2019/980"). Debt Securities are debt instruments for which the Issuer commits itself to redeem the principal invested at maturity. The Savings Certificates will be issued in dematerialised form in accordance with Articles 7:35 et seq. of the Belgian Code of Companies and Associations.

Status and ranking of the Savings Certificates and Deposit Protection	The Savings Certificates are direct, unconditional and unsecured obligations of the Issuer and rank without any preference among themselves, with all other obligations of the Issuer of the same category, only to the extent permitted by laws relating to creditor's rights. This category can be seen as the "ordinary creditors" and may be qualified as "preferred senior creditors", being the creditors related under Article 389/1, 1° of the banking law. Such creditors have a higher priority ranking than the so-called "non-preferred senior" creditors defined under Article 389/1, 2° of the Banking law. The foregoing is without prejudice to the Special Priority Lien in respect of Eligible Deposits, as described below. The Savings Certificates represent debt obligations of the Issuer and do not form part of the capital or own funds of the Issuer. The holder of the Savings Certificates has a contractual claim (receivable) against the Issuer for the repayment of the principal amount of the Savings Certificates at the conditions as set out in these Terms and Conditions and the relevant Final Terms. The Savings Certificates benefit from a protection under the Belgian deposit protection scheme granted by the Belgian Guarantee Fund (*Garantiefonds/Fonds de Garantie*), subject to a limitation of EUR 100,000 (it being understood that this limitation applies to all deposits, including Savings Certificates, with a financial institution, held by a depositor). For amounts not protected by the deposit protection scheme, the Bail-In Power shall apply. In accordance with and subject to the conditions set out therein Article 389 § 2 of the Banking Law, "eligible deposits" held by individuals (physical persons) and small and medium enterprises including Savings Certificates ("**Eligible Deposits**") benefit from a special priority lien on all movable assets (*een voorrecht op roerende goederen*/*un privilège sur les biens meubles*) of the Issuer for the amounts in excess of the amount covered by the deposit protection scheme (such lien ranking after the lien for the benefit of the Belgian Guarantee Fund for claims in the amounts covered by the deposit protection scheme) (the "**Special Priority Lien**").
Cross-Acceleration	None.
Cross-Default	None.
Negative Pledge	None.

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

Form of Savings Certificates	The Savings Certificates are issued in dematerialised form in accordance with article 7:35 of the Belgian Code of Companies and Association ("**BCCA**"). The Savings Certificates are registered in a securities account held by the holder of the Savings Certificates. A conversion of Savings Certificates in dematerialised form into registered form (and vice versa) can always be requested by the relevant holder. The Issuer is a recognised account holder for purposes article 7:35 BCCA and acts as the head of pyramid in respect of the Savings Certificates issued by it. The Issuer centralises all operations with respect to the Savings Certificates, such as the payment of interest and redemption payments, also if the relevant Savings Certificates would have been transferred by the holder to another financial institution for custody.

Method of Issue	The Savings Certificates will be issued in categories (each a "**Category**") having the same characteristics with respect to maturity and interest rates.
Selling Restrictions	General, United States, United Kingdom. See Section 8. "*Subscription and Sale*".
Issue Price	Savings Certificates will be issued at their principal amount.
Delivery of Savings Certificates	Savings Certificates will be credited to the securities accounts held by the investor with the Issuer.
Currencies	EUR.
Maturities	As set out in the applicable Final Terms.
Redemption	The maturity date ("**Maturity Date**") of each Savings Certificate is as set out in the relevant Final Terms in respect of the relevant Category of Savings Certificate. The Savings Certificates shall be redeemed on the Maturity Date. The Savings Certificates are repaid at 100 per cent. of their nominal amount. The Savings Certificates are repaid in euro on the cash account linked to the securities account of the holder at the Issuer. No early repayment of the Savings Certificates can be requested by the holders or be made by the Issuer.
Specified Denomination	The minimum investment in a Savings Certificate is EUR 250.
Interest Periods and Rates of Interest	As set out in the applicable Final Terms.
Governing Law	The Savings Certificates will be governed by, and construed in accordance with, Belgian law.
Type of Savings Certificates	Savings Certificates with interest distribution and interest capitalization can be issued.
Ratings	As at 3 December 2024, Belfius Bank has the following long-term ratings: A- (stable outlook) with Fitch, A1 (stable outlook) with Moody's and A (stable outlook) with Standard & Poor's. No ratings are assigned to the Savings Certificates.
Tax Gross-up	Investors should be aware that pursuant to the Terms and Conditions of the Savings Certificates there are no gross-up payments in respect of the Savings Certificates. This means that if additional taxes are imposed in respect of the Savings Certificates, there is no obligation for the Issuer to compensate the investors for any additional tax charge that they would incur as a result of such additional taxes.
Listing and Admission to Trading	The Savings Certificates will not be listed and will not be admitted to trading.
Use of Proceeds	General corporate purposes of the Issuer.

2. RISK FACTORS

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

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

An investment in the Savings Certificates involves a degree of risk. Prospective investors should carefully consider the risks set forth below and the other information contained in this Base Prospectus (including information incorporated by reference herein) before making any investment decision in respect of the Savings Certificates. The risks described below are risks which the Issuer believes may have a material adverse effect on the Issuer's financial condition and the results of its operations, the value of the Savings Certificates or the Issuer's ability to fulfil its obligations under the Savings Certificates. All of these factors are contingencies which may or may not occur. Additional risks and uncertainties, including those of which the Issuer is not currently aware or deems immaterial, may also potentially have an adverse effect on the relevant Issuer's business, results of operations, financial condition or future prospectus or may result in other events that could cause investors to lose all or part of their investment.

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Savings Certificates are also described below. The Issuer has assessed the most material risks, taking into account the negative impact (including any relevant mitigation measures) of such risks on the Issuer and the probability of their occurrence ("**Global Criticality**"). Each risk factor relating to the Issuer is followed by the Issuer's assessment of whether such Global Criticality can be assessed as high, medium or low. Investors should note that the numbering of the risk factors is only included to enhance readability and does not reflect a specific order of the risk factors.*

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Savings Certificates, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Savings Certificates may occur for other reasons which are not known to the Issuer or which the Issuer deems immaterial at this time.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents deemed to be incorporated in it by reference) and reach their own views prior to making any investment decision.

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

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

2.1 Risks related to Belfius Bank

2.1.1. *Risks related to the Financial Situation and Business Activity*

2.1.1.1 Belfius is exposed to risks in relation to its run-off portfolios (Global Criticality: Very High)

Belfius is exposed to risks in relation to its run-off portfolios, which originate from the period before its separation from the Dexia Group in 2011. These run-off portfolios are mainly comprised of (i) a portfolio of bonds issued by international issuers, particularly active in the public and regulated utilities sector (which includes UK inflation-linked bonds) and ABS/RMBS, the so-called ALM Yield bond portfolio (with a notional value of EUR 2.9 billion as at 30 June 2024), (ii) a portfolio of credit guarantees, comprising credit default swaps and financial guarantees written on underlying bonds issued by international issuers, and partially hedged by Belfius with monoline insurers (mostly Assured Guaranty, with a notional value of EUR 1.9 billion as at 30 June 2024) and (iii) a portfolio of interest rate derivatives with Dexia entities as counterparty and with other foreign counterparties (with a notional value of EUR 6.6 billion as at 30 June 2024).

There can be no assurance that the risk profile of the run-off portfolios will not deteriorate during the remainder of their lifetimes. Despite the assumed underlying good creditworthiness of most exposures in these portfolios, their long-term maturity, their single-name and industry concentration and their liquidity profile result in a higher sensitivity of the fair value of those run-off portfolios to adverse macroeconomic conditions, for instance compared to Belfius' core business portfolios. As an example, continued pressure in the UK water sector has resulted in the shift of an important counterparty to the non-investment grade range in the first half of 2024. Exposures benefit from credit guarantees from US monoliners and are well provisioned on net exposure basis. More information can be found in Section 6.7 "Post-balance sheet events – Thames water". In view of the long maturity of the run-off portfolio, these concentrations are not expected to decline rapidly, however derisking opportunities are continuously considered.

A deterioration of Assured Guaranty's credit quality would have a negative impact on risk-weighted assets and potentially cost of risk ("CoR"). Deteriorations or defaults within the run-off portfolios could lead to important losses, mainly where the position is not guaranteed or in case of a default of the guarantor. In case Belfius would be forced to sell those positions before maturities, it could in some cases also lead to significant losses. Belfius is also exposed to concentration risks related to certain other counterparties which could lead to significant losses in the event of default, particularly in cases where the current CoR materially underestimates the potential losses that could occur if a default materialises. For UK inflation-linked bonds, for example, the impact in case of default can be exacerbated by a rupture in the hedge relation between the bond and the inflated swap used to cover the cash flows.

Although Belfius monitors its run-off portfolios closely and conducts annual stress tests, if these risks were to materialise or if Belfius were unable to manage its credit and market risks related to these portfolios effectively, its business, results of operations, financial condition and prospects could be materially adversely affected. Please also refer to Section "Group Center (GC) activities and result in the first half of 2024" of Section 6.6. "Segment Reporting".

2.1.1.2 Changes in (future) profitability may have an adverse effect on Belfius (Global Criticality: High)

Changes in the profitability and in the expectations about the future profitability can influence the secondary market value of Belfius' liabilities, affect its reputation and implementation of its strategy.

A large number of factors could trigger profitability issues for Belfius. General economic and geopolitical environment as well as the monetary policy are among the most important factors determining bank profitability. An economic downturn or recession could create adverse effects on the financial performance in several of Belfius' segments, particularly in sectors that are currently more vulnerable, such as commercial real estate or the public sector, as well as certain individual files.

The intense competition in the banking market is causing a strain on the overall profitability. Loans are being issued at very low margins and commercial funding has become more expensive. Such increase is illustrated by the competition among financial institutions to attract the funds being released from the maturing 2023 State Bond. This competition is resulting in financial institutions offering higher interest rates or returns to entice customers to deposit their funds in term deposits. Furthermore, there is a risk associated with changes in the fiscal regime of saving products which could additionally impact clients' preferences. The adverse effect of such pressures could be exacerbated by potential changes in the current prudential regulations, all of which could have a negative impact on Belfius' business, results of operations, financial condition and prospects.

The currently inverted yield curve (with longer terms interest rates remaining lower than the current short term rates) is also affecting the transformation margin. This margin, which Belfius earns by, for example, borrowing on a short-term basis and issuing mortgage loans on a longer-term basis, is being squeezed, resulting in a negative impact on profitability, especially in highly competitive segments such as mortgages. If the re-inversion of the curve is delayed, preferences for short term products may regain and affect Belfius' net interest income. In relation to this interest rate risk, please also refer to Section "Structural and ALM risk" of Section 6.8.2 "Market risk".

In Belfius' business and general management activities (including the management of its liquidity and yield portfolios), interest rate risk arises from the different re-pricing characteristics of its assets and liabilities. Interest rates affect the cost and sources of funding available to Belfius, product margins and, in turn, its net interest margin and revenue. Interest rates also affect the Belfius' net interest income, impairment levels and customer affordability. In some activities, and in line with general financial market practices, Belfius has balance sheet hedges in place that are sensitive to an interest rate that is not fully and perfectly correlated to the interest rate risk that it is meant to hedge. This results in residual basis risk.

The uncertainty regarding the evolution of interest rates, fierce competition in pricing of loans and liabilities among peers, potential new competitors such as the future Euro digital currency, and changes in clients' behaviours are all key risks that need to be considered in the interest rate risk management strategy and which can impact Belfius' performance and profitability.

2.1.1.3 Belfius' activities are subject to non-financial risks, including operational, reputational, compliance and legal risks (Global Criticality: High)

Non-financial risk ("NFR") must be understood as a broad umbrella covering all risks except "financial risks" (the latter encompassing market, ALM, liquidity, credit and insurance risks). NFR covers, among others, operational risks (including in relation to fraud, HR, IT, IT-security, business continuity, outsourcing, data-related and privacy) as well as (but not limited to) reputational, compliance, legal and tax and ESG risks. If any of these risks materialises, this may have an adverse impact on Belfius' business, results of operations, financial condition and prospects.

Any disruptions to Belfius' operational processes or IT systems, including as a result of internal or external fraud, hacking or other cybercrime, or the adoption of or migration to new systems could adversely affect the overall operational or financial performance of Belfius' business, as well as harm its reputation and/or attract increased regulatory scrutiny and intervention (including sanctions), any of which could have a material adverse effect on its business, results of operations, financial condition and prospects.

The following NFR can be highlighted as the most relevant for Belfius:

- Information security and incidents: data and information face several threats, including the loss of integrity, the loss of confidentiality and unplanned unavailability;

- Data privacy: Belfius is subject to regulation regarding the processing (including disclosure and use) of personal data. Belfius processes significant volumes of personal data relating to customers (including name, address and bank details) as part of its business, some of which may also be classified under legislation as sensitive personal data. Belfius therefore must comply with strict data protection and privacy laws and regulations (e.g. GDPR);

- Fraud risk: internal, external and mixed fraud schemes which could result in losses to Belfius;

- Outsourcing risk: Belfius is dependent on the performance of third-party service providers for critical aspects of its business. If any of its third-party service providers fails to provide the agreed level of service, or if Belfius is unable to renew its licences, maintenance agreements, outsourcing agreements or any other material third-party service agreements on acceptable terms, it could face a number of adverse outcomes, such as monetary damages, customer redress and/or litigation, which could have a material adverse impact on Belfius' business, results of operations, financial condition and prospects;

- Business continuity covering sudden and gradual business continuity issues;

- Compliance & anti-money laundering ("AML") covering compliance with deontology and ethics, market integrity, rules of conduct, and other compliance risks;

- Furthermore, Belfius is required to comply with a wide range of evolving laws and regulations, and if it fails to do so, it could become subject to regulatory actions, including monetary damages, fines or other penalties, regulatory restrictions, civil litigation, criminal prosecution and/or reputational damage.

If any of these risks would occur, Belfius could be subject to investigative or enforcement actions by relevant regulatory authorities and could face liability under data protection and privacy laws and regulations and/or reputational damage or damage to its brands. For example, on 4 September 2024 Belfius Bank concluded a settlement (*règlement transactionnel*) with the FSMA consisting of the payment of an amount of EUR 1 million by Belfius Bank, its commitment to reinforce its legal risk management and a publication, by name, on the FSMA's website. For further information, see Section 6.12.1 "Composition of the Management Board and the Board of Directors" of Section 6 "Description of the Issuer".

These events could further result in the loss of the goodwill of its customers and deter new customers, all of which could have a material adverse effect on Belfius' business, results of operations, financial condition and prospects.

2.1.1.4 Belfius is subject to credit risk in respect of customers and counterparties, which may be amplified by a concentration risk (Global Criticality: Medium)

The credit risk arising from changes in credit quality and the recoverability of loans, bonds or other amounts due from customers and counterparties is inherent in a wide range of Belfius' businesses. Such risk can arise from variations in the creditworthiness of borrowers or issuers of financial instruments that Belfius owns, as well as other counterparties, and the possible inability to recover amounts due from these borrowers, issuers and counterparties. Belfius is also exposed to the risk of non-performance by third parties such as trading counterparties, counterparties under swaps and credit and other derivative contracts, issuers of securities which Belfius holds, customers, clearing agents and clearing houses, exchanges, guarantors, insurers and reinsurers and other financial intermediaries, securities or other assets.

Credit risk is highly correlated with the general economic situation. An economic downturn could lead to increased levels of credit risk and loan loss provisions in all Belfius' business segments. In downturn periods, Belfius' P&L can be negatively impacted by losses on its loan book due to increased loan loss provisions (with expected credit losses exceeding Belfius' best estimates) and write-offs. Rating downgrades, rising capital charges for defaulted assets and a growing stock of non-performing loans could lead to higher capital consumption.

While the overall credit risk remains moderate at Belfius, certain categories of exposures are subject to higher credit risk than others. The credit quality of Belfius' E&E loan portfolio, amounting to EUR 63.4 billion as at 30 June 2024, can be measured through several metrics:

- the overall loan credit quality in the E&E segment remained stable (with an average probability of default ("PD") of 1.65% as at 30 June 2024 compared to 1.64% as at 31 December 2023), with a decelerating growth of watchlist volumes;
- the loan production, especially in Corporate Banking, continued to be very dynamic with a good average credit quality driven by better than average rated large tickets, while interest rate sensitive activities such as real estate and leveraged transactions represented a reduced share;
- bankruptcies have returned to pre-Covid levels, with regional and sectoral differences with a prominence of SME-companies in sectors such as construction, transportation (including car dealers), hospitality and catering. This increase has resulted in rising non-performing loans ("NPL") levels. In this respect, please also refer to section "Asset quality – asset quality ratio" of Section 6.8.1 "Fundamentals of credit risk in the first half of 2024".

Furthermore, the commercial real estate sector is currently facing significant challenges, triggered by low demand, high interest rate and an inflationary environment, leading to higher supply in construction and stress on the funding capabilities of the commercial real estate actors.

As a result of geographical concentration of its activities, Belfius is particularly exposed to the risk of adverse economic and political conditions emerging in Belgium. The total relative credit risk exposure on counterparties situated in Belgium is 85.8% as of 30 June 2024 with the slight decline from 86.1% at the end of 2023. Any deterioration in the economic environment in Belgium could lead to an increase in Belfius' cost of risk and its impaired loan book, for example as a result of an increase in unemployment rates and/or decreases in house prices. Furthermore, due to its significant long-dated exposures to Italian sovereign bonds, Belfius is also exposed to the risk of adverse economic and political conditions in Italy. Consequently, a material deterioration in Italy's financial situation could have a negative impact on Belfius' solvency and increase its income volatility.

Belfius may also be particularly exposed to the risk of adverse economic conditions in specific Belgian geographic regions. For example, its lending to the public and social sector is, in relative terms, more weighted towards Wallonia and Brussels, and could therefore be disproportionately affected by the emergence of adverse conditions in those regions and the financial impact of new political state-reforms. In addition, Belfius has exposures to the Belgian state, the Flemish Community, the French Community, the Brussels Capital Region and Service Public de Wallonie.

Changes in budgetary, subsidy and taxation policies may affect Belfius' lending to public and not-for-profit institutions, such as hospitals. General hospitals have been investing considerable amounts over the past few years, specifically in larger scale new hospital buildings. These investment efforts have contributed to a larger indebtedness level. Furthermore, the financial situation of hospitals was affected by the Covid-pandemic and the industry remains confronted with important labour challenges. As hospitals have been able to generate sufficient cash flows, their overall financial structure has at this stage not been materially affected. However, their recurring results have since several years come under pressure and overall profitability of the sector remains low, which may lead to challenges with their indebtedness levels.

Current coverage of counterparty exposures provided by posted and/or covenanted collateral may prove insufficient or inadequate, or Belfius may be unable to enforce collateral due to factors such as inadequate documentation, legal uncertainty, unfavourable judgments, client fraud or economic deterioration which would significantly reduce the value of collateral. This risk is most prevalent in the businesses and operations of Belfius that rely on sufficiency of collateral, such as in collateralised derivatives, in mortgage and commercial real estate lending, and in general investment loans. Bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failures or other factors may cause Belfius' counterparties to default on their obligations towards Belfius.

Belfius could also be exposed to financial risk stemming from the disruption of a client's operation as a result of environmental, social or governance ("ESG") concerns, which are becoming increasingly important in certain industries. If not managed properly, these could affect a client's ability to pursue its business activity and therefore meet its financial obligations, which could drive down the value of a client's collateral in the context of a transaction.

In a context of continued economic and geopolitical uncertainties, Belfius maintains a sound level of provisioning for credit risk. "Overlay for economic uncertainties and vulnerable exposures“ at the end of June amounted to EUR 134 million, constituted from:

– EUR 46 million for macroeconomic factors;
– EUR 88 million for vulnerable exposures.

If Belfius is unable to manage its credit risk effectively, its business, results of operations, financial condition and prospects could be materially adversely affected. Please also refer to "Exposures to credit risk" of Section 6.8.1 "Fundamentals of credit risk in the first half of 2024" for additional information on credit risk exposures, the quality of the portfolio and the Cost of Risk evolution.

2.1.1.5 Belfius is subject to risks affecting its liquidity (Global Criticality: Medium)

Liquidity risk consists of the risk that Belfius will not be able to meet both expected and unexpected current and future cash flows and collateral needs. In this respect, please also refer to Section 6.8.3 "Liquidity risk at Belfius bank" for more information on the liquidity risk profile of Belfius and the management thereof.

