



BANK J. VAN BREDA & C° NV

(incorporated with limited liability in Belgium)

EUR 200,000,000

Euro Medium Term Note Programme

The Base Prospectus has been approved by the Belgian Financial Services and Markets Authority (the "FSMA"), which is the Belgian competent authority for the purposes of Directive 2003/71/EC, as amended, (the "Prospectus Directive") and relevant implementing measures in Belgium (including the law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading, as amended (the "Belgian Prospectus Law")), on 3 November 2015 as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Belgium for the purpose of giving information with regard to the issue of notes ("Notes") issued by Bank J. Van Breda & C° NV under the Euro Medium Term Note Programme (the "Programme") described in this Base Prospectus during the period of twelve months after the date of its approval. The approval by the FSMA does not imply any appraisal of the opportunity or the merits of any issue under the Programme, nor on the situation of the Issuer.

Notes to be issued under the Programme may comprise (i) unsubordinated Notes ("Senior Notes") and (ii) Notes which are subordinated as described herein which may have terms capable of qualifying as Tier 2 Capital (as defined herein) (the "Subordinated Notes"). Bank J. Van Breda & C° NV is not rated. The Notes will not be rated.

The Notes will be in dematerialised form in accordance with Articles 468 et seq. of the Belgian Companies Code. The Notes will be represented by book entries in the records of the securities settlement system operated by the National Bank of Belgium (the "NBB") or any successor thereto (the "NBB-SSS"). The Notes can be held by their holders through the participants in the NBB-SSS, including Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, *société anonyme*, ("Clearstream, Luxembourg") and through other financial intermediaries which in turn hold the Notes through Euroclear, Clearstream, Luxembourg or other participants in the NBB-SSS. Title of the Notes will pass by account transfer, see "Clearing".

Applications have been made for such Notes to be admitted to listing on Euronext Brussels and to trading on the regulated market of Euronext Brussels ("Euronext Brussels"). References in this Base Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted on Euronext Brussels' regulated market. The regulated market of Euronext Brussels is a regulated market for the purposes of Directive 2004/39/EC on markets in financial instruments. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

This Base Prospectus will be valid for a period of 12 months from the date of the approval by the FSMA.

Investing in Notes issued under the Programme involves certain risks and may not be a suitable investment for all investors. Prospective investors should have regard to the factors described under the section headed "Risk Factors" in the Base Prospectus, setting out certain risks in relation to Senior Notes and Subordinated Notes. In particular, Subordinated Notes include certain risks specific to the nature of such instruments, such as subordination, write-down/conversion features, increased illiquidity, conflicts of interest and early redemption for tax reasons or upon the occurrence of Capital Disqualification Event (as defined in Condition 2(a)). See page 9 to 28 for a description of the risk factors and page 23 to 25 for a description of the risk factors specific to Subordinated Notes.

Arranger



Dealers



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IMPORTANT NOTICES

Responsibility for this Base Prospectus

Bank J. Van Breda & C° NV, a Belgian credit institution (*kredietinstelling naar Belgisch recht/établissement de crédit de droit belge*), having its registered office at Ledeganckkaai 7, 2000 Antwerp, enterprise number 0404.055.577 (commercial court Antwerp, section Antwerp) (the "**Issuer**") accepts responsibility for the information contained in this Base Prospectus and any Final Terms and declares that, having taken all reasonable care to ensure that such is the case, 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.

Final Terms

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as completed by a document specific to such Tranche called final terms (the "**Final Terms**"). Each Final Terms will be delivered to the FSMA and Euronext Brussels on or before the issue date of the Notes of such Tranche (save for Final Terms relating to Notes which are not admitted to trading on a regulated market within the European Economic Area). Copies of the Final Terms in relation to Notes listed on Euronext Brussels will be published on the website of Euronext Brussels (www.euronext.com).

The Base Prospectus must be read together with the applicable Final Terms

The conditions of the Notes included in this Base Prospectus apply to the different types of Notes which may be issued under the Programme. The full terms and conditions applicable to each Tranche of Notes can be reviewed by reading the Conditions as set out in this Base Prospectus in the section headed "*Terms and Conditions of the Notes*", which constitute the basis of all Notes to be offered under the Programme, together with the relevant Final Terms which applies and/or disappplies and/or, in the case of Notes not listed on a regulated market, supplements and/or amends the Conditions of the Programme in the manner required to reflect the particular terms and conditions applicable to the relevant Series of Notes (or Tranche thereof). Copies of the legal documentation relating to the Programme and copies of the Final Terms relating to each issue of Notes are available for inspection as described in "*General Information*".

Exempt Offers under the Prospectus Directive

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Notes, may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplement pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any of KBC Bank NV or Belfius Bank NV (each individually a "**Dealer**" or together the "**Dealers**") has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish a prospectus or a supplement for such offer. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in the Relevant Member State.

Other relevant information

This Base Prospectus must be read and construed together with any supplements hereto and with any annex hereto and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms.

The Issuer has confirmed to the Dealers that this Base Prospectus contains all information which is (in the context of the Programme, the issue, offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any

material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

Unauthorised information

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering or sale of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Prospectus supplement

If at any time the Issuer shall be required to prepare a supplement to this Base Prospectus pursuant to Article 34 of the Belgian Prospectus Law, the Issuer will prepare and make available an appropriate amendment or supplement to this Base Prospectus which, in respect of any subsequent issue of Notes to be listed and admitted to trading on the Euronext Brussels' regulated market, shall constitute a prospectus supplement as required by Article 34 of the Belgian Prospectus Law.

If at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Base Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Base Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

Restrictions on distribution

The distribution of this Base Prospectus and any Final Terms and the offering and sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers and sales of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "Securities Act"). Subject to certain exceptions, Notes may not be offered or sold within the United States or to U.S. persons.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

Programme limit

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed EUR 200,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the issue date of such Notes (calculated in accordance with the provisions of the Dealer Agreement)), unless such maximum aggregate principal amount of Notes has been increased in accordance with the relevant provisions of the Dealer Agreement (as defined under "*Subscription and Sale*").

Forward looking statements

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 global economy in general and the strength of the economies of the countries in which the Issuer and its Subsidiaries (the "**Group**") conducts operations; (iv) the potential impact of sovereign risk in certain European Union countries; (v) adverse rating actions by credit rating agencies; (vi) the ability of counterparties to meet their obligations to the Issuer or the Group; (vii) the effects of, and changes in, fiscal, monetary, trade and tax policies, financial and company regulation 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 and/or the Group's business and practices in one or more of the countries in which the Issuer or the Group conducts operations; (xi) the adverse resolution of litigation and other contingencies; (xii) the Issuer's and/or the Group'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.

Certain definitions

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**U.S.\$**", "**U.S. dollars**" or "**dollars**" are to United States dollars and references to "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Stabilisation

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager)

will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

OVERVIEW

This overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive. This overview must be read as an introduction to this Base Prospectus and any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole. The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, if appropriate, a supplement to the Base Prospectus or a new prospectus will be published.

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this overview.

The Issuer:	Bank J.Van Breda & C° NV, a Belgian credit institution (<i>kredietinstelling naar Belgisch recht/établissement de crédit de droit belge</i>), having its registered office at Ledeganckkaai 7, 2000 Antwerp, enterprise number 0404.055.577 (commercial court Antwerp, section Antwerp).
Description	Programme for the issuance of senior and subordinated euro medium term notes.
Arranger	KBC Bank NV
Dealers	Belfius Bank SA/NV, KBC Bank NV, and any other Dealers appointed in respect of the Notes in accordance with the Dealer Agreement.
Agent	KBC Bank NV acts as domiciliary and paying agent.
Size	EUR 200,000,000 aggregate principal amount of Notes outstanding at any one time.
Distribution	Notes may be distributed on a syndicated or non-syndicated basis. The method of distribution of each Tranche will be stated in the applicable Final Terms.
Currencies	Subject to any applicable legal or regulatory restrictions (including the rules of NBB-SSS), such currencies as may be agreed between the Issuer and the relevant Dealer.
Maturities	Any maturity, subject to applicable laws, regulations and restrictions and subject to a minimum maturity of one year.
Issue Price	Notes may be issued on a fully-paid basis and at any issue price which is at par or at a discount to, or premium over, par and shall be determined by the Issuer and the Dealers in accordance with market conditions.
Form of Notes	The Notes will be in dematerialised form in accordance with Articles 468 et seq. of the Belgian Companies Code. The Notes will be represented by book entries in the records of the NBB-SSS. The Notes can be held by their holders through the participants in the NBB-SSS, including Euroclear and Clearstream, Luxembourg and through other financial intermediaries which in turn hold the Notes through Euroclear, Clearstream, Luxembourg or other participants in the NBB-SSS. Title to the Notes will pass by account transfer.
Fixed Rate Notes	Fixed interest will be payable on the date or dates specified in the applicable Final Terms and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the

Issuer and the relevant Dealer (as indicated in the applicable Final Terms).

If an indication of yield is included in the applicable Final Terms, the yield of each Tranche of Notes with a fixed interest rate will be calculated on the basis of the relevant issue price at the relevant issue date. It is not an indication of future yield.

Floating Rate Notes

Floating Rate Notes will bear interest either at a rate determined on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series) or on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service or on such other basis as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Final Terms).

The Margin (if any) relating to such floating rate will be specified in the applicable Final Terms.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer (if any), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer (if any) (as indicated in the applicable Final Terms).

Redemption / Early Redemption

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on their Maturity Date. The Notes may be redeemed prior to their stated maturity following an Event of Default or for taxation reasons (subject, in the case of Subordinated Notes, to certain conditions) or as set out under "*Optional Redemption*" below.

Subordinated Notes will be redeemable at the option of the Issuer prior to maturity upon the occurrence of a Capital Disqualification Event, subject to certain conditions.

A Capital Disqualification Event means an event that shall be deemed to have occurred if at any time the Issuer determines, after consultation with the Lead Regulator, that as a result of a change (or a prospective change which the Lead Regulator considers to be sufficiently certain) to the regulatory classification of the Subordinated Notes, at any time after the Issue Date, the Subordinated Notes cease (or would cease) to be included, in whole or in part, in or count towards the Tier 2 Capital of the Issuer (excluding, for these purposes, any non-recognition as a result of applicable regulatory amortisation in the five years immediately preceding the Maturity Date of such Subordinated Notes).

Optional Redemption

The applicable Final Terms will indicate whether Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms.

Denomination

Notes will be issued in such denominations as may be specified in the

applicable Final Terms save that the minimum denomination of each Note will be EUR 100,000 (or nearly equivalent amount in any other currency) and otherwise such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

Taxation

All payments in respect of the Notes will be made free and clear of withholding or deducting taxes of Belgium, unless the withholding is required by law. In that event, the Issuer will, subject to certain exceptions as provided in Condition 10 of the Conditions, pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of the Notes had no such withholding been required.

Negative Pledge

None.

Cross Default

None.

Status of the Senior Notes

The Senior Notes constitute direct, unsecured and unconditional obligations of the Issuer which will at all times rank *pari passu* and without preference among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are of general application.

Status of the Subordinated Notes

The Subordinated Notes constitute direct, unsecured and unconditional obligations of the Issuer which will at all times rank *pari passu* and without preference among themselves.

In the event of dissolution or liquidation of the Issuer (including the following events creating a "*samenloop van schuldeisers/concours de créanciers*": bankruptcy ("*faillissement/faillite*"), judicial liquidation ("*gerechtelijke vereffening/liquidation forcée*"), dissolution ("*ontbinding/liquidation*") or voluntary liquidation ("*vrijwillige vereffening/liquidation volontaire*") or (other than a voluntary liquidation or voluntary dissolution in connection with a reconstruction, merger or amalgamation where the continuing corporation assumes all the liabilities of the Issuer)), moratorium of payments ("*moratorium/moratoire*") and other measures agreed between the Issuer and its creditors relating to the Issuer's payment difficulties, or an official decree of such measures, the rights and claims of the holders of Subordinated Notes against the Issuer shall be for an amount equal to the principal amount of each Subordinated Note together with any amounts attributable to such Subordinated Notes, provided that such rights and claims shall rank:

- (A) subject to any obligations which are preferred by provisions of law that are of general application, junior to the claims of
 - (1) depositors;
 - (2) all other unsubordinated creditors; and
 - (3) any creditors holding claims that, in accordance with their terms, rank or are expressed to rank senior to the Subordinated Notes;
- (B) *pari passu* with any other obligations or instruments of the Issuer that rank or are expressed to rank equally with the Subordinated Notes; and
- (C) senior and in priority to (1) the claims of holders of all classes

of share or other equity capital (including preference shares) of the Issuer, (2) the claims of holders of all obligations or instruments of the Issuer which, upon issue, constitute or constituted Tier 1 Capital of the Issuer, and (3) the claims of holders of any other obligations or instruments of the Issuer that rank or are expressed to rank junior to the Subordinated Notes.

No Noteholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Subordinated Notes and each Noteholder shall, by virtue of his subscription, purchase or holding of a Subordinated Note, be deemed to have waived all such rights of set-off.

Rating:	The Issuer is not rated. The Notes will not be rated.
Listing and admission to trading	Application has been made to Euronext Brussels for the Notes to be issued under the Programme to be admitted to trading and listed on the regulated market of Euronext Brussels. The Notes may also be listed on such other or further stock exchange or stock exchanges as may be agreed between the Issuer and the relevant Dealer in relation to each issue. Unlisted Notes may also be issued. The applicable Final Terms will state whether or not the Notes are to be listed or admitted to trading, as the case may be, and, if so, on which exchanges and/or markets.
Substitution and Variation of Subordinated Notes	<p>The Issuer may, at its sole discretion and without the consent of the Noteholders, following the occurrence of a Capital Disqualification Event, by giving not less than 30 nor more than 60 days' notice to the Noteholders, substitute or vary the terms of all, but not some only, of the Subordinated Notes then outstanding so that they become or, as appropriate, remain, Qualifying Securities.</p> <p>Any substitution or variation of the Securities is subject to compliance with any conditions prescribed under the Applicable Banking Regulation.</p>
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by Belgian law.
Clearing Systems:	NBB-SSS, Euroclear and Clearstream, Luxembourg.
Selling Restrictions:	<p>The United States, the Public Offer Selling Restriction under the Prospectus Directive and Selling Restrictions Addressing Additional United Kingdom Securities Laws. See "<i>Subscription and Sale</i>".</p> <p>The Issuer is Category 1 for the purposes of Regulation S under the Securities Act.</p>
Risk Factors:	Investing in the Notes involves risks, see " <i>Risk Factors</i> ".
Use of Proceeds	General corporate purposes and strengthening and diversifying of the Group's long term funding or, in respect of Subordinated Notes, strengthening of the Issuer's capital base, in each case, unless otherwise indicated in the applicable Final Terms.

RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the industry(ies) in which it operates together with all other information contained in this Base Prospectus, including, in particular the risk factors described below. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this section.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer, or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Base Prospectus and their personal circumstances.

Risks relating to the Issuer

Factors that may affect Bank J.Van Breda & C^o's ability to fulfil its obligations under the Notes.

Credit risk

General credit risks are inherent in Bank J.Van Breda & C^o's business and are therefore considered to be the main risk of the bank. These include the risk of a debtor becoming insolvent or the risk that a counterparty (or its bank) being unable to meet its contractual obligations. Bank J.Van Breda & C^o's main debtors are its clients. This means that the exposure on institutions and financials is very limited and the credit exposure on its client base is widely diversified with relation to its sector and counterparty concentration. As regard the credit exposure of its investment portfolio, the majority of issuers of securities which Bank J. Van Breda holds are, besides its home country Belgium, core countries of the Eurozone, like Germany, the Netherlands, Finland and Austria.

The qualitative and quantitative risk standards and limits are covered in the credit strategy for the credit portfolio and in the investment framework for the investment portfolio. The credit portfolio of Bank J.Van Breda & C^o is focused on entrepreneurs and liberal professions. Since the bank is only active in Belgium it is highly dependent on the Belgian economic environment. Within this segment, the portfolio is diversified over different sectors and industries within the local economic tissue of family businesses and liberal professions. Its subsidiaries ABK Bank and Van Breda Car Finance are focused on respectively, private persons and car financings and financial (car) leases. The credit risk of the investment portfolio is kept low by choice by a continuous refining of the acceptance criteria and a proactive monitoring of debtors.

However, the failure of Bank J.Van Breda & C^o to manage properly its credit strategy and its investment framework could have a material and adverse effect on the business, financial condition and results of operations of Bank J.Van Breda & C^o. The Issuer has conservatively set aside a limited number of provisions. Further information can be found under Section 9. *Selected financial information of the Issuer* in "Description of the Issuer".

Credit risk measurements rely principally on internal rating systems put in place by Bank J.Van Breda & C^o under Basel II. The risk approach of Bank J.Van Breda & C^o is based on its decision to apply the standardized approach method. This choice has been acknowledged by its regulator.

For the purpose of monitoring the credit risk, the credit portfolio is divided into specifically monitored sub-categories on the basis of internal ratings. The calculation of these internal ratings is expert-based and implies qualitative and quantitative elements. Ratings are calculated and monitored weekly, and this allows a proactive identification of counterparties requiring regular monitoring by the "watchlist committee". The rating framework is reviewed annually. These ratings are not used for the calculation of the risk weighted assets under the Basel III International regulatory framework for banks ("**Basel III**").

In order to control the general risk profile and limit risk concentrations, credit risk limits are defined. The bank uses concentration limits per sector and maximum loan amounts per relationship. A credit

relationship consists of a combination of connected debtors. This maximum loan amount is determined as a percentage of the equity to ensure that the solvency is not at risk.

Market risk

The business and earnings of Bank J.Van Breda & C° are affected by market conditions. Market risks are all the risks linked to the fluctuations of market prices, including, principally, exposure to loss arising from adverse movements in interest rates, and, to a lesser extent, foreign exchange rates and equity prices. As all its activities are client driven and the Group does not take proprietary positions, Bank J.Van Breda & C° is prevented from assuming significant exposure to market risk. The market risk of Bank J.Van Breda & C° is predominantly determined by interest rate risk and only to a limited extent by exchange risk. The mismatch in rate structure is generally hedged through interest rate swaps and options and residual risks are handled by the asset and liability management function.

Operational risk

Bank J.Van Breda & C° defines "operational risk" as the risk to losses as a result of insufficient or failing internal processes, personnel and systems or because of external events. The definition includes legal, reputational and strategic risk. Bank J.Van Breda & C° has the advantage of being a relatively small institution with short lines of communication. Operational risk is monitored closely and the risk appetite of the bank is determined by a risk framework. Internal risks are therefore managed through (i) high integrity standards within the bank, (ii) department charters, (iii) first line of defence controls, (iv) IT and process controls, and (v) a disaster recovery plan. A risk evaluation is made annually for all activities. Nonetheless, such risk management techniques and strategies may not be fully effective in assessing risk exposure in all economic and market environments or against all types of risk, including risks that Bank J.Van Breda & C° fails to identify or anticipate.

Bank J.Van Breda & C° will continue to look for the most efficient ways to mitigate its operational risk, but any failure in this field could have a material and adverse effect on the business, financial condition and results of operations of Bank J.Van Breda & C°.

Liquidity risk

The liquidity risk is the risk that insufficient funding is available or that resources cannot be made available within a required time frame or at an adequate price in order to fulfil commitments.

The liquidity management of Bank J.Van Breda & C° is the front-line manager for the liquidity and capital requirements of Bank J.Van Breda & C°. It identifies, analyses, and reports, on current and future liquidity positions and risk, and then defines and coordinates the action needed to keep them in the right direction. The liquidity risk of the Group is permanently monitored by a proactive treasury management within the guidelines of the investment framework and the framework drafted by the ALM Committee.

The liquidity risk of Bank J.Van Breda & C° is mainly affected by the following factors:

- The amounts of commercial funding collected from retail and private customers, small and medium sized enterprises, public and similar customers and the way these funds are allocated through commercial loans.
- The capacity to obtain interbank and institutional funding, if and when required.