The liquidity risk of Belfius is mainly stemming from:

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

Conditions may arise constraining Belfius' access to funding, including a loss of confidence by depositors, "war on cash" by competitors or curtailed access to wholesale funding markets, and may result in Belfius being required to seek alternative funding source which would constrain funding or liquidity opportunities for Belfius over a longer period and/or in material amounts.

Liquidity risk is inherent in much of Belfius' business. Each asset purchased and liability sold has unique liquidity characteristics. Some assets have high liquidity, in that they can be converted into cash relatively quickly, while other assets, such as privately placed loans, mortgage loans, UK long-term bonds, property and unlisted equities, have comparatively low liquidity. Market downturns typically lead to even lower liquidity for these assets. These downturns may also reduce the liquidity of those assets which in normal market circumstances are more liquid, as occurred following the financial crisis with the markets for asset-backed securities relating to real estate and mortgage loans, and other collateralised debt and loan obligations.

In periods of increasing illiquidity of an increasing amount of assets in the financial markets, Belfius may be unable to sell or buy assets at market efficient prices and may therefore realise lower sale prices potentially leading to investment losses, or have to pay higher acquisition prices potentially leading to opportunity losses. In addition, increasingly illiquid markets could result in Belfius being required to hold higher levels of liquid but hence lower yielding assets in its liquidity buffer, or having to raise or hold additional funds for operational purposes through additional unprofitable financings. Please also refer to Section 6.8.3 “Liquidity risk at Belfius Bank”.

The ALM liquidity bond portfolio is part of Belfius Bank’s total LCR liquidity buffer and is deemed to be well diversified with high credit and liquidity quality. As at 30 June 2024, the ALM liquidity bond portfolio stood at EUR 8.4 billion, up by EUR +0.6 billion or +7.7% compared with 31 December 2023. As at 30 June 2024, the portfolio was composed of sovereign and public sector bonds (60%), covered bonds (35%), corporate bonds (5%) and asset-backed securities (<1%). As at 30 June 2024, Belgian and Italian government bonds in the ALM liquidity bond portfolio amounted to EUR 1.6 billion and EUR 0.9 billion, respectively.

However, despite the current liquidity buffer, if Belfius were to face difficulties in accessing funding, including, for example, as a result of competitive pressures on savings, or in meeting the aforementioned liquidity ratios, its business, results of operations, financial condition and prospects could be materially adversely affected and the impact would in such case be high.

Belfius’ customers’ assets under management might also be affected by increasing illiquidity in financial markets. In the event of serious stress, Belfius’ customers may withdraw their funds from investments in mutual funds or other securities in material amounts and in short time frames, in a way that Belfius might be inclined to provide financial support in relation to its asset management business on reputational or commercial grounds, and beyond or in the absence of any contractual obligations, which it refers to as “step-in risk”. Any of the foregoing could have a material adverse effect on Belfius’ business, results of operations, financial condition and prospects.

2.1.1.6 Belfius is subject to fluctuations caused by market risks (Global Criticality: Low)

Belfius is exposed to the risk that changes in market prices or rates, including changes in and increased volatility of interest rates, inflation rates, credit and basis spreads, foreign exchange rates, equity, commodity prices and prices for bonds and other instruments will adversely impact its business, results of operations, financial condition and prospects. Other risk factors like correlations or mean reversions related to the above asset classes may also affect Belfius’ trading portfolio.

Belfius also faces market risks stemming from credit spread evolutions, especially on its bonds and uncollateralised derivatives portfolios, as the fair value of these financial instruments could fall due to credit spread widening and cause Belfius to record mark to market losses at the time of sale or through fair value adjustments through its statement of income. In a distressed economic or market environment, the fair value of certain of Belfius’ exposures may be volatile and more difficult to estimate because of market illiquidity. Proxy hedges in place may also appear inefficient in case of market stress or idiosyncratic issues. Valuations in future periods, reflecting the then-prevailing market conditions, may result in significant negative changes in the fair value of these exposures, which could have a material adverse impact on Belfius’ business, results of operations, financial condition and prospects.

The Value-at-Risk (“**VaR**”) used for internal limit control was much less volatile in 2023 and in the first half of 2024 compared to 2022. The VaR consumption as at 30 June 2024 stood at a relatively low level (EUR 10.4 million compared to the limit of EUR 26.3 million), with the maximal consumption in the first half of 2024 being limited as well (EUR 14.2 million).

In this respect, please also refer to Section 6.8.2 “Market risk”.

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

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

2.2 Risks related to the Savings Certificates

2.2.1. *Risks related to the nature of the Savings Certificates*

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

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

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

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

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

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

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

In summary (and subject to the implementing rules), the Relevant Resolution Authority is able to exercise its bail-in powers if the following (cumulative) conditions are met:

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

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

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

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

 (iv) Belfius Bank requests extraordinary public financial support;

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

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

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

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

Furthermore, it should be noted that, on 18 April 2023, the European Commission adopted a proposal to adjust and further strengthen the EU's existing bank crisis management and deposit insurance (the "**CMDI Proposal**") framework, with a focus on medium-sized and smaller banks. The proposal would enable authorities to organise the orderly market exit for a failing bank of any size and business model, with a broad range of tools. In particular, it would facilitate the use of industry-funded safety nets to shield depositors in banking crises, such as by transferring them from an ailing bank to a healthy one. Such use of safety nets must only be a complement to the banks' internal loss absorption capacity, which remains the first line of defence. If implemented as proposed, this may have an impact on the current supervisory and resolution powers applicable to credit institutions (such as Belfius Bank). The current CMDI Proposal proposes (i) to abolish the 'super-preference' of deposit guarantee schemes in order to extend the privilege of depositors to a broader group of depositors that currently benefit from the privilege (this would mean that the privilege no longer only applies to depositors for deposits protected by the deposit protection regime); (ii) to create a single-tier ranking for all deposits (covered deposits and deposit guarantee schemes' claims, non-covered deposits of households and small and medium enterprises, other non-covered deposits); and (iii) all deposits relative to ordinary unsecured claims would be preferred. Futhermore, on 19 June 2024, the European Council has agreed on a negociating mandate with the European Parliament on the final shape of the CMDI framework which intends to revise certain aspects of the initial European Commission's proposal. Compared to the European Commission's proposal, the Coucil's mandate provides for (i) additional safeguards on the use of the Deposit Guarantee Schemes or the Single Resolution Fund ("**SRF**") funds to avoid unintended consequences or moral hazard, (ii) ensuring in particular that bridging the gap does not replace loss absorption by the failing bank's shareholders and creditors; and (iii) an adequate burden sharing between the Deposit Guarantee Schemes and the SRF, where the latter is tapped within the Banking Union, subjecting their interventions to limits and to a 'pecking order', in particular giving the SRF priority for repayment purposes stricter requirements and limitations on the use of bridging the gap for banks with a balance sheet size between € 30 billion and 80 billion, which will furthermore only be available during the 10-year period after the entry into force of CMDI. Nevertheless, even though such legislative reform is aimed at improving the situation of depositors and holders of Savings Certificates, it is uncertain what the final legislative texts will provide and what their impact will be.

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

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

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

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

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

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

When Savings Certificates are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Savings Certificates. Certain fees and costs are set out in this Base Prospectus, but there may be other fees and costs which may impact the holders' actual yield. In addition to such costs directly related to the purchase of securities (direct costs), holders of Savings Certificates must also take into account any other costs (such as custody fees). Investors should inform themselves about any additional costs which they may incur in connection with the purchase, custody or sale of the Savings Certificates before investing in the Savings Certificates.

2.2.1.6 Risks related to reinvesting risk

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

2.2.1.7 Risks related to tax position of the investors and change of tax law

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

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

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

2.2.2. *Risks related to the terms of the Savings Certificates*

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

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

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

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

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

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

2.2.2.3 No tax gross-up obligation

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

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

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

2.2.2.5 Issuer substitution

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

3. CHOICES MADE BY THE ISSUER

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

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

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

4. RESPONSIBILITY STATEMENT

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

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

5. DOCUMENTS INCORPORATED BY REFERENCE

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

- the audited consolidated accounts of Belfius Bank for the years ended 31 December 2022[2] and 31 December 2023[3] , including the reports of the statutory auditors in respect thereof;
- the disclosure document on "Alternative Performance Measures" (the "**APM**") for the years ended 31 December 2022[4] and 31 December 2023[5] ;
- the half-yearly report ended 30 June 2024 (the "**Half-Yearly Report 2024**")[6]; and
- the disclosure document on the APM for the half-year ended 30 June 2024[7].

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

In accordance with Article 8(11) of the Prospectus Regulation, this Base Prospectus should also be read and construed in conjunction with the form of the Final Terms, the relevant Final Terms and the relevant Terms and Conditions of the Saving Certificates from the previous base prospectus relating to the Programme which was approved by the FSMA on 6 December 2023 (and which is replaced and superseded by this Base Prospectus) with respect to any Saving Certificates offered to the public and which offer continues after the expiration of such previous base prospectus under which it was commenced, which are incorporated by reference in this Base Prospectus.

Copies of all documents incorporated by reference in this Base Prospectus may be obtained without charge from the offices of Belfius Bank and on the website of the Issuer at www.belfius.be. Potential investors in the relevant Savings Certificates should be aware that any website referred to in this Base Prospectus does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised nor approved by the FSMA.

The tables below set out the relevant page references for (i) the consolidated balance sheet, (ii) the consolidated statement of income, (iii) the consolidated statement of comprehensive income, (iv) the consolidated statement of changes in equity, (v) the consolidated cash flow statement, (vi) the notes to the consolidated annual financial

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

[3] https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/Annual-Report-2023-EN.pdf

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

[5] https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/2023-APM.pdf

[6] https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/1H%202024%20Half-year%20report.pdf

[7] https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/1H%202024%20APM.pdf

statements, (vii) the audit report on the consolidated accounts, (viii) the non-consolidated balance sheet, (ix) the non-consolidated statement of income, (x) the audit report on the non-consolidated accounts, as well as the APM for the years ended 31 December 2022 and 31 December 2023.

Solely the information listed in the tables below in respect of the annual reports for the years ended 31 December 2022 and 2023, and the Half-Yearly Report 2024, is incorporated by reference in the Base Prospectus. The other parts of the annual reports and the Half-Yearly Report 2024 are not incorporated by reference. They are either deemed not relevant for the investor or are already covered elsewhere in the Base Prospectus. The consolidated balance sheet and consolidated statement of income of Belfius Bank for the years ended 31 December 2022 and 2023 can also be found in the section 6 "Belfius Bank".

	Belfius Bank SA/NV		
	Annual Report 2022 (English version) **audited**	**Annual Report 2023 (English version)** **audited**	**Half-Yearly Report 2024 (English version)** **unaudited – condensed**
consolidated balance sheet	261-262	164-166	91-92
consolidated statement of income	263	167	93
consolidated statement of comprehensive income	264-265	168-169	94-95
consolidated statement of changes in equity	266-270	170-174	96-100
consolidated cash flow statement	271-272	175-176	101-102
notes to the consolidated financial statements	273-420	177-344	103-176
audit report on the consolidated accounts	421-426	345-353	177
non-consolidated balance sheet	428-429	355-356	-
non-consolidated statement of income	431-432	358-359	-
audit report on the non-consolidated accounts	433[8]	-	-

APM for the financial years ended 31 December 2022, 31 December 2023 and 30 June 2024

	Belfius Bank SA/NV		
	Alternative performance measures 2022	**Alternative performance measures 2023**	**Alternative performance measures 1H 2024**
common equity tier 1 ratio	1	1	1

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

	Belfius Bank SA/NV		
	Alternative performance measures 2022	**Alternative performance measures 2023**	**Alternative performance measures 1H 2024**
tier 1 ratio	1	1	1
total capital ratio	1	1	1
leverage ratio	2	2	2
solvency II ratio	2	2	2
liquidity coverage ratio	2	2	2
net stable funding ratio	2	2	2
net interest margin	3	3	3
cost-income ratio	3	3	3
credit cost ratio	3	3	3
asset quality ratio	4	4	4
coverage ratio	4	4	4
return on equity	4	4	4
return on assets	4	4	4
return on normative regulatory equity	5	5	5
total savings and investments of commercial activities	5	5	5
total loans to customers	6	6	6
ALM liquidity bond portfolio	6	6	6
ALM yield bond portfolio	7	7	7
credit guarantee portfolio	7	7	7
funding diversification	7	7	7
non-life expense ratio (P&C)	9	8	8
non-life net loss ratio (P&C)	9	9	9
insurance service expenses adjusted	-	9	9
adjusted result	10	9	9

6. BELFIUS BANK SA/NV

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

6.1 Belfius Bank profile

Belfius Bank SA/NV (the "Issuer" or "Belfius Bank") is a limited liability company (naamloze vennootschap/ société anonyme) established on 23 October 1962 for an unlimited duration and incorporated under Belgian law which collects savings from the public. The Issuer is licensed as a credit institution in accordance with the Banking Law. It is registered with the Crossroads Bank for Enterprises under business identification number 0403.201.185 and has its registered office at 1210 Brussels, Place Charles Rogier 11, Belgium, telephone +32 22 22 11 11 and website https://www.belfius.be. The information on this section of the website does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised or approved by the FSMA. Belfius Bank's LEI code is A5GWLFH3KM7YV2SFQL84. The commercial name of the Issuer is Belfius Bank in English, Belfius Bank in Dutch and Belfius Banque in French.

The share capital of Belfius Bank as at 30 June 2024 was EUR 3,458,066,227.41 and is represented by 359,412,616 registered shares. The shareholding of Belfius Bank is as follows: 359,407,616 registered shares are held by the public limited company of public interest Federal Holding and Investment Company ("FHIC"), in its own name but on behalf of the Belgian State, and 5,000 registered shares are held by the public limited company Certi-Fed. Certi-Fed is a fully-owned subsidiary of FHIC. Belfius Bank shares are not listed.

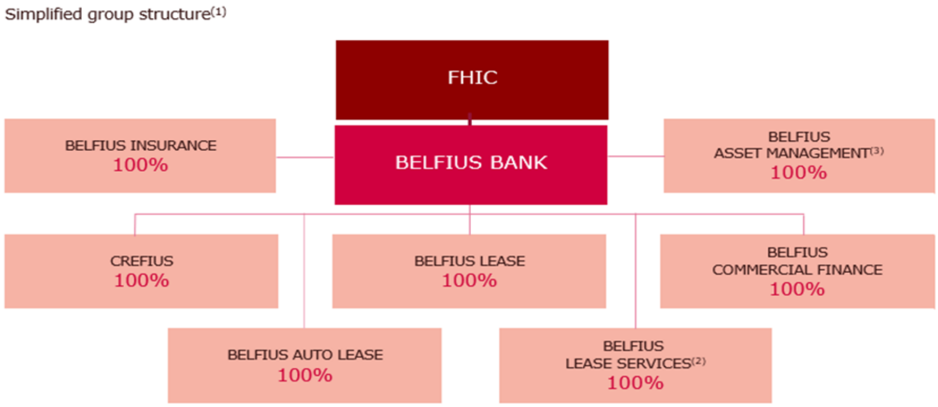
At the end of June 2024, total consolidated balance sheet of the Issuer amounted to EUR 180 billion.

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

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

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

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



(1) For more details, see the list of subsidiaries in the consolidated financial statements in the 2023 annual report.
(2) Belfius Lease Services operates under the same brand (logo) as Belfius Lease.
(3) Following the strategic partnership with Candriam, one share of Belfius Asset Management is held by Candriam.

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

6.3 Main commercial subsidiaries

The entities mentioned below are subsidiaries[9] of the Issuer.

Belfius Insurance

Insurance company marketing life and non-life insurance products, savings products and investments for individuals, the self-employed, liberal professions, companies and the public and social sector. At the end of 2023, total consolidated balance sheet of Belfius Insurance amounted to EUR 19 billion.

Crefius

Company servicing and managing mortgage loans. At the end of 2023, the total balance sheet of Crefius amounted to EUR 22 million.

Belfius Auto Lease

Company for operational vehicle leasing and car fleet management, maintenance and claims management services. At the end of 2023, total balance sheet of Belfius Auto Lease amounted to EUR 661 million.

Belfius Lease

[9] Total IFRS balance sheet before consolidation adjustments.

Company for financial leasing and renting of professional capital goods. At the end of 2023, total balance sheet of Belfius Lease amounted to EUR 1,115 million.

Belfius Lease Services

Financial leasing and renting of professional capital goods to the self-employed, companies and liberal professions. At the end of 2023, total balance sheet of Belfius Lease Services amounted to EUR 3,039 million.

Belfius Commercial Finance

Company for financing commercial loans to debtors, debtor in-solvency risk cover and debt recovery from debtors (factoring). At the end of 2023, total balance sheet of Belfius Commercial Finance amounted to EUR 1,414 million.

Belfius Asset Management

Company for administration and management of investment funds. At the end of 2023, the total balance sheet of Belfius Asset Management amounted to EUR 185 million and assets under management amounted to EUR 30.7 billion.

6.4 Financial results

6.4.1. Results 2023[10]

Belfius' consolidated net income reached EUR 1,115 million in 2023, driven by strong commercial dynamics and increasing income, within a persistently executed strategy supported by solid ALM management, and despite inflationary pressures on the cost side.

Total income amounted to EUR 4,050 million in 2023, up +9% or EUR +338 million compared to 2022 (EUR 3,712 million) thanks to:

- increase of the net interest income bank by +20% (EUR 2,108 million in 2023 vs EUR 1,752 million in 2022) in higher interest rate environment, driven by improving interest margin on non maturing deposits and still supportive remuneration on the large liquidity buffer held in cash during the year. This overall growth of interest margin is somewhat softened by: (i) volume shift from non maturing deposits towards term funding; (ii) pressure on new loan margins from general market delay between loan pricings and sharp increases of market interest rates, and (iii) continued strong competition in the Belgian loan market;

- increasing net fee and commission income bank from EUR 757 million in 2022 to EUR 760 million in 2023, mainly thanks to increasing payment service and third-party product fees, as well as continuously growing fees from Non-Life insurance activities through the banking network;

- growing insurance pre-provision income contribution, despite lower financial income in higher interest rate environment leading to decreasing Life insurance income (EUR 456 million in 2023 vs EUR 482 million in 2022) and thanks to higher Non-life & Health insurance income (EUR 866 million in 2023 vs EUR 809 million in 2022), in line with sound portfolio growth;

- other income at EUR -140 million in 2023 compared to EUR -88 million in 2022, mainly stemming from higher bank levies in 2023 and the reversal of some provisions in 2022.

[10] As integrated bank-insurer, has released its 2023 and first half 2024 results in accordance with the new accounting standard IFRS 17 with regards to insurance activities.

Insurance Service Expenses adjusted[11] for directly attributable costs for insurance contracts and reinsurance amounted to EUR -708 million in 2023 vs EUR -787 million in 2022. This improvement is mainly driven by Non-Life, thanks to the recalibration of the confidence interval to 77.5% and to the lower level of natural catastrophes' claims in 2023 while 2022 was impacted by February 2022 storms, as well as to the impact of reduced inflation assumptions on Best Estimate calculation.

Belfius continued to develop its strong footprint in operational, commercial and financial terms, by investing in human talent and digital capital. The year 2023 has been marked by further investments in technology as well as in human capital. Costs[12] went up by +7% at EUR 1,740 million in 2023 vs EUR 1,620 million in 2022 due to inflationary pressures and these growth investments. However, thanks to the solid income evolution y-o-y, Belfius' C/I ratio[13] further improved at 43% in 2023 compared to 44% in 2022.

All in all, the combination of strong income dynamics and improved insurance service expenses adjusted, despite growing operating expenses as well as continuing investments in commercial activities, ESG, IT and digitalization, led to an increase in pre-provision income[14] by +23%, to EUR 1,603 million in 2023 (vs EUR 1,305 million in 2022).

In 2023, Belfius made again a detailed review of its credit risk portfolio and continued to calibrate its IFRS 9 provisions.

Belfius continues to evolve its credit risk provisioning in synchronization with such transforming context, where inflationary pressures have had the hand over recession risk during the year 2023, and where economic growth continued to show more resilience than formerly anticipated in general.

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

- slightly adjusted for improving economic outlooks (moving from EUR 124 million end 2022 to EUR 88 million end 2023), fully focusing again on forward looking assessment, and
- redirected from Covid-induced overlays for vulnerable sectors to Inflation and Energy related vulnerabilities.

Next to that, higher migration to stage 3 (mainly during 1H 2023) has occurred, especially in the construction and manufacturing sectors (SME to mid-sized companies).

This led in 2023 to a negative cost of risk of EUR -109 million (net allowance), more in line than past few years with historical terms, compared to EUR -105 million or a net allowance in 2022.

As a result, the net income before taxes amounted to EUR 1,493 million in 2023 compared to EUR 1,197 million in 2022.

The tax expenses amounted to EUR 376 million in 2023 compared to EUR 264 million in 2022, showing an effective tax rate in line with the statutory tax rate (25%). The higher IFRS taxes in 2023 are mainly the result of

[11] Insurance Service Expenses Adjusted equal Insurance Service Expenses, plus Net Reinsurance Result, minus Operating Expenses allocated to Insurance Service Expenses.

[12] Including directly attributable costs for insurance contracts.

[13] Representing Costs (including costs directly attributable to insurance services) divided by Income.

[14] Pre-provision income is pre-provision income before impairments on financial instruments and provisions for credit commitments and impairments on tangible and intangible assets.

a higher consolidated result before tax than in 2022 and the limitation of the NTK[15] deductibility to 20% since the start of the year (compared to 100% the previous years).

As a consequence, consolidated net income 2023 reached EUR 1,115 million compared to EUR 932 million in 2022. This is Belfius' highest net income since its origins, back in 2011.

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

– the CET 1[16] ratio stood at 16.0%, down 49 bps compared to the CET 1 ratio as of December 2022. This decrease over 2023 is mainly the result of higher regulatory risk exposures (EUR +5.4 billion to EUR 69.5 billion), partially compensated by higher CET 1 capital (EUR +539 million);

– this strong and solid CET 1 level was net of a 40% dividend pay-out ratio, hence a 2023 dividend of EUR 440.3 million , thanks to which Belfius continued to support its commercial franchise development. Hence, the total cumulative amount of dividends since Belfius' origins back in 2011 amounts to EUR 2.5 billion;

– the total capital ratio stood at 19.14% compared to 19.76% end 2022;

– the leverage ratio increased to 6.5% compared to 6.2% per end December 2022. The increase is the result of the higher regulatory Tier 1 capital, and a lower leverage exposure;

– insurance activities also displayed continued solid solvency metrics, with a Solvency II ratio of 195% end of December 2023;

– end of December 2023, Belfius continued to show an excellent liquidity and funding profile with a LCR of 139% and a NSFR of 128%;

– total shareholders' equity (Net Asset Value) further improved to EUR 11.7 billion end December 2023 (vs EUR 10.9 billion end 2022), as a result of strong financial results and favorable financial markets.

6.4.2. *Results for the first half of 2024*

Belfius' consolidated net income 1H 2024 stood at EUR 482 million, driven by strong commercial dynamics and increasing income, within a persistently executed strategy supported by solid ALM management, and disciplined cost management.

Total income amounted to EUR 1,975 million in 1H 2024, up +6% or EUR +105 million compared to 1H 2023 (EUR 1,870 million) thanks to:

– decrease of the net interest income bank by -4% (EUR 1,005 million in 1H 2024 vs EUR 1,050 million in 1H 2023) in higher interest rate environment, although benefitting from a positive reinvestment rate effect, due to (i) reduced interest income on lowering non maturing deposits, (ii) margin pressure on loans in a very competitive Belgian loan market, and (iii) absence of remuneration on the mandatory liquidity reserve held at National Bank of Belgium;

[15] Belgian tax on credit institutions.

[16] The pro forma of the CET 1 ratio, total capital ratio, leverage ratio and Net Asset Value takes into account the implementation of IFRS 17 as well as the IFRS 9 business model reassessment on 1 January 2023, where a reclassification of EUR 8.9 billion has taken place from the Belfius Insurance portfolio of loans and debt securities measured at amortised cost to loans and debt securities measured at fair value through other comprehensive income.

- increasing net fee and commission income bank from EUR 378 million in 1H 2023 to EUR 391 million in 1H 2024, mainly thanks to (i) increasing Asset Management service fees following strong market effect and positive organic growth, (ii) increasing Asset Management entry fees, resulting from higher production in mutual funds, as well as (iii) continuously growing fees from Non-Life insurance activities through the banking and independent DVV agents' networks;

- growing insurance pre-provision income contribution, thanks to higher financial income and higher insurance revenue leading to increasing Life insurance income (EUR 259m in 1H 2024 vs EUR 211m in 1H 2023) and to growing Non-life & Health insurance income (EUR 449m in 1H 2024 vs EUR 409m in 1H 2023), in line with sound portfolio growth;

- other income at EUR -129 million in 1H 2024 compared to EUR -177 million in 1H 2023, mainly stemming from lower bank levies in 1H 2024 (from EUR -280 million in 1H 2023 to EUR -218 million in 1H 2024).

Insurance Service Expenses adjusted for directly attributable costs for insurance contracts and reinsurance amounted to EUR -360 million in 1H 2024 vs EUR -334 million in 1H 2023. This increase is attributable to Non-Life and Health.

Belfius continued to develop its strong footprint in operational, commercial and financial terms, by investing in human talent and digital capital. The first six months of 2024 have been marked by further investments in technology as well as in human capital. Costs went up by +3% at EUR 871 million in 1H 2024 vs EUR 843 million in 1H 2023 due to these growth investments. However, thanks to the solid income evolution y-o-y, Belfius' C/I ratio remained stable at 42% (with linear levies) in 1H 2024.

All in all, the combination of strong income dynamics, despite increasing insurance service expenses adjusted and continuing investments in commercial activities, ESG, IT and digitalization, led to an increase in pre-provision income by +7%, to EUR 744 million in 1H 2024 (vs EUR 694 million in 1H 2023).

In 1H 2024, Belfius made again a detailed review of its credit risk portfolio and continued to calibrate its IFRS 9 provisions.

EUR -155 million of allowances for exposures in default have been made, o.w. a few names in the portfolio in run-off and some major individual files in the Belgian economy. Next to this, small and medium sized businesses are contributing increasingly to the specific provisions. These specific provisions have been partly offset by EUR +103 million reversals in stages 1 and 2, due to (i) a reversal of a part of the ex-ante constituted Overlay for macroeconomic uncertainties and vulnerable exposures of EUR +60 million; and (ii) the reassessment of the other ECL overlays for the risk pockets and global portfolio evolutions (rating migrations and movements in credit exposure), that account for EUR +43 million. As such, the applied ex-ante provisioning in recent years allowed to absorb allowances for default files and limits total Cost of Risk.

This led in 1H 2024 to a negative cost of risk of EUR -52 million (net allowance), compared to EUR -17 million or a net allowance in 1H 2023, moving back to more normalized through the cycle level.

As a result, the net income before taxes amounted to EUR 692 million in 1H 2024 compared to EUR 676 million in 1H 2023.

The tax expenses amounted to EUR 209 million in 1H 2024 compared to EUR 196 million in 1H 2023, showing an effective tax rate (30%) higher than the statutory tax rate (25%). The higher IFRS taxes in 1H 2024 are mainly the result of a higher consolidated result before tax than in 1H 2023 and of the non-deductibility of the NTK since early 2024, whereas 20% of the NTK was deductible in 2023.

As a consequence, consolidated net income in 1H 2024 reached EUR 482 million, this is Belfius' highest half-yearly net income since its 2011 origins.

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

- the CET 1 ratio stood at 15.72%, down 23 bps compared to the CET 1 ratio as of December 2023. This decrease of 23 bps over the first six months of 2024 is mainly the result of higher RWA (-41 bps), mostly because of required anticipative application of changes in non-retail models and commercial growth, partially offset by an increase in prudential CET capital (+18 bps);
- the total capital ratio stood at 19.43% compared to 19.14% end 2023;
- the leverage ratio remained at 6.5%, stable compared to end December 2023;
- insurance activities also displayed continued solid solvency metrics, with a Solvency II ratio of 197% end of June 2024 (in line with the level of 195%, end 2023);
- end of June 2024, Belfius continued to show an excellent liquidity and funding profile with a LCR of 136% and a NSFR of 130%;
- total shareholders' equity (Net Asset Value) slightly decreased to EUR 11.6 billion end June 2024 (vs EUR 11.7 billion end 2023), the negative impact of the dividend over the result FY 2023 has been partly offset by strong financial results.

6.5 Minimum CET 1 requirements (SREP)

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

- the minimum capital requirements ("Pillar 1 requirements") as defined by Article 92 of Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 (CRR 2);
- the capital requirements that are imposed by the SREP decision (Supervisory Review and Evaluation Process) pursuant to Article 16(2)(a) of Regulation (EU) No 1024/2013 and which go beyond the Pillar 1 requirements ("Pillar 2 requirements");
- the combined buffer requirement as defined in Article 128(6) of Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU (CRD 5).

Minimum CET 1 ratio Requirement

(in %)	2023	1H 2024

Following the annual "Supervisory Review and Evaluation Process" finalized at the end of 2023, Belfius has to comply with a minimum CET 1 ratio for 1H 2024 of 10.481% (before Pillar 2 Guidance):

- a Pillar 1 minimum of 4.5%;
- a Pillar 2 Requirement (P2R) of 1.215% (after split of 2.16% P2R);
- a capital conservation buffer (CCB) of 2.5%;
- a buffer for (other) domestic systemically important institutions (O-SII buffer) of 1.5% (imposed by the National Bank of Belgium);
- a sectoral systemic risk buffer of 0.17%;
- a countercyclical capital buffer (CCyB) of 0.59%.

Note that the Pillar 2 Guidance (P2G) is set at 1% on the CET 1 ratio. As a result, Belfius has to comply with a minimum CET 1 ratio of 11.481% for 1H 2024 (to compare with 10.849% in 2023).

Also note that the countercyclical capital buffer has increased with +46 bps (stemming mainly from the increased countercyclical buffer % for exposures on Belgium) and the sectorial systemic risk buffer has decreased with -10 bps following macroprudential measures imposed by the regulators.

The consolidated CET 1 ratio of Belfius at the end of June 2024 stood at 15.72%, well above the 2024 applicable CET 1 capital requirement of 10.481%.

Further to these regulatory requirements, Belfius stated in its Risk Appetite Framework that, in normal market circumstances and under stable regulations, it would strive to respect a minimum operational CET 1 ratio of 13.5%, on consolidated level.

6.6 *Segment Reporting*[17]

Analytically, Belfius splits its activities and accounts in three segments: Individuals (IND) and Entrepreneurs, Enterprises and Public (E&E&P) and Group Center; with IND and E&E&P containing the key commercial activities of Belfius.

– Individuals (IND), managing the commercial relationships with individual customers both at bank and insurance level. Within the Individuals segment, we distinguish 4 subsegments: Savers, Investors, Private and Wealth;

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

- Entrepreneurs, Enterprises and Public entities (E&E&P), managing the commercial relationships with public and social sector, business and corporate clients both at bank and insurance level;
- Group Center (GC), containing the residual results not allocated to the two commercial segments. This mainly consists of results from central ALM (interest rate and liquidity) and Bond and Derivative portfolio management.

Individuals (IND) activities and result in the first half of 2024

At the end of June 2024, total savings and investments amounted to EUR 127.7 billion, an increase of +5.2%, or EUR +6.3 billion, compared to the end of 2023. IND S&I displayed an excellent organic growth of EUR 3.7 billion and a solid market effect of EUR 2.6 billion, the majority thanks to Private & Wealth. This EUR 6.3 billion growth is mainly explained by (i) a strong growth of +9% in Asset Management Services (EUR +3.3 billion) driven mainly by a positive market effect and a solid organic growth, and (ii) by a steady increase of +9% in maturing deposits (EUR +1.3 billion) explained by the increased attractivity due to the higher interest rates.

Non maturing deposits totalled EUR 56.8 billion at 30 June 2024, up +2% (EUR +1.1 billion) compared to the end of 2023. The payment and savings accounts outstanding reached respectively EUR 13.1 billion (+4%) and EUR 43.7 billion (+1%) at the end of June 2024.

Maturing deposits and Branch 21 amounted to EUR 19 billion, up +8% compared to the end of 2023. This strong increase is mainly due to Term & Straight Deposits, Bonds, Savings Certificates and Branch 21 that benefitted from transfers from Non Maturing deposits and new cash, and amounted respectively to EUR 4.3 billion (+3% vs end 2023), EUR 10.6 billion (+7%), EUR 1.2 billion (+65%) and EUR 2.0 billion (+10%).

Asset Management Service and Equity investments volumes increased by +8% compared to the end of 2023, to EUR 45 billion, which benefitted from positive market effect and solid organic growth, stemming mainly from mutual funds and mandates.

Total loans to customers increased by +1.3% from EUR 50.3 billion at the end of 2023 to EUR 51.0 billion at 30 June 2024. Mortgage loans, which account for 90% of all loans for Individuals, amounted to EUR 45.8 billion at the end of June 2024 (+0.8%), while consumer loans and other loans to Individuals stood respectively at EUR 1.9 billion (+3.1%) and EUR 3.3 billion (+8.7%).

New long-term loans granted to Individuals clients during 1H 2024 amounted to EUR 3.0 billion, a decrease by -10% compared to EUR 3.3 billion in 1H 2023. In 1H 2024, the new production of mortgage loans decreased by -12% to EUR 2.3 billion. During the same period, EUR 0.4 billion in consumer loans and EUR 0.3 billion in new long-term business loans were granted, stable compared to 1H 2023.

Non-life insurance Gross Written Premiums grew by +6% in 1H 2024 compared to 1H 2023, at EUR 356 million, boosted by the Bank distribution channel (+7% to EUR 161 million). The premium collection in DVV Insurance amounted to EUR 158 million (+6% vs 1H 2023) and to EUR 38 million in Belfius Direct Insurance, up +5% compared to 1H 2023. Such growth is driven by premium indexation and new business, more than compensating the light increase in churn in this first half of the year.

The mortgage loan intentional cross-sell ratio for credit balance insurance increased to reach 137% in 1H 2024 vs. 136% in 1H 2023. The intentional mortgage loan cross-sell ratio for property insurance increased to 89% (vs 88% in 1H 2023).

Life insurance reserves Individuals increased by +3% since end 2023 to EUR 10.5 billion. Unit-linked reserves (Branch 23) increased with +5%, mainly thanks to a positive market effect of EUR 0.2 billion and the reserves Life Invest Branch 21 increased with +26% thanks to the solid production in Branch 21 Invest for Individuals.

Individuals' net income Group share increased by +10% and amounted to EUR 283 million in 1H 2024.

Entrepreneurs, Enterprises & Public (E&E&P)'s activities and result in the first half of 2024

As of 30 June 2024, total savings and investments amounted to EUR 62.9 billion, down by -3.3% (or EUR -2.1 billion) compared to end 2023, explained by negative organic growth of EUR -2.3 billion and slightly positive market effect of EUR 0.2 billion. Non maturing deposits (savings and payment accounts) decreased by EUR -2.9 billion to EUR 30.4 billion explained by the product mix switch to maturing deposits. Asset Management Services and Equity investments increased by EUR +0.3 billion (or +3.3%) to EUR 10.8 billion, mainly explained by the positive market effect and to a lesser extent by the organic growth. Other Savings and Investments increased by EUR +0.2 billion to EUR 9.2 billion, mainly explained by the increase in Commercial Paper.

Total outstanding loans increased to EUR 64.3 billion (or +1.4%). Outstanding loans to Business customers reached EUR 15.5 billion, decreasing slightly by EUR -0.1 billion (or -0.4%). Outstanding loans to Corporate customers amounted to EUR 25.2 billion, a strong increase by EUR +1.1 billion (or +4.5%), mainly explained by the strong growth in roll-over loans. In Public & Social Banking, the outstanding loans reached EUR 23.6 billion, a slight decrease (-0.5%) compared to end 2023.

In 1H 2024, Belfius granted EUR 7.9 billion in new long-term loans in the Belgian economy to Business, Corporate and Public and Social sector clients, a decrease by EUR -0.5 billion (or -6%) compared to 1H 2023.

EUR 2.0 billion of new long-term loans to business clients were granted, a decrease by -3% compared to 1H 2023.

The production of long-term loans for Corporate customers amounted to a strong EUR 4.7 billion, lower than in 1H 2023 (-7%), but still at a very high level.

In 1H 2024, Belfius granted EUR 1.3 billion of new long-term financing to the public sector, in line with 1H 2023. Belfius remains the undisputed leader in this market and responds to every financing tender from public bodies, to which it offers sustainable financing conditions. Belfius manages the cash flow of virtually all local authorities and was awarded 49% (in volume on production) of the public sector financing files put out to tender in 1H 2024.

Belfius also strengthened its leading position in the Debt Capital Markets (DCM) for (semi-)public and private companies: in 1H 2024, the Bank issued EUR 6.2 billion in innovative financing instruments in the form of short-term issues (average outstanding amount on commercial paper) and long-term issues (Medium Term Notes and bonds).

The E&E&P segment's commercial results in insurance shows opposite trends in terms of underwriting volumes:

- Non-life GWP E&E&P: increase compared to 1H 2023 (+4%) to EUR 120 million, thanks to growth in the business segment of both Bancassurance and DVV, while Wholesale segment remained stable;

- Life Insurance reserves E&E&P: increase by +1% since end 2023 to EUR 4.1 billion.

E&E&P net income Group share reached EUR 332 million in 1H 2024, an increase by EUR +58 million or +21%, if compared to 1H 2023.

Group Center (GC) activities and result in the first half of 2024

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

Run-off portfolios, inherited from the Dexia era, which mainly comprise:

a portfolio of bonds issued by international issuers, particularly active in the public and regulated utilities sector (which includes UK inflation-linked bonds) and ABS/RMBS, the so-called ALM Yield bond portfolio;

a portfolio of credit guarantees, comprising credit default swaps and financial guarantees written on underlying bonds issued by international issuers, and partially hedged by Belfius with monoline insurers (mostly Assured Guaranty); and

a portfolio of IR derivatives with Dexia entities as counterparty and with other foreign counterparties;

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

These portfolios and activities are further described below[18][19].

ALM Liquidity bond portfolio

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

At the end of 1H 2024, the ALM Liquidity bond portfolio stood at EUR 8.4 billion, up by EUR +0.6 billion or +7.7%, compared with December 2023. At the end of 1H 2024, the portfolio was composed of sovereign and public sector bonds (60%), covered bonds (35%), corporate bonds (5%) and asset-backed securities (<1%). Belgian and Italian government bonds in the ALM Liquidity bond portfolio amounted to EUR 1.6 billion and EUR 0.9 billion respectively.

At the end of 1H 2024, the ALM Liquidity bond portfolio had an average life of 6.8 years, and an average rating of A (100% of the portfolio being investment grade), which is globally consistent with year-end 2023.

ALM Yield bond portfolio

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

At the end of 1H 2024, the ALM Yield bond portfolio stood at EUR 2.9 billion, down by -2.1%, compared with December 2023, and was composed of corporates (80%), sovereign and public sector (11%), asset-backed securities (6%), and financial institutions (4%). Most corporate bonds, composed mainly of long-term inflation-linked bonds, are issued by highly regulated UK hospitals, infrastructure companies and utilities, such as water and gas distribution companies. Most of these bonds are of investment grade credit quality and the majority of these bonds are covered by credit protection from a credit insurer (monoline insurer) that is independent from the bond issuer. Continued pressure in the UK Water sector has resulted in the shift of an important counterparty to the non-investment grade range in 1H 2024.

At the end of 1H 2024, the ALM Yield bond portfolio had an average life of 21.5 years. The average rating of the ALM Yield bond portfolio stood at BBB+[20] , down from A- at year end 2023. 92% of the portfolio was investment grade.

[18] Nominal amount.

[19] As from 1H 2024, average rating and expected average life are based on EAD instead of notional value (in line with method already used before for IR Derivatives), with recalculation of end 2023 statistics.

[20] Includes rating impact from bought credit protection for some ALM yield bonds. One notch decrease of average rating is linked to a downgrade of a few positions within the portfolio.

Derivatives with Dexia entities and foreign counterparties

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

The total outstanding notional amount of derivatives with Dexia entities and interest rate derivatives with international counterparties amounted to EUR 6.6 billion at the end of 1H 2024, down by EUR -0.4 billion or -6%, compared with EUR 7.0 billion at the end of December 2023.

Derivatives with Dexia entities decreased by -6% (or EUR -0.3 billion) to EUR 4.9 billion at the end of 1H 2024. This decrease is due mainly to amortisations. Derivatives with international counterparties decreased by EUR -0.1 billion (or -6%) to EUR 1.6 billion at the end of 1H 2024.