Retail bank activities represent the main liquidity risk of Bank J.Van Breda & C° as the funding sources of the bank have a traditionally shorter tenor than the financed assets, resulting in a maturity mismatch. Bank J.Van Breda & C° strives to keep this risk at a minimum by maintaining a high quality liquidity buffer.

In addition, the financing mix of Bank J.Van Breda & C° is very stable and the main funding source is the deposits from its clients. Therefore, the bank maintains high safeguards with respect to its loan to deposit ratio. End of 2014, this ratio stood at 95%. Nonetheless, the liquidity position could be adversely impacted by substantial outflows in deposits.

However, the failure of Bank J.Van Breda & C° to manage properly its liquidity risk could have a material and adverse effect on the business, financial condition and results of operations of Bank J.Van Breda & C°.

Competition

Bank J.Van Breda & C° faces strong competition in the Belgian market from local and international financial institutions including savings banks, loan institutions, insurance companies, asset managers, private bankers. While Bank J.Van Breda & C° believes it is positioned to compete effectively with these competitors, there can be no assurance that increased competition will not adversely affect Bank J.Van Breda & C°'s pricing policy and lead to losing market share in the market in which it operates.

Competition is also affected by other factors such as changes in consumer demand and regulatory actions. Moreover competition can increase as a result of internet and mobile technologies changing customer behaviour, the rise of mobile banking and the threat of banking business being developed by non-financial companies, all of which may reduce the profits of the credit institution.

If competition in the markets in which Bank J.Van Breda & C° operates intensifies, whether as a result of the activities of its competitors or new entrants to those markets, this could have a material and adverse effect on the business, financial condition and results of operations of Bank J.Van Breda & C°.

The Issuer is exposed to the risk of breaches of regulatory compliance-related requirements in connection with the exercise of its business activity

The possibility of inadequate or erroneous internal and external processes and systems, regulatory problems, breaches of compliance-related provisions in connection with the exercise of business abilities, such as rules to prevent money laundering, human errors and deliberate legal violations such as fraud cannot be ruled out. The Issuer endeavours to conduct its business in compliance with all applicable laws and regulation and hedge such risks by implementing appropriate control processes tailored to its business, the market and regulatory environment in which it operates. Nevertheless, it is possible that these measures prove to be ineffective in relation to particular or all of such risks.

Increased and changing regulation of the financial services industry could have an adverse effect on Bank J.Van Breda & C°'s operations

As is the case for all banks, Bank J.Van Breda & C°'s business activities are subject to substantial regulation and regulatory oversight in Belgium.

Recent developments in the global markets have led to an increased involvement of various governmental and regulatory authorities in the financial sector and in the operations of financial institutions. In particular, governmental and regulatory authorities in Europe have, as a result, provided additional capital and funding requirements and have introduced and may, in the future, be introducing a significantly more restrictive regulatory environment, including new accounting and capital adequacy rules, restrictions on termination payments for key personnel and new regulation of derivative instruments. Current regulation, together with future regulatory developments, could have an adverse effect on how Bank J.Van Breda & C° conducts its business and on the results of its operations.

The recent global economic downturn has resulted in significant changes to regulatory regimes. There have been significant regulatory developments in response to the global crisis, including the stress test exercise co-ordinated by the Committee of European Banking Supervisors in co-operation with the European Central Bank (the "ECB"), liquidity risk assessments and the adoption of a new regulatory framework. The most relevant areas of regulation include the following:

- The requirements under Basel III have been implemented in the European Union through the adoption of (i) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions on prudential requirements for credit institutions and investment firms ("CRD") and (ii) Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms ("CRR" and together with CRD, "CRD IV").
- The European Parliament and the Council of the European Union adopted on respectively 15 April 2014 and 6 May 2014 Directive 2014/59/EU of the European Parliament and of the

Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (the "**Bank Recovery and Resolution Directive**" or "**BRRD**"). The aim of the BRRD is to provide supervisory and resolution authorities, including the resolution college of the NBB within the meaning of Article 21ter of the Law of 22 February 1998 organising the National Bank of Belgium, or any successor body or authority of the resolution college (including the SRB (as defined below)) (the "**National Resolution Authority**" and, together with the national resolution authorities of other participating Member States, the "**NRAs**"), with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses. Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund entered into force on 19 August 2014. From that moment, a centralised power of resolution has been established and entrusted to the Single Resolution Board (the "**SRB**"). Once operational, the SRB will work in close cooperation with the NRAs.

- As part of the so-called banking union, the "**Single Supervision Mechanism**" or "**SSM**" was adopted by Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions. However, Bank J.Van Breda & C° will remain under the supervision of the National Bank of Belgium. On 25 April 2014, a new law on the status and supervision of credit institutions was adopted in Belgium (*Wet op het statuut van en het toezicht op kredietinstellingen / Loi relative au statut et au contrôle des établissements de crédit*) (the "**Belgian Banking Law**"). The Belgian Banking Law entered, subject to certain exceptions (including in respect of its resolution regime), into force on 7 May 2014.

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

Bank J.Van Breda & C° works closely with the Lead Regulator to monitor the changes in regulations of the Belgian financial services industry and conducts its business subject to on-going regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies and interpretations in Belgium. Changes in supervision and regulation in Belgium could materially affect Bank J.Van Breda & C°'s business, the products and services offered by it or the value of its assets.

Belgian banking law

The Belgian Banking Law is based on the existing regulatory framework and implements into Belgian law (i) the CRD, as defined and explained in *Effective capital management and capital adequacy and liquidity requirements* below, and (ii) the BRRD, as defined and explained in *Increased and changing regulation of the financial services industry could have an adverse effect on Bank J.Van Breda & C°'s operations* above and *European resolution regime - Regulatory action in the event of a failure of the Issuer could materially adversely affect the value of the Notes* below, other than insofar as it relates to the bail-in regime (which is scheduled to enter into force on 1 January 2016, subject to adoption of the relevant implementing rules).

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

In addition, the NBB will need to pre-approve any strategic decision of any Belgian financial institution subject to the Belgian Banking Law (including the Issuer, and regardless of it being systemically important or not). For these purposes, strategic decisions include decisions having significance relating to

each investment, disinvestment, participation or strategic cooperation agreement of the financial institution, including decisions regarding the acquisition of another institution, the establishment of another institution, the incorporation of a joint venture, the establishment in another country, the conclusion of cooperation agreement, the contribution of or the acquisition of a branch of activities, a merger or a demerger. The NBB will have the benefit of extensive discretionary power in this area.

It should be noted that (i) certain elements of the Belgian Banking Law require further detailed measures to be taken by other authorities, in particular the National Bank of Belgium, (ii) certain elements of the Belgian Banking Law will be influenced by further regulations (including through technical standards) taken or to be taken at European level, and (iii) the application of the Belgian Banking Law may be influenced by the recent assumption by the European Central Bank of certain supervisory responsibilities which were previously handled by the National Bank of Belgium and, in general, by the allocation of responsibilities between the European Central Bank and the National Bank of Belgium.

Finally, it should be noted that certain of the European initiatives (in particular the prohibition on proprietary trading) to be transposed into Belgian law pursuant to the Belgian Banking Law are still in draft form, or subject to political discussion, at the European level. Whilst the Belgian Banking Law contains powers to allow the government to conform the Belgian Banking Law to developments at a European level in certain areas through a Royal Decree, it cannot be ruled out that there will be differences between the regulatory regime promulgated by the relevant European directives and the regulatory regime of the Belgian Banking Law.

Effective capital management and capital adequacy and liquidity requirements

Effective management of Bank J.Van Breda & C^o's capital is critical to its ability to operate its businesses and to grow organically. Bank J.Van Breda & C^o is required by its regulator in Belgium to maintain adequate capital resources. The maintenance of adequate capital is also necessary for Bank J.Van Breda & C^o's financial flexibility in the face of continuing turbulence and uncertainty in the global economy.

In December 2010, the Basel Committee on Banking Supervision (the "**Basel Committee**") reached agreement on comprehensive changes to the capital adequacy framework, known as Basel III. A revised version of Basel III was published in June 2011. The purpose was to raise the resilience of the banking sector by increasing both the quality and quantity of the regulatory capital base and enhancing the risk coverage of the capital framework. Among other things, Basel III introduced new eligibility criteria for common equity Tier 1, Additional Tier 1 and Tier 2 Capital instruments with a view to raising the quality of regulatory capital, and increased the amount of regulatory capital that institutions are required to hold. Basel III also requires institutions to maintain a capital conservation buffer above the minimum capital ratios which, if not maintained, results in certain capital distribution constraints being imposed on Bank J.Van Breda & C^o. The capital conservation buffer, to be comprised of common equity Tier 1 Capital, would result in an effective common equity Tier 1 Capital requirement of 7 per cent of risk-weighted assets (i.e., its assets adjusted for their associated risks). In addition, Basel III directs national regulators to require certain institutions to maintain a counter-cyclical capital buffer during periods of excessive credit growth. Basel III further introduced a leverage ratio for institutions as a backstop measure, to be applied from 2018 alongside current risk-based regulatory capital requirements. The changes in Basel III are contemplated to be phased in gradually between January 2013 and January 2022. Basel III has been introduced in the European Union through CRD IV.

As at 31 December 2014, the consolidated Common Equity Tier 1 capital ratio of Bank J.Van Breda & C^o amounted to 14.92%. Bank J.Van Breda & C^o meets all current capital requirements.

CRD IV (consisting of CRD and CRR) applies since 1 January 2014 and imposes a series of new requirements, many of which are being phased in over a number of years. Certain portions of CRD have been transposed into Belgian law through the Belgian Banking Law and, although CRR applies directly in each Member State, CRR leaves a number of important interpretational issues to be resolved through binding technical standards, and leaves certain other matters to the discretion of national regulators. In addition, the European Central Bank may, following the assumption of certain supervisory responsibilities, interpret CRD IV, or exercise discretion accorded to the regulator under CRD IV (including options with respect to the treatment of assets of other affiliates) in a different manner than the National Bank of Belgium. To the extent that Bank J.Van Breda & C^o has estimated the indicative impact that CRD IV may have on the calculation of its risk-weighted assets and capital ratios, such estimates are preliminary and subject to uncertainties and change.

Basel III and CRD IV change the capital adequacy and liquidity requirements in Belgium and in other jurisdictions. The application of increasingly stringent stress case scenarios by the regulator may require Bank J.Van Breda & C° to raise additional capital resources (including common equity Tier 1, additional Tier 1 Capital and Tier 2 Capital) by way of further issuances of securities, and may result in Tier 2 securities issued by Bank J.Van Breda & C° ceasing to count towards Bank J.Van Breda & C°'s regulatory capital, either at the same level as present or at all. The requirement to raise additional Tier 1 and Tier 2 Capital could have a number of negative consequences for Bank J.Van Breda & C°. If Bank J.Van Breda & C° is unable to raise the requisite capital, it may be required to further reduce the amount of its weighted risks.

Any change that limits Bank J.Van Breda & C°'s ability to manage effectively its balance sheet and capital resources going forward (including, for example, reductions in profits and retained earnings as a result of impairments and increases in weighted risks) or to access funding sources could have a material adverse impact on its financial condition and regulatory capital position or result in a loss of value in the Notes.

European resolution regime – Regulatory action in the event of a failure of the Issuer could materially adversely affect the value of the Notes

EU Bank Recovery and Resolution Directive

The directive establishing an EU-wide framework for the recovery and resolution of credit institutions and investment firms entered into force in July 2014. The BRRD is designed to provide the relevant resolution authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD required that the majority of its measures be implemented into national law by 1 January 2015, with the general bail-in tool to apply from 1 January, 2016, at the latest. The BRRD wants implementation in Belgium pursuant to the Belgium Banking Law (see below sub Belgian Bank Recovery and Resolution Regime).

The BRRD contains four resolution tools which may be used by the relevant resolution authorities alone or in combination where an institution is considered as failing or likely to fail:

- (i) sale of business – enables resolution authorities to direct the sale of the institution or the whole or part of its business on commercial terms;
- (ii) bridge institution – enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control);
- (iii) asset separation – enables resolution authorities to transfer impaired or problem assets to a bridge institution or one or more asset management vehicles to allow them to be managed and with a view to maximising their value through eventual sale or orderly wind-down; and
- (iv) bail-in – gives resolution authorities the power to write-down the claims of unsecured creditors of a failing institution and to convert certain unsecured liabilities (including liabilities under the Notes) to equity, which equity could also be subject of any future write- down. See further "*Bail-in tool under the BRRD*" below.

The BRRD also provides that a Member State is allowed, as a last resort and after having assessed and used the above resolution tools to the maximum extent possible whilst maintaining financial stability, to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

The BRRD also grants powers to enable the relevant resolution authorities to implement the resolution tools, including the power to replace or substitute the relevant institution as obligor in respect of debt instruments, the power to modify the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), and/or the power to discontinue the listing and admission to trading of financial instruments.

An institution will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; when its assets are, or are likely in the near future to be, less than its liabilities; when it is, or is likely in the near future to be, unable to pay its debts as they fall due; or when it requires extraordinary public financial support (except in limited circumstances).

The resolution tools are intended to be used prior to the point at which any insolvency proceedings with respect to the relevant institution could have been initiated and only upon the relevant resolution authorities being satisfied that the relevant conditions for resolution contained in the BRRD have been met.

Bail-in tool under the BRRD

A bail-in tool (which comprises a general power for resolution authorities to write-down the claims of certain unsecured creditors (which may include holders of all existing debt instruments, whether unsubordinated or subordinated) issued by the Issuer, including, but not limited to, holders of Notes) of a failing institution or to convert such debt claims to equity, which may itself be subject to subsequent write-down, cancellation and/or dilution) is required to be implemented under the BRRD by 1 January 2016 at the latest. The bail-in tool can be used to recapitalise an institution that is failing or about to fail, allowing authorities to restructure it through the resolution process and restore its viability after reorganisation and restructuring. The bail-in tool could be used to impose losses on holders of Notes by effecting the cancellation of all, or a portion, of the principal amount of, interest on, or any other amounts payable on, the Notes, as applicable, and/or the conversion of all or a portion of the principal amount of, interest on, or any other amounts payable on the Notes, as applicable, into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes, in each case, to give effect to the exercise by the relevant resolution authority of such bail-in tool. This may result in holders of Notes losing some or all of their investment. It should be noted that the Subordinated Notes will be subject to write-down/conversion powers as explained in the risk factors "*Loss absorption at the point of non-viability under the BRRD*" and the risk factor "*Holders of Subordinated Notes will be required to absorb losses in the event the Issuer becomes non-viable or if the conditions for the exercise of resolution powers are met*" below.

Loss absorption at the point of non-viability under the BRRD

The powers provided in the BRRD to the relevant resolution authorities include mandatory write-down and conversion powers in respect of capital instruments, to ensure that relevant capital instruments (including Tier 2 Capital instruments such as the Subordinated Notes) fully absorb losses at the point of non-viability of the issuing institution and before any other resolution action is taken.

For the purposes of the application of the mandatory write-down and conversion power, the point of non-viability is the point at which the relevant resolution authority determines that the institution meets the conditions for resolution (but no resolution action has yet been taken) and/or will no longer be viable unless the relevant capital instruments are written down or converted into ordinary shares and/or extraordinary public support is required by the institution. The BRRD states that the fact that the instruments are to be written down or converted by the appropriate resolution authority should be recognised in the terms governing the relevant capital instrument.

Holders of Subordinated Notes may be subject to write-down or conversion into equity on application of such mandatory write-down or conversion powers (without requiring such holders' consent), which may result in such holders losing some or all of their investment.

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

In order to ensure the effectiveness of bail-in and other resolution tools, the BRRD requires that all institutions must meet an individual MREL requirement calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities (including the National Resolution Authority). Items eligible for inclusion in MREL will include an institution's own funds along with "eligible liabilities".

The European Banking Authority (the "EBA") and the European Commission are required under the BRRD to develop the criteria for determining MREL, the calculation methodologies and related

measures. Although the EBA has consulted on certain proposals, which are in draft form and subject to change, the precise impact of the MREL requirements on individual firms will remain a matter of some uncertainty until the final measures are adopted. It is also unclear whether the proposals published in November 2014 by the Financial Stability Board ("**FSB**") for a new international standard on total loss absorbing capacity ("**TLAC**") for globally systemically important banks ("**G-SIBs**") (albeit the Issuer is not classified as a G-SIB based on the latest FSB list published in November 2014) will affect the way in which the authorities implement the MREL regime.

While these measures remain in development, it is not possible to determine the ultimate scope and nature of any resulting obligations for the Issuer, nor the impact that they will have on the Issuer once implemented. It is possible that the Issuer may have to issue MREL eligible liabilities in order to meet the new requirements within the required timeframes and/or that the MREL requirements would impose operational restrictions on the Issuer, increase the Issuer's expenses and/or otherwise have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Issuer and, in turn, adversely affect the value of the Notes.

Depositor Preference

The BRRD establishes a preference in the insolvency hierarchy firstly, for insured deposits and secondly, for certain other deposits of individuals and micro, small and medium sized enterprises held in EEA or non-EEA branches of an EEA bank ("**other preferred deposits**"). In addition, the new EU deposit guarantee schemes directive (Directive 2014/49/EU), which was to be implemented into national law by July 2015, will increase the nature and quantum of insured deposits to include a wide range of deposits, including corporate deposits (unless the depositor is a public authority or financial institution) and some temporary high value deposits. The effect of these changes is generally to increase the size of the class of preferred creditors. All such preferred deposits will rank in the insolvency hierarchy ahead of all other unsecured senior creditors of the Issuer, including the holders of the Senior Notes. Furthermore, insured deposits are excluded from the scope of the bail-in tool. As a result, the Notes issued by the Issuer would be more likely to be bailed-in than certain other unsubordinated liabilities of the Issuer such as other preferred deposits.

Belgian bank recovery and resolution regime

BRRD had been transposed into Belgian law as from 3 March 2015. Under the Belgian bank recovery and resolution regime, the supervisory and resolution authorities, which includes the National Resolution Authority, are able to take a number of measures in respect of any credit institution it supervises if deficiencies in such credit institution's operations are not remedied. Such measures include: the appointment of a special commissioner whose consent is required for all or some of the decisions taken by all the institution's corporate bodies; the imposition of additional requirements in terms of solvency, liquidity, risk concentration and the imposition of other limitations; requesting limitations on variable remuneration; the complete or partial suspension or prohibition of the institution's activities; the requirement to transfer all or part of the institution's participations in other companies; replacing the institution's directors or managers; and revocation of the institution's licence, the right to impose the reservation of distributable profits, or the suspension of dividend distributions or interest payments to holders of Additional Tier 1 Capital instruments.

Furthermore, the National Resolution Authority can impose specific measures on an important financial institution (including the Issuer, and whether systemic or not) when the National Resolution Authority is of the opinion that (a) such financial institution has an unsuitable risk profile or (b) the policy of the financial institution can have a negative impact on the stability of the financial system.

The Belgian Banking Law allows the National Resolution Authority to take resolution actions (in which respect please see *European resolution regime - Regulatory action in the event of a failure of the Issuer could materially adversely affect the value of the Notes* above). Such powers include the power to (i) direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with procedural requirements that would otherwise apply, (ii) transfer all or part of the business of the relevant financial institution to a "bridge institution" (an entity created for that purpose which is wholly or partially in public control) and (iii) separate assets by transferring impaired or problem assets to a bridge institution or one or more asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down.

In addition, the Belgian Banking Law grants a "bail in" power to the National Resolution Authority as set out in *European resolution regime - Regulatory action in the event of a failure of the Issuer could materially adversely affect the value of the Notes* above). These bail-in powers will, at the earliest, enter into force on 1 January 2016.

Subject to certain exceptions, as soon as any of these proposed proceedings have been initiated by the National Resolution Authority, the relevant counterparties of such credit institution would not be entitled to invoke events of default or set off their claims against the credit institution. The Belgian Banking Law confirms that the new law will not affect the financial collateral arrangements (including close-out netting and repo-transactions) subject to the Belgian law of 14 December 2004 on financial collateral (transposing Directive 2002/47/EC in Belgian law), although the mere fact that a recovery or resolution measure is taken by the National Resolution Authority may not cause an event of default, give rise to any close-out or enforcement of security to the extent that the essential provisions of the agreement remain respected. Note that the protection of financial collateral arrangements provided for by the Belgian Banking Law is slightly broader than the regime set out in the BRRD (with the latter containing certain exceptions to the protection of such arrangements to the extent deposits that may be repayable by a deposit guarantee scheme are part of such arrangements) and that, as a consequence the Belgian Banking Law may need to be amended to provide for the same exceptions.

As indicated above, under the Belgian Banking Law, the powers of the supervisory and resolution authorities are significantly expanded. Implementation by the supervisory and/or resolution authorities of any of their powers of intervention could have an adverse effect on the interests of the Noteholders.

The Belgian Banking Law provides for liens in favour of the deposit guarantee fund, natural persons and SMEs

The Belgian Banking Law introduced (i) a general lien on movable assets ("*algemeen voorrecht op roerende goederen*" / "*privilège général sur bien meubles*") for the benefit of the deposit guarantee fund ("*garantiefonds voor financiële diensten*" / "*fonds de garantie pour les services financiers*") as well as (ii) a general lien on moveable assets for the benefit of natural persons and SMEs for deposits exceeding EUR 100,000. These general liens entered into force on 3 March 2015. Such general liens could have an impact on the recourse that any Noteholder would have on the general estate of the Issuer in the case of an insolvency as the claims which benefit from such general liens will rank (i) *pari passu* with the claims of the holders of Senior Notes and (ii) ahead of the claims of the holders of Subordinated Notes.

Business conditions and the general economy

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

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

All of the above could in turn affect Bank J.Van Breda & C^o's ability to meet its payments under the Notes.

Current market conditions and recent developments

Sustained actions by the monetary authorities in both the United States and the Eurozone have created the conditions necessary to achieve stability in the financial system and to permit the start of an economic

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

According to general consensus, the worst part of the crisis in the global credit markets is over and markets have entered a more stable environment. However, markets still experience occasional volatility. This has resulted in a downward pressure on stock prices and bond prices in recent months. Moreover, should the economy fall back into recession then it cannot be excluded that a lack of confidence, increased volatility in the financial markets and reduced business activity may materially and adversely affect the Issuer's business, financial condition and operational results, which could in turn affect the Issuer's ability to meet its payments under the Notes.

Uncertain economic conditions

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

Catastrophic events, terrorist attacks and other acts of war

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

Litigation or other proceedings or actions may adversely affect Bank J.Van Breda & C^o's business, financial condition and results of operations

Bank J.Van Breda & C^o's business is subject to the risk of litigation by customers, employees, shareholders or others through private actions, administrative proceedings, regulatory actions or other litigation. In case provisions are set aside, there can be no assurance that such provisions will be sufficient to fully cover the possible losses arising from litigation proceedings, and Bank J.Van Breda & C^o cannot give any assurance that a negative outcome in one or more of such proceedings would not have a material adverse effect on its business, results of operations or financial condition.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Each of the factors described above may also have an impact on the risks associated with the Notes. Prospective investors should carefully read the information set out below in conjunction with the risk factors related to the businesses of the Issuer. The following does not describe all the risks of an investment in the Notes. Prospective investors should consult their own financial and legal advisers about

risks associated with investment in the Notes and the suitability of investing in the Notes in light of their particular circumstances.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

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

A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact the investment will have on the potential investor's overall investment portfolio.

Furthermore, each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

There is no active trading market for the Notes.

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If a market does develop, it may not be very liquid. Therefore, we cannot assure you as to the liquidity of any market in the Notes; a holder of the Notes' ability to sell their Notes or the prices at which they would be able to sell their Notes.

This is likely to be particularly the case for Subordinated Notes given that they are designed for specific investment objectives and have been structured to meet the investment requirements of limited categories of investors. Moreover, the Issuer and its Subsidiaries will, under applicable legislation, generally be prohibited from purchasing any Subordinated Notes and will not be able to act as market maker in respect of such securities. Illiquidity may have a severely adverse effect on the market value of Subordinated Notes.

If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on holders of either series of the Notes, regardless of the Issuer's prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your holding of the Notes at a fair value, if at all.

Although application has been made for the Notes to be admitted to listing on Euronext Brussels and to trading on the regulated market of Euronext Brussels there can be no assurance that such applications will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

Exchange rates and exchange controls

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

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

Legal investment considerations may restrict certain investments

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

Risks related to the Notes generally

No limitation on the incurrence of additional indebtedness ranking pari passu with or senior to the claims of the Holders of Senior Notes or Subordinated Notes

The Conditions of the Notes do not limit the Issuer's ability or the ability of any Group entity to incur additional indebtedness, including indebtedness that ranks senior or pari passu in priority of payment to the Senior Notes or the Subordinated Notes.

Any such additional indebtedness may reduce the amount recoverable by Noteholders in the event of a winding-up of the Issuer. In addition, neither the Senior Notes nor the Subordinated Notes contain any restriction on the Issuer's ability to issue securities that may have preferential rights to the Subordinated Notes or the Senior Notes, or to issue securities with similar or different provisions. In addition, the Issuer may issue other subordinated obligations that rank or are expressed to rank senior to the Subordinated Notes. Accordingly, in the event of a winding-up of the Issuer and after payment of the claims ranking *pari passu* or senior to the Noteholders (such as secured claims or, in the case of Subordinated Notes, senior claims), there may not be a sufficient amount to satisfy the amounts owing to the Noteholders.

An investor's actual yield on the Notes may be reduced from the stated yield due to transaction costs

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

In addition to such costs directly related to the purchase of securities (direct costs), investors must also take into account any follow-up costs (such as custody fees). Prospective investors should inform

themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

Modifications and waivers

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

Change of law

The Conditions of the Notes are based on Belgian law in effect as at the date of the Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to such law or administrative practice after the date of the Base Prospectus.

Reliance on the procedures of the NBB-SSS, Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer

The Notes will be in dematerialised form in accordance with Articles 468 *et seq.* of the Belgian Companies Code. The Notes will be represented by book entries in the records of the NBB-SSS. The Notes may not be exchanged for notes in bearer or registered form. Access to the NBB-SSS is available through the NBB-SSS participants whose membership extends to securities such as the Notes. The NBB-SSS participants include certain banks, stockbrokers (*beursvennootschappen / sociétés de bourse*), and Euroclear and Clearstream, Luxembourg.

Transfer of title of the Notes will be effected through account transfers between the NBB-SSS participants in accordance with the rules and operating procedures of the NBB-SSS. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the participants in the NBB-SSS through which the relevant investors hold or will hold their Notes.

Neither the Issuer, nor the Dealers or the Agent will have any responsibility for the proper performance by the NBB-SSS or the NBB-SSS participants of their obligations under their respective rules and operating procedures.

A Noteholder must rely on the procedures of the NBB-SSS, Euroclear, Clearstream, Luxembourg and the other participants in the NBB-SSS to receive payments under the Notes. The Issuer will have no responsibility or liability for the records relating to, or payments made in respect of, the Notes within the NBB-SSS, Euroclear, Clearstream, Luxembourg and the other participants in the NBB-SSS.

The Agent is not required to segregate amounts received by it in respect of Notes cleared through the NBB-SSS

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

The Agency Agreement also provides that the Agent will, simultaneously with the receipt by it of the relevant amounts, pay to the Noteholders, directly or through the NBB, any amounts due in respect of the relevant Notes. However, the Agent is not required to segregate any such amounts received by it in respect of the Notes, and in the event that the Agent were subject to insolvency proceedings at any time when it held any such amounts, Noteholders would not have any further claim against the Issuer in respect of such amounts, and would be required to claim such amounts from the Agent in accordance with applicable Belgian insolvency laws.

The Agent and any Calculation Agent do not assume any fiduciary or other obligations to the Noteholders

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

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

Absence of ratings

The Issuer is not rated and the Notes are not intended to be rated. This may impact the trading price of the Notes and may also constitute a restriction to certain investors' investment. There is no guarantee that the price of the Notes will cover the credit risk related to the Notes and the Issuer. In addition, there can be no assurance that, should a rating be requested in respect of the Issuer or the Notes, an investment grade rating would be assigned. One or more independent credit rating agencies may assign credit ratings to the Issuer, the Notes, or to other securities issued by the Issuer. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be downgraded revised or withdrawn by the rating agency at any time.

Risks related to the structure of a particular issue of Notes

The price of notes are affected by changes in interest rates

Investment in Notes with a fixed interest rate involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes with a fixed interest rate.

The Notes may be subject to optional redemption by the Issuer

The Final Terms of any issue of a Series of Notes under the Programme may specify that such Notes are subject to redemption at the option of the Issuer, provided that Subordinated Notes that qualify as Tier 2 Capital of the Issuer may as a general rule and subject to certain other exceptions (see below) only be redeemed by the Issuer after five years. Any optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Issuer will also be entitled to redeem the Notes early if, as a result of a Tax Law Change, it becomes obliged to pay additional amounts pursuant to Condition 10 (*Taxation*) or if it can no longer deduct payments in respect of the Notes for Belgian income tax purposes. On the occurrence of any such Tax Event, the Issuer may at its option (but subject to certain conditions, including, in the case of Subordinated Notes, Condition 7(h) (*Redemption and purchase – Conditions to redemption or repurchase of Subordinated Notes*)) redeem all, but not some only, of any relevant Series of Notes at the applicable Early Redemption Amount together with any accrued but unpaid interest up to (but excluding) the date fixed for redemption.

The price of Notes issued at a substantial discount or premium may be more volatile

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

Notes where a Minimum and/or Maximum Rate of Interest applies

Notes where a Minimum and/or Maximum Rate of Interest applies, will be less exposed to the positive and negative performance or fluctuations of the underlying Reference Rate.

Notes where a Minimum Rate of Interest applies to a particular Interest Basis, have an interest rate that is subject to a minimum specified rate. The minimum Interest Amount payable in respect of such Interest Basis will occur when the applicable formula leads to a Rate of Interest which is lower than the minimum

specified rate, in which case the Rate of Interest will be limited to the Minimum Rate of Interest specified in the Final Terms. Investors in such Notes will therefore not be subject to any decreases in the relevant Reference Rate.

Notes where a Maximum Rate of Interest applies to a particular Interest Basis, have an interest rate that is subject to a maximum specified rate. The maximum Interest Amount payable in respect of such Interest Basis will occur when the applicable formula leads to a Rate of Interest which is higher than the maximum specified rate, in which case the Rate of Interest will be limited to the Maximum Rate of Interest specified in the Final Terms. Investors in such Notes will therefore not benefit from any increase in the relevant Reference Rate.

Where the Rate of Interest for any Interest Period is negative (whether by operation of a negative Margin or otherwise), then such Rate of Interest shall be deemed to be zero.

The Issuer's obligations under the Subordinated Notes will be subordinated

As more fully described in the Terms and Conditions of the Notes, the Issuer's obligations under the Subordinated Notes will be unsecured and subordinated and will rank:

- (a) subject to any obligations which are preferred by provisions of law that are of general application, junior to the claims of
 - (1) depositors;
 - (2) all other unsubordinated creditors; and
 - (3) any creditors holding claims that, in accordance with their terms, rank or are expressed to rank senior to the Subordinated Notes; (subject to any obligations which are mandatorily preferred by law)
- (b) *pari passu* with any other obligations or instruments of the Issuer that rank or are expressed to rank equally with the Subordinated Notes; and
- (c) senior and in priority to (1) the claims of holders of all classes of share or other equity capital (including preference shares) of the Issuer, (2) the claims of holders of all obligations or instruments of the Issuer which, upon issue, constitute or constituted Tier 1 Capital of the Issuer, and (3) the claims of holders of any other obligations or instruments of the Issuer that rank or are expressed to rank junior to the Subordinated Notes.

The Subordinated Notes will generally pay a higher rate of interest than comparable securities that are not subordinated. However, there is an increased risk that an investor in the Subordinated Notes will lose all or some of his investment should the Issuer become insolvent.

Holders of Subordinated Notes will be required to absorb losses in the event the Issuer becomes non-viable or if the conditions for the exercise of resolution powers are met

Holders of Subordinated Notes will lose some or all of their investment as a result of a statutory write-down or conversion of the Subordinated Notes if the Issuer fails or is likely to fail, becomes non-viable, requires extraordinary public support or if otherwise the conditions for the exercise of resolution powers are met.

Under the BRRD and the Belgian Banking Law, the National Resolution Authority may decide to write-down the Subordinated Notes or to convert the Subordinated Notes into common equity tier 1 capital of the Issuer if one or more of the following circumstances apply:

- (a) the National Resolution Authority determines that the Issuer meets the conditions for resolution specified in Article 244, §1 of the Belgian Banking Law; i.e., if the National Resolution Authority considers that all of the following conditions are met:
 - (i) the determination that the Issuer is failing or is likely to fail has been made by the Lead Regulator or the National Resolution Authority (in each case, after consulting each other), which means that one or more of the following circumstances are present:

- (A) the Issuer infringes or there are objective elements to support a determination that the Issuer 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 the Issuer has incurred or is likely to incur losses that will deplete all or a significant amount of its own funds;
 - (B) the assets of the Issuer are or there are objective elements to support a determination that the assets of the Issuer will, in the near future, be less than its liabilities;
 - (C) the Issuer is or there are objective elements to support a determination that the Issuer will, in the near future, be unable to pay its debts or other liabilities as they fall due;
 - (D) the Issuer requests extraordinary public financial support.
- (ii) 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 the Issuer would prevent its failure within a reasonable timeframe; and
 - (iii) a resolution action is necessary in the public interest. A resolution action will be deemed necessary in the public interest if it is necessary to meet one or more objectives referred to in Article 243, §1 of the Belgian Banking Law while a liquidation of the credit institution would not allow it in the same measure,

in which case the National Resolution Authority shall, in any event, exercise its write-down and conversion powers before taking any resolution action (including the use of the bail-in tool);

- (b) the National Resolution Authority determines that unless the write-down or conversion power is exercised in relation to the Subordinated Notes, Bank J.Van Breda & C^o NV will no longer be viable; or
- (c) Bank J.Van Breda & C^o NV requests extraordinary public financial support.

The purpose of the statutory write-down and conversion powers is to ensure that the Tier 2 Capital instruments of the Issuer (including the Subordinated Notes) fully absorb losses if one or more of the above circumstances apply and before any resolution action (including the use of the bail-in tool) is taken.

The exercise by the National Resolution Authority of its write down or conversion powers in relation to the Subordinated Notes, or the prospect of such exercise, could have a material adverse effect on the value of the Subordinated Notes and could lead to the holders of Subordinated Notes losing some or all of their investment in the Subordinated Notes.

There is a redemption risk in respect of certain issues of Subordinated Notes

If Capital Disqualification is specified in the applicable Final Terms in respect of Subordinated Notes, such Notes will be redeemable at the option of the Issuer upon the occurrence of a Capital Disqualification Event at the amount and on the date(s) specified in the applicable Final Terms subject to (i) compliance with any conditions prescribed under the Applicable Banking Regulation and (ii) in respect of any redemption of the relevant Subordinated Notes proposed to be made prior to the fifth anniversary of the Issue Date, the Issuer having demonstrated to the satisfaction of the Lead Regulator that the relevant change was not foreseeable by the Issuer as at the Issue Date and, in general, compliance by the Issuer with any alternative or additional pre-conditions to the redemption of Subordinated Notes to the extent set out in the Applicable Banking Regulation and/or required by the Lead Regulator.

A Capital Disqualification Event means an event that shall be deemed to have occurred if at any time the Issuer determines, after consultation with the Lead Regulator, that as a result of a change (or a prospective change which the Lead Regulator considers to be sufficiently certain) to the regulatory classification of the Subordinated Notes, at any time after the Issue Date, the Subordinated Notes cease (or would cease) to be included, in whole or in part, in or count towards the Tier 2 Capital of the Issuer (excluding, for

these purposes, any non-recognition as a result of applicable regulatory amortisation in the five years immediately preceding the Maturity Date of such Subordinated Notes).

The Issuer may choose to redeem the Subordinated Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Subordinated Notes. Furthermore, an optional redemption feature of Subordinated Notes may limit their market value. During any period when the Issuer may elect to redeem Subordinated Notes, the market value of those Subordinated Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

There are no events of default (other than in the event of a dissolution or liquidation of the Issuer) allowing acceleration of the Subordinated Notes if certain events occur

The Terms and Conditions of the Notes in relation to the Subordinated Notes do not provide for events of default allowing acceleration of the Subordinated Notes if certain events occur (except as provided in *Condition 12. Enforcement – Subordinated Notes*). Accordingly, if the Issuer fails to meet any obligations under the Subordinated Notes, including the payment of any interest, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment of principal or interest on the Subordinated Notes will be the institution of proceedings for the dissolution or liquidation of the Issuer in Belgium.

There is variation or substitution risk in respect of certain Series of Subordinated Notes

If variation/substitution is specified in the applicable Final Terms and if a Capital Disqualification Event has occurred and is continuing, then the Issuer may, subject to the prior written permission of the Lead Regulator if required at the relevant time (but without any requirement for the consent or approval of the Subordinated Noteholders), substitute the Subordinated Notes or vary the terms of the Subordinated Notes in order to ensure that they remain or, as appropriate, become compliant with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time. The terms and conditions of such varied or substituted Subordinated Notes may have terms and conditions that contain one or more provisions that are substantially different from the terms and conditions of the original Subordinated Notes. However, the Issuer cannot make changes to the terms of the Subordinated Notes or substitute the Subordinated Notes for securities that are materially less favourable to the Subordinated Noteholders.

Following such variation or substitution the resulting securities must have at least, *inter alia*, the same ranking, interest rate, maturity date, redemption rights and existing rights to accrued interest which has not been paid and as the Subordinated Notes. Nonetheless, no assurance can be given as to whether any of these changes will negatively affect any particular Subordinated Noteholder. In addition, the tax and stamp duty consequences of holding such varied or substituted Notes could be different for some categories of Subordinated Noteholders from the tax and stamp duty consequences of their holding the Subordinated Notes prior to such variation or substitution. See Condition 9 (*Substitution and Variation of Subordinated Notes*) for further details.

As indicated above, any substitution or variation in respect of the Subordinated Notes may not result in changes to the terms of the Subordinated Notes that are materially less favourable to the Subordinated Noteholders. However, the Lead Regulator has discretion as to whether or not it will approve any substitution or variation of the Subordinated Notes and any such substitution or variation which is considered by the Lead Regulator to be material (even if not materially less favourable to the Subordinated Noteholders) shall be treated by it as the issuance of a new instrument. In such case, the Subordinated Notes, if so substituted or varied, must be eligible as Tier 2 Capital in accordance with the then prevailing regulatory capital rules applicable to the Issuer, which may include a requirement that (save in certain prescribed circumstances) the Subordinated Notes may not be redeemed or repurchased prior to five years after the effective date of such substitution or variation.

Risks relating to Taxation

Belgian Withholding Tax

If the Issuer, the NBB, the Agent or any other person is required to make any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatever nature in respect of any

payment in respect of the Notes, the Issuer, the NBB, the Agent or that other person shall make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted.

Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. Potential investors are advised not to rely upon the tax summary contained in the Base Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of the Base Prospectus.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State (the "**Disclosure of Information Method**"); however, for a transitional period, Austria may instead apply a withholding system (the "**Source Tax** ") in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries including Switzerland have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Council formally adopted a Council Directive amending the Directive on 24 March 2014. The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

However, the European Commission has proposed the repeal of the Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

Investors who are in any doubt as to their position should consult their professional advisers.