The fair value of Dexia and international counterparty derivatives amounted to EUR 0.2 billion and to EUR 0.5 billion respectively at the end of 1H 2024. The Dexia derivatives are collateralised while the international counterparty derivatives are generally not collateralised. The Exposure At Default (EAD) amounted to EUR 0.7 billion.

At the end of 1H 2024, the average rating of the total portfolio stood at BBB+ and the average life of the portfolio stood at 9.7 years.

Credit guarantees

At the end of 1H 2024, the credit guarantees portfolio amounted to EUR 1.9 billion, or +0.03 billion compared to December 2023. It relates essentially to Financial Guarantees (booked in Amortised Cost), and Credit Default Swaps (booked in Fair Value Through P&L) issued on corporate (94%), public issuer bonds (3%) and ABS (3%). The good credit quality of the underlying reference bond portfolio, additional protection against credit risk incorporated in the bond itself and the protections purchased by Belfius, mainly from various monoline insurers, resulted in a portfolio that is 97% investment grade in terms of credit risk profile.

At the end of 1H 2024, the average rating of the portfolio stood at A, which is globally consistent with year-end 2023. The average life of the portfolio stood at 8.8 years.

Other Group Center activities

Other activities allocated to Group Center include:

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

The Group Center of Belfius Insurance is also fully allocated to these other Group Center activities. The Belfius Insurance Group Center contains income from assets not allocated to a specific business line, the cost of Belfius

Insurance's subordinated debt, the results of certain of its subsidiaries and costs that are not allocated to a specific business line.

Belfius' GC net income group share amounted to EUR -134 million in 1H 2024, compared to EUR

-51 million in 1H 2023.

6.7 Post-balance sheet events

Thames Water

As part of its Group Center legacy portfolios, Belfius has an exposure on Thames Water (Class A debt issued by the Operating Company) of EUR 550 million (EaD incl. Fair Value of hedged risk) as of 30 June 2024, which is guaranteed at a level of 76% of the EaD by an investment grade monoliner (with S&P rating AA). The exposure is classified in Stage 2 as of 30 June 2024 with an expected credit loss impairment representing 30% of the uncovered exposure at default.

After reporting date June 30, 2024, the UK water regulator, Ofwat, published its draft determinations, committing Thames Water to deliver significant improvements on current performance for a range of measures that matter to customers and the environment. They do however not accept the amount of money that Thames Water has said would be required to meet all of its obligations and therefore also requested lower average bills than those originally proposed by Thames Water. Ofwat is also proposing that Thames Water will be placed under a 'turnaround oversight regime', with enhanced monitoring of detailed delivery plans, particularly related to the improvement of asset health and transformation of its operational performance. The concrete substance of this "turnaround oversight regime" still must be defined and Belfius continues to closely monitor the situation.

Water companies in England and Wales, including Thames Water, are currently being consulted by Ofwat on these draft determinations, and are invited to introduce responses and comments thereon before 12 noon on 28 August 2024. Ofwat mentions it will publish its final determinations on 19 December 2024.

Following the publication of Ofwat, both Moody's and S&P have downgraded Thames Water class A debt rating to Ba1 respectively BB. As part of Ofwat's license conditions, Thames Water needs to maintain two investment-grade ratings. According to a statement on the credit rating agency's website, S&P noted that "... Ofwat has publicly stated that this "rating downgrade below investment grade" would not lead to an automatic revocation of Thames Water's license."

Belfius has analyzed in-depth all relevant information available for closing its H1 2024 accounts as of 30 June 2024, and on that basis assessed that the stage 2 classification for its Thames Water exposure, as well as the anticipated credit risk impairment on that exposure is deemed appropriate for 1H 2024 accounts. End of September 2024, both Moody's and S&P have further downgraded Thames Water class A debt rating to Caa1 and CCC+, respectively. As customary, Belfius will continue to monitor all relevant information and events very closely at next reporting dates.

Acquisition Ajusto by Jaimy

Belfius Insurance's subsidiary Jaimy acquired 100% of the shares of the company Ajusto in August 2024 to strengthen the scale-up to have a greater impact on the Belgian market for sustainable home maintenance and repair. Jaimy by Belfius will take the initiative to develop a comprehensive offering for all Belgians and strengthen the valuable collaboration with the contractor network together while leveraging the Ajusto team's knowledge and service.

6.8 Risk Management

6.8.1. Fundamentals of credit risk in the first half of 2024

Despite significant resilience shown by the Belgian economy, important challenges remain for the near future. The number of bankruptcies is quickly rising and has reached pre-Covid levels. The economic uncertainty primarily affects the manufacturing industry and the construction sector. Since the beginning of 2024, more than 1,300 construction companies went bankrupt, representing more than 20% of all bankruptcies. Job creation slowed down sharply in the first half of 2024, and the economy was confronted with a higher job loss, a.o. as a consequence of large corporate restructurings and bankruptcies. At the same time, labour market tightness has eased somewhat, although finding qualified workers remains a challenge across industries. Investment growth was reported to have moderated with companies focusing on cost control an enhancing efficiency through digitalization and automation. Adjustment to the energy transition and the implementation of the EU Recovery and Resilience Plan will require extensive investment and financing needs in the future.

The situation of the real estate market, an important segment of the Belgian economy, remains complicated. The trends that were observed in 2023, i.e. rising costs of building materials, increasing financing costs, restrictive energy regulation, etc. continue to persist in 2024. These elements combined have put pressure on the commercial real estate segment, but also increasingly on the residential segment. In the commercial real estate segment, the investment and demand level has remained low, and this has put significant pressure on the financial position of several large developers. In the housing market, the number of transactions decreased considerably in 2024 and housing prices are stabilizing, however with regional difference and difference per type of building.

With respect to the public sector, the level of financings deficits and the debt remain a concern for Belgium. Although the outcome of the elections in June (Federal & Regional) does not seem to lead to the political impasse that was feared, it remains a question to what extent the governments at the different levels will be able to put in place the budgetary discipline, that is required by Europe.

From a macroeconomic perspective, expected ECB interest rate reductions have been postponed or tempered and the outcome of numerous elections organized across the world could influence the financial markets and global economy, a.o. by feeding expectations of higher inflation.

Against this ambiguous background, credit risk management has been challenging in the first half of 2024, in particular in finding the right balance between confidence in the robustness of the past achievements and the questioning about the forward-looking approach to factor in potential risk evolutions. On the one hand, the credit quality across the Belfius loan portfolios remains strong, and the level of anticipative provisioning that was done in the past, is judged to provide adequate protection against downturn evolutions. On the other hand, the uncertainty about the duration and severity of the downturn elements that were recently observed, calls for vigilance and a thorough reflection about credit policies and provisioning strategies.

The economy shows resilience amid crises, but some uncertainty lingers

Individuals

Under tight monetary conditions and moderate inflation, in the first half of 2024 the mortgage production volume was at 83% of last year's level. The portfolio increased with 1.3% from an FEAD of EUR 43 billion at the end of 2023 to EUR 43.6 billion in 1H 2024.

Combined with a lower mortgage production, some minor changes in the characteristics of the new mortgages were observed. There was a moderate shift from the volume of loans granted to young First Time Buyers to older borrowers and the average maturity of newly originated mortgages has slightly decreased. Other characteristics like the DSTI and the dominance of mortgages with fixed interest rate remained stable.

All in all, despite a challenging environment of high interest rates and intense competition, the credit quality of the mortgage portfolio remains strong. This can be explained by a large prevalence of fixed-interest rates loans as well as the automatic wage indexation which lowered the share of debt service. The PD level remains relatively stable, with a slight decrease from 0.5% at the end of 2023 to 0.49% in June 2024. The NPL ratio remains within expected bounds at 0.3%. Similarly to previous years, Belfius remains largely compliant with the NBB expectations regarding LTV and DSTI ratios.

The consumer loans portfolio grew at around 2% since the end of 2023, reaching an FEAD of EUR 5.8 billion. In the past six months the average PD decreased further from 0.68% to 0.66%, indicating a healthy portfolio. The share of NPL's is also lower than in Q4 2023, decreasing from 3% to 2.7%.

We continue to closely monitor these portfolios, especially given the current macroeconomic conditions. Although the latest economic projections of NBB do not foresee a decrease in interest rates, recent and possible future ECB monetary easing could result in lower rates and a boost in (mortgage) production. For mortgages in particular, production could also be supported by relatively stable housing prices, higher wages and the slowing down in inflation.

Entrepreneurs & Enterprises (E&E)

General economic conditions have still been challenging in the first half of 2024 but activity growth has remained broadly stable at a low level. Within a context of continuing uncertainty and inflation not resuming its downward trend, most economic indicators have been bottoming out since end of 2023.

Companies in the E&E-segment are focussing on profitability, causing them to reduce their expenses and enhance operational efficiency and, in doing so, reducing their investment plans even with external financing remaining accessible. Investments are primarily focused on digitalisation and automation to offset the large rise in wage costs and on the greening of the production process mainly driven by regulatory requirements. In the meantime increase in wage costs is more moderate and also other input costs are in decline. Commodity prices were down overall, energy bills have fallen considerably but oil prices remain quite high. There are no more significant problems with supply chains also due to operational adjustments to render production processes less vulnerable.

Job creation has slowed sharply meaning market tightness has eased somewhat although finding qualified workers continues to pose a challenge. While using less temporary workforce and flexible and consultancy contracts (to reduce costs), still few companies plan to cut their permanent workforce.

Manufacturing fundamentals remain weak with tentative signs of improvement. Firms are struggling to return to pre-covid production causing growing overcapacity. Wage-cost gap has widened (compared to neighbouring countries) and energy prices remain above pre-crisis levels driving production costs to exceed global market prices. A slightly contracted construction activity contributes to a prolonged slump in the building industry.

Conditions are still better in the services industries, but the sentiment seems to be softened due to cost-cutting in the wider economy.

More consumer related industries (retail) have consumed their buffers to weather consecutive crises (covid, energy, inflation) and are showing more signs of financial stress (also already visible through rising defaults).

This economic uncertainty is translated in the credit quality indicators of the Belfius' E&E loan portfolio, amounting to EUR 63.4 billion at the end of 1H 2024:

– overall credit quality in the E&E segment is stable (average PD of 1.65% in 1H 2024 compared to 1.64% at end 2023) with decelerating growth of watchlist volumes;

- production, especially in Corporate Banking, continued to be very dynamic with good credit quality driven by better than average rated large tickets but interest rate sensitive activities as real estate and leveraged transactions represent a reduced share;

- bankruptcies have returned to pre-Covid levels but with regional and sectoral differences with a more pronounced growth in the SME-companies in sectors such as construction, transportation (incl. car dealers), hospitality and catering. This increase resulted in rising NPL levels (see also section 4 Asset Quality).

In the commercial real estate segment, the exposure growth has stopped as demand and investment appetite was strongly reduced due to the uncertainty of the interest rate evolution. The deep dive analysis on the portfolio, performed at end 2023, confirmed the fundamental credit quality of the Belfius commercial real estate portfolio. The key risk indicators, that are monitored on a permanent basis, continue to demonstrate the solid character of the portfolio, although certain evolutions call for a close watch. The upward pressure on the non-performing loans reflects the risk concentrations on certain large developers in the portfolio and a more general understream of defaults in the segment of small real estate and construction companies. Belfius has taken both specific and anticipative general provisions to cover for adverse risk evolutions in commercial real estate and it is quarterly assessing the adequacy of these provisions. To manage our risks during the current cooldown of the market, a number of measures have been taken, which include increased scrutiny on and update of the commercial real estate acceptance guidance and credit delegations combined with an intensive awareness campaign for credit analysts and bankers. From a portfolio perspective, shorter term loans with a project or refinancing risk are monitored more closely targeting an early detection of cash-flow issues.

Public & Social Banking

Belfius' portfolio in Public & Social Banking has seen a EUR -1.3 billion (-3.4%) decrease over the past half year, from EUR 36.1 billion to 34.8 billion. This is mainly due to a lower exposure on the regions and communities, constituting a change of approximately EUR -800 million in the portfolio. All in all, the credit quality has remained stable.

Although Belgium has shown resilience in the wake of two consecutive economic shocks (caused by the Covid-19 pandemic and the Russian invasion of Ukraine), support measures have eroded the budgetary cushion of the federal government and the regions and communities. Accordingly, the EU has concluded in its Country-Specific Recommendations that, at the federal level, no progress has been made on its recommendation to "pursue a medium-term fiscal strategy of gradual and sustainable consolidation, combined with investments and reforms conducive to higher sustainable growth."

Further fiscal reforms are necessary given the challenging operating environment (e.g. rising interest costs), but are largely dependent upon the reform plans of the to-be-formed and newly formed federal and regional governments in the wake of the June 2024 elections. While the quick formation of a reform-minded government in the Walloon Region offers a positive perspective, the effects of the formations of new governments in the Flemish Region and the Brussels-Capital Region as well as of a new federal government are still uncertain on account of the politically fragmented landscape.

While GDP growth has shown resilience, it will most likely not be able to make up for the current lack of fiscal reform and rising interest costs. This becomes a pressing issue as budget increases and investments are required in areas such as security (defence), healthcare (new buildings and medical treatments) and public utilities (energy transition, water management).

Besides high public debt and deficit levels, the Belgian economy is coping with the effects of international trade slowing down due to geoeconomic reasons (protectionism) and a structural decline in growth of emerging economies such as China. Low levels of labour participation as well as an ageing population put future growth prospects under pressure. Furthermore, Belgium has become less attractive as a place for new investments, as evidenced by its 27th place on the International Tax Competitiveness Index (down from 22nd place in 2022). A particular challenge is found in the high tax burden on labour, which puts Belgium last among OECD countries.

Moreover, some of the Belgian regions and communities are struggling with difficult budgetary positions. Public sector is providing financing and/or guarantees for municipalities, hospitals and public utilities that are also facing financial strain and/or require significant investments to address new medical treatments (hospitals) and the energy transition (public utilities). These interdependencies require close monitoring in the perspective of the general budgetary challenges and potential economic shocks.

As the 2024 edition of the annual Belfius local finance study has shown, Belgian municipalities are still dealing with high personnel costs, including pension contributions. Although energy costs have stabilised since the energy crisis of 2022, they remain high compared to pre-2022 level. Additionally, contributions to CPAS (Public Centres for Social Welfare), police zones and emergency zones (hulpzones) have increased from 2019-2024. Overall, however, municipal debt remains manageable and municipalities continue to maintain a fiscal balance. It should be noted that considerable support measures (in the form of loans on beneficial terms) made possible by the Walloon region (through the CRAC - Centre Régional d'Aide aux Communes) under the 2022-2026 "Oxygène" plan have helped the Walloon municipalities.

The Belgian hospital sector is coping with structural deficits limiting its ability to invest in new buildings, medical treatments and staff. The combination of an ageing population, increasingly expensive medical treatments and staff shortages constitute a recurring challenge for this sector. Publicly owned hospitals are dealing with additional financial pressure in the form of rising pension contributions that have to be carried by an increasingly limited number of statutory staff at work.

Belfius will continue to monitor the situation of the public and social sector by conducting macroeconomic studies and scrutinising the performance of public actors on different levels.

Insurance

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

Exposures to credit risk

Breakdown of credit risk by counterparty

	31/12/23	30/06/24	Of which	
(FEAD, in millions of EUR)			Bank	Insurer
Central governments	30,856	31,697	26,524	5,173
of which government bonds	8,163	8,286	3,941	4,344
of which EU Central Bank	24,418	24,418	24,418	0
Public sector entities	40,613	39,335	38,042	1,293
Corporate	54,250	55,433	53,254	2,179
Project Finance	2,444	2,466	2,466	0
Retail	63,046	63,608	59,782	3,826
Financial Institutions	12,066	12,147	10,339	1,808
Other(1)	4,440	3,807	3,146	661
TOTAL	**207,717**	**208,493**	**193,553**	**14,940**

(1) Other include a.o. deferred tax assets, tangible and intangible assets and gains and losses on the hedged item in portfolio hedge of interest rate risk.

The definition of Full Exposure at Default "FEAD" is determined as follows:

– for balance sheet assets (except for derivatives): the gross carrying amounts (before credit risk adjustments);

- for derivatives: the exposure at default calculated under the standardised approach for counterparty credit risk (SA-CCR);

- for Securities Financing Transactions: the carrying amount as well as the excess collateral provided for repurchase agreements;

- for off-balance sheet commitments: either the undrawn part of credit facilities or the maximum commitment of Belfius for guarantees granted to third parties.

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

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

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

As of 30 June 2024, the total credit risk exposure within Belfius slightly increased to EUR 208.5 billion, an increase of EUR 0.8 billion or 0.4% compared to the end of 2023, primarily stemming from FEAD increase to Central governments, Corporates and Retail, partly offset by the decline of FEAD to Public sector entities.

At bank level the credit risk exposure increased with 0.5% to EUR 193.5 billion. At the level of Belfius Insurance, the credit risk exposure slightly declined by 1.2% to EUR 15 billion on 30 June 2024.

The exposure on Central governments is mostly due to the increase of liquidity reserve deposited at the NBB/ECB. Significant part (41%) of the government bonds portfolio is invested in Belgian government bonds at the Group level. While at bank level the Belgian government bonds represent 40% of the total government bond portfolio, the relative proportion at Belfius Insurance stands at 43%.

The credit risk exposure on individuals, self-employed and SMEs (30.5% of the total) increased by EUR 0.6 billion reflecting Belfius' strategy to support the Belgian economy.

The credit risk exposure on corporates (26.6% of the total) increased by EUR 1.2 billion.

The credit risk exposure on public sector entities and institutions that receive guarantees of these public sector entities declined by EUR 1.3 billion during the period, mainly due to a lower exposure on the regions and communities.

The credit risk exposure on financial institutions remained rather stable during the first half of 2023.

Belfius' positions are mainly concentrated in the European Union: 95% or EUR 184.1 billion at bank level and 94% or EUR 14.1 billion for Belfius Insurance. The total relative credit risk exposure on counterparties situated in Belgium is 85.8% as of 30 June 2024 with the slight decline from 86.1% at the end of 2023. Furthermore, total relative credit risk exposure on counterparties situated in France is 3.6%, 2.3% in the United Kingdom, 1.3% in the United States and Canada, 1.3% in Luxemburg, 0.8% in Spain, 0.9% in Germany and 0.6% in Italy.

The credit risk exposure to counterparties in the United Kingdom amounted to EUR 4.9 billion. About 60% of this credit risk exposure relates to bonds belonging to the ALM-yield portfolio.

On 30 June 2024, 75% of the total credit risk exposure had an internal credit rating of investment grade (IG).

Cost of risk in the first half of 2024

IFRS 9 impairment methodology at Belfius

The basic principles of the process to compute IFRS 9 expected credit losses (ECL) are as follows:

- Belfius Bank and its subsidiaries recognise loss allowances for ECL on financial instruments at amortized cost or at fair value through Other Comprehensive Income (OCI);
- ECL are measured through a loss allowance that depends on the financial instrument's status:
- for performing exposures (i.e. instruments that have not incurred a significant increase in credit risk since origination), referred to as stage 1, a 12-month ECL is calculated;
- for underperforming exposures (i.e. instruments that have incurred a significant increase in credit risk since origination), referred to as stage 2, Lifetime ECL are calculated;
- non-performing exposures (i.e. exposures that become credit-impaired), are classified in stage 3 and the ECL reflect the remaining exposure after a best-estimate of future recoveries;
- ECL are probability-weighted estimates of credit losses. This is expressed as the present value of cash shortfalls i.e. the difference between the cash flows that are due to the entity in accordance with the contract and the cash flows that the entity expects to receive. ECL calculations use probability of default (PD) and loss given default (LGD) parameters. Point-in-time PDs are used that inter alia incorporate forward-looking macroeconomic information through the use of four different macroeconomic scenarios. These scenarios are built upon internal information delivered by the Belfius Research department, who uses external and internal information to generate a forecast "neutral" scenario of relevant economic variables along with a representative range of other possible forecast scenarios. The external information includes economic data and forecasts published by governmental bodies and monetary authorities.
- Belfius assigns probabilities to the four forecast scenarios (neutral, optimistic, pessimistic and stress) and makes the link between macroeconomic variables and credit risk and credit losses through identified and documented relationships between key drivers of credit risk and credit losses for each portfolio of financial instruments on the one hand and statistical analysis of historical data on the other hand;
- Given that ECL estimations are complex and to a certain extent judgmental, the aforementioned mechanical approach is completed by management judgment through "management call" layers as authorized by the IFRS 9 accounting references. These layers can be positive or negative and aim to include any elements entering in the ECL calculation which have not been taken into account by the mechanical computation on an individual level or a (sub)portfolio level. Since the first-time adoption of IFRS 9, Belfius has applied ECL overlays for certain risk pockets (as for commercial real estate, for high LTV mortgage loans). In 2023, an overlay for ESG risks was initiated on both mortgage and E&E exposures. The housing stock energy efficiency-performance and -objectives could negatively affect the value of the residential mortgages in the mortgage portfolio; to capture this potential impact, an ECL layer was developed for higher LTV mortgages with properties in collateral, with a low energy efficiency (KWH/m²year of 400 or more). In the E&E portfolio, counterparts face a far-reaching transition in order to comply with (new) environmental regulations, prevent social issues affecting brand reputation or deal with governance failures that could lead to legal and/or financial consequences. To manage these risks and ensure long-term viability, investments have to be made. Based on the Climate Policy Relevant Sectors (CPRS) classification, an ECL overlay is applied on the sectors that proved to be most vulnerable within the Belfius portfolio (Belfius CERMA, 2023).