Possible FATCA withholding after 2016

In all but the most remote circumstances, it is not expected that the foreign account tax compliance tax provisions of the Hiring Incentives to Restore Employment Act of 2010, commonly referred to as "FATCA", will affect the amount of any payment received by the clearing system. Further, non-U.S. financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an "**IGA**") are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make on securities such as the Notes. However, if FATCA withholding were relevant with respect to payments on the Notes, FATCA could affect payments

made to custodians or intermediaries in the payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also could affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives a payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose their custodians and intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA, including any IGA legislation, if applicable) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. If any amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the Terms and Conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

Financial transaction tax

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common financial transaction tax (the "**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's proposal has a very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary' market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Notwithstanding the European Commission proposals, a statement made by the participating Member States (other than Slovenia) indicates that a progressive implementation of the FTT is being considered, and that the FTT may initially apply only to transactions involving shares and certain derivatives, with implementation occurring by 1 January 2016. However, full details are not available.

The proposed FTT remains subject to negotiation between the participating Member States and the timing remains unclear. Additional Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

USE OF PROCEEDS

The net proceeds of issuances of Notes will be used for general corporate purposes of the Group and to strengthen and diversify the Group's long term funding.

The net proceeds of issuances of Subordinated Notes will be used to strengthen the Issuer's capital base under a fully loaded CRD IV approach.

If in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

CLEARING

The Notes will be accepted for clearing (settlement) through the NBB-SSS. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The number of Notes in circulation at any time will be registered in the register of registered securities of the Issuer in the name of the NBB.

Clearing (settlement) of the Notes is subject to the applicable settlement regulations, including the Belgian law of 6 August 1993 on transactions in certain securities, its implementing Belgian royal decrees of 25 May 1994 and 14 June 1994 and the rules of the clearing and its annexes, as issue or modified by the NBB from time to time. Transfers of possession of the Notes are effected between NBB-SSS participants in accordance with the rules and operating procedures of the NBB-SSS. Transfers between investors are effected in accordance with the respective rules and operating procedures of the NBB-SSS participants through which the relevant investors hold or will hold their Notes. Access to the NBB-SSS is available through those of its NBB-SSS participants whose membership extends to securities such as the Notes. NBB-SSS participants include certain banks, stockbrokers (*beursvennootschappen / sociétés de bourse*), and Euroclear and Clearstream, Luxembourg. Accordingly, the Notes will be eligible to clear through, and therefore accepted by, Euroclear and Clearstream, Luxembourg and investors can hold their Notes within securities accounts in Euroclear and Clearstream, Luxembourg.

The NBB-SSS is operated by the NBB, located at de Berlaimontlaan / Boulevard de Berlaimont 14, 1000 Brussels, Belgium.

KBC Bank NV (the "**Agent**") will perform the obligations of domiciliary agent set out in (i) the clearing services agreement that will be entered into on or about 3 November 2015 between the NBB, the Issuer and the Agent and (ii) the Agency Agreement. The initial Specified Office of the Agent (the "**Specified Office**") is Havenlaan 2, 1080 Brussels, Belgium.

The Issuer and the Agent will not have any responsibility for the proper performance by the NBB-SSS or its NBB-SSS participants of their obligations under their respective rules and operating procedures.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will apply to the Notes issued under the Programme (save for the text in italics, which is included for information purposes only). In the case of any Tranche of Notes which are being admitted to trading on a regulated market in a Member State, the relevant Final Terms shall not amend or replace any information in this Base Prospectus. Subject to this, to the extent permitted by applicable law and/or regulation, the Final Terms in respect of any Tranche of Notes may supplement, amend or replace any information in this Base Prospectus.

1. Introduction

- (a) *Programme*: Bank J. Van Breda & C^o NV (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to EUR 200,000,000 in aggregate principal amount of notes (the "**Notes**").
- (b) *Final Terms*: Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a final terms (the "**Final Terms**") which supplements these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed, supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) *Agreements*: The Notes are the subject of a domiciliary and paying agency agreement dated on or about 3 November 2015 (the "**Agency Agreement**") between the Issuer, KBC Bank NV as domiciliary agent, paying and listing agent (the "**Agent**", which expression includes any successor domiciliary agent or paying agent appointed from time to time in connection with the Notes) and a clearing services agreement dated on or about 3 November 2015 (the "**Clearing Services Agreement**") between the Issuer, the Agent and the National Bank of Belgium.
- (d) *The Notes*: All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing at the Issuer's registered office at Ledeganckkaai 7, 2000 Antwerp and on the Issuer's website (currently www.bankvanbreda.com), and copies may be obtained from the Agent at its Specified Office.
- (e) *Summaries*: Certain provisions of these Conditions are summaries of the Agency Agreement and the Clearing Services Agreement, and are subject to their detailed provisions. Noteholders are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Clearing Services Agreement applicable to them. Copies of the Agency Agreement and the Clearing Services Agreement are available for inspection by Noteholders during normal business hours at the Specified Office of the Agent, the initial Specified Office of which is Havenlaan 2, 1080 Brussels, Belgium.

2. Interpretation

- (a) *Definitions*: In these Conditions the following expressions have the following meanings:
 - "**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;
 - "**Applicable Banking Regulation**" means at any time, the laws, regulations, rules, guidelines and policies of the Lead Regulator, or of the European Parliament and Council then in effect in Belgium, relating to capital adequacy and applicable to the Issuer at such time (for the avoidance of doubt, including as at the Issue Date the rules contained in, or implementing, CRR and CRD);
 - "**Business Day**" means:
 - (a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and

- (b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in Brussels, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

"**Calculation Agent**" means the Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

"**Calculation Amount**" has the meaning given in the relevant Final Terms;

"**Capital Disqualification Event**" means an event that shall be deemed to have occurred if at any time the Issuer determines, after consultation with the Lead Regulator, that as a result of a change (or a prospective change which the Lead Regulator considers to be sufficiently certain) to the regulatory classification of the Subordinated Notes, at any time after the Issue Date, the Subordinated Notes cease (or would cease) to be included, in whole or in part, in or count towards the Tier 2 Capital of the Issuer (excluding, for these purposes, any non-recognition as a result of applicable regulatory amortisation in the five years immediately preceding the Maturity Date of such Subordinated Notes);

"**CRD**" means CRD IV and CRR;

"**CRD IV**" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions on prudential requirements for credit institutions and investment firms (as amended for time to time);

"**CRR**" means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (as amended for time to time);

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (a) if "**Actual/Actual (ICMA)**" is so specified, means:
- (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
 - (iii) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that

portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

- (iv) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (v) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (vi) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

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

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

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

"**D₂**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30";

- (vii) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"**Y₁**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30; and

if "30E/360 (ISDA)" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

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

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**Early Redemption Amount (Capital Disqualification)**" means, in respect of any Subordinated Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

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

"**EURIBOR**" means, in respect of any Specified Currency and any Specified Period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation (or any other person which takes over the administration that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**First Interest Payment Date**" means the date specified in the relevant Final Terms;

"**Fixed Coupon Amount**" has the meaning given in the relevant Final Terms;

"**Holder**" has the meaning given in Condition 3(a) (*Form, Denomination, Title and Transfer*);

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"**Interest Determination Date**" has the meaning given in the relevant Final Terms, or, if none is so specified, (i) if the specified Reference Rate is a LIBOR (other than euro LIBOR or Sterling LIBOR) rate, the second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of such Interest Period; (ii) if the specified Reference Rate is a Sterling LIBOR rate, the first day of such Interest Period; or (iii) if the specified Reference Rate is a EURIBOR or euro LIBOR rate, the second day on which the TARGET2 System is open prior to the start of such Interest Period;

"**Interest Payment Date**" means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms, as the same may be adjusted in accordance with the relevant Business Day Convention;

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"**ISDA Definitions**" means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

"**Issue Date**" has the meaning given in the relevant Final Terms;

"**Lead Regulator**" means the NBB (including, as the case may be, the European Central Bank) and/or any successor entity primarily responsible for the prudential supervision of the Issuer;

"**LIBOR**" means, in respect of any Specified Currency and any Specified Period, the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic LIBOR rates can be obtained from the designated distributor);

"**Margin**" has the meaning given in the relevant Final Terms;

"**Maturity Date**" has the meaning given in the relevant Final Terms;

"**Maximum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Minimum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Noteholder**", has the meaning given in Condition 3(a) (*Form, Denomination, Title and Transfer*);

"**Optional Redemption Amount (Call)**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**Optional Redemption Amount (Put)**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Final Terms;

"Optional Redemption Date (Put)" has the meaning given in the relevant Final Terms;

"Participating Member State" means a Member State of the European Union which has adopted the euro as its lawful currency in accordance with the Treaty;

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"Principal Financial Centre" means, in relation to any currency, the principal financial centre for that currency **provided, however, that:**

- (a) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (b) in relation to New Zealand dollars, it means either Wellington or Auckland as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

"Put Option Notice" means a notice which must be delivered to the Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Qualifying Securities" means, at any time, any securities issued by the Issuer that:

- (a) rank equally with the ranking of the Subordinated Notes;
- (b) have terms not materially less favourable to Noteholders than the terms of the Subordinated Notes (as reasonably determined by the Issuer in consultation with an independent investment bank of international standing, and provided that a certification of two members of the management board of the Issuer shall have been delivered to the Agent prior to the issue or variation of the relevant securities), and provided that such securities shall in any event:
 - (i) contain terms such that they comply with the then Applicable Banking Regulation in relation to Tier 2 Capital;
 - (ii) do not contain terms which would cause a Capital Disqualification Event or a Tax Event to occur as a result of such substitution or variation;
 - (iii) include terms which provide for the same (or, from a Noteholder's perspective, a more favourable) Rate of Interest from time to time, Interest Payment Dates, Maturity Date, and, if applicable optional redemption dates, as apply to the Subordinated Notes;
 - (iv) shall preserve any existing right under the Conditions to any accrued interest, principal and/or premium which has not been satisfied;
 - (v) not contain terms providing for the mandatory or voluntary deferral of payments of principal and/or interest; and
 - (vi) not contain terms providing for loss absorption through principal write-down, write-off or conversion to ordinary shares;
 - (vii) if the Subordinated Notes which have been substituted or varied were listed on a regulated market or multilateral trading facility, such securities are listed on the same regulated market or multilateral trading facility; and
 - (viii) if the Subordinated Notes which have been substituted or varied had a published rating from Fitch, Moody's and/or S&P (or their respective successors), such rating agency has ascribed or announced its intention to ascribe an equal or higher published rating to the relevant Subordinated Notes.

"Rate of Interest" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

"Redemption Amount" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Early Redemption Amount (Capital Disqualification), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

"Reference Banks" has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

"Reference Rate" means EURIBOR or LIBOR as specified in the relevant Final Terms in respect of the currency and period specified in the relevant Final Terms;

"Regular Period" means:

- (a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period .

"Relevant Financial Centre" means, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks, if the Reference Rate is EURIBOR, the principal Eurozone office of each of the Reference Banks, or has the meaning given in the relevant Final Terms;

"Relevant Screen Page" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"Relevant Time" means, if the Reference Rate is LIBOR, approximately 11.00 a.m. (London time), if the Reference Rate is EURIBOR, 11.00 a.m. (Brussels time) or the meaning given in the relevant Final Terms;

"Senior Notes" means Notes in respect of which the applicable Final Terms specify that the status is "Senior";

"Specified Currency" has the meaning given in the relevant Final Terms;

"Specified Denomination(s)" has the meaning given in the relevant Final Terms, provided, however, that the Specified Denomination shall not be lower than EUR 100,000 (or nearly equivalent amount in any other currency), or such other amount as may be required by applicable laws and regulations;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Final Terms;

"**Subordinated Notes**" means Notes in respect of which the applicable Final Terms specify that the status is "Subordinated";

"**Subsidiary**" means, in relation to any company (a "holding company"), a company which is directly or indirectly controlled by the holding company within the meaning of Articles 5 to 9 of the Belgian Companies Code;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007, or any successor thereto;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

"**Tax Event**" means the occurrence of a Tax Gross-up Event or a Tax Deductibility Event as a result of a Tax Law Change;

"**Tax Deductibility Event**" means any payment by the Issuer on account of interest in respect of the Notes ceases (or will cease) to be deductible by the Issuer for Belgian corporate income tax purposes or such deductibility is reduced;

"**Tax Gross-up Event**" means the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 10 (*Taxation*) and such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

"**Tax Law Change**" means any change in, or amendment to, the laws or regulations of Belgium or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date;

"**Tier 1 Capital**" has the meaning given to it pursuant to the Applicable Banking Regulation from time to time, as applied by the Lead Regulator;

"**Tier 2 Capital**" has the meaning given to it pursuant to the Applicable Banking Regulation from time to time, as applied by the Lead Regulator; and

"**Treaty**" means the Treaty of the Functioning of the European Union, as amended.

(b) *Interpretation:* In these Conditions:

- (i) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 10 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (ii) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 10 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (iii) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;
- (iv) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes;

- (v) any capitalised terms that are not defined in these Conditions shall have the meaning given to them in Part A of the relevant Final Terms; and
- (vi) any reference to the Agency Agreement or the Clearing Services Agreement shall be construed as a reference to the Agency Agreement, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. **Form, Denomination, Title and Transfer**

- (a) The Notes are in dematerialised form in accordance with Articles 468 et seq. of the Belgian Companies Code ("*Wetboek van Vennootschappen/Code des Sociétés*"). The Notes will be represented exclusively by a book entry in the records of the securities settlement system operated by the National Bank of Belgium (the "**NBB**") or any successor thereto (the "**NBB-SSS**"). The Notes can be held by their holders through the participants in the NBB-SSS, including Euroclear and Clearstream, Luxembourg, and through other financial intermediaries which in turn hold the Notes through Euroclear, Clearstream, Luxembourg or other participants in the NBB-SSS. The Notes are accepted for clearance through the NBB-SSS, and are accordingly subject to the applicable Belgian clearing regulations, including the Belgian law of 6 August 1993 on transactions in certain securities, its implementing Belgian royal decrees of 26 May 1994 and 14 June 1994 (each as amended or re-enacted or as their application is modified by other provisions from time to time) and the rules of the NBB-SSS and its annexes, as issued or modified by the NBB from time to time. Title of the Notes will pass by account transfer.

If at any time the Notes are transferred to another clearing system, not operated or not exclusively operated by the NBB, these provisions shall apply *mutatis mutandis* to such successor clearing system and successor clearing system operator or any additional clearing system and additional clearing system operator.

Notes will be issued in the Specified Currency and the Specified Denomination in integral multiples thereof as set out in the applicable Final Terms.

The persons shown in the records of the NBB-SSS or the records of a participant or sub-participant of the NBB-SSS as the holder of a particular nominal amount of Notes (a "**Holder**" or a "**Noteholder**") shall (except as otherwise required by law) be treated by the Issuer and the Agent as the holder of such nominal amount of Notes.

Noteholders are entitled to claim directly against the Issuer any payment which the Issuer has failed so to make, and to exercise the rights they have, including voting rights, making requests, giving consents and other associative rights (as defined for the purposes of Article 474 of the Belgian Companies Code) against the Issuer upon submission of an affidavit drawn up by the NBB, Euroclear or another participant duly licensed in Belgium to keep dematerialised securities accounts showing their position in the Notes (or the position held by the financial institution through which their Notes are held with the NBB, Euroclear or such other participant, in which case an affidavit drawn up by that financial institution will also be required).

The Notes may not be exchanged for bonds in bearer or registered form.

4. **Status and subordination**

- (a) *Status of the Senior Notes:* The Senior Notes constitute direct, unsecured and unconditional obligations of the Issuer which will at all times rank *pari passu* and without preference among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are of general application.
- (b) *Status and subordination of the Subordinated Notes:*
 - (i) *Status:* The Subordinated Notes constitute direct, unsecured and unconditional obligations of the Issuer which will at all times rank *pari passu* and without preference among themselves. The Subordinated Notes are subordinated in accordance with Condition 4(b)(ii).

(ii) *Subordination:* In the event of dissolution or liquidation of the Issuer (including the following events creating a "samenloop van schuldeisers/concours de créanciers": bankruptcy ("faillissement/faillite"), judicial liquidation ("gerechtelijke vereffening/liquidation force") or voluntary liquidation ("vrijwillige vereffening/liquidation volontaire") (other than a voluntary liquidation in connection with a reconstruction, merger or amalgamation where the continuing corporation assumes all the liabilities of the Issuer)), the rights and claims of the holders of Subordinated Notes against the Issuer shall be for an amount equal to the principal amount of each Subordinated Note together with any amounts attributable to such Subordinated Notes, provided that such rights and claims shall rank:

- (A) subject to any obligations which are preferred by provisions of law that are of general application, junior to the claims of
- (1) depositors;
 - (2) all other unsubordinated creditors; and
 - (3) any creditors holding claims that, in accordance with their terms, rank or are expressed to rank senior to the Subordinated Notes;
- (B) pari passu with any other obligations or instruments of the Issuer that rank or are expressed to rank equally with the Subordinated Notes; and
- (C) senior and in priority to (1) the claims of holders of all classes of share or other equity capital (including preference shares) of the Issuer, (2) the claims of holders of all obligations or instruments of the Issuer which, upon issue, constitute or constituted Tier 1 Capital of the Issuer, and (3) the claims of holders of any other obligations or instruments of the Issuer that rank or are expressed to rank junior to the Subordinated Notes.

The Subordinated Notes are subordinated. They only rank senior to the share or equity capital of the Issuer, claims that constitute Tier 1 Capital, as well as any other instruments that are, by operation of law or pursuant to their terms, subordinated to the Subordinated Notes.

(iii) *Set-off:* No Noteholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Subordinated Notes and each Noteholder shall, by virtue of his subscription, purchase or holding of a Subordinated Note, be deemed to have waived all such rights of set-off.

5. **Fixed Rate Note Provisions**

- (a) *Application:* This Condition 5 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 8 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless on the due date payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount.
- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the

Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency.

6. **Floating Rate Note Provisions**

(a) *Application:* This Condition 6 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.

(b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 8 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, on the due date, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:

(A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period;

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate;

(iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date provided, however, that, if the Reference Rate is LIBOR or EURIBOR, and where five or more of such quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one of such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such quotations;

- (iv) if, in the case of (i) above, such rate does not appear on that page or, in the case of (iii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean of such quotations; and
- (v) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately the Relevant Time on the Interest Determination Date for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (d) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms;
- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on LIBOR for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms; and
- (iv) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:
 - (A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
 - (B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period

provided, however, that if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the

length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

- (e) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency.
- (g) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Agent and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period if determined prior to such time or (ii) the fourth Business Day after such determination. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (h) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Agent and the Noteholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

7. **Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 8 (*Payments*).
- (b) *Redemption for tax reasons:* The Notes may (subject, in the case of Subordinated Notes, to Condition 7(h) (*Conditions to redemption or repurchase of Subordinated Notes*)) be redeemed at the option of the Issuer in whole, but not in part on any Interest Payment Date or, if so specified in the relevant Final Terms, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant final terms, (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if a Tax Event has occurred **provided, however, that** no such notice of redemption shall be given earlier than:
 - (1) where the Notes may be redeemed at any time, 90 days (or such other period as may be specified in the relevant final terms) prior to the earliest date on (i) which the Issuer would be obliged to (in the case of a Tax Gross-up Event) pay such additional amounts if a payment in respect of the Notes were then due or (ii) (in the case of a Tax

Deductibility Event) which such interest payment would not be deductible, in each case if such payment on the Notes was then due; or

- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days (or such other period as may be specified in the relevant final terms) prior to the Interest Payment Date occurring immediately prior to the earliest date on (i) which the Issuer would be obliged to (in the case of a Tax Gross-up Event) pay such additional amounts if a payment in respect of the Notes were then due or (ii) (in the case of a Tax Deductibility Event) which such interest payment would not be deductible, in each case if such payment on the Notes was then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Agent (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred (including, in respect of Subordinated Notes, as to the compliance with Condition 7(h) (*Conditions to redemption or repurchase of Subordinated Notes*)) and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment or any payment on account of interest would cease to be deductible. Upon the expiry of any such notice as is referred to in this Condition 7(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 7(b).

- (c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may (subject, in the case of Subordinated Notes, to Condition 7(h) (*Conditions to redemption or repurchase of Subordinated Notes*)) and provided that the Optional Redemption Date (Call) will be not earlier than the date falling five years after the Issue Date be redeemed at the option of the Issuer in whole (but not in part) on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant Final Terms (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (d) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Final Terms as being applicable in respect of any Senior Notes, the Issuer shall, at the option of any Noteholder redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 7(d), the Noteholder must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put) (or such other period(s) as may be specified in the relevant final terms), deliver or cause to be delivered to the Agent a certificate issued by the relevant recognised account holder (as referred to in article 468 of the Belgian Companies Code) certifying that the relevant Note is held to its order or under its control and blocked by it or transfer the relevant Note to the Agent and complete, sign and deliver a duly completed Put Option Notice in the form obtainable from the Agent with the bank or other financial intermediary through which it holds the Notes for further delivery to the Issuer and the Agent. No Note in respect of which a duly completed Put Option Notice was delivered in accordance with this Condition 7(d), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice upon request transfer such Note back to such Noteholder. For so long as any outstanding Note is held by the Agent in accordance with this Condition 7(d), the person exercising the option in respect of such Note and not such Agent shall be deemed to be the Noteholder Note for all purposes.
- (e) *Redemption upon Capital Disqualification Event:* If Early Redemption (Capital Disqualification) is specified in the relevant Final Terms as being applicable, the Subordinated Notes may, subject to Condition 7(h) (*Conditions to redemption or repurchase of Subordinated Notes*), be redeemed

at the option of the Issuer in whole, but not in part on any Interest Payment Date or, if so specified in the relevant Final Terms, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant final terms (which notice shall be irrevocable), at their Early Redemption Amount (Capital Disqualification Event), together with interest accrued (if any) to the date fixed for redemption, if a Capital Disqualification Event has occurred and is continuing and to the extent that the Issuer, in its sole discretion, has not opted to substitute or vary the Subordinated Notes in accordance with Condition 9 (*Substitution and Variation of Subordinated Notes*).

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Agent a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption (including as to the compliance with Condition 7(h) (*Conditions to redemption or repurchase of Subordinated Notes*)). Upon the expiry of any such notice as is referred to in this Condition 7(e), the Issuer shall be bound to redeem the Notes in accordance with this Condition 7(e).

- (f) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (e) above.
- (g) *Purchase:* The Issuer or any of its Subsidiaries may (subject, in the case of Subordinated Notes, to Condition 7(h) (*Conditions to redemption or repurchase of Subordinated Notes*)) at any time purchase Notes in the open market or otherwise and at any price.
- (h) *Conditions to redemption or repurchase of Subordinated Notes:* Any optional redemption or repurchase of the Subordinated Notes pursuant to these Conditions is subject to the following conditions (in each case, if and to the extent then required by the Applicable Banking Regulation):
 - (i) compliance with any conditions prescribed under the Applicable Banking Regulation;
 - (ii) in respect of any redemption of the relevant Subordinated Notes proposed to be made prior to the fifth anniversary of the Issue Date, (A) in the case of redemption following the occurrence of a Tax Event, the Issuer having demonstrated to the satisfaction of the Lead Regulator that (1) the Tax Law Change was not foreseeable by the Issuer as at the Issue Date and (2) the Tax Event is material, or (B) in the case of redemption following the occurrence of a Capital Disqualification Event, the Issuer having demonstrated to the satisfaction of the Lead Regulator that the relevant change was not foreseeable by the Issuer as at the Issue Date; and
 - (iii) compliance by the Issuer with any alternative or additional pre-conditions to the redemption of Subordinated Notes to the extent set out in the Applicable Banking Regulation and/or required by the Lead Regulator.
- (i) *Cancellation:* All Notes so redeemed or purchased by the Issuer or any of their respective Subsidiaries attached to or surrendered with them may be cancelled and all Notes so cancelled may not be reissued or resold.

8. **Payments**

- (a) *Principal and interest:* Payments of principal and interest in respect of any Note of which the Specified Currency is euro shall be made in accordance with the rules of the NBB-SSS through the NBB. The payment obligations of the Issuer will be discharged to the extent of any payment made by it to the NBB. Payments of principal and interest in respect of any Note of which the Specified Currency of which is a currency other than euro shall be made in accordance with the rules of the NBB-SSS through Euroclear, Clearstream, Luxembourg and the other participants in the NBB-SSS recorded in the NBB-SSS as holding interests in the Notes, and any payment so made will constitute good discharge for the Issuer.
- (b) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or directives, but without prejudice to the provisions of Condition 10 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

- (c) *Payments on business days:* If the due date for payment of any amount in respect of any Note is not a Business Day, the Noteholder shall not be entitled to payment in such place of the amount due until the next succeeding Business Day and shall not be entitled to any further interest or other payment in respect of any such delay.

9. **Substitution and Variation of Subordinated Notes**

- (a) *Application:* This Condition 9 (*Substitution and Variation of Subordinated Notes*) is applicable to Subordinated Notes only, and only if Substitution/Variation is specified in the relevant Final Terms as being applicable.
- (b) *Substitution/Variation:* The Issuer may, at its sole discretion and without the consent of the Noteholders, following the occurrence of a Capital Disqualification Event, by giving not less than 30 nor more than 60 days' notice to the Noteholders substitute or vary the terms of all, but not some only, of the Subordinated Notes then outstanding so that they become or, as appropriate, remain, Qualifying Securities.

Any substitution or variation of the Securities pursuant this Condition is subject to compliance with any conditions prescribed under the Applicable Banking Regulation.

10. **Taxation**

- (a) *Gross up:* All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Belgium or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:
 - (i) to a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note;
 - (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, this Directive;
 - (iii) where such withholding or deduction is imposed because the holder (or the beneficial owner) is not an Eligible Investor (unless that person was an Eligible Investor at the time of its acquisition of the relevant Note but has since ceased from being an Eligible Investor by reason of a change in the Belgian tax laws or regulations or in the interpretation or application thereof or by reason of another change which was within that person's control), or is an Eligible Investor but is not holding the relevant Note in an exempt securities account with a qualifying clearing system in accordance with the Belgian law of 6 August 1993 relating to transactions in certain securities and its implementation decrees; or
 - (iv) to a Holder who is liable to such taxes, duties or assessments or governmental charges because the Notes were upon its request converted into registered notes and could no longer be cleared through the NBB-SSS.

Notwithstanding any other provision of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction of withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code or any regulations thereunder or official interpretations thereof or an intergovernmental

agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding. The Issuer reserves the right to request a Noteholder to provide the Agent with such certification or information as may be required to enable the Issuer to comply with the requirements imposed by any applicable fiscal or other laws, regulations and directives in any jurisdiction.

- (b) *Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than Belgium, references in these Conditions to Belgium shall be construed as references to Belgium and/or such other jurisdiction.

11. **Events of Default – Senior Notes**

If any of the following events occurs:

- (a) *Non-payment:* the Issuer fails to pay any amount of principal or interest in respect of the Senior Notes within 15 Business days of the due date for payment thereof; or
- (b) *Breach of other obligations:* the Issuer does not perform or comply with any one or more of its other obligations under these Conditions in respect of the Senior Notes and such default remains unremedied for 60 days after written notice thereof, addressed to the Issuer by any Holder of a Senior Note, has been delivered to the Issuer or to the Specified Office of the Agent; or
- (c) *Unsatisfied judgement:* an enforceable judgement is enforced against all or any substantial part of the undertaking or assets of the Issuer and is not discharged, stayed or paid within 60 Business Days of it being first made; or
- (d) *Insolvency etc:* (i) proceedings are commenced against the Issuer for bankruptcy or other insolvency proceedings of the Issuer falling under the applicable Belgian or foreign bankruptcy, insolvency or other similar law now or hereafter in effect (including the Belgian Law of 8 August 1997 on bankruptcy (*faillite/faillissement*) and the Belgian Law of 31 January 2009 on the continuity of enterprises), unless the Issuer defends itself in good faith against such proceedings and such a defence is successful, and a judgment in first instance (*eerste aanleg/première instance*) has rejected the petition within the framework of the proceedings within three months following the commencement of such proceedings, or (ii) the Issuer commences proceedings for bankruptcy or other insolvency proceedings of the Issuer falling under the applicable Belgian or foreign bankruptcy, insolvency or other similar law now or hereafter in effect (including the Belgian Law of 8 August 1997 on bankruptcy (*faillite/faillissement*) and the Belgian Law of 31 January 2009 on the continuity of enterprises); (iii) the Issuer becomes insolvent, is unable to pay its debts as they fall due, is in "*cessation de paiements/staking van betalen*", or (iv) proposes or makes a general assignment or composition with or for the benefit of its creditors, or a moratorium is agreed or declared in respect of or affecting all or a material part of the indebtedness of the Issuer, (v) the Issuer applies for a "*sursis de paiements/uitstel van betalen*" or (vi) the Issuer is announced bankrupt by an authorised court;
- (e) *Winding up etc:* an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer (otherwise than, in the case of the Issuer for the purposes of or pursuant to an amalgamation, merger, reorganisation or restructuring where the surviving entity assumes all rights and obligations of the Issuer (including the Senior Notes)); or
- (f) *Illegality:* it is or will become unlawful for the Issuer to perform or comply with any of its obligations under these Conditions or in respect of the Senior Notes or any of its obligations in respect of the Senior Notes ceases to be valid, binding or enforceable,

then any Senior Note may, by written notice addressed by the Holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together with accrued interest (if any) without further action or formality.

12. **Enforcement – Subordinated Notes**

If default is made in the payment of any principal or interest due in respect of the Subordinated Notes or any of them and such default continues for a period of 30 days or more after the due date, any holder of Subordinated Notes may institute proceedings for the dissolution or liquidation of the Issuer in Belgium.

In the event of dissolution or liquidation of the Issuer (including the following events creating a "*samenloop van schuldeisers/concours de créanciers*": bankruptcy ("*faillissement/faillite*"), judicial liquidation ("*gerechtelijke vereffening/liquidation force*"), dissolution ("*ontbinding/liquidation*") or voluntary liquidation ("*vrijwillige vereffening/liquidation volontaire*") (other than a voluntary liquidation or voluntary dissolution in connection with a reconstruction, merger or amalgamation where the continuing corporation assumes all the liabilities of the Issuer), moratorium of payments ("*moratorium/moratoire*") and other measures agreed between the Issuer and its creditors relating to the Issuer's payment difficulties, or an official decree of such measures), each holder of Subordinated Notes may give written notice to the Agent at its Specified Office that its Subordinated Note(s) is (are) immediately repayable, whereupon the principal amount of such Subordinated Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable.

No remedy against the Issuer other than as referred to in this Condition 12 shall be available to the holders of Subordinated Notes, whether for recovery of amounts owing in respect of the Subordinated Notes or in respect of any breach by the Issuer of any of its obligations under or in respect of the Subordinated Notes.

For the avoidance of doubt, the holders of Subordinated Notes waive, to the fullest extent permitted by law (i) all their rights whatsoever pursuant to Article 1184 of the Belgian Civil Code to rescind ("*ontbinden/résoudre*"), or to demand legal proceedings for the rescission ("*ontbinding/resolution*") of, the Subordinated Notes and (ii) to the extent applicable, all their rights whatsoever in respect of the Subordinated Notes pursuant to Article 487 of the Belgian Companies Code.

13. **Prescription**

Claims for principal or interest shall become void ten or five years, respectively, after the due date, unless legal action for payment is initiated by then.

14. **Agents**

In acting under the Agency Agreement and in connection with the Notes, the Agent and the Calculation Agent act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of the Agent and/or the Calculation Agent and to appoint a successor Agent or Calculation Agent and/or additional agents; provided, however, that:

- (a) the Issuer shall at all times maintain an Agent that is a participant of the NBB-SSS;
- (b) the Issuer shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC;
- (c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a paying agent in any particular place, the Issuer shall maintain an Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in the Agent or the Calculation Agent or in their Specified Offices shall promptly be given to the Noteholders.

15. Meetings of Noteholders; Modification and Waiver

- (a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions, in accordance with the rules of the Belgian Companies Code. For the avoidance of doubt, any such modification of these Conditions shall be subject to the consent of the Issuer. All meetings of Noteholders will be held in accordance with the provisions of Article 568 et seq. of the Belgian Companies Code with respect to Noteholders meetings. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-fifth of the aggregate principal amount of the outstanding Notes. Subject to the quorum and majority requirements set out in Article 574 of the Belgian Companies Code, and if required thereunder subject to validation by the court of appeal, the meeting of Noteholders shall be entitled to exercise the powers set out in Article 568 of the Belgian Companies Code (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment). Any resolution duly passed in accordance with the provisions of Article 568 et seq. of the Belgian Companies Code with respect to Noteholders meetings at any such meeting shall be binding on all the Noteholders, whether present or not. Convening notices for meetings of Noteholders shall be made in accordance with Article 570 of the Belgian Companies Code, which currently requires an announcement to be published not less than fifteen days prior to the meeting in the Belgian Official Gazette (*Moniteur Belge / Belgisch Staatsblad*) and in a newspaper of national distribution in Belgium. Convening notices shall also be made in accordance with Condition 17 (*Notices*). In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were a resolution duly passed in accordance with the provisions of Article 568 et seq. of the Belgian Companies Code with respect to Noteholders meetings. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. For the purpose of any meeting of Noteholders, any Notes that are, at the relevant time, by or on behalf of the Issuer or any of its affiliates shall not be considered as outstanding.
- (b) *Modification:* The Notes and these Conditions may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof.

16. Further Issues

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

17. Notices

Without prejudice and in addition to the applicable provisions of the Belgian Companies Code, notices to the Noteholders shall be valid (i) if published on the website of the Issuer (currently www.bankvanbreda.com), (ii) published through the usual newswires agency (or any of the usual newswires agencies) used by the Issuer to discharge its ongoing information duties and (iii) delivered to the National Bank of Belgium for communication to the Noteholders via participants to the NBB-SSS. The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange on which the Notes are listed for the time being. Any notice shall be deemed given on the date of the first publication. The Issuer shall bear all fees, costs and expenses in relation to the drafting, delivery and publication of such notices.

18. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

19. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up) and, (c) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

20. **Governing Law and Jurisdiction**

- (a) *Governing law:* The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by Belgian law.
- (b) *Belgian courts:* The Dutch speaking courts of Brussels have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes).

FORM OF FINAL TERMS

Final Terms dated [•]

BANK J.VAN BREDA & C° NV
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the EUR 200,000,000 Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated [•] [and the supplement(s) dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing [at [website]] [and] during normal business hours at the offices of the Agent [address] [and copies may be obtained from [address]].

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU **provided, however, that** all references in this document to the "Prospectus Directive" in relation to any Member State of the European Economic Area refer to Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State), and include any relevant implementing measure in the relevant Member State.

[If Notes are not listed on a regulated market. In accordance with the Prospectus Directive, no prospectus is required in connection with the issuance of the Notes described herein.]

[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 (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.]

1. (i) Series Number: [•]
[(ii) Tranche Number: [•]]
[(iii) Date on which the Notes become fungible: [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [•] on [[•]/the Issue Date]]
2. Specified Currency: [•]
3. Aggregate Nominal Amount: [•]
[(i) [Series]: [•]]
[(ii) Tranche: [•]]
4. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, and if applicable)]

5. (i) Specified Denominations: [•]
(Note: No Notes may be issued which have a minimum denomination of less than EUR 100,000 (or nearly equivalent amount in other currencies)).
- (ii) Calculation Amount: [•]
6. (i) Issue Date: [•]
- (ii) Interest Commencement Date: [[•]/Issue Date]
7. Maturity Date: [[•] / Interest Payment Date falling in [or nearest to] [specify month and year]].
(Note: Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year)
(Note: Subordinated Notes that are included in or count towards the Tier 2 Capital of the Issuer will have a minimum maturity of five years (or such other minimum maturity as required by the Applicable Banking Regulation))
8. Interest Basis: [Fixed Rate]
[Floating Rate]
(See further particulars specified below)
9. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount.
10. Change of Interest Basis: [Specify the date when any fixed to floating rate change or floating to fixed rate change occurs or refer to paragraphs 14 and 15 below and identify there/Not Applicable]
11. Put/Call Options: [Investor Put]
[Issuer Call]
[Not applicable]
(See further particulars specified below)
12. [(i)] Status of the Notes: [Senior/ Subordinated]
- [(ii)] [Date [Board] approval for issuance of Notes obtained: [•] [and [•], respectively
(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [•] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Periods to which Fixed Rate Note Provisions are applicable: [All] / [Notes are Fixed to Floating Rate Notes, and Fixed Rate Note Provisions shall apply for the following Interest Periods: From and including [the Interest Commencement Date] to but excluding [], from and including [] to but excluding [].... and from and including [] to but excluding []] / [Notes are Floating to Fixed Rate Notes, and Fixed Rate Note Provisions shall apply for the following Interest Periods: From and including [] to but excluding [], from and including [] to but excluding [].... and from and including [] to but excluding []].
- (delete as appropriate)*
- (iii) Interest Payment Date(s): [[•] and [•] in each year [from and including [•] until and excluding [•]]
- (Note: to be amended in case of long or short first coupon)*
- (iv) Fixed Coupon Amount[(s)]: [[•] per Calculation Amount][Not applicable]
- (v) Business Day Convention: [Following Business Day Convention]
- (vi) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
- (vii) Day Count Fraction: [Actual/Actual (ICMA)]
[Actual/Actual (ISDA)]
[Actual/365 (Fixed)]
[Actual/360]
[30/360]
[30E/360]
[Eurobond Basis]
[30E/360(ISDA)]
14. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): [•]
- (ii) Interest Periods to which Fixed Rate Note Provisions are applicable: [All] / [Notes are Floating to Fixed Rate Notes, and Floating Rate Note Provisions shall apply for the following Interest Periods: From and including [the Interest

Commencement Date] to but excluding [][, from and including [] to but excluding [].... and from and including [] to but excluding [] / [Notes are Fixed to Floating Rate Notes, and Floating Rate Note Provisions shall apply for the following Interest Periods: From and including [] to but excluding [][, from and including [] to but excluding [].... and from and including [] to but excluding []].

(delete as appropriate)

- (iii) Specified Interest Payment Dates: [[•] and [•]in each year [from and including [•] until and excluding [•]]
- (iv) First Interest Payment Date: [•]
- (v) Business Day Convention: [Following Business Day Convention]
- (vi) Additional Business Centre(s): [Not Applicable/[•]]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Agent) [•]
- (ix) Screen Rate Determination: [Applicable/Not Applicable]
 - Reference Rate: [•][•] [EURIBOR/ LIBOR]
 - Interest Determination Date(s): [[•] Business Days prior to [the start of each relevant Interest Period]]
 - Relevant Screen Page: [•]
 - Relevant Time [•]
 - Relevant Financial Centre [•]
- (x) ISDA Determination: [Applicable/Not Applicable]
 - Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]

- (xi) Linear interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (xii) Margin(s): [[+/--][•] per cent. per annum/Not Applicable]
- (xiii) Minimum Rate of Interest: [[•] per cent. per annum/Not Applicable]
- (xiv) Maximum Rate of Interest: [[•] per cent. per annum/Not Applicable]
- (xv) Day Count Fraction: [Actual/Actual (ICMA)]
[Actual/Actual (ISDA)]
[Actual/365 (Fixed)]
[Actual/360]
[30/360]
[30E/360]
[Eurobond Basis]
[30E/360(ISDA)]

PROVISIONS RELATING TO REDEMPTION

- 15. **Call Option** [Applicable/Not Applicable]
(If not applicable delete the remaining sub-paragraphs of this paragraph)
 - (i) Optional Redemption Date(s): [•]
 - (ii) Optional Redemption Amount(s) of each Note: [•] per Calculation Amount
 - (iii) Notice period: [Minimum [30] days and maximum [60] days]
- 16. **Put Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 - (i) Optional Redemption Date(s): [•]
 - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Calculation Amount
 - (iii) Notice period: [Minimum [30] days and maximum [60] days]
- 17. **Early Redemption (Tax Event)**
 - (i) Redemption for taxation reasons is possible: [At any time]/[On an Interest Payment Date]
 - (ii) Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation: [•] per Calculation Amount

reasons:

18. **Capital Disqualification Event** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Early Redemption Amount (Capital Disqualification): [•] per Calculation Amount
 - (ii) Notice period: [Minimum [30] days and maximum [60] days]
 - (iii) Redemption is possible: [At any time]/[On an Interest Payment Date]
 - (iv) Variation/Substitution: [Applicable/Not Applicable]
19. **Final Redemption Amount of each Note** [•] per Calculation Amount

Signed on behalf of the Issuer:

By:
Duly authorised

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i) Admission to Trading:

[Application is has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [•] with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [•] with effect from [•].] [Not Applicable.]