Adjustments to the impairment methodology as from 2020

In the context of the Covid-19 pandemic, followed by the Russia/Ukraine conflict and the resulting energy crisis, Belfius' basic principles for ECL computations have remained fundamentally unchanged, however some adjustments to the aforementioned approach were required in order to maintain an adequate coverage for potential risks.

Macroeconomic factors

With respect to the macroeconomic factors used in the ECL computations, the adjustment mainly concerned the length of the reference period used to project macroeconomic factors - taking a longer history and backward and forward looking elements - into account to avoid one-off effects from a turbulent period;

In 2023, entering into a post-Covid era, Belfius decided to abandon the long term average of historic data in the calculation of the macroeconomic factors and returned to a full point-in-time and forward looking approach in macroeconomic factor calculations by end 2023.

The overlay approach

The mechanical calculations have been completed with expert overlays. These overlays are designed to result in best estimate coverage of ECL in some specifically identified risk pockets of vulnerable exposures (defined in terms of sectors, groups of companies or individual exposures):

In 2020 and 2021, an overlay was constituted to cover for the risks related to the Covid-events. Credit exposures to individuals and companies with payment moratoria and companies in sectors that were hit more severely by the pandemic and the sanitary measures were included;

In 2022, the driver of risk gradually shifted also to sectors with a sensitivity to inflation and energy prices' increases;

In 2023, the Covid-related exposures completely disappeared from the overlay. The scope of the overlay was only linked to exposures that were vulnerable to energy and inflation. The definition of the scope did not change in 2023, the evolution of the provisions was driven by exposure evolutions and rating migrations.

In such case, one or more IFRS 9 parameters have been stressed when computing the ECL. For mortgages, a stressed LGD value has been applied, while for companies vulnerable to inflation and energy price risk, an add-on has been applied on the mechanically computed expected credit loss,. The add-ons correspond to an increased expected credit loss, equivalent to a 1 to 2 notch rating downgrade(s). This approach feeds the formal quarterly impairment process and results into shifts of individual files or risk pockets from stage 1 to 2. The approach results into ECL levels deemed more adequate to cover the related (increased) credit risk.

Ex-ante provisioning for macroeconomic uncertainties and vulnerable exposures

Belfius constituted as from 2020, an overlay for macroeconomic uncertainties and vulnerable exposures as ex-ante provisioning, that evolved over time in function of the economic evolutions.

It is recalled that stage 1 and 2 provisions constitute anticipative provisioning against expected credit losses on files that could enter into default. To what extent these stage 1 and 2 provisions are transformed into stage 3 provisions, covering incurred credit losses on defaulted loans, or be released, remains subject to the evolution of the macroeconomic environment and to the extent that the anticipated transitions to default effectively. Otherwise, part of these impairments will be reversed over time.

Drivers of the Cost of Risk in the first half of 2024

The 1H 2024 Cost of Risk amounts to EUR -52 million and is composed of EUR -39 million allowances for the commercial activities of the bank, EUR -18 million allowances for the bond portfolio/the portfolio in run-off ("Group Center") and EUR +5 million reversals for Belfius Insurance.

This Cost of Risk contains EUR -155 million allowances for exposures in default, o.w. a few names in the portfolio in run-off and some major individual files in the Belgian economy. Next to this, small and medium sized businesses are contributing increasingly to the specific provisions.

These specific provisions are partly offset by EUR +103 million reversals in the staqe 1 and 2 component, due to:

– a reversal of a part of the ex-ante constituted Overlay for macroeconomic uncertainties and vulnerable exposures of EUR +60 million (cf. infra);
– the reassessment of the other ECL overlays for the risk pockets in the portfolio (cf. supra) and global portfolio evolutions (rating migrations and movements in credit exposure), that account for EUR +43 million. It is to be noted that these portfolio evolutions also include the shift of files from stage 2 to stage 3: with Belfius' anticipative provisioning methodology, the credit losses on these counterparts have typically been anticipated to a certain extent by stage 2 expected credit losses, constituted during the past years.

Thus, the applied ex-ante provisioning in recent years allowed to absorb allowances for default files and limits total Cost of Risk.

Macroeconomic factors used in the first half of 2024 ECL calculations

The macroeconomic projections, used for ECL calculations, were updated in line with the Belfius Research department expectations:

• the macroeconomic factor calculation is based on 2024-2026 data;

• the system of four probability weighted forward-looking scenarios each with their own macroeconomic parameters to build optimistic, neutral, pessimistic and stress cases is maintained. Yet, the scenarios have been adapted to the updated macroeconomic environment.

The macroeconomic forecasts are moderately improving compared to end 2023. Expected GDP growth for Belgium remains rather stable, whereas the previsions for the Eurozone and the US were revised (slightly), resp. (significantly), upwards. The inflationary relief that was observed, is reflected in the 2024 CPI data, and for 2025-2026 the expected return to a normalized level is confirmed. The evolutions on the labour market are reflected in a moderate decrease of the unemployment figures, still at a low level, both for Belgium and for Europe.

Macroeconomic scenarios GDP (% YoY)

	As of end 2023			As of 2Q 2024		
	2023	2024	2025	2024	2025	2026
SCENARIOS						
Optimistic	2.1	1.8	2.0	1.9	2.0	1.9
Neutral	1.5	1.2	1.4	1.3	1.4	1.3
Pessimistic	0.4	0.1	0.3	0.2	0.3	0.2
Stress	-0.2	-0.5	-0.3	-0.4	-0.3	-0.4

The neutral case is completed with an optimistic, a pessimistic and a stress scenario. The table above illustrates the Belgian GDP Growth assumptions under the four scenarios.

In the weights of the forward-looking scenarios, a 5% shift from the pessimistic to the optimistic scenario is applied, reflecting the reduced probability of a hard recession, as it could be derived from the macroeconomic parameters and the general economic sentiment in the first months of 2024.

The update of the macroeconomic factors and the lower weight of the pessimistic scenario have induced a reversal of EUR +42 million provisions in 1H 2024.

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

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

(in millions of EUR)	What if 85% optimistic(1)	Weighted average scenario 2Q24	What if 85% pessimistic(1)	What if 85% stress(1)
Impairment stock stage 1&2	669	806	968	1,162
% change vs weighted average scenario	-17%	0%	20%	44%
		Optimistic 10% Neutral 55% Pessimistic 30% Stress 5%		

(1) 5% on each of the 3 other scenarios.

The overlay approach

In course of the first six months of 2024, Belfius continued its portfolio analysis and monitoring process, in order to determine and keep up to date the sectors and / or clients vulnerable to inflation and energy price risks. There was no methodological change with respect to the scope definition.

The overlay for these vulnerable exposures, which serves to cover for potential risks caused by inflation and higher energy prices. was reduced by EUR 18 million in 1H 2024, driven by exposure and rating evolutions and migrations of files to stage 3.

Belfius' exposure towards these vulnerable sectors or counterparts is limited to 3.2% of the total portfolio or EUR 6.3 billion at the end of June 2024.

The provision for macroeconomic uncertainties and the overlay for vulnerable exposures combined form the Belfius "Overlay for economic uncertainties and vulnerable exposures", of which the stock as of June 2024 amounts to EUR 134 million (compared to EUR 194 million at the end of 2023):

- EUR 46 million for macroeconomic factors (vs EUR 88 million end 2023);
- EUR 88 million for vulnerable exposures (vs. EUR 106 million end 2023).

Stage 3 provisions for files in default

Belfius continues to apply its standard impairment process for non-performing exposures. The stage 3 provisions represent a cost of risk of EUR -155 million in 1H 2024 , which exceeds the annual natural level for the Belfius portfolio.

The 1H 2024 stage 3 amount should be assessed, taking into account the contribution of the portfolio in run-off of EUR -54.5 million and major individual files in the Belgian economy, mainly in real estate and manufacturing. Next to this, small and medium sized businesses are contributing increasingly to the specific provisions following files entering into default, mainly in sectors construction and hotel/catering - the latter with limited exposures however.

Source of stage 3 provisions can often be found in Covid-19 and/or energy and inflation impacts, strengthened by additional financial pressure, caused by demand effects or interest cost increases. An important number of bankruptcies registered in the Belfius loan portfolio are related to in the economic sectors registering records in the Belgian market such as construction, transport and storage. Defaults were also present in the commercial real estate sector, characterized by reduced demand and lasting low investment appetite in the context of the uncertainty about the interest rates evolution, combined with increasing building costs, a strict environmental regulation. In this segment clients had difficulties in respecting in a timely manner their repayment schemes.

Furthermore, Belfius was able to account for significant stage 3 reversals on some older Corporate files in default (for an amount of EUR 43 million).

Asset quality – Asset quality ratio

At the end of June 2024, the amount of impaired loans added up to EUR 2,556 million, a +13% increase compared to year end 2023. During the same period, the gross outstanding loans to customers increased by +2% and amounted to EUR 117,700 million. As a consequence, the asset quality ratio evolved to 2.17% at the end of June 2024 (1.95% at the end of 2023). The coverage ratio on impaired loans evolved to 52.7%, compared to 56.0% at the end of 2023.

At the end of June 2024, the total impairment stock (stage 1, 2 and 3) amounted to EUR 2,220 million compared to EUR 2,194 million at the end of 2023, representing an EUR 27 million increase. Underlying reversals were performed in stage 1 and 2, the provisioning against expected credit losses for files entering in stage 3.

6.8.2. *Market risk*

Overview

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

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

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

Although markets were relatively calm 1H 2024, uncertainty around potential interest rates cuts was high driven by higher than expected inflation. Under those circumstances the P&L of financial market activities remained above the budgeted level.

Existing hedges on CVA/FVA, in place since 1H 2020, perform well, keeping the P&L volatility to a minimum. Credit spread macro hedges have been adapted to better align with the existing clusters of exposure. Consequently, only a limited number of non-hedgeable risks remain, the most relevant one being the Belfius' own funding spread.

Due to increased idiosyncratic risks, pro-active FX hedging of XVA with forex options have been realized, adding an additional effective tool within our toolbox for the management of this exposure.

Market risk RWA remained at the level of end 2023 (a small decrease from EUR 2.4 billion to EUR 2.3 billion).

Structural and ALM Risk

Interest rate risk of the banking activities

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

The management of non-maturing or 'on demand' deposits (such as payment and savings accounts) and non-interest-bearing products use portfolio replication techniques. The underlying hypotheses concerning expected duration, rate-fixing period and tariff evolution are subject to constant monitoring and, if necessary, they are adjusted by the ALCo. Implicit interest rate options like prepayment risk are integrated through behavioural models. All ALM models are following the three lines of defence.

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

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

Economic value indicators capture the long-term effect of the interest rate changes on the economic value of equity of the Bank. Interest rate sensitivity of economic value measures the net change in the ALM balance sheet's economic value (at run off balance sheet assumption) if interest rates move by 10 bps across the entire curve. The long-term sensitivity of the ALM perimeter was EUR -77 million per 10 bps on 30 June 2024 (compared to EUR -75 million per 10 bps on 31 December 2023), excluding interest rate positions of Belfius Insurance and of the pension funds of Belfius Bank.

The Earnings at Risk indicators capture the more shorter-term effect of the interest rate changes on the earnings of the Bank (under a stable balance sheet assumption). Therefore, indirectly through profitability, interest rate changes can also have a shorter-term solvency impact. A 100 bps increase of interest rates has an estimated impact on net interest income (before tax) of EUR -67 million of the next book year and an estimated cumulative impact of EUR -63 million over a three year period, whereas a 100 bps decrease would lead to an estimated impact of EUR +2 million over the next book year and an estimated cumulative impact of EUR -125 million over a three year period (compared to EUR -14 million, resp. EUR +71 million for a similar rate shock of +100 bps and EUR -2 million, resp. EUR -187 million for a rate shock of -100 bps end of last year).

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

During this first half year of 2024, the interest rate curve remains inverted, which impacts the maturity transformation model of a universal bank, such as Belfius Bank. Furthermore, the anticipated first rate cut from the ECB in June, has supported the fact that the interest paid to depositors still remained close to zero for payment accounts and has remained stable for savings accounts in the first half year of 2024, though at a higher level compared to the first half year of 2023, with a contained pass through on the savings accounts and a stabilizing switch to term deposits. However, this rate decrease, combined with the pressure on loans tariffs in this first half year, has led to a decrease on loan tariffs.

The ALCo will remain attentive to a volatile interest rate environment with primary objective to respect the Risk Appetite Framework (RAF). ALM conventional models are regularly reviewed at the light of the macro-economic environment and prevailing interest rates.

Interest rate risk of the insurance activities

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

The long-term sensitivity of the Net Asset Value of Belfius Insurance to interest rates was EUR 4.9 million per 10 bps as of year 2023 relatively stable compared to EUR 3.8 million as of Q4 22. The earnings have a low sensitivity to interest rates for the next years, thanks to good matching in terms of duration.

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

Trading market risk

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

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

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

6.8.3. *Liquidity risk at Belfius Bank*

Liquidity management framework

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

Asset and Liability Management (ALM), a division situated within the scope of the Chief Financial Officer (CFO), is the front-line manager for the liquidity requirements of Belfius Bank. It identifies, analyzes and reports on current and future liquidity positions and risks and defines and coordinates funding plans and actions under the operational responsibility of the ALCo and under the general responsibility of the Management Board. The funding plan is approved together with the financial plan by the Board of Directors, which delegates its execution to the ALCo. The ALCo also bears final operational responsibility for managing the interest rate risk contained in the banking balance sheet via the ALM department.

ALM organizes a regular Asset and Liability Forum (ALF), in the presence of the Risk department, the Treasury department of the Financial Markets and representatives of the commercial business lines. The Asset and Liability Forum is in the first place a discussion forum on all topics with a link to the ALCo in preparation to the ALCo memos. This forum has been mandated by the ALCo to translate the strategic funding plans into tactical and operational funding strategies aligned to the financing needs stemming from Belfius' balance sheet and within the regulatory constraints (LCR, NSFR, encumbrance, MREL and so on).

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

ALM reports daily to the CFO and CRO and quarterly to the Board of Directors about the Bank's liquidity situation.

Second-line controls for monitoring the liquidity risk are performed by the Risk department, which ensures that the reports published are accurate, challenges the retained hypotheses and models, realizes simulation over stress situations and oversees compliance with limits, as laid down in the Liquidity Guidelines.

Exposure to liquidity risk

The liquidity risk at Belfius Bank is mainly stemming from:

- the variability of the amounts of commercial funding collected from individuals and business customers, small, medium-sized and large companies, public and similar customers and allocation of these funds to customers through all type of loans;

- the volatility of the collateral that is to be deposited at counterparties as part of the CSA framework for derivatives and repo transactions (so called cash & securities collateral);

- the value of the liquid reserves by virtue of which Belfius Bank can collect funding on the repo market and/or from the ECB;

- the capacity to obtain interbank and institutional funding.

This first semester of 2024, Belfius maintained its strong liquidity position, thanks to stable commercial funding, and complemented by short term and long term wholesale funding, as our strong rating and good perception from wholesale investors made it possible to easily access the markets.

Consolidation of the liquidity profile

During 2024, Belfius preserved its diversified liquidity profile by:

- maintaining a funding surplus within the commercial balance sheet of EUR 5.8 billion;

- increasing diversified long-term funding from institutional investors, compared to end of 2023, with EUR 2.1 billion;

- collecting short and medium-term deposits from institutional investors as at 30 June 2024 of EUR 6.0 billion;

– issuing ECB eligible retained covered bonds, with an outstanding as at 30 June 2024 of EUR 3.7 billion.

The participation of Belfius Bank in the ECB TLTRO III funding programme came to an end in March 2024.

Belfius Bank closed the first half year of 2024 with a 12-month average LCR of 136%. This decrease since end of December 2023 (139%), is mainly explained by the repayment of the TLTRO, a continued strong growth in commercial loans, partly compensated by increased Wholesale funding, and improved net collateral position. The high quality liquid assets (HQLA) end of June 2024 are composed of 68% Level 1 cash, 29% Level 1 bonds, 3% Level 2A bonds and 1% Level 2B bonds.

The Net Stable Funding Ratio (NSFR), based on the binding CRR2 rules and calculated according to EBA templates, stood at 130% at the end of June 2024, an increase compared to end of December 2023 (128%) also explained by the repayment of the TLTRO, the continued growth in commercial loans, the increased Wholesale funding, and the improved net collateral position.

Funding diversification at Belfius Bank

The total funding of Belfius Bank amounted to EUR 142.6 billion as at 30 June 2024, compared to EUR 141.1 billion as at end December 2023. Belfius Bank has a funding profile that consists of mainly commercial funding (82%), senior wholesale funding (5%), secured funding (7%), net unsecured ST interbank funding (4%), and subordinated debt (2%).

Belfius Bank, as a universal bank, has a stable volume of commercial funding that comes from its Individuals (IND) and Entrepreneurs, Enterprises and Public (E&E&P) customers. IND and E&E&P funding equals EUR 117.2 billion of which EUR 74.2 billion is from IND. The total commercial funding compared to end December 2023 remained stable, with some changes within the business lines.

The loan-to-deposit ratio, which indicates the proportion between assets and liabilities of the commercial balance sheet, increased and stood at 94% at the end of June 2024 as the growth in commercial loans was strong whereas the funding remained stable.

The commercial dynamic paradigm continues to change, and Belfius Bank increasingly returns to the wholesale markets. Belfius Bank receives medium-to-long-term wholesale funding, including EUR 7.0 billion from covered bonds (EUR 5.8 billion backed by mortgage loans and EUR 1.2 billion by public sector loans), and EUR 4.9 billion from preferred senior wholesale unsecured as at 30 June 2024.

During 2024 Belfius Bank attracted already EUR 2.6 billion wholesale funding through issuances of covered bonds (EUR 0.75 billion), preferred senior unsecured (EUR 0.8 billion, of which EUR 0.75 billion in green format), non-preferred senior unsecured (EUR 0.5 billion), and Tier 2 (EUR 0.5 billion).

The remainder of the Bank’s funding requirements comes from institutional short-term deposits (Treasury) mainly obtained through placement of Certificates of Deposit and Commercial Paper (CP).

As a result of derivative contracts to cover the interest rate risk of its activities, Belfius Bank has an outstanding position in derivatives for which collateral must be posted and is being received (cash and securities collateral). In net terms, Belfius Bank posts more collateral than it receives. With the decrease in long term interest rates during the first half year of 2024, however, the net cash collateral position improved from EUR 6.4 billion end of December 2023 to EUR 5.3 billion end of June 2024.

Liquidity Reserves

At the end of June 2024, Belfius Bank had available liquidity reserves of EUR 45.5 billion. These reserves consisted of EUR 21.0 billion in cash, EUR 8.5 billion in ECB eligible bonds and EUR 16.0 billion in other assets also eligible at the ECB (of which EUR 12.3 billion in bank loans and EUR 3.7 billion in retained bonds).

These available liquidity reserves represent 6.7 times the Bank's institutional funding outstanding at the end of June 2024 and having a remaining maturity of less than one year.

Encumbered assets

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

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

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

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

The balance of encumbered assets is mainly linked to issued covered bonds, and collateral pledged (gross of collateral received) for the derivatives exposures under the form of cash or securities. A significant part of collateral pledged is financed through collateral received from other counterparties with whom the Bank concluded derivatives in the opposite direction. The exceptional drawing on the TLTRO III has led to a higher-than-normal Asset Encumbrance Ratio. However, in 2024, Belfius Bank repaid in full the TLTRO III.

As of June 2024 (point-in-time), the sources of asset encumbrance (matching liabilities) mainly consisted of:

– own covered bonds issued (EUR 7.0 billion);

– derivatives exposures (EUR 3.1 billion);

– repurchase agreements (EUR 3.0 billion).