(When documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

(ii) Estimate of total expenses related to admission to trading: [•]

2. RATINGS

The Issuer has no rating and the Notes to be issued are not expected to be rated.

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below:)

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. *(Amend as appropriate if there are other interests)*]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

4. YIELD

(Fixed Rate Notes only)

Indication of yield: [•]

[The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

5. OPERATIONAL INFORMATION

ISIN: [•]

Common Code: [•]

Delivery: Delivery [against/free of] payment

Names and addresses of additional paying agent(s) (if any): [•] [Not Applicable]

Intended to be held in a manner which would allow Eurosystem Eligibility: [Yes, provided that Eurosystem Eligibility criteria have been met.] [No]¹

6. **DISTRIBUTION**

- (i) Method of Distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated:
 - (A) Names of Dealers: [Not Applicable/*give names*]
 - (B) Sabilisation Manager(s), if any: [Not Applicable/*give names*]
- (iii) If non-syndicated, name of Dealer: [Not Applicable/*give names*]
- (iv) U.S. Selling Restrictions: [Reg S Compliance Category 1], TEFRA not applicable

¹ TBC

DESCRIPTION OF THE ISSUER

1. General

Bank J.Van Breda & C° NV (the "**Issuer**") is a specialised bank that focuses specifically on entrepreneurs and liberal professions to assist them with the systematic build-up, management and protection of their assets.

The Issuer was incorporated on 21 February 1930 as an ordinary limited partnership (*gewone commanditaire vennootschap/société en commandite simple*) under the laws of Belgium. It was converted into a limited liability company (*naamloze vennootschap/société anonyme*) on 18 March 1998. The Issuer is incorporated for an indefinite period.

The legal and commercial name of the Issuer is "Bank J.Van Breda & C°".

The Issuer is registered with the Crossroads Bank of Enterprises (*Kruispunt van Ondernemingen/Banque-Carrefour des Entreprises*) under number 0404.055.577 (commercial court of Antwerp).

The registered office of the Issuer is located at Ledeganckkaai 7, B-2000 Antwerp, Belgium. The Issuer can be contacted at the telephone number +32 3 217 53 33. Additional information on the Issuer can be obtained on the Issuer's website (www.bankvanbreda.be).

The Issuer's financial year starts on 1 January and ends on 31 December.

The corporate purpose of the Issuer is set out in article 3 of its articles of association:

"The purpose of the company is to engage in banking activities in all its forms.

The company may also perform all moveable and immovable, financial, industrial and commercial transactions (including the incorporation, participation or contribution in companies and associations) that are directly or indirectly related to the purpose of the company or may facilitate the achievement thereof. The company may also grant all personal security and security in rem for the benefit of third parties. The company can achieve its purpose in the manner and on the conditions as it deems fit.

The company may issue bonds and grant security in respect of such bonds.

The company may also act as an insurance broker."

All references in this Base Prospectus to "Bank J.Van Breda & C°" or the "Group" refer to the Issuer together with its subsidiaries (within the meaning of Article 6 of the Belgian Companies Code).

2. History and development

The Issuer was founded by Jos Van Breda in 1930 in Lier, Belgium. It has maintained its individuality ever since.

In 1968 the headquarters of the Issuer moved to Antwerp, Belgium. In addition to traditional deposit accounts, the Issuer also entered into the car finance activity, known today as Van Breda Car Finance, a major credit partner for car dealers in Belgium. In 1989 the Issuer made a strategically crucial decision to focus exclusively on small- and medium-sized enterprises as well as liberal professions (e.g. pharmacists, medical doctors and lawyers). This specialisation is still the Issuer's trade mark today, together with its personal approach which sets it apart from main stream banks.

Since 1998 the holding company Finaxis NV holds 100% of the shares in the Issuer as well as 99% of the shares in Delen Private Bank (*i.e.* one of the largest independent asset managers in Belgium). As a result of the close cooperation between the Issuer and Delen Private Bank, the Issuer can also offer its clients the professional private banking and wealth advisory services of this renowned bank.

In 2000 the Issuer opened branches in Brussels and Wallonia in addition to its branches in Flanders. In each of these locations, the Issuer has the same mission statement: provide the best possible financial guidance to entrepreneurs and liberal professions.

In 2011 the Issuer purchased shares in ABK Bank CVBA and has since then acquired a total stake of 99.99% of the shares in ABK Bank. As a subsidiary of the Issuer ABK Bank has reoriented itself as a premium bank for executives, assisting in building up and managing its clients' assets.

In 2014 Van Breda Car Finance became a division of ABK Bank. This merger allowed ABK Bank to more effectively allocate its excess of liquidity to fund the credit portfolio of Van Breda Car Finance.

Today, the Issuer has a total of 43 branches spread over Belgium. With a total number of 459 employees, the Issuer is well equipped to continue its track record of sustainable growth.

3. **Strategy**

Bank J.Van Breda & C° is an in-depth specialised player who is operating in a specific niche as it services exclusively entrepreneurs and liberal professions. Having its network spanned around the location of its niche clients and through its proprietary software, the Issuer provides tailor-made financial advice. Each client is serviced locally by a dedicated account manager guaranteeing a personal approach in terms of portfolio composition and systematic accumulation of wealth.

The ultimate goal of the Issuer is to be the best possible provider of financial guidance, for both professional and private assets and this in all life stages of its target client group. In order to reach this goal a lot of attention is given to the active prospecting of new clients. This is reflected in the creation of tailor-made prospecting tools, designed to assist the commercial team in finding and contacting new prospects.

The Issuer provides a full package of banking services to its clients, additionally strengthened by several partnerships with external partners (such as insurance companies and asset managers). Furthermore, the Issuer is able to fully utilize its group network, by referring clients to affiliated entities (Delen Private Bank or ABK Bank) when beneficiary for the client. This referral system works in all directions and allows to further assist clients looking for specific areas of expertise (private banking, wealth management, etc.). For the Issuer, this provides the possibility to contact new potential clients as they are redirected from affiliated entities to Bank J.Van Breda & C°.

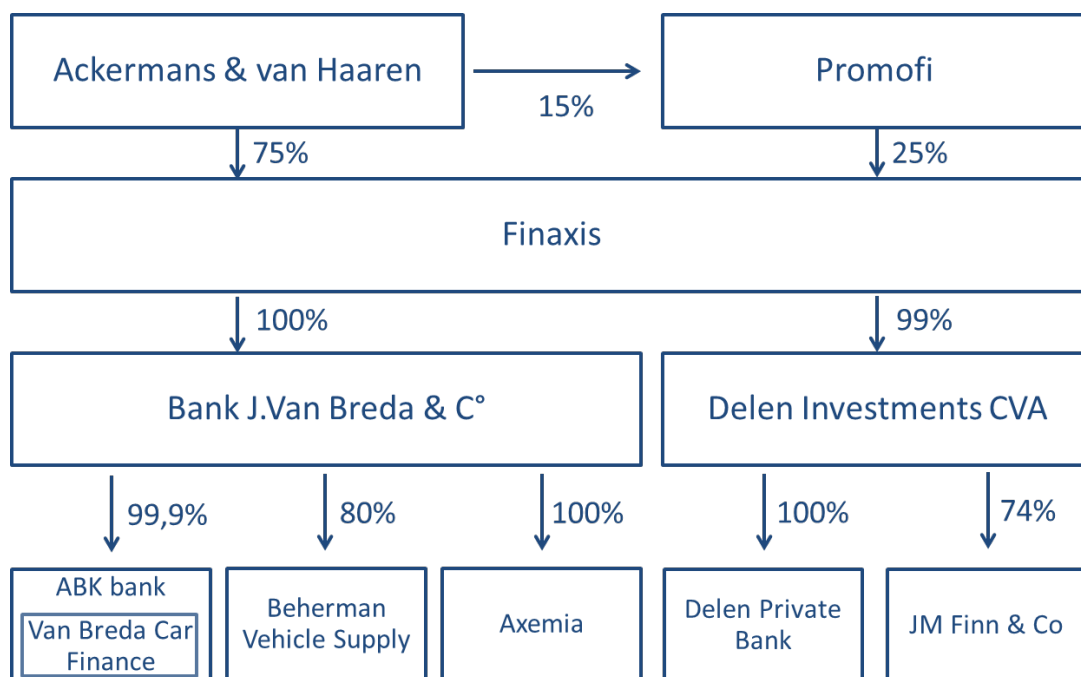
ABK Bank, as a subsidiary of the Issuer, is positioning itself as a premium bank for executives. It shares the core business from Bank J.Van Breda & C°, as it offers the same tailor-made financial guidance but aims for its own specific target client group of executives and high potentials.

The ABK division Van Breda Car Finance is active as a credit partner for customers of large independent car dealers and offers financing and leasing solutions for cars and light commercial vehicles.

4. **Organisational structure**

4.1 ***The Group structure as at the date of this Base Prospectus***

- Finaxis NV holds 100% of the shares in the Issuer as well as 99% of the shares in Delen Investments CVA.
- Ackermans & van Haaren NV holds 75% of the shares in Finaxis and it holds 15% of the shares in Promofi EBVBA. Promofi holds in turn 25% of the shares in Finaxis, which increases the total participation of Ackermans & van Haaren in Finaxis to 78.75%.
- The Delen family participates in the capital of the Issuer through Promofi, which holds 25% of the shares in Finaxis.



4.2 *Subsidiaries of the Issuer*

As at the date of this Base Prospectus, the Issuer holds the following subsidiaries (directly and indirectly):

Name	Enterprise number	Jurisdiction of incorporation	Participation of the Issuer
ABK Bank CVBA.....	0404.456.841	Belgium	99.99%
Beherman Vehicle Supply NV	0473.162.535	Belgium	80%
Axemia NV	0884.718.390	Belgium	100%

4.3 *Joint ventures and associations of the Issuer*

The Issuer also participates in several joint ventures and associations:

Name	Enterprise number	Jurisdiction of incorporation	Participation of the Issuer
Finauto NV.....	0464.646.232	Belgium	50%
Antwerpse Financiële Handelsmaatschappij NV.	0418.759.886	Belgium	50%
Financieringsmaatschappij Definco NV	0415.155.644	Belgium	50%
Informatica Van Breda NV	0427.908.174	Belgium	40%

4.4 *Bank J. Van Breda & C°*

The sustainable and long term approach of the Issuer together with a high level of client satisfaction have resulted in the steady growth of outstanding volumes, both on-and off-balance (all figures in this chapter are at statutory level of Bank J. Van Breda, as at 31 December 2014).

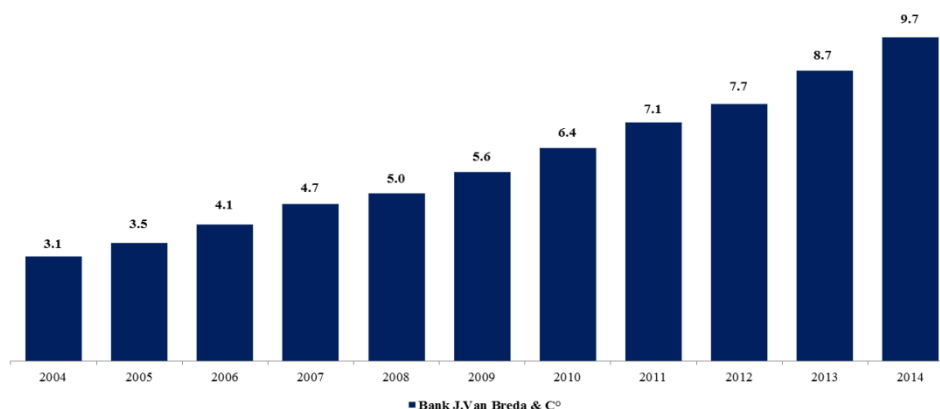
(a) *Deposits and off-balance*

The total of assets invested by clients reached EUR 9.7 billion last year. The client deposits amount to EUR 3.5 billion. In the current highly competitive market environment, with interest rates at current low levels, the confidence that its clients place in Bank J. Van Breda & C° has resulted in a total of EUR 823 million placed in deposits with an original maturity of more than one year.

Due to a stable inflow and the financial performance of the assets under management, the total investments in off-balance sheet products amounts to EUR 6.2 billion:

- Delen Private Bank managed EUR 3.6 billion for the clients of Bank J.Van Breda & C° at the end of 2014;
- insurance investments are at a volume of EUR 1.6 billion;
- outstanding reserves in tax-friendly insurance products amount to EUR 435 million; and
- investment funds grew to a volume of EUR 566 million.

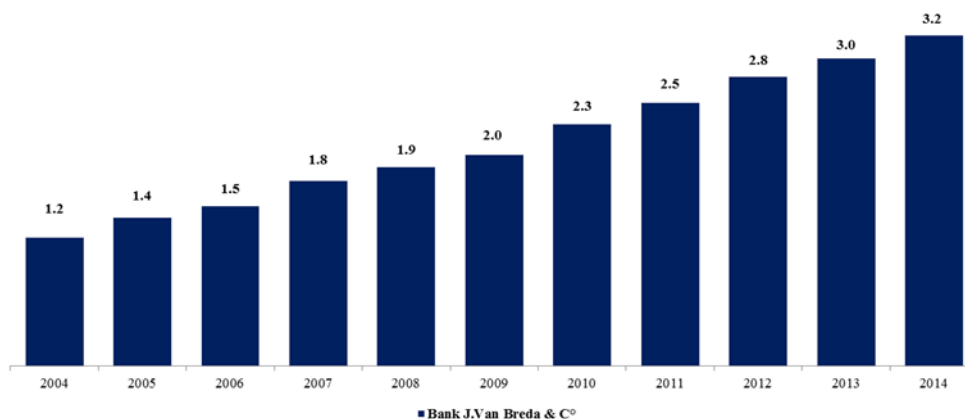
Total assets invested by clients (in billion euro)



(b) *Loan portfolio*

The total loan volume of the credit portfolio amounts to EUR 3.2 billion. Loans are granted to entrepreneurs and liberal professions on the basis of a long-term and broad relationship. The Issuer's loan acceptance policy follows strict criteria for the creditor's repayment capacity and for a thorough quality assessment. This makes it possible for Bank J.Van Breda & C° to offer loans for well-considered projects, even in a difficult financial and economic environment.

Total loan portfolio (in billion euro)



4.5 **ABK Bank**

ABK Bank has been a subsidiary of Bank J.Van Breda & C° since 2011. Since the acquisition, ABK Bank has repositioned itself as a premium bank for executives. ABK Bank assists clients in building up, managing and protecting their assets with a view to the long-term. ABK Bank remains loyal to the tradition of simple and transparent products within a culture of exercising care and providing a personal approach.

At 31 December 2014, client deposits at ABK Bank amount to EUR 297 million, the loan portfolio stands at EUR 451 million (including Van Breda Car Finance loans) and the off-balance investments amounted to EUR 45 million.

As a division of ABK Bank, Van Breda Car Finance is active throughout Belgium in vehicle financing, renting and leasing. Van Breda Car Finance aims to be the optimal credit partner for the customers of large, independent car dealers. The entire organization is focused on providing rapid credit solutions for private vehicles through the company's own website. With its core values of "fast, friendly and flexible", Van Breda Car Finance supports local car dealers through the entire sales process: from the offer stage through the order processing and drawing up loan contracts to verifying that the payment has been made. This way Van Breda Car Finance can facilitate its partners' sales process by enabling them to extend credit services to their clients.

The total loan portfolio amounts to EUR 287 million. Net write downs on loans remain exceptionally low thanks to a tight credit approval policy and a high recovery rate on non-performing loans.

5. **Business overview**

5.1 *General description of activities*

Bank J.Van Breda & C^o is a specialised bank that focuses specifically on entrepreneurs and liberal professions. The Issuer is only active in Belgium offering a number of products ranging from deposits, loans, credit facilities, payments, trade finance, *etc.*

Bank J.Van Breda & C^o stands out because of three crucial strengths:

- *Specialised.* We exclusively serve the niche-sector of entrepreneurs and liberal professions and are thoroughly familiar with their needs. This means that we can make the difference at crucial points in their careers. We offer our clients tailor-made financial guidance based on their needs and expectations in acquiring a future capital. Through in-house developed software we are able to visually show the client his goal in terms of required wealth and the evolution towards this goal, and to advise our client on the optimal investment strategy in terms of portfolio composition and systematic accumulation of wealth.
- *Personal.* Our clients have a single point of contact for all bank related questions through their personal account manager. Our small scale means that he or she can guarantee this personal approach. Our commercial team is trained to listen first and advise later.
- *Proactive.* We constantly keep our clients' long-term interests in mind and take initiative to follow up on a regular basis. The aforementioned in-house developed software is able to support our commercial team in this follow-up.

As the Issuer strongly believes in a personal approach, continuous investments are being made in branches for both Bank J.Van Breda & C^o and ABK Bank. These investments reflect both renovations and new building projects. In 2014 the branches in Liège, Grimbergen and Mechelen moved to new premises.

The Issuer's head office, located in the beautifully restored former freight terminal at the Ledeganckkaai in Antwerp, is used continuously to receive clients and support events organised by Bank J.Van Breda & C^o, ABK Bank or professional associations. The Issuer is constantly on the lookout for unique and distinctive buildings in which to establish branches.

On the other hand, the Issuer also acknowledges the importance of online and mobile banking applications in order to provide additional services to its clients. Bank J.Van Breda & C^o therefore fully renewed its online banking website in 2015 and is aiming for a new mobile banking app release later in 2015.

Since 2009, all account managers are able to work with a wireless mobile connection. This allows them to illustrate advisory discussions with facts and figures and to immediately deal with

the resulting administration in a paperless manner – at the office as well as with the client. With this project Bank J.Van Breda & C° was the first bank in Belgium to integrate wireless working with electronic documents.

Bank J.Van Breda & C° continues to be a strong believer in paperless solutions. In addition to laptops the Issuer successfully equipped the entire commercial team with tablets (with integrated, in-house developed advice modules for financial services) to extra facilitate our normal banking activities.

5.2 *Network and principal markets*

Bank J.Van Breda & C° and its subsidiaries only operate in Belgium. It has a national network of 39 branches. In addition to those of Bank J.Van Breda & C°; ABK Bank has 4 of its own branches, located in Berchem, Mechelen, Schoten and Turnhout.

5.3 *Competition*

Bank J.Van Breda & C°'s operations face competition in the sectors they serve. Depending on the activity, competitor companies include other commercial banks, saving banks, loan institutions, consumer finance companies, brokerage firms, insurance companies, asset managers (indirectly via Bank Delen), private bankers, financial planners etc.