Liquidity risk at Belfius Insurance

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

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

– investment guidelines that limit investments in illiquid assets;

– Asset Liability Management, ensuring that investment decisions take into account the specific features of the liabilities;

– policies and procedures put in place to assess the liquidity of new investments;

– follow up of the short-term treasury needs.

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

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

Minimum requirement for own funds and eligible liabilities (MREL)

On 15 December 2023, the NBB notified Belfius that going forward it has to execute the SRB MREL instruction regarding the minimum requirement for own funds and eligible liabilities at the consolidated level of Belfius Bank under BRRD2. For Belfius Bank, the MREL requirement on a consolidated basis is set at 23.75% of Total Risk Exposure Amount (TREA) and at 7.07% of Leverage Ratio Exposure (LRE).

The SRB MREL instruction also defines a subordination requirement: Belfius Bank must meet at least 15.21% of TREA and 7.07% of LRE by means of subordinated MREL. Own funds used to meet the combined buffer requirement (CBR) set out in Directive 2013/36/EU (at 4.77% of TREA for Belfius for 1H 2024) are not eligible to meet the requirements expressed in TREA.

Belfius meets its BRRD2 MREL requirements end 1H 2024. Indeed, expressed in TREA, Belfius MREL (of EUR 21.8 billion) amounts to 30.54% to be compared with 28.52% as 2024 requirement (including CBR).

In the same way, Belfius MREL sub capacity of EUR 16.2 billion amounts to 22.76% of TREA, to be compared with 19.98% in terms of requirement (including CBR). Expressed in LRE, Belfius MREL sub capacity of 9.08% stands in excess of 7.07% MREL requirement..

6.8.4. *Non-Financial Risks (NFR)*

Non-Financial Risk Management Framework

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

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

The framework is based on the following pillars:

– a risk taxonomy and a risk mapping in order to ensure consistency within the organization, including a regular review of this mapping and taxonomy to identify emerging risks;

– clear roles and responsibilities, as well as a well-defined way of working together for all the risks based on the three LoD (3 LoD) model (decentralized responsibility);

– a strong governance/committee structure involving the appropriate level of management;

– a Risk Appetite Framework (RAF) definition and monitoring;

– transversal risk processes and dedicated risk management frameworks, which are structured into the following main domains: Change Risk Management, Integrated Risk Management, Risk Culture & Governance, Operational Resilience, , Information Security and Data Privacy.

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

Transversal risk processes

NFRR domain – Change Risk Management

Change Risk Management

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

New Product Approval Process

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

Project Risk Management

The ability to deliver projects with high quality standards within the designated timeframe is a key success factor. In that context, a Project Risk Management aims at correctly and timely identifying risks and implement the necessary controls and mitigation plans following a risk-based approach. This framework has been applied to strategic programs and their sub-projects, and the outcomes have been integrated into the Strategic Project Reporting presented to the Board of Directors.

NFR domain – Integrated Risk Management

Incident Management

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

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

The main areas of operational losses remain essentially due to incidents associated with external fraud where leasing activities are an important contributor, and incidents in relation to execution, delivery and process management. Other categories remain limited in amount but not necessarily in number of events. The retail business accounted for the most significant part of the financial impact resulting from operational incidents.

Self-Assessment of Risks and Internal Controls

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

The risk profile resulting from the SARIC exercise is quite stable in terms of identified major inherent risks; and remains acceptable regarding global level of both quality of controls & residual risk profile.

Fraud risk management and 2nd LoD Branch Audit

Belfius applies a zero-tolerance policy for all forms of fraud (internal, external, and mixed fraud schemes), monitors the threats continuously and manages these risks based on a global anti-fraud policy as defined and steered by senior management. The roles and responsibilities have been clearly defined with business and support lines as the first risk managers. The CRO and NFR team, including the Anti-Fraud Officer as expert, have a clear 2nd LoD role. With the integration of Investigation & Branch Audit with NFR, a step towards a more holistic approach towards prevention, detection and remediation of fraud risk management has been taken. Processes are screened and internal controls evaluated to prevent fraud and this to protect the interests of Belfius and its employees, customers, suppliers, and other stakeholders.

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

Managing insurance policies

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

Outsourcing risk

Belfius recognizes the importance of addressing outsourcing and third-party risk and fully assumes its responsibilities, including but not limited to overseeing and managing the concerned arrangements and the risks involved, whilst ensuring compliancy with the “Final Report on EBA Draft Guidelines on Outsourcing Arrangements”. A dedicated steering (risk) committee ensures a well governed and coordinated outsourcing strategy in line with Belfius strategy, risk appetite and regulatory requirements. The framework has been recently thoroughly revised, including a new target operating model and an extended coverage for all third parties (vendors, suppliers, partners, etc), which will further ensure their life-cycle (risk) management from engagement to termination, based on a new risk-based approach.

Permanent control

Effective risk management requires special attention to internal systems control. Belfius has implemented Permanent Control functions to provide ongoing assurance on the adequacy and effectiveness of the control environment.

In addition to the organisational deployment of the permanent control function, control testing campaigns are launched to test the main internal controls within the Bank and evaluate their appropriateness, effectiveness and efficiency. If major gaps are identified during testing, action plans are developed to address them.

NFR domain – Risk culture and governance

Risk Appetite

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

The RAF for NFR contains quantitative elements (target values or ratios) and qualitative elements.

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

NFR domain – Operational resilience

Business continuity and crisis management

Belfius is committed to its clients, counterparties, and regulators to establish, maintain, and test viable alternative plans that, in the event of an incident, enable the continuation or resumption of critical business activities at the agreed operational level and in compliance with Belgian regulations.

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

Several exercises have been conducted to test Belfius’ ability to react, of which several tabletop exercises to test our capacity to react to tail risks, such as staff reallocation on sites in case of telework failure or resolution planning in accordance with SRB expectations.

Crisis management has also been reviewed to enhance Belfius’ response in crisis situations, particularly in the event of cyber-attack.

As a result, Belfius' Business Continuity Management process is highly developed and ensures the institution's future resilience.

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

Belfius has a very low appetite for physical security and workplace safety risks and strives to provide a safe environment for its staff, clients, guests, and assets by ensuring that its physical security measures and procedures meet high standards. In this regard, a dedicated risk committee systematically monitors the overall situation, especially in case of potential incident.

Information Security Management

The purpose of information security is to protect Belfius’ data and information, including that belonging to Belfius’ customers, against loss of integrity, loss of confidentiality, and unplanned unavailability. To this end, Belfius has developed and deployed its own Information Security Management System (ISMS) framework, which is inspired by ISO 27000 but includes additional control objectives.

Belfius continued to deploy ISMS controls, following a risk-based approach. Additionally, the publication of the regulatory technical standards for the Digital Operational Resilience Act (DORA) has marked a milestone as they now need to be integrated into our ISMS deployment effort. Another milestone was the 2024 ECB stress test on cyber resilience. The different initiatives related to information security have been synthesized into a global roadmap.

Data Privacy Management

Respect for privacy and customer satisfaction

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

To continuous ensure data privacy within Belfius, the Privacy Committee related to GDPR meets regularly. Belfius' Management and several committees are regularly informed about GDPR at Belfius.

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

GDPR conformity, including a risk assessment for the rights and freedom of the owners whose personal data is treated, is ensured in every process involved in offering existing, adapted, and new products, innovative digital tools, services, and information sharing to its clients.

This includes reviewing the privacy notice, implementing an adapted cookie policy and adhering to the rulings of the European Court of Justice on eventual international transfers or access to personal data.

All activities treating personal data are documented in a privacy register by the business lines, and Belfius is highly committed to avoiding personal data breaches and managing any incidents as quickly as possible.

Data subjects can exercise their rights through various means, including the Belfius' online and mobile applications. Respect for privacy and the protection of personal data is a key commitment at Belfius, which is translated into a sound internal governance and principles to be followed in the respect of GDPR.

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

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

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

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

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

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

6.8.5. *ESG Risk*[21]

During the first quarter of 2024, Belfius has updated its ESG Action plan for 2024 which defines ESG priorities from a risk management and strategic perspective.

From a risk perspective, the priorities are: enhancing the integration of ESG into the credit risk framework and further developing ESG risk assessment and simulation tools to improve climate stress tests.

Regarding credit risk, during the first half of 2024, Belfius has further worked on the integration of ESG criteria into lending processes for mortgages and corporates. Regarding ESG tools, the main progress achieved relates to the development of a new cash flow simulation tool for corporate allowing to better capture transition risks and the finetuning of the mortgage simulation tool that covers both transition and physical risks.

Building on the results from its 2023 Climate and Environmental Risks Materiality Assessment, Belfius also redefined priorities for counterparties' data collection and credit analyses and enhanced its climate stress scenarios. The conclusions from the materiality assessment are also underpinning the reflections around the ESG strategy.

In parallel, next to the first ESG risk management framework drafted in 2023, an ESG risk model framework was added in order to further integrate the management of ESG risks within the risk organization.

Risk identification and assessment

In 2023, Belfius carried out a first Climate and Environmental Risks Materiality Assessment (CERMA) to determine which climate and environmental risks are or could become material to its activities.

The exercise resulted in a simulated potential magnitude of climate and environmental risks' impact on Belfius' solvency and liquidity profiles, allowing the bank to identify the sectors within its portfolio that are most sensitive to climate and environmental risks.

Building on these results, in the first half of 2024, Belfius further worked on:

– prioritising data collection for counterparties with higher exposures to transition risks;

– identifying attention points in credit analysis for counterparties in sectors more vulnerable to climate and environmental risks;

– feeding the ongoing reflection on the ESG strategy;

– enhancing its climate stress tests scenarios with more deep dive analyses on most material climate and environmental risks and most sensitive sectors.

In the same period, Belfius continued to integrate ESG considerations into its credit risk framework through a range of measures, such as:

– integrating additional ESG considerations into the credit granting process;

– using more systematically ESG-related covenants in lending criteria for enterprises and entrepreneurs;

– adding an ESG component to the credit limit framework.

[21] Unaudited.

– Furthermore, Belfius is in the process of adjusting its lending criteria for mortgages by taking into account various ESG considerations, such as:

– reflecting renovation obligations and costs for the less energy efficient buildings in its lending policies;

– adapted pricing for energy-efficient mortgages and properties with energy efficiency loans;

– inclusion of EPC considerations in the collateral valuation for mortgage loans.

Quantification, Metrics and Monitoring

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

– Belfius holds only minor exposures to fossil fuel activities (~1% of NFC exposures);

– the share of climate sensitive exposures (defined at sectoral level) remains reasonable (58.5%) with low exposures toward the most sensitive sectors such as agriculture (0.3%) and mining (0.1%);

– the share of mortgage loan collateralized by buildings located in a high-medium flood risk zone is still very limited (1.9%).

Belfius has made significant progress in enhancing its ESG risk quantification and monitoring efforts, as evidenced by the run of a new climate stress tests for its corporate and mortgage portfolios. The former focuses on transition risk covering the corporate portfolio for the five most transition-sensitive sectors (based on CERMA results & Belfius exposures). The latter focuses on transition risk covering the mortgage portfolio.

These achievements build on the latest of a series of developments in Belfius' ESG tools, including:

– the development of a new cash flow simulation tool which projects the impact of climate risk factors (such as higher CO2 and energy costs and required green transition investments) on the financial statements of (mid)corporates in the short, medium and long-term (2022-2050);

– the further development of the mortgage tool which forecasts the evolution of the risk profile of the mortgage loan portfolio (both asset value and client creditworthiness) in the short and medium term (until 2035), taking into account transition risk (various energy performance improvement trajectories) and physical risks (floods).

Through these exercises Belfius has defined a first model structure to assess transition risks for both mortgages and corporates portfolio and identified the future improvements needed to refine its stress test results.

6.9 Ratings

Between 1 January 2024 and 29 August 2024, rating agencies took the following decisions:

– On 28 June 2024, Moody's affirmed Belfius Bank's long-term rating at A1 while Moody's upgraded Belfius Bank's Standalone Rating (Baseline Credit Assessment or BCA under Moody's terminology) from baa1 to a3. The latter also resulted in an upgrade of the Non-Preferred Senior, the Tier 2 and the Additional Tier 1 rating with one notch. The outlook was subsequently changed to Stable from Positive;

– On 27 June 2024, Fitch affirmed Belfius Bank's long-term rating at A- with Stable outlook.

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

	Stand-alone rating (*)	Long-term rating	Outlook	Short-term rating
Fitch	a-	A-	Stable	F1
Moody's	a3	A1	Stable	Prime-1
Standard and Poor's	a-	A	Stable	A-1

(*) *Intrinsic creditworthiness*

The rating agencies, Standard & Poor's, Moody's and Fitch Ratings or other rating agency if applicable, use ratings to assess whether a potential borrower will be able in the future to meet its credit commitments as agreed. A major element in the rating for this purpose is an appraisal of the company's net assets, financial position and earnings performance.

In addition, Belfius Bank is wholly owned by the Belgian federal state through the Federal Holding and Investment Company, and it is possible that, if the ratings assigned to the Belgian federal state were to be downgraded, that could result in the ratings assigned to Belfius Bank being negatively affected. Moreover, as the ownership of a bank is one of the factors taken into in determining a bank's rating, a change of ownership of Belfius Bank could have a potential impact on the ratings assigned to Belfius Bank.

A bank's rating is an important comparative element in its competition with other banks. It also has a significant influence on the individual ratings of a bank's important subsidiaries.

A downgrading or the mere possibility of a downgrading of the rating of Belfius Bank or one of its subsidiaries might have adverse effects on the relationship with customers and on the sales of the products and services of the company in question. In this way, new business could suffer, Belfius Bank's competitiveness in the market might be reduced, and its funding costs would increase substantially. A downgrading of the rating would also have adverse effects on the costs to Belfius Bank of raising equity and borrowed funds and might lead to new liabilities arising or to existing liabilities being called that are dependent upon a given rating being maintained. It could also happen that, after a downgrading, Belfius Bank would have to provide additional collateral for derivative transactions in connection with rating-based collateral arrangements. If the rating of Belfius Bank were to fall within reach of the non-investment grade category, it would suffer considerably. In turn, this would have an adverse effect on Belfius Bank's ability to be active in certain business areas

6.10 Other information

Dependency of the Issuer

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

Arrangements resulting in a change of control

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

Recent events

On 4 September 2024, Belfius Bank concluded a settlement (*règlement transactionnel*) with the FSMA consisting of the payment of an amount of EUR 1 million by Belfius Bank, its commitment to reinforce its legal risk management and a publication, by name, on the FSMA's website. For further information, see Section 6.12.1 "*Composition of the Management Board and the Board of Directors*".

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

6.11 Litigation

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

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

– a present obligation has arisen as a result of past events;

– it is probable that Belfius will have to make a payment; and

– the amount of such payment can be estimated reliably.

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

In the opinion of Belfius, the most important cases are listed below, regardless of whether a provision has been made or not[22]. Their description does not deal with elements or evolutions that do not have an impact on the position of Belfius. If the cases listed below were to be successful for the opposite parties, they could eventually result in monetary consequences for Belfius. For litigations for which no provision has been made, such impact remains unquantifiable at this stage.

1. Arco – Cooperative shareholders

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

– a procedure before the Dutch speaking Commercial Court of Brussels (Procedure C.C. Deminor);

– a procedure before the Court of First Instance of Brussels (Procedure C.F.I. ArcoClaim 2018);

– a procedure before the Court of First Instance of Brussels (Procedure C.F.I. Deminor 2022).

1.1. Procedure C.C. Deminor

On 30 September 2014, 737 shareholders from 3 companies of the Arco Group (Arcopar, Arcoplus and Arcofin) initiated (with support of Deminor) proceedings against the Arco entities and Belfius Bank before the Dutch speaking Commercial Court of Brussels (the "Deminor Proceedings"). On 19 December 2014, 1,027 additional shareholders of the Arco entities joined in the Deminor Proceedings. On 15 January 2016, 405 additional shareholders of the Arco entities joined the Deminor Proceedings, resulting in a total of 2,169 plaintiffs. On 16

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

November 2020, a further "Deminor" procedure was initiated, in which all plaintiffs except one joined, to anticipate a possible nullity of the original summons. The content of the two proceedings is identical. As a result, they are treated together.

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

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

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

1.2. Procedure C.F.I. ArcoClaim 2018

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

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

No pleading calendar has been fixed yet.

1.3. Procedure C.F.I. Deminor 2022

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

On a hearing held on 21 March 2024, parties agreed on a procedural calendar that will first focus on the admissibility of the claims. A relay hearing is expected to be held on 10 December 2027.

As at the date of this Base Prospectus, no provision has been booked for these claims.

2. Investigations into the Panama Papers

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

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

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

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

6.12 Management and Supervision of Belfius Bank

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

A. Management Board

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

The Management Board consists of the following seven members:

Name	**Position**	**Significant other functions performed outside Belfius Bank**
Marc Raisière	Chair	none
Olivier Onclin	Vice-Chair (as from October 15, 2024)	none
Marianne Collin…………………………………..	Member	none
Camille Gillon………………………………….	Member	none
Dirk Gyselinck	Member	none

Name	Position	Significant other functions performed outside Belfius Bank
Olivier Onclin	Member	none
Bram Somers..	Member	none

The above members of the Management Board have their business address at 1210 Brussels, Place Charles Rogier 11, Belgium.

Olivier Onclin was appointed as Vice-Chair of the Management Board as from October 15, 2024. As of January 1, 2025, he will be in charge of the business lines Wholesale & Public Banking, as well as People, Brand, Communications, and ESG.

As from November 1st, 2024, Johan Vankelecom will no longer be a member of the Management Board. Marianne Collin will succeed Johan Vankelecom as Chief Financial Officer as soon as a new Chief Risk Officer is hired to replace her. In the meantime, Jean-François Deschamps will assume the role of interim Chief Financial Officer without being a member of the Management Board.

As of 1 January 2025 Legal will report to the Chair of the Management Board.

On January 1, 2025, Dirk Gyselinck will be in charge of the business lines Private, Wealth & Retail Banking and Belfius Asset Management. Starting from November 1, 2024, he will also chair the Board of Directors of Belfius Asset Management.

As from January 1st 2025 an Executive Committee composed of the CFO ad interim, the Deputy Director Wholesale & Public Banking, the Director People, Brand, Communications & ESG and the Director Legal will be put in place in order to support the Management Board.

The Management Board is responsible for the effective management of Belfius Bank, directing and coordinating the activities of the various business lines and support departments within the framework of the objectives and general policy set by the Board of Directors. These powers do not include determining Belfius Bank's overall policy, nor actions reserved for the Board of Directors by the provisions in the Belgian Code of Companies and Associations or by the Banking Law.

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

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

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

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

A settlement (*règlement transactionnel*) has been concluded with the FSMA on 4 September 2024. This settlement consists of the payment of an amount of EUR 1 million by Belfius Bank, its commitment to reinforce its legal risk management and a publication, by name, on the FSMA's website. Belfius Bank has committed to strengthen its Management Board with a new member with a solid legal background (subject to approval of the competent bodies and supervisory authorities). In the meantime and from 1 January 2025, Belfius Bank will set up an executive committee, in which at least one member with a solid legal background will sit, to assist and advise the Management Board in the execution of Belfius' strategy and policy.

B. Board of Directors

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

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

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

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

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

Pursuant to the articles of association of Belfius Bank, the Board of Directors of Belfius Bank is composed of a minimum of ten members appointed for maximum terms of four years. The table below sets forth the names of the Directors, their position within Belfius Bank and the other significant functions they perform outside Belfius Bank.

The business address for the members of the Board of Directors is 1210 Brussels, Place Charles Rogier 11, Belgium.

As at the date of this Base Prospectus, the Board of Directors consists of seventeen members (which will become eighteen members as from 30 April 2025), six of whom sit on the Management Board.