Bank J.Van Breda & C° is perceived as a one of the strongest financial institutions in Belgium for serving clients exercising liberal professions or entrepreneurs in Belgium. Bank J.Van Breda & C° believes it has a strong brand name recognition in Belgium, and in particular in its target client group. Its main competitors are BNP Paribas Fortis, Belfius, ING and KBC Bank, although for certain products or services, other financial institutions may also be important competitors.

The net promoter score ("NPS") measures the client satisfaction and loyalty. It is based on one direct question; i.e. "How likely would you recommend our company to a friend or colleague?" Recent research among its clients showed that 70% responded "very likely", 22% "probably", 5% "I don't know", 2% "probably not" and only 1% "very unlikely". The NPS is calculated by taking the "very likely" percentage, disregarding the 'probably' percentage and deducting the other percentages (a study conducted in June 2014 by GfK, a company specialised in market research). This brings the NPS for Bank J.Van Breda & C° to 62%, a very high percentage in general and in the banking sector in particular.

5.4 *Staff*

In order to be the best relationship bank for entrepreneurs and liberal professions (Bank J.Van Breda & C°), the best relationship bank for executives (ABK Bank) and the best credit partner for the customers of large independent car dealers (Van Breda Car Finance), the Issuer pays a great deal of attention to its human resources policy. This starts with the recruitment of highly qualified client-oriented staff that is committed to upholding the values of honesty, enthusiasm and a sense of responsibility.

At the end of 2014, the Issuer employed a total of 459 staff members, 32 of them for ABK Bank and 34 for Van Breda Car Finance. Bank J.Van Breda & C° manages relationships with entrepreneurs and liberal professions from 39 locations throughout Belgium, 7 of which are independent agencies. At the end of 2014, there were 151 account managers working for Bank J.Van Breda & C°. In 1999 there were only 60. In 2014, 59% of Bank J.Van Breda & C°'s staff worked in the network of branches (expressed in full-time equivalents).

The Issuer's client-oriented approach is delivered by a strong sales team which is continually honing its technical knowledge and sales skills. To this extent, the Issuer has launched its very own "Sales Academy". Staff development is one of its top priorities.

Client retention and staff loyalty go hand in hand. For this reason, Bank J.Van Breda & C° follows a social policy aimed at ensuring that every employee who wishes to contribute fully to achieving the Issuer's mission, continues to seek challenges that fit his or her talents. A result-

oriented approach to work and participation in profit growth are supported by means of a share-option plan in which everyone can take part.

Openness, mutual commitment and job satisfaction are central to its corporate policy. Bank J. Van Breda & C^o uses various instruments of measurement in order to follow up on and effectively achieve these aims. Nominations as "Best Employer" in 2006, 2010 and 2012 (based on research carried out by the HRM Centre at the Vlerick Business School) motivates the Issuer to continue to improve.

Bank J. Van Breda & C^o offers its staff a variety of opportunities for maintaining a good work-life balance such as working part time or working from home. In addition, it encourages everyone to keep fit. In 2009, Bank J. Van Breda & C^o was the first company in Belgium to be awarded the "Fit Bedrijf" (Fit Company) certificate. This is a type of ISO standard for physical exercise, issued by "Het Gezonde Net België" (The Healthy Network Belgium).

6. Management and corporate governance

6.1 Board of directors

As at the date of this Base Prospectus, the board of directors of the Issuer is composed of the following members:

Name	Main function(s)	Period on the Board in 2014	End of current mandate	Member of the Executive Committee	Non-executive director	Independent member of the Board
Jan Suykens	Chairman of the Board	Full year	24 March 2016		*	
	Member of the Executive Committee of Ackermans & Van Haaren NV	Full year				
Luc Bertrand	CEO Ackermans & Van Haaren NV	Full year	24 March 2016		*	
Dirk Wouters	Chairman of the Executive Committee	As of 1 April 2014	24 March 2016	*		
	Executive director	Full year	24 March 2016			
Piet Dejonghe	Member of the Executive Committee of Ackermans & Van Haaren NV	Full year	24 March 2016		*	
Jacques Delen	Chairman of the Board of Directors of Bank Delen	Full year	24 March 2016		*	
	Chairman of the Board of Directors of Ackermans & Van Haaren NV	Full year	24 March 2016			
Paul De Winter	Chairman of the Executive Committee of Bank Delen	Full year	24 March 2016		*	
Carlo Henriksen	Chairman of the Executive Committee	Until 31 March 2014		*		
	Executive director	Until 31 March 2014				
Vic Pourbaix	Executive director	Full year	24 March 2016	*		
Peter Devlies	Executive director	Full year	24 March 2016	*		
Marc Wijnants	Executive director	As of 1 February 2014	24 March 2016	*		
Willy Lenaers	Independent member of the Board	As of 16 January 2014	24 March 2016			*

The Belgian Banking Law requires the Issuer, considered as a non-significant bank for these purposes, to have a certain minimum number of independent directors by reference to the actual number of board committees. As at the date of this Base Prospectus, the Issuer is required to have one independent director.

The members of the Audit Committee are the following persons:

- *Luc Bertrand;*

graduated from the K.U. Leuven in 1974 as a commercial engineer. He worked for Bankers Trust C^o in New York, Amsterdam and London until 1986 (Vice President, North Europe Area Manager). He became a director in 1985 and in 1987 administrative and finance manager of Ackermans & van Haaren NV. Since 1996 he has been chairman of the Executive Committee of Ackermans & van Haaren NV. He is also chairman of Finaxis. He had served as director with Indosuez Bank and Generale Bank, and today holds various directorships both within and outside the Ackermans & van Haaren group, and has also been appointed independent director at Schroders and ING Belgium.

- *Willy Lenaers*;
holds a Master's degree in Law (R.U. Ghent 1976) and graduated in Tax Sciences (Brussels 1980). Between 1977 and 1999 he held various posts and directorships at the Kredietbank Groep.
- *Jan Suykens*;
holds a Master's degree in applied economics and earned an MBA from Columbia University, New York. He began his career at the Corporate & Investment Banking department of Fortis Bank. Since 1990 he has been a member of the Executive Committee of Ackermans & van Haaren NV. He holds various directorships within the Ackermans & van Haaren group.

The members of the Risk Committee are the following persons:

- Luc Bertrand
- Willy Lenaers
- Jan Suykens

6.2 *Management*

The Issuer has established a separate executive committee (*directiecomité/comité de direction*) within the meaning of Article 524bis of the Belgian Companies Code.

The members of the executive committee of the Issuer are the following persons:

Composition of the Executive Committee	Function
Dirk Wouters.....	Chairman of the Executive Committee Director of compliance, internal audit, credits, marketing, HR and risk management
Peter Devlies.....	Director of ALM, reporting and accounting, client advisory, concept development, ABK Bank and Van Breda Car Finance
Marc Wijnants.....	Director of IT and operations
Vic Pourbaix	Director of client relations and facility management

6.3 *Specific functions*

- The internal audit is an independent and objective evaluation unit, aimed towards the investigation and judgment of the well-functioning of the operational departments and the agencies of the Issuer. It evaluates the effectiveness and efficiency of the internal controls and provides advice to improve general functioning.
- The client satisfaction adviser is a neutral and independent mediator who endeavors to work out a solution to any disputes with clients that are not satisfactorily resolved by a department or a branch within a reasonable period.
- Risk management is an independent function which aims to further embed internal risk management into the culture and everyday practices of the bank. Its main roles are advising, monitoring and reporting on operational activities. These core tasks relate to all possible risks to which the Group may be exposed.
- Credit risk, operational risk, interest rate risk and liquidity risk are risks that are closely monitored. Risk measurement and reporting ensure that all operational departments are well equipped to keep their risks suitably under control.
- Compliance is an independent function that promotes and oversees compliance with the rules related to banking integrity. The integrity policy is focused primarily on the

following domains: anti-money laundering measures, tax avoidance policy, transactions in financial instruments, insider trading, market manipulation, privacy legislation, confidentiality obligation, codes of ethics, *etc.*

6.4 **Statutory auditor**

KPMG has been appointed by the Issuer as its statutory auditor for the audit of the financial statements.

6.5 **Conflicts of interest**

The Issuer is not aware of any potential conflicts of interest between the duties that any member of the administrative, management and supervisory bodies owes to the Issuer and such director's private interests or duties.

The Issuer complies with the conflicts of interest procedure set out in Article 523 of the Belgian Companies Code.

7. **Risk management**

Risks are inherent to normal banking activities. In comparison to its competitors, Bank J.Van Breda & C^o and its subsidiaries have always remained straight-forward and transparent institutions. Furthermore, they have always exercised great caution with respect to accepting risks. They perform ongoing risk monitoring and risk control.

The corporate strategy and general policy-making are translated by the Executive Committee and the Board of Directors into a general framework of risk tolerance: the qualitative and quantitative guidelines that stipulate the risk tolerance of all material risks of the bank. The risk tolerance framework is evaluated every year and is reported to the Board of Directors.

7.1 **Governance**

In order to achieve a maximum control on all corporate risks, a lot of attention is given to the autonomous functioning of the Internal Audit, Compliance and Risk Management divisions.

- *Firstly*, risks are measured, controlled and reported on a first line level. This level includes the operational divisions themselves, both production departments and support departments.
- Risk Management is an independent second line department with an advisory, coordinating and controlling function. Through the Risk Committee, a structured supervision is organized on the risks and risk positions of the Group.
- Compliance has an independent function that controls and stimulates the compliance of rules in regard to the integrity of banking. The integrity policy focusses primarily on the following domains: anti money laundering measures, tax avoidance policy, transactions in financial instruments, insider trading, market manipulation, privacy legislation, confidentiality obligation, codes of ethics and so on.
- The Internal Audit division provides assurance concerning the goals and efficiency of the internal control systems and to the suitability of these systems to the nature and size of the bank. They form the third line of defence in the internal control system.

7.2 **Capital management**

The Basel III framework has been implemented by the CRR and the CRD at the EU level and by the Belgian Banking Law at the national level. The new regulatory regime organises capital requirements for financial institutions and is composed of three pillars:

- The first pillar determines the minimum capital requirements for the credit risk, market risk, operational risk and counterparty risk. For these calculations, banks can choose between the standardised approach or the advanced method using internal risk models.

These are reported to the Lead Regulator. Bank J.Van Breda & C^o uses the standardised approach. Minimum levels for liquidity ratios and leverage ratio are also imposed.

- The second pillar (i.e. the supervisory review process) stipulates that banks need to have their own framework to guarantee capital adequacy. Based on an internal process, banks need to determine how much capital is required to hedge all risks to which the bank is exposed as a result of its activities. The Group has implemented this internal process known as the ICAAP (Internal Capital Adequacy Assessment Process). Its purpose is to periodically monitor if the risks to which the Group is exposed to as a result of normal activities, are in balance with available own funds.
- The third pillar (i.e. the market discipline) requires the publication of qualitative and quantitative data related to the capital adequacy, risk positions and risk assessment processes. This information has been integrated in the annual report.

The purpose of the capital adequacy process of the Group is to periodically determine whether the risks to which it is exposed are still balanced to the available own funds. In line with the general risk appetite, the Group strives to not take any risks that may compromise its reputation.

The Group's capital management aims to insure that at any moment the Group and its members comply with all regulatory requirements and that capital levels more than adequately cover the risks of the activities. This implies a sufficient level of own funds to carry potential shocks related to credit losses, so that client deposits are safeguarded at all times.

The Internal Capital Adequacy Assessment Process is integrated in the daily activities and decision-making process of the Group. It is found in:

- the evolution of the credit management in function of ratings;
- the monitoring of the credit policy (client-specific limits, concentration limits, credit authorizations, *etc.*); and
- the development and execution of different stress tests.

The capital requirements are calculated each quarter and are reported to the Executive Committee and the Board of Directors.

7.3 **Strategic Risk**

The risk framework for strategic risk is determined in the corporate mission statement. The activities of the Group are consistently steered and executed according to this corporate mission. The mission statement has been the foundation of the success and performance of the group for many years. The Executive Committee consistently checks all strategic decisions and market opportunities to the corporate mission statement. Likewise, the Board of Directors assesses this mission permanently by its merits and reviews future opportunities and threats for the Group in a fast moving market environment.

Bank J.Van Breda & C^o limits its strategic risk by focusing exclusively towards a target group it knows very well and towards which it has reached an outstanding reputation: entrepreneurs and liberal professions. On a group level, the strategic risk is further mitigated by diversification: on the one hand by implementing the successful niche-strategy to ABK Bank and on the other hand by further developing the car finance division.

7.4 **Credit Risk**

The credit risk is the risk of a debtor going insolvent or the risk that a counterparty (or its bank) is unable to meet its contractual obligations. The credit risk is one of the most important risk factors of Bank J.Van Breda & C^o. The qualitative and quantitative risk standards and limits are covered in the credit strategy for the credit portfolio and in the investment framework for the investment portfolio.

(a) *Credit portfolio*

The credit portfolio of Bank J. Van Breda & C^o is strongly diversified within the local economic tissue of family businesses and liberal professions. ABK Bank aims for executives and still has an historical relationship with self-employed persons. The bank enforces concentration limits per sector and maximal credit amounts per relationship. A credit relation consists of a combination of creditors (natural persons and/or legal persons) that are related to each other. The maximum credit amount per credit relation is determined as a percentage of the equity to safeguard the solvency of the bank.

The credit portfolio of the Van Breda Car Finance division consists of car loans and financial leasing and is characterized by a very large diversification. By a continuous fine-tuning of the acceptance criteria and thanks to a rigorous and proactive debtor follow up, this portfolio also has a low risk profile.

The following table provides a more in-depth overview of the loan book by product and sector.

By product (in thousand euro)	2014	2013
	Total BV	
Bills and own acceptances	6	94
Financial leases	129.408	129.746
Investment loans and finance loans	2.009.234	2.000.861
Mortgage loans	1.115.404	924.898
Straight loans and credit facilities	350.435	363.907
Other	28.282	29.102
Accrued interest	6.439	6.886
Total	3.639.208	3.455.495

By sector (in thousand euro)	2014	2013
	Total BV	
Liberal professions and independents	1.403.429	1.305.508
Wholesale and retail	544.041	522.877
Construction and real estate	492.420	452.070
Transport, warehousing and logistics	188.780	197.644
Other	711.260	690.992
Private households	292.839	279.519
Accrued interest	6.439	6.886
Total	3.639.208	3.455.495

The following table provides an overview, per product and per economic sector, of the non-performing loans (consolidated figures).

By product	2014		2013	
	Book value	Impairment	Book value	Impairment
	<i>(in thousand euro)</i>			
Financial leases.....	4,994	4,204	5,187	4,280
Investment loans and finance loans	68,146	34,921	77,871	37,551
Mortgage loans.....	3,727	329	3,446	165
Straight loans and credit facilities.....	11,365	4,467	14,469	4,398
Total.....	88,232	43,921	100,973	46,394

By sector	2014		2013	
	Book value	Impairment	Book value	Impairment
	(in thousand euro)			
Liberal professions and independents	9,301	3,332	10,062	2,384
Wholesale and retail	9,233	3,631	10,950	4,206
Construction and real estate.....	7,781	4,066	10,477	5,727
Transport, warehousing and logistics.....	29,444	13,341	43,574	21,584
Other.....	11,237	6,129	16,879	5,209
Private households.....	21,236	13,423	9,031	7,285
Total.....	88,232	43,921	100,973	46,394

The Group has no impairments for "incurred but not reported losses". The maintained and cautious credit policy of the Group together with the collaboration with successful and prudent clients, continues to bear its fruits, even in economic uncertain times. This is reflected in the track record of the credit cost ratio², which has been less than 0.07% on average over the past five years.

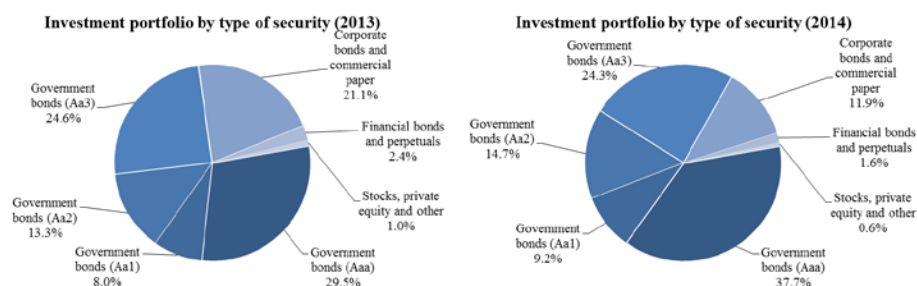
(b) *Investment portfolio*

The credit risk of the investment portfolio is kept very low by choice. The investment framework is presented annually to the Board of Directors for approval and determines the overall allowed positions and credit quality steps.

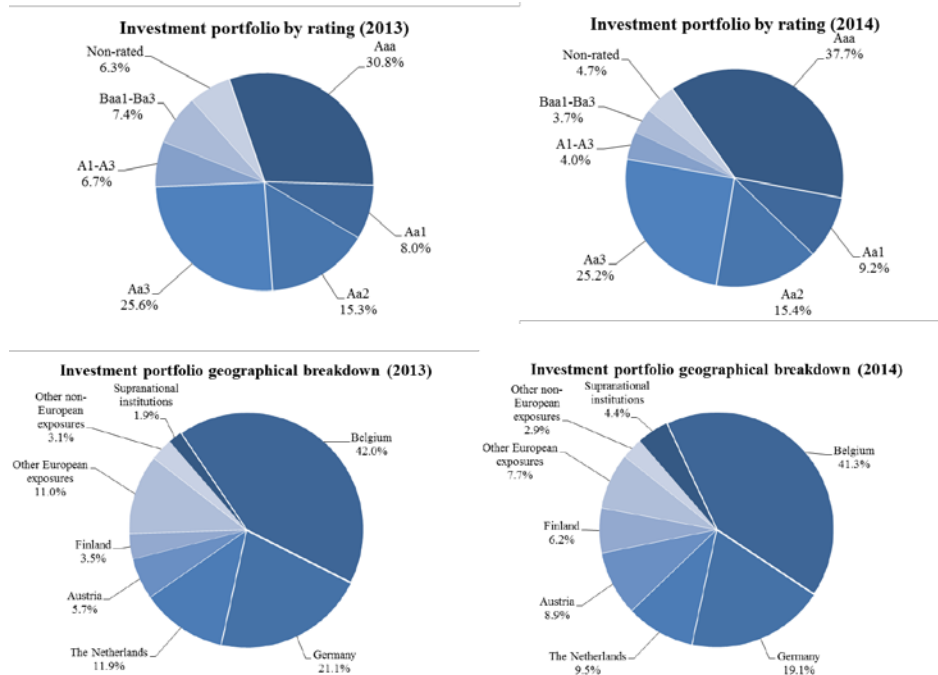
The investment portfolio was EUR 599 million as per 31 December 2014 (exclusive of accrued interest) and was composed of 86% of government bonds (including government guaranteed bonds) with a minimum rating of Aa3, 12% of corporate bonds (including commercial paper), 2% of financial bonds and less than 1% stocks.

The investment portfolio does not contain any bonds issued by Portugal, Ireland, Italy, Greece or Spain.

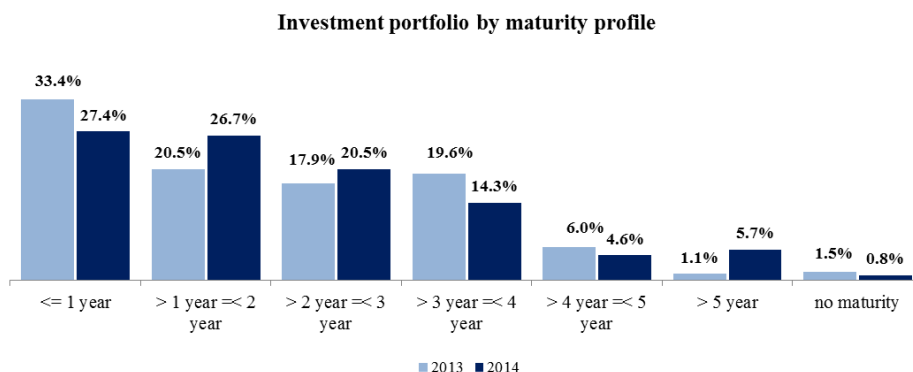
The figures below show a breakdown of the Issuer's investment portfolio by type of securities, rating, geography and maturity profile. To illustrate the stability of the Issuer's investment strategy, comparative figures of the previous year are also shown. Over the period of 2013 and 2014 the Issuer has maintained a very high quality in its investment portfolio.