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

Name	**Position**	**Significant other functions performed outside Belfius Bank**
Chris Sunt	Chair of the Board of Directors of Belfius Bank (Independent Director)	none

Name	Position	Significant other functions performed outside Belfius Bank
Marc Raisière	Chair of the Management Board	none
Olivier Onclin	Vice-Chair of the Management Board Responsible for Private, Business & Retail Banking and Customer Transaction Services	none
Marianne Collin	Member of the Management Board Chief Risk Officer Responsible for Risk Management and Compliance	none
Camille Gillon	Member of the Management Board Chief Transformation Officer	none
Dirk Gyselinck	Member of the Management Board Responsible for Wealth, Enterprises, Public, Financial Markets and Customer Loan Services	none
Bram Somers	Member of the Management Board Chief Technology Officer	none
Estelle Cantillon	Member of the Board of Directors of Belfius Bank (Independent Director)	FNRS Research Director at the Université Libre de Bruxelles (ULB)
Colette Dierick	Member of the Board of Directors of Belfius Bank (Independent Director)	Director of companies
Daniel Falque	Member of the Board of Directors of Belfius Bank (Independent Director)	Director of companies and non-profit organisations Senior Industry Advisor
Olivier Gillerot	Member of the Board of Directors of Belfius Bank (Independent Director)	Director of companies and associations
Hélène Goessart	Member of the Board of Directors of Belfius Bank (Independent Director)	none
Peter Hinssen	Member of the Board of Directors of Belfius Bank (Independent Director)	Entrepreneur, keynote speaker and author
Georges Hübner	Member of the Board of Directors of Belfius Bank (Independent Director)	Full Professor at HEC Liège - University of Liège
Lieve Mostrey	Member of the Board of Directors of Belfius Bank (Independent Director) as from 30 April 2025	Director of companies and associations
Isabel Neumann	Member of the Board of Directors of Belfius Bank (Independent Director)	Chief Investment Officer at Shurgard Self Storage

Name	Position	Significant other functions performed outside Belfius Bank
Lutgart Van Den Berghe	Member of the Board of Directors of Belfius Bank (Director)	Emeritus extraordinary Professor at the University of Ghent (UG) and emeritus part-time Professor at the Vlerick Business School
Rudi Vander Vennet	Member of the Board of Directors of Belfius Bank (Director)	Full Professor in Financial Economics and Banking at the University of Ghent (UG)

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

6.12.2. *Advisory committees set up by the Board of Directors*

The Board of Directors of Belfius Bank established various advisory committees to assist in its task, i.e., a Nomination Committee, a Remuneration Committee, an Audit Committee and a Risk Committee. These committees are exclusively composed of Non-Executive Directors. These directors are members of a maximum of three of these advisory committees. An Intra-Group Committee, a Technology Committee and a Belfius Art Committee have also been installed within the governance of the Belfius group.

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

A. Nomination Committee

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

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

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

The Nomination Committee:

- identifies and recommends, for the approval of the General Meeting of Shareholders or of the Board of Directors, as the case may be, candidates suited to fill vacancies on the Board of Directors, evaluates the balance of knowledge, skills, diversity and experience within the Board of Directors, prepares a description of the roles and capabilities for a particular appointment and assesses the expected time commitment, draws up policies relating to suitability, diversity, induction and training of Directors. The Nomination Committee also decides on a target for the representation of the underrepresented gender within the Board of Directors and prepares a policy on how to increase the number of underrepresented gender in order to meet that target;

- gives an opinion on candidate (s) suited to filling vacancies for independent control functions;

- periodically, and at least annually, assesses the structure, size, composition and performance of the Board of Directors and makes recommendations to it with regard to any changes;

- periodically assesses the knowledge, skills, experience, degree of involvement and in particular the attendance of members of the Board of Directors and advisory committees, both individually and collectively, and reports to the Board of Directors accordingly;

- periodically reviews the policies of the Board of Directors for selection and appointment of members of the Management Board, and makes recommendations to the Board of Directors;

- as the case may be gives an opinion or recommendation on reputational issues related to directors;

- plans the renewal and orderly succession of directors and persons responsible for independent control functions;

- prepares proposals for the appointment or mandate renewal, as the case may be, of directors, members of the Management Board, the Chair of the Board of Directors and the Chair of the Management Board;

- assesses the aptitude of a director or a candidate director to meet the criteria set forth for being considered as an independent director;

- examines questions relating to the matter of succession;

- establishes a general and specific profile for directors and members of the Management Board;

- ensures the application of provisions with regard to corporate governance and ensures observance of the procedures and transparency;

- prepares proposals for amendments to the internal rules of the Board of Directors and the Management Board;

- assesses the governance memorandum and, if necessary, proposes amendments;

- discusses general human resources topics;

- discusses and analyses the quantitative statement and qualitative analysis of communications regarding stress, burn-out and inappropriate behaviour at work and actions taken to remedy situations.

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

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

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

B. Remuneration Committee

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

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

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

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

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

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

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

The audit department at Belfius Bank will provide an independent and regular analysis of the remuneration policy and its practical implementation. The latest follow-up study was realised in 2022.

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

– developing the remuneration policy, as well as making practical remuneration proposals for the Chair, the non-executive members of the Board of Directors and the members of the advisory committees of the Board of Directors. The Board of Directors submits these remuneration proposals to the General Meeting of Shareholders for approval;

– developing the remuneration policy, as well as making practical proposals for the remuneration of the Chair of the Management Board and, on his proposal, for the remuneration of the members of the Management Board; The Board of Directors then determines the remuneration of the Chair and the members of the Management Board;

– providing advice on the proposals made by the Chair of the Management Board of Belfius Bank in relation to the severance remuneration for members of Belfius Bank's Management Board. On the proposal of the Remuneration Committee, the Board of Directors of Belfius Bank determines the severance remuneration of the Chair and members of Belfius Bank's Management Board;

– advising the Board of Directors in relation to the remuneration policy for staff members whose activity has a material impact on the risk profile of Belfius Bank (known as "Identified Staff") and in relation to the compliance of the allocation of remuneration to Identified Staff with regard to the remuneration policy put in place for them;

– preparing the remuneration report approved by the Board of Directors and published in the annual report;

– periodically checking to ensure that the remuneration programmes are achieving their objective and are in line with applicable conditions;

– annually assessing the performance and objectives of the members of the Management Board;

– providing an opinion of the elaboration of a global "Risk Gateway", in consultation with the Risk Committee, containing various levers applied at various points in the performance management cycle, with an impact on determination of the variable remuneration.

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

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

C. Audit Committee

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

Name	**Position**
Georges Hübner..	Chair Director of Belfius Bank
Colette Dierick...	Member Director of Belfius Bank
Hélène Goessaert...	Member Director of Belfius Bank

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

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

D. Risk Committee

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

Name	Position
Colette Dierick	Chair Director of Belfius Bank
Estelle Cantillon	Member Director of Belfius Bank
Hélène Goessaert	Member Director of Belfius Bank
Georges Hübner	Member Director of Belfius Bank
Rudi Vander Vennet…………………………..	Member Director of Belfius Bank

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

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

– appetite and strategy regarding Belfius Bank's current and future risks (including ESG risks), more particularly the effectiveness of the risk management function and the governance structure to support them;

– monitoring implementation of risk appetite and strategy by the Management Board;

– allocating the risk appetite to various categories of risks and defining the extent and limits of risk in order to manage and restrict major risks;

– considering the risks run by Belfius Bank with its customer tariffs;

– assessing activities which expose Belfius Bank to real risks;

– supervising requirements in terms of capital and liquidity, the capital base and Belfius Bank's liquidity situation;

– guaranteeing that risks are proportional to Belfius Bank's capital;

– formulating an opinion with regard to major transactions and new proposals for strategy activities that have a significant impact on Belfius Bank's risk appetite;

– obtaining information and analysing management reports as to the extent and nature of the risks facing Belfius Bank and the conglomerate (e.g. conglomerate reporting);

– monitoring the Internal Capital Adequacy Assessment Process (ICAAP), the Internal Liquidity Adequacy Assessment Process (ILAAP) and the Recovery Plan;

– overseeing the alignment between all material financial products and services offered to clients and the business model and risk strategy of the institution;

– reviewing a number of possible scenarios, including stressed scenarios, to assess how the institution's risk profile would react to external and internal events;

– assessing the recommendations of internal and external auditors and follows up on the appropriate implementation of measures taken.

The Risk Committee operates independently of the Risk & Underwriting Committee of Belfius Insurance. On the request of the Chair of Belfius Bank's committee, a joint Risk Committee of Belfius Bank and Belfius Insurance may be held. To promote sound remuneration policy and practices, without prejudice to the tasks of the Nomination Committee and the Remuneration Committee, the Risk Committee examines whether incentives in the remuneration system take proper account of the institution's risk management, equity requirements and liquidity position, as well as the probability and distribution of profit over time.

The Risk Committee and the Audit Committee periodically exchange information in particular concerning the quarterly risk report, the senior management report on the assessment of internal control and the risk analyses performed by the Legal, Compliance and Audit Departments. The aim of this exchange of information is to enable the two committees to perform their tasks properly and can take the form of a joint meeting.

E. Intra-Group Committee

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

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

Name	**Position**
Chris Sunt...	Chair Chair of the Board of Directors of Belfius Bank
Colette Dierick	Member Director of Belfius Bank
Olivier Gillerot...	Member Director of Belfius Bank
Jean-Michel Kupper…………………………	Member Director of Belfius Insurance
Stephan Slits…………………………………..	Member Director of Belfius Insurance

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

- monitoring and reporting on significant intra-group transactions;
- monitoring and reporting on intra-group transactions with an important reputational impact; and
- advising on material conflicts of interest between companies belonging to Belfius Group in the context of which they fail to reach an agreement in a relatively short period of time.

F. Technology Committee

A Technology Committee has been established within the Belfius group.

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

Name	Position
Olivier Gillerot	Chair Director of Belfius Bank
Daniel Falque	Member Director of Belfius Bank and Belfius Insurance
Peter Hinssen	Member Director of Belfius Bank
Céline Azizieh...	Member Director of Belfius Insurance

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

The Technology Committee is responsible for:

– advising the Board of Directors on, and preparing the decisions of the Board of Directors with respect to, technology strategy and material technology investment choices;

– monitoring, evaluating and advising the Board of Directors on existing and future technology trends, regulation and competition / FinTech developments that may affect Belfius' strategic plans including the monitoring of overall industry trends and future trends concerning enterprise data management and the financial industry's use of data to maximise the customer experience value;

– assessing measures and advising the Board of Directors on Belfius' technological strategic milestones and transformational developments, such as customer experience, sales through digital channels and potential synergies with physical and other networks, potential partnerships;

– monitoring and reporting to the Board of Directors on progress made with respect to the implementation of the technology decisions taken by the Board of Directors, including but not limited to, technology performance and security. This includes inter alia. monitoring and challenging the status of the move for the cloud infrastructure (timing, pace, risk mitigation, hybrid models, talents), foundations and platforms;

– reviewing and discussing reports from management on technology related activities, strategies and metrics, including enterprise data project performance, and reporting to the Board of Directors on the same.

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

G. *Belfius Art Committee*

A Belfius Art Committee has been established since 2015.

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

Name	Position
Chris Sunt	Chair Chair of the Board of Directors of Belfius Bank
Marc Raisière	Member Chair of the Management Board of Belfius Bank
Julie Uytterhaegen	Member Head of People, Brand & Communication
Bénédicte Bouton	Head of Culture at Belfius and Curator of the Belfius Art Collection

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

6.13 *Selected Financial Information*

The following tables summarise the consolidated balance sheet and, income statement of Belfius Bank for the period ending 31 December 2022 and 31 December 2023.

1. Consolidated Balance Sheet

	Notes	31 December 2022 IFRS 9 & 17	31 December 2023 IFRS 9 & 17	30 June 2024 IFR 9 & IFRS 17
Assets		*(in thousands of EUR)*		
Cash and balances with central banks	5.2	**27,295,434**	**20,487,140**	**21,139,097**
Loans and advances due from credit institutions	5.3	**4,143,601**	**5,274,249**	**4,219,948**
Measured at amortised cost		4,143,601	5,274,249	4,219,948
Measured at fair value through other comprehensive income		0	0	0
Measured at fair value through profit or loss		0	0	0
Loans and advances	5.4	**110,203,251**	**114,531,169**	**116,352,072**
Measured at amortised cost		109,236,114	109,761,695	111,744,082

	Notes	31 December 2022 IFRS 9 & 17	31 December 2023 IFRS 9 & 17	30 June 2024 IFR 9 & IFRS 17
Assets		*(in thousands of EUR)*		
Measured at fair value through other comprehensive income		171,152	4,181,197	4,073,749
Measured at fair value through profit or loss		795,986	588,277	534,240
Debt securities & equity instruments	5.5	**26,996,656**	**27,923,609**	**28,293,218**
Measured at amortised cost		17,494,927	13,521,835	13,687,135
Measured at fair value through other comprehensive income		4,040,914	8,718,772	8,902,997
Measured at fair value through profit or loss		1,490,882	1,506,789	1,363,176
Measured at fair value through profit or loss - Unit-linked		3,969,934	4,176,214	4,339,911
Derivatives	5.6	**5,893,105**	**5,321,426**	**4,706,763**
Gain/loss on the hedged item in portfolio hedge of interest rate risk	5.6	**1,134,326**	**1,608,587**	**907,427**
Assets from insurance/reinsurance contracts	6.5	**116,103**	**97,806**	**89,662**
Insurance contracts assets		0	0	0
Reinsurance contracts assets		116,103	97,806	89,662
Investments in equity method companies	5.7	**94,019**	**161,533**	166,427
Tangible fixed assets	5.8	**1,672,048**	**1,864,571**	1,949,712
Intangible assets	5.9	**236,639**	**326,957**	340,149
Goodwill	5.10	**103,966**	**103,966**	103,966
Tax assets	5.11	**397,324**	**494,585**	604,007
Current tax assets		27,115	43,356	151,362
Deferred tax assets		370,209	451,229	452,645
Other assets	5.12	**741,993**	**967,171**	**1,071,430**
Non current assets (disposal group) held for sale and discontinued operations	5.13	**39,684**	**16,582**	**12,914**
Total assets		**179,068,150**	**179,179,352**	**179,956,795**

	Notes	31 December 2022 IFRS 9 & 17	31 December 2023 IFRS 9 & 17	30 June 2024 IFRS 9 & IFRS 17
Liabilities		*(in thousands of EUR)*		
Cash and balances from central banks	6.1	**5,904,113**	**1,430,190**	**38,976**
Credit institutions borrowings and deposits	6.2	**1,869,641**	**3,912,390**	**4,649,502**
Measured at amortised cost		1,869,641	3,912,390	4,649,502

	Notes	31 December 2022 IFRS 9 & 17	31 December 2023 IFRS 9 & 17	30 June 2024 IFRS 9 & IFRS 17
Measured at fair value through profit or loss		0	0	0
Borrowings and deposits	6.3	**108,447,486**	**104,000,435**	**103,106,187**
Measured at amortised cost		108,427,536	103,980,476	103,086,096
Measured at fair value through profit or loss		19,951	19,959	20,091
Debt securities issued and other financial liabilities	6.4	**29,898,501**	**36,017,933**	**38,834,677**
Measured at amortised cost		18,517,096	23,603,069	26,388,537
Measured at fair value through profit or loss		7,411,471	8,238,650	8,106,230
Measured at fair value through profit or loss – Unit linked		3,969,934	4,176,214	4,339,911
Derivatives	5.6	**8,248,509**	**7,229,432**	**6,483,559**
Gain/loss on the hedged item in portfolio hedge of interest rate risk	5.6	**-1,606,023**	**-1,029,463**	**-1,021,638**
Liabilities from insurance/reinsurance contracts	6.5	**10,894,869**	**11,405,090**	**11,296,477**
Insurance contract liabilities		10,894,869	11,405,090	11,296,477
Reinsurance contracts liabilities		0	0	0
Provisions and contingent liabilities	6.6	**493,922**	**485,860**	**462,798**
Subordinated debts	6.7	**1,547,204**	**1,777,995**	**2,240,194**
Measured at amortised cost		1,547,204	1,777,995	2,240,194
Measured at fair value through profit or loss		0	0	0
Tax liabilities	5.11	**72,251**	**52,521**	**462,798**
Current tax liabilities		63,014	45,520	**2,240,194**
Deferred tax liabilities		9,237	7,001	2,240,194
Other liabilities	6.8	**1,387,731**	**1,677,607**	**1,664,843**
Liabilities included in disposal group and discontinued operations		0	0	**0**
Total liabilities		**167,158,206**	**166,959,989**	**167,800,883**

	Notes	31 December 2022 IFRS 9 & 17	31 December 2023 IFRS 9 & 17	30 June 2024 IFRS 9 & IFRS 17
Equity		*(in thousands of EUR)*		
Subscribed capital		3,458,066	3,458,066	3,458,066
Additional paid-in capital		209,232	209,232	209,232
Treasury shares		0	0	0
Reserves and retained earnings		6,176,745	6,709,420	7,398,107
Net income for the period		931,771	1,114,538	481,709

	Notes	31 December 2022 IFRS 9 & 17	31 December 2023 IFRS 9 & 17	30 June 2024 IFRS 9 & IFRS 17
Equity		*(in thousands of EUR)*		
Core shareholders' equity		**10,775,814**	**11,491,257**	**11,547,114**
Fair value changes of debt instruments measured at fair value through other comprehensive income		-221,928	-353,149	-574,285
Fair value changes of equity instruments measured at fair value through other comprehensive income		136,944	195,452	193,129
Fair value changes due to own credit risk on financial liabilities designated as at fair value through profit or loss to be presented in other comprehensive income		0	0	0
Fair value changes of derivatives following cash flow hedging		-112,644	-128,839-	-165,238
Remeasurement pension plans		119,933	125,752	115,683
Total insurance/reinsurance finance component recognised in other comprehensive income		679,972	353,669	496,527
Other reserves		208	208	208
Gains and losses not recognised in the statement of income		**602,485**	**193,093**	**66,023**
Total shareholders' equity		**11,378,300**	**11,684,350**	**11,613,137**
Additional Tier-1 instruments included in equity		497,083	497,083	497,083
Non-controlling interests		34,561	37,929	45,691
Total equity		**11,909,944**	**12,219,362**	**12,155,912**
Total liabilities and equity		**179,068,150**	**179,179,352**	**179,956,795**

2. Consolidated Statement of Income

	Notes	31 December 2022 IFRS 9 & 17	31 December 2023 IFRS 9 & 17	30 June 2023 IFRS 9 & IFRS 17	30 June 2024 IFRS 9 & IFRS 17
		(in thousands of EUR)			
Interest income	7.1	3,719,383	6,868,486	3,125,869	4,059,404
Interest expense	7.1	-1,640,573	-4,442,285	-1,921,818	-2,879,237
Fee and commission income	7.2	987,430	980,274	486,032	512,612
Fee and commission expenses	7.2	-214,636	-201,362	-98,238	-110,718
Insurance service result	7.3	95,048	277,509	100,670	129,746
Insurance revenue		1,084,919	1,186,641	540,950	598,989
Insurance service expenses		-1,004,554	-880,000	-423,441	-445,498
Net expenses from reinsurance contracts		14,684	-29,132	-16,838	-23,745

	Notes	31 December 2022 IFRS 9 & 17	31 December 2023 IFRS 9 & 17	30 June 2023 IFRS 9 & IFRS 17	30 June 2024 IFRS 9 & IFRS 17
		(in thousands of EUR)			
Insurance finance result	7.3	-197,857	-238,664	-117,099	-134,726
Insurance finance result		-199,892	-241,007	-118,366	-135,916
Reinsurance finance result		2,035	2,343	1,267	1,190
Dividend income	7.4	71,611	57,285	35,768	48,942
Net income from equity method companies	7.5	3,993	7,527	-293	2,200
Net income from financial instruments at fair value through profit or loss	7.6	24,822	53,527	64,368	56,857
Net income on investments and liabilities	7.7	56,401	-7,211	5,606	4,126
Other income	7.8	378,184	419,368	201,950	218,443
Other expense	7.9	-561,547	-633,566	-452,735	-401,576
Income		**2,722,259**	**3,140,888**	**1,430,080**	**1,506,074**
Staff expenses	7.10	-608,177	-678,835	-317,916	-333,242
General and administrative expenses	7.11	-478,875	-517,426	-254,444	-258,909
Network costs		-216,599	-224,464	-114,026	-112,752
Depreciation and amortisation of fixed assets	7.12	-113,791	-117,440	-49,785	-57,339
Expenses		**-1,417,441**	**-1,538,166**	**-736,171**	**-762,242**
Net income before tax and impairments		**1,304,818**	**1,602,722**	**693,909**	**743,831**
Impairments on financial instruments and provisions for credit commitments	7.13	-105,413	-109,211	-17,346	-52,131
Impairments on tangible and intangible assets	7.14	-2,049	-855	-858	0
Impairments on goodwill	7.15	0	0	0	0
Net income before tax		**1,197,356**	**1,492,656**	**675,705**	**691,700**
Current tax (expense) income		-266,896	-304,968	-157,276	-164,003
Deferred tax (expense) income		2,492	-70,897	-38,512	-44,998
Total tax (expense) income	7.16	**-264,403**	**-375,865**	**-195,788**	**-209,001**
Net income after tax		**932,952**	**1,116,791**	**479,917**	**482,699**
Discontinued operations (net of tax)		0	0	0	0
Net income		**932,952**	**1,116,791**	**479,917**	**482,699**
Attributable to non-controlling interests		1,181	2,252	577	990
Attributable to equity holders of the parent		931,771	1,114,538	479,339	481,709

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

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

7.1 *Introduction*

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

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

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

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

7.1.2. *General provisions*

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

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

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

7.2 *Nature and category of the Savings Certificates*

(a) Type of security

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

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

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

(b) Security identifier

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

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

7.3 Governing law and jurisdiction

7.3.1. *Governing law*

The Savings Certificates are governed by Belgian law.

7.3.2. *Jurisdiction*

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

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

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

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

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

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

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

In this Condition,

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

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

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

7.4 Form of the Savings Certificates

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

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

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

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

Savings Certificates converted in Savings Certificates in registered form at the request of the holder (in accordance with Condition 7.4), it should be noted that such Savings Certificates are eligible for deposit protection in accordance with the conditions of the Belgian deposit protection scheme, provided that the Savings Certificates are registered in the name of an account holder eligible for deposit protection in accordance with the conditions of the Belgian deposit protection scheme.

7.5 Currency of the Savings Certificates

The Savings Certificates are issued in euro.

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

7.6.1. *Status of the Savings Certificates as senior preferred liabilities*

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

(b) On 31 July 2017, Belgium adopted a legislation establishing a new category of debt securities available to credit institutions. The law provides for a new Article 389/1 into the Banking Law. In particular, Article 389/1 aims at increasing the effectiveness of the bail-in tool and introduces a new category of claims in the statutory creditor hierarchy in the case of a liquidation procedure (*procédure de liquidation/liquidatieprocedure*) of a credit institution. Article 389/1 of the Banking Law now divides senior notes into: (i) senior preferred liabilities, retaining the same ranking as the previous senior notes; and (ii) senior non-preferred notes. Senior non-preferred notes are direct, unconditional, senior, and unsecured (*chirographaires/chirografair*) obligations. In the case of liquidation, they will rank senior to subordinated notes but junior to both ordinary senior preferred notes and to claims benefiting from legal or statutory preferences. Furthermore, senior non-preferred notes must have the following characteristics: they may not contain embedded derivatives or be derivatives themselves (it being understood that floating rate debt instruments which are derived from a commonly used reference rate and debt instruments which are not denominated in the national currency of the issuer, provided that principal, repayment and interest are denominated in the same currency, may not solely on the basis of these characteristics be considered as debt instruments containing embedded derivatives); their maturity may not be less than one year; and their terms must expressly provide that the claim is unsecured (*chirographaire/chirografair*) and that their ranking is as set forth in Article 389/1, 2° of the Banking Law. The foregoing is without prejudice to the Special Priority Lien in respect of Eligible Deposits, as described below (in Condition 7.6.2).

(c) The Savings Certificates rank as senior preferred notes and the payments of principal and interest relating to them are direct, unconditional and unsecured obligations of the Issuer and rank at all times pari passu, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of Belfius Bank as referred under Article 389/1, 1° of the Banking Law (senior preferred obligations), present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors' rights. Senior preferred obligations have a higher priority ranking than the so-called non-preferred obligations that are defined under Article 389/1, 2° of the Banking Law. The foregoing is without prejudice to the Special Priority Lien in respect of Eligible Deposits, as described below (in Condition 7.6.2).

7.6.2. *Deposit protection, bail-in and special priority lien on all movable assets of the Issuer in accordance with article 389 § 2 of the Banking Law*

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

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

(c) In accordance with and subject to the conditions set out therein Article 389 § 2 of the Banking Law, "eligible deposits" held by individuals (physical persons) and small and medium enterprises including Savings Certificates benefit ("**Eligible Deposits**") from a special priority lien on all movable assets (*een voorrecht op roerende goederen*/*un privilège sur les biens meubles*) of the Issuer for the amounts in excess of the amount covered by the deposit protection scheme (such lien ranking after the lien for the benefit of the Belgian Guarantee Fund for claims in the amounts covered by the deposit protection scheme) (the "**Special Priority Lien**").

7.6.3. *Waiver of set-off*

Subject to applicable law, no holder may exercise or claim any right of set-off, netting, compensation, netting or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Savings Certificates and each holder shall, by virtue of its subscription, purchase or holding of a Savings Certificate, be deemed to have waived all such rights of set-off, netting, compensation or retention. Notwithstanding the preceding sentence, if any amounts owing to any holder by the Issuer is discharged by set-off, netting, compensation or retention, such holder shall, unless payment is prohibited by law, immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of its winding-up or administration, the liquidator or administrator, as appropriate, of the Issuer for the payment to creditors of the Issuer in respect of amounts owing to them by the Issuer and accordingly any such discharge shall be deemed not to have taken place. This paragraph is without prejudice to the Special Priority Lien in respect of Eligible Deposits, as described below (in Condition 7.6.2).

7.7 *Rights attached to the Savings Certificates*

The Savings Certificates give right to:

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

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

7.8 *Interest Rate and interest payment dates*

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

(b) The interest can be paid as follows:

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

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

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

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

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

7.9 Maturity Date

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

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

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

7.10 Yield and method of calculation

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

7.11 Events of Default

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

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

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

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

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

7.12 Representation of the holders of the Savings Certificates

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

7.13 Prescription

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

7.14 No Hardship

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

7.15 Notices to holders

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

7.16 Authorization regarding the issue of the Savings Certificates

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

7.17 The issue date

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

7.18. *Substitution*

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

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

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

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

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

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

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

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

Form of Final Terms

APPLICABLE FINAL TERMS

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

Final terms dated [●]

Belfius Bank SA/NV

Issue of [Title of the Category of Savings Certificates]

under the

Belfius Bank SA

Savings Certificate Issuance Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall have the same meaning as defined for such purposes in the Terms and Conditions set forth in this Base Prospectus dated [2] December 2024, which constitutes a base prospectus for purposes of the Prospectus Regulation (Regulation (EU) 2017/1129) (the "**Prospectus Regulation**"). **This document constitutes the Final Terms of the category of Savings Certificates described herein for purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with such Base Prospectus and any supplement thereto.** Full information on the Issuer and the offer of the Savings Certificates is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for inspection at the office of the Issuer and the website www.belfius.be. A summary of the offer of the relevant category of Savings Certificates is provided in annex to the Final Terms.

The Base Prospectus will be valid until the date of approval by the FSMA of the updated base prospectus that will replace and supersede it, no later than 3 December 2025 inclusive. The updated base prospectus will be available for inspection at the office of the Issuer and the website www.belfius.be.

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

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

Category of Savings Certificates and ISIN Code **	**Issue Date**	**Maturity Date**	**Rate of Interest**	**Frequency of Interest Accrual**	**Type of Savings Certificates with respect to interest distribution / capitalization**	**Frequency of interest payment**	**Frequency of interest capitalization**	**Indication of Yield**

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

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

** The maximum amount offered per ISIN will be EUR [●].

Signed on behalf of the Issuer:

By: ………………………………

Duly Authorized

8. TERMS AND CONDITIONS OF THE OFFER

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

General considerations

The offer of the Savings Certificates is an offer in the context of a continuous offer and is hence unlimited in time, it being understood that no offers of Savings Certificates shall be made under this Base Prospectus after 3 December 2025, unless an exemption from the requirement to draw up a prospectus applies in accordance with the Base Prospectus Law.

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

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

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

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

Suspension/termination, withdrawal and revocation of the offer

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

Plan for the marketing of the Savings Certificates

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

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

The Savings Certificates are issued at par. The nominal interest will be determined by the Issuer for the entire duration of the Savings Certificates. The applicable interest rates and the available maturities for the Savings

Certificates are as set out in the relevant Final Terms published by the Issuer on its website on Kasbon - Belfius / Bon de caisse - Belfius .

Overview of costs to be borne by the investors

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

Selling restrictions and related considerations

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

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

The Savings Certificates have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any U.S. state securities laws and are subject to U.S. tax law requirements and, except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws, the Savings Certificates may not be offered, sold or delivered within the United States of America, including its territories and possessions, or to U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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

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

Any document connected with the issue of the Savings Certificates has only been issued or passed on and will only be issued and passed on in the United Kingdom to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom.

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

9. TAXATION

TRANSACTIONS INVOLVING THE SAVINGS CERTIFICATES MAY HAVE TAX CONSEQUENCES FOR PROSPECTIVE INVESTORS WHICH MAY DEPEND, AMONGST OTHER THINGS, UPON THE STATUS OF THE PROSPECTIVE INVESTOR AND LAWS RELATING TO TRANSFER AND REGISTRATION TAXES, PROSPECTIVE INVESTORS WHO ARE IN ANY DOUBT ABOUT THE TAX POSITION OF ANY ASPECT OF TRANSACTIONS INVOLVING SAVINGS CERTIFICATES SHOULD CONSULT THEIR OWN TAX ADVISERS.

The following is a general description of certain Belgian tax considerations relating to the Savings Certificates. It does not purport to be a complete analysis of all tax considerations relating to the Savings Certificates. Prospective purchasers of Savings Certificates should consult their tax advisers as to the consequences under the tax laws of Belgium of acquiring, holding and disposing of Savings Certificates and receiving payments of interest, principal and/or other amounts under the Savings Certificates. This summary is based upon the Belgian law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date (or even before with retroactive effect). The information contained within this section is limited to Belgian taxation issues, and prospective investors should not apply any information set out below to other areas, including but not limited to, the legality of transactions involving the Savings Certificates.

Each prospective Savings Certificates' holder should consult a professional adviser with respect to the tax consequences of an investment in the Savings Certificates, taking into account the influence of each regional, local or national law.

(a) Tax treatment applicable to Savings Certificates

The following summary describes the principal Belgian tax considerations with respect to Savings Certificates.

For Belgian tax purposes, periodic interest income and amounts paid by the Issuer in excess of the issue price (whether or not on the maturity date) are qualified and taxable as "interest". In addition, if the Savings Certificates qualify as fixed income securities within the meaning of article 2, §1, 8° of the Belgian Income Tax Code of 1992, in case of a realisation of the Savings Certificates to a third party between two interest payment dates, an income equal to the *pro rata* of accrued interest corresponding to the period during which the investor held the Savings Certificates in the period between the two interest payment dates is also taxable as interest. For the purposes of the following paragraphs, any such accrued interest is therefore referred to as interest.

Belgian resident individuals

Belgian resident individuals, i.e. individuals who are subject to Belgian personal income tax ("*Personenbelasting/Impôt des personnes physiques*"), and who hold the Savings Certificates as a private investment, are in Belgium subject to the following tax treatment with respect to the Savings Certificates.

Interest payments on Savings Certificates will be subject to a 30 per cent. withholding tax in Belgium. The Belgian withholding tax constitutes the final income tax for Belgian resident individuals. This means that they do not have to declare the interest obtained on the Savings Certificates in their personal income tax return, provided Belgian withholding tax was levied on these interest payments. However, they may elect to declare interest in their personal income tax return. Capital gains realised on the sale of the Savings Certificates to third parties other than the Issuer are in principle tax exempt, unless the capital gains are realised outside the scope of the normal management of one's private estate or unless the capital gains qualify as interest (as defined above). Capital losses are in principle not tax deductible.

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

Belgian resident companies

Belgian resident companies, i.e. companies that are subject to Belgian corporate income tax ("*Vennootschapsbelasting/Impôt des sociétés*"), are in Belgium subject to the following tax treatment with respect to the Savings Certificates. Different rules apply to companies subject to a special tax regime, such as investment companies within the meaning of article 185bis of the Belgian Income Tax Code 1992.

Interest derived by Belgian resident companies on the Savings Certificates and capital gains realised on the Savings Certificates will be subject to Belgian corporate income tax at the current corporate income tax rate of 25 per cent. (with, subject to certain conditions, a reduced rate of 20 per cent. applying to the first tranche of EUR 100,000 of taxable income of qualifying small companies (as defined by Article 1:24, §1 to §6 of the BCCA)). Capital losses are in principle tax deductible.

Interest payments on the Savings Certificates will be subject to a 30 per cent. withholding tax in Belgium. The withholding tax that has been levied is creditable in accordance with the applicable legal provisions.

Other Belgian resident legal entities

Belgian non-profit legal entities, i.e. legal entities that are subject to Belgian income tax on legal entities ("*Rechtspersonenbelasting/Impôt des personnes morales*"), are subject to the following tax treatment with respect to the Savings Certificates in Belgium.

Interest payments on Savings Certificates will be subject to a 30 per cent. withholding tax in Belgium. If Belgian withholding tax was levied, no further Belgian income tax on legal entities will be due on the interest.

Capital gains realised on the sale of the Savings Certificates to a third party (other than the Issuer) 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 as defined pursuant to Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision, are 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 realised are in principle not tax deductible. Subject to certain conditions, any Belgian withholding tax that has been levied can be credited against any corporate income tax due and any excess amount is in principle refundable.

Non-residents of Belgium

Investors who are not considered Belgian residents for tax purposes can be subject to Belgian non-resident income tax ("*Belasting van niet-inwoners/Impôt des non-résidents*"), in which case they are subject to the following tax treatment with respect to the Savings Certificates in Belgium.

Interest income on Savings Certificates paid to non-residents of Belgium will, in principle, be subject to a 30 per cent. withholding tax. Lower rates may apply if the Savings Certificates' holder is resident in a country with which Belgium has concluded a double taxation agreement which is in effect.

Investors should verify with their respective personal tax advisors whether and how they may benefit from these lower rates on the basis of such double taxation agreements.

Non-resident individuals who do not use the Savings Certificates for professional purposes and who have their fiscal residence in a country with which Belgium has not concluded a tax treaty or with which Belgium has concluded a tax treaty that confers the authority to tax interest on the Savings Certificates to Belgium, will be subject to tax in Belgium if interest is obtained or received in Belgium.

Non-resident individuals who do not use the Savings Certificates for professional purposes and who have their fiscal residence in a country with which Belgium has not concluded a tax treaty or with which Belgium has concluded a tax treaty that confers the authority to tax capital gains on the Savings Certificates to Belgium, will be subject to tax in Belgium if the capital gains are obtained or received in Belgium and are deemed to be realised outside the scope of the normal management of the individual's private estate. Capital losses are generally not deductible.

Non-resident investors who have allocated the Savings Certificates to the exercise of a professional activity in Belgium through a permanent establishment are subject to the same income tax treatment as Belgian resident companies or Belgian resident individuals holding the Savings Certificates for professional purposes (see above).

In addition to the aforementioned Belgian withholding tax of 30 per cent., profits derived from the Certificates may be subject to a system of automatic exchange of information between the relevant tax authorities.

(b) Belgian tax on stock exchange transactions

A tax on stock exchange transactions ("*Taks op de Beursverrichtingen/Taxe sur les operations de bourse*") will be levied on the sale and acquisition of the Savings Certificates on the secondary market if (i) executed in Belgium through a professional intermediary or (ii) deemed to be executed in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by private individuals having their usual residence ("*gewone verblijfplaats/residence habituelle*") in Belgium, or legal entities established in Belgium.

The rate applicable for secondary sales and purchases of Savings Certificates 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.

However, if the intermediary is established outside of Belgium, the tax will in principle be due by the ordering private individual or legal entity, unless that individual or entity can demonstrate that the tax has already been paid. Professional intermediaries established outside of Belgium can, subject to certain conditions and formalities, appoint a Belgian representative for tax purposes, which will be liable for the tax on stock exchange transactions in respect of the transactions executed through the professional intermediary.

Exemptions are available, inter alia, for certain categories of Belgian institutional investors and non-residents acting for their own account, provided that certain formalities and conditions are respected. Transactions on the primary market are not subject to this tax.

The tax on stock exchange transactions will not 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 miscellaneous taxes and duties ("*Wetboek diverse rechten en taksen/Code des droits et taxes divers*").

(c) Belgian annual tax on securities accounts

Following the Law of 11 February 2021, a new annual tax on securities accounts was introduced (the "**Annual Tax on Securities Accounts**") ("*Jaarlijkse taks op de effectenrekeningen/Taxe annuelle sur les comptes-titres*"). The Annual Tax on Securities Accounts is levied on securities accounts of which the average value during the reference period (i.e a period of twelve consecutive months beginning on 1 October and ending, in principle, on 30 September of the next year), exceeds EUR 1,000,000. The Annual Tax on Securities Accounts is applicable to securities accounts that are held by resident individuals, companies and legal entities, irrespective as to whether these accounts are held with a financial intermediary in Belgium or abroad. The Annual Tax on Securities Accounts also applies to securities accounts held by nonresidents individuals, companies and legal entities with a financial intermediary in Belgium. However, the Annual Tax on Securities Accounts is not levied on securities accounts held by specific types of regulated entities in the context of their own professional activity and for their own account.

The applicable tax rate is equal to the lowest amount of either 0.15 per cent. of the average value of the financial instruments and funds held on the account or 10 per cent. of the difference between the average value of the financial instruments and funds held on the account and EUR 1,000,000. The tax base is the sum of the values of the taxable financial instruments at the different reference points in time, i.e. 31 December, 31 March, 30 June and 30 September, divided by the number of those points in time.

Each securities account is assessed separately. When multiple holders hold a securities account, each holder is jointly and severally liable for the payment of the tax and each holder may fulfil the declaration requirements for all holders.

A financial intermediary is defined as (i) the National Bank of Belgium, the European Central Bank and foreign central banks performing similar functions, (ii) a central securities depository included in article 198/1, §6, 12° of the Belgian Income Tax Code, (iii) a credit institution or a stockbroking firm as defined by Article 1, §3 of the Law of 25 April 2014 on the status and supervision of credit institutions and investment companies (currently defined by, respectively, Article 1, §3 of the Belgian law of 25 April 2014 on the status and supervision of credit institution and Article 2 of the Belgian law of 20 July 2022 on the status and supervision of stockbroking firms and containing various provisions), and (iv) the investment companies as defined by Article 3, §1 of the Law of 25 October 2016 on access to the activity of investment services and on the legal status and supervision of portfolio management and investment advice companies, which are, pursuant to national law, admitted to hold financial instruments for the account of customers.

The Annual Tax on Securities Accounts needs to be withheld, declared and paid by the Belgian intermediary. Intermediaries not established or set up in Belgium have the possibility, when managing a securities account subject to the tax, to appoint a representative in Belgium approved by or on behalf of the Minister of Finance (the "**Annual Tax on Securities Accounts Representative**"). The Annual Tax on Securities Accounts Representative is jointly and severally liable vis-à-vis the Belgian State to declare and pay the tax and to fulfil all other obligations for intermediaries related to the Annual Tax on Securities Accounts, such as compliance with certain reporting obligations. In cases where no intermediary has withheld, declared and paid the Annual Tax on Securities Accounts, the holder of the securities account needs to declare and pay the tax himself, unless he can prove that the tax has already been withheld, declared and paid by either a Belgian intermediary or Annual Tax on Securities Accounts Representative of a foreign intermediary.

Two specific, irrebuttable anti-abuse provisions were also introduced, retroactively applying as from 30 October 2020, targeting (i) the splitting of a securities account into multiple accounts held with the same financial intermediary and (ii) the conversion of taxable financial instrumenten into registered financial instruments ("*financiële instrumenten op naam/instruments financiers nominatifs*"). Furthermore, a general, rebuttable anti-abuse provision was introduced which also retroactively applied as from 30 October 2020.

However, on 27 October 2022, the Constitutional Court annulled (i) the two irrebuttable specific anti-abuse provisions and (ii) the retroactive effect of the rebuttable general anti-abuse provision, meaning that the latter provision can only apply as from 26 February 2021. The other provisions of the Law of 17 February 2021 were not considered to be unconstitutional.

Investors should consult their own tax advisers in relation to this new annual tax on securities accounts.

10. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

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

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

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

11. USE OF PROCEEDS

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

12. THIRD PARTY INFORMATION, EXPERT STATEMENTS AND DECLARATIONS

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

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

13. DOCUMENTS ON DISPLAY

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

Copies of (i) the annual reports dated 31 December 2022 and 31 December 2023 for the Issuer and of all subsequent annual reports to be published and (ii) copies of the articles of association of the Issuer are available free of charge at the office of Belfius Bank and will be available during the entire lifetime of the Savings Certificates.

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

Annex 1: Articles of Association

Belfius Bank

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

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