² Credit cost ratio = net changes in impairment for credit risk / total outstanding loan portfolio



The duration of the investment portfolio is kept short to safeguard the value of the bonds when interest rates would rise.



7.5 **Market risk, interest rate risk and exchange rate risk**

The market risk is the risk of market movements that influence the value of open positions in a negative manner. As all activities are client driven and the Group does not take proprietary positions, the Group's result is less sensitive to the evolution of financial markets. The market risk of the Group is mainly determined by interest rate risk and only to a limited extent by exchange rate risk. The Group has an investment portfolio of good quality with limited market risk.

Interest rate risk can be defined as the way results or the value of financial transactions are influenced by the change of interest rates. For a financial institution, the interest rate risk is defined as the way income and/or the market value of this institution is negatively impacted by an interest rate shock.

The Group chooses to keep the interest rate risk at a low level:

- To correct any mismatches, the Group uses hedging instruments (interest rate swaps and caps).

- The interest rate sensitivity of equity and interest income is monitored using various scenario-analyses which simulate changing market conditions that allow the Group to measure the impact of these stress scenarios. The sensitivity is measured by the base-point-value methodology.
- This methodology reflects the change in portfolio value when an interest rate shock occurs parallel on all interest rate curves.

Impact of an immediate 100-basispoints upward shift of the interest rate curve	2014	2013
	<i>(in thousand euro)</i>	
Net interest income (income sensitivity)	2,475	1,788
Net present value of equity.....	(9,983)	(16,195)

A 100 basis points rise of the interest rate curve has a positive impact on the income result in year 1. The rise in interest rate costs of deposits is smaller than the rise in interest rate gains from the assets. This is explained by the large cash position of the bank and the low duration of the investment portfolio.

The Executive Committee and the Board of Directors lay out the assets and liabilities management policy of the Group (ALM). The ALM committee, which consists of the entire Executive Committee, meets on a monthly basis. This committee sets out the guidelines for the interest rate and liquidity management based on the financial economic context, simulations and reporting.

The exchange rate risk is the risk to losses on open forex positions due to changes in exchange rates. The Group has no material proprietary forex positions.

7.6 **Liquidity risk**

The liquidity risk is the risk that insufficient funding is available or that resources cannot be made available within a required time frame or at an adequate price in order to fulfil commitments.

The retail banking activities are the main resource of liquidity risk. A bank's funding resources normally have a shorter duration than a bank's assets, creating a possible maturity mismatch. The liquidity management of the Group monitors this mismatch and creates a funding strategy to reduce it to an acceptable level, which is defined in the liquidity framework. In this domain the Group also aims to maintain a low risk profile, as for interest rate risk and credit risk. The Group has a strong and high quality liquidity buffer that it may use to cope with treasury fluctuations. This buffer amounts to EUR 684 million and mainly consists of a very liquid bond portfolio.

The liquidity risk of the Group is permanently monitored by a proactive treasury management within the guidelines of the investment framework and the framework drafted by the ALM Committee. In 2010 the Issuer has drafted an emergency liquidity plan. This plan offers a detailed action plan in the event the bank is exposed to a long term scenario of stressed liquidity. There are procedures in place that determine the triggers for this emergency plan and the actions that can be taken to stabilise the liquidity position.

The Group has a very stable funding profile and its main source of funding are its client deposits. The Group closely monitors the loan-to-deposit ratio and enforces strict limits on this relationship between the credit portfolio and client deposits. At the end of 2014 this ratio was 95%.

The CRR and the CRD introduced two new liquidity standards:

- The LCR (Liquidity Coverage Ratio) is a measurement for the liquidity position under an acute stress scenario during a 30-day period. Institutions are required to hold a buffer of sufficient high quality liquid assets. The minimum of the standard is set to 100%.
- The NSFR (Net Stable Funding Ratio) requires banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. A

sustainable funding structure is intended to reduce the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on- and off-balance sheet items, and promotes funding stability. The regulator imposes a minimum limit of 100%.

At the end of 2014, the LCR amounted to 210% and the NSFR was at 131%. Both ratios are well above the minimum limit that the regulator imposes or, in case of the NSFR, will impose.

A part of the Issuer's assets may be collateralized. At the end of 2014 an amount of EUR 15.2 million was collateralised for derivatives, Bancontact / Mister Cash transactions and money bills. The general policy of the Issuer is to avoid substantial collateralization of its assets.

7.7 **Operational risk**

Operational risk is the risk to losses as a result of insufficient or failing internal processes, personnel and systems or because of external events. As a specialised niche player, Bank J.Van Breda & C° has the advantage of being a relatively small institution with short lines of communication. Operational risk is monitored through:

- high integrity standards: honesty is a high priority for the organization as well as for its individual employees;
- business unit charters: the core values: 'specialized', 'personal' and 'proactive' are implemented, evaluated and stimulated in all business units;
- first line of defence: the operational divisions have an important responsibility in monitoring their own processes and quality assurance;
- information technology: the most important operational processes have been automated and controls have been put in place; and
- disaster recovery plan: the business continuity of the Group in case of a disaster is frequently tested and further perfected.

7.8 **Solvency risk**

The CRR and CRD stipulate the capital requirements for credit risk, market risk, operational risk and counterparty risk.

The capital requirement for credit risk is calculated using the standardised approach. The minimum requirement equals 8% of the risk weighted assets and amounted to a required own funds of EUR 219.61 million.

The Group does not calculate capital requirements for market risk since the Group's net forex exposure is less than 2% of own funds.

The capital requirement for operational risk is calculated by using the Basic Indicator Approach (BIA). The minimum requirement equals 15% of the average operational result over the last 3 fiscal years and amounted to EUR 17.63 million.

The capital requirement for counterparty risk is calculated for all derivatives that are not cleared through a central counterparty. It is calculated using the standard method and amounted to EUR 0.14 million.

7.9 **Capital adequacy ratio**

As a result of the financial-economic crisis, the CRR and the CRD impose more strict capital requirements. The implementation of these regulations is phased in, in order to provide banks with the necessary time to build up a stronger capital base, without having to reduce lending

capabilities. The transition period ends in 2017. From the year 2018 and onwards, reporting will be fully loaded.

The capital adequacy ratio is calculated by dividing the prudential own funds by the risk weighted assets for credit risk, market risk, operational risk and counterparty risk.

The own funds consists of three components:

- Common Equity Tier 1 Capital consists largely of eligible common shares, retained earnings and accumulated other comprehensive income and is qualified as the strongest capital base.
- Additional Tier 1 Capital consists mainly of preferential shares and contingent convertible notes, but the Group has not issued any AT1-eligible instruments.
- Tier 2 Capital are debt instruments that count as regulatory capital of the least strong quality. For the Group, Tier 2 Capital consists of own-issued subordinated debt that meets the criteria for inclusion in Tier 2 Capital (including the Subordinated Notes).

Components of regulatory own funds	Transitional	Fully loaded
	<i>(in thousand euro)</i>	
Tier 1 Capital	442,691	405,306
of which Common Equity Tier 1 Capital (CET1)	442,691	405,306
of which Additional Tier 1 Capital (AT1)	0	0
Tier 2 Capital	55,034	50,374
Total own funds	497,725	455,680

Capital ratios	Transitional	Fully loaded
CET1 Capital ratio	14.92%	13.66%
Tier 1 Capital ratio	14.92%	13.66%
Total Capital ratio	16.77%	15.35%

The calculation of own funds is based on IFRS adjusted figures according to the CRD IV rules. The calculation set out below is calculated as at 31 December 2014 on a consolidated basis.

Reconciliation of own funds - IFRS to own funds - CRD IV	
	<i>(in thousand euro)</i>
Own funds – IFRS	475,125
Payment of dividend	(14,235)
Revaluation reserves of the available for sale portfolio not eligible for prudential own funds	(8,434)
Revaluation reserves of the cash flow hedge not eligible for prudential own funds	1,107
Prudent valuation adjustments (AVAs)	(13)
Goodwill and intangible assets	(8,949)
Deferred tax assets (2014: 20%)	(1,767)
Minority interest	(143)
Tier I own funds	442,691
Subordinated liabilities	55,034
Tier II own funds	55,034
Own funds - CRD IV	497,725

7.10 *Leverage ratio*

The leverage ratio is a non-risk-based measure and is calculated by dividing Tier 1 Capital by non-risk weighted assets and off-balance sheet exposures. This ratio amounts to 9.5% at the end of 2014 and largely exceeds the 3% minimum requirement that will be in place in 2018.

8. Equity

Total equity attributable to equity holders of the Issuer

The equity attributable to the equity holders of the Issuer per end of 2014 amounts to EUR 474.98 million versus EUR 447.91 million at the end of 2013.

Composition of equity – IFRS	31/12/2014	31/12/2013
	<i>(in thousand euro)</i>	
Share capital & share premium	17,500	17,500
Consolidated reserves.....	443,609	419,972
Defined benefit plans actuarial gains and losses.....	8	-69
Share-based payments.....	6,538	4,978
Total consolidated reserves	450,154	424,881
Revaluation reserves on financial assets available for sale.....	8,435	6,996
Revaluation reserves on cash flow hedges.....	(1,107)	(1,469)
Total revaluation reserves	7,327	5,526
Total equity attributable to equity holders of the bank	474,981	447,907

The share capital

The share capital of the Issuer is represented by 650,000 ordinary shares without nominal value. All shares are fully issued and paid-in shares.

Consolidated reserves

The increase of consolidated reserves is a result of the addition of the consolidated result of the fiscal year exclusive of minority interests (EUR 35.5 million per end of 2014 versus EUR 31.5 million in the previous year) minus the distributed dividend.

Defined benefit plans actuarial gains and losses

The Group's pension plans are primarily defined contribution pension plans, and the Group has only a limited number of defined benefit plans for limited amounts. The defined benefit plans are placed with insurance companies (branch 21). Actuarial profits and losses resulting from those plans are processed as unrealized results in the equity.

Share-based payments

As a result of the decision of the Board of Directors of Finaxis, there are currently three stock option plans running, reserved for certain employees and directors of the Group. A provision is made through the equity in order to fulfil the obligations of Finaxis to the option holders:

- Conform IFRS 2, this obligation is revalued yearly. The adaptation of the provision is a cost for the Group, that is taken into the personnel cost of the consolidated P&L of the Group.
- A decrease of the provision, as a result of the exercise of the option plans, will launch a transfer to the retained earnings.

Revaluation reserve on financial assets available for sale

The financial assets available for sale (AFS portfolio) are reported at fair value. Changes in fair value are carried by the equity (revaluation reserve) until the moment of realization of the asset or until the asset becomes impaired.

Revaluation reserves on cash flow hedges

Derivatives are used in managing the interest rate risks that occur from operational, financial and investment activities. Until 2012 part of these derivatives were processed as cash flow hedges and changes in the fair value of these contracts were recognised in equity. In 2013 the Group

decided to break all existing hedge relationships. The involved derivatives were transferred partly to fair value hedging and partly into the trading portfolio. The built-up negative revaluation reserve (frozen reserve) in the equity is taken into the P&L for the remainder of the duration of the derivatives. In 2014 the frozen reserve decreased with EUR 0.36 million.

9. Selected financial information relating to the Issuer

The following tables set out in summary form balance sheet and income statement information relating to the Issuer. Such information is derived from the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2013 and 31 December 2014. The financial statements of the Issuer are prepared in accordance with International Financial Reporting Standards. Such financial statements, together with the reports of the Issuer and the accompanying notes, constitute an annex to this Base Prospectus. The financial information presented below should be read in conjunction with such financial statements, reports and the notes thereto.

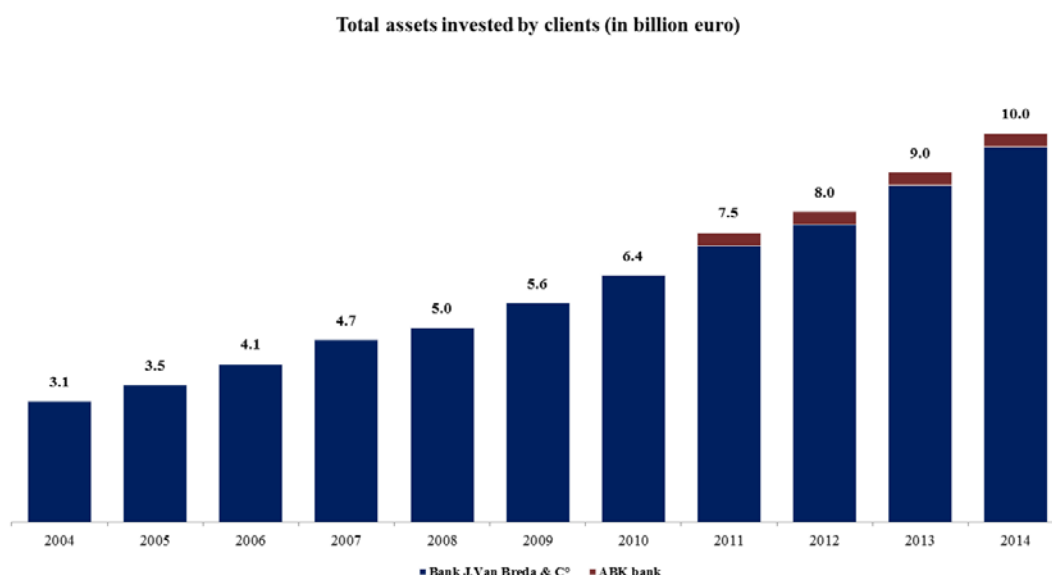
Income statement and balance sheet (all data as at 31 December; expressed in thousand EUR)

	2010	2011	2012	2013	2014
Results					
Profit from the reporting period attributable to shareholders.....	25,664	54.880 ^(*)	27,739	31,546	35,494
Balance sheet data					
Total invested by clients.....	6,368,943	7,469,140	8,010,401	9,017,851	10,018,353
Client deposits	2,596,766	3,455,702	3,424,426	3,683,174	3,815,449
Off-balance-sheet products	3,772,177	4,015,861	4,586,043	5,334,676	6,202,904
Lending to clients.....	2,631,339	3,043,941	3,306,419	3,455,495	3,639,208
Equity (group share).....	258,620	394,969	427,267	447,907	474,981

* Excluding ABK Bank, the net profit amounted to EUR 21.407 million. The exceptional non-recurring impact on results (badwill) from the acquisition of ABK Bank means that the percentage returns for 2011 provide a distorted picture of underlying profitability.

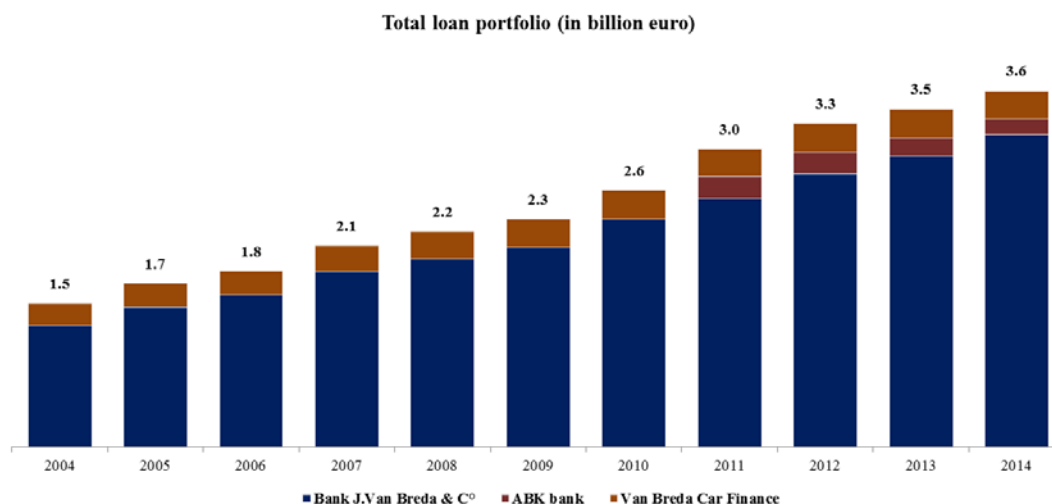
Deposits and off-balance

The total amount of assets invested by our clients, including off-balance investments, have reached EUR 10 billion on a consolidated level in 2014.



Loan portfolio

The total volume of the loan portfolio amounted to EUR 3.6 billion on a consolidated level.



Key ratios (all data as at 31 December; expressed in thousand EUR)

	2010	2011	2012	2013	2014
Ratios					
Efficiency ratio (cost-income).....	57%	61%	58%	59%	60%
Return on average equity (ROE).....	10%	(*)	7%	7%	8%
Return on assets (ROA).....	0.80%	(*)	0.69%	0.72%	0.79%
Credit cost ratio.....	0.15%	0.06%	0.08%	0.04%	0.01%
Solvency ratio (equity to assets) ^(**)	8.1%	9.9%	10.7%	10.2%	9.5%
Core capital ratio ^(**)	11.3%	14.7%	14.2%	13.7%	14.9%
Risk weighted solvency ratio (RAR) ^(**)	14.7%	17.3%	16.4%	15.6%	16.8%

* Excluding ABK Bank, the net profit amounted to EUR 21.407 million. The exceptional non-recurring impact on results (badwill) from the acquisition of ABK Bank means that the percentage returns for 2011 provide a distorted picture of underlying profitability.

** As from 2014 calculated according to Basel III standards

Financial highlights 2014

- As a result of a steady inflow of new investments, client assets under management have risen by EUR 1 billion to EUR 10 billion (+11%). The credit portfolio has also grown by 5% to EUR 3.6 billion.
- Our client satisfaction remains historically high expressed by a Net Promotor Score of 62%.
- With a net profit of EUR 35.5 million (+13%) in 2014, the Issuer has once again proven that it can combine sustainability with profitability throughout the economic cycles.

Consolidated balance sheet of the Issuer

Assets	31/12/2014	31/12/2013
	<i>(in thousand euro)</i>	
I. Cash and cash balances with central banks	100,063	183,457
II. Loans and advances to banks	64,722	59,706
III. Financial assets	4,257,938	4,098,411
1. Financial assets held for trading.....	1,864	1,243
2. Financial assets available for sale.....	606,966	640,743
3. Loans and receivables.....	3,639,208	3,455,495
4. Fair value hedging: changes in the fair value of the hedged portfolio.....	9,888	222
5. Derivatives used for hedging.....	13	709
IV. Tangible assets	37,907	33,156
1. Property, plant and equipment.....	37,907	33,156
V. Goodwill and other intangible assets	8,949	12,359
VI. Investments in associates, subsidiaries and joint ventures using the equity method	1,007	1,066
VII. Tax assets	11,092	17,563
1. Current tax assets.....	0	0
2. Deferred tax assets.....	11,092	17,563
VIII. Other assets	5,752	4,576
TOTAL ASSETS	4,487,430	4,410,294
	<i>(in thousand euro)</i>	
Liabilities	31/12/2014	31/12/2013
I. Financial liabilities	3,980,762	3,923,164
1. Financial liabilities held for trading.....	1,920	1,486
2. Financial liabilities measured at amortised cost.....	3,966,534	3,917,349
2.1 Deposits from credit institutions.....	12,432	106,320
2.2 Deposits from other than credit institutions.....	3,735,928	3,598,537
2.3 Debt certificates.....	138,661	128,019
2.4 Subordinated liabilities.....	79,513	84,473
3. Derivatives used for hedging.....	12,308	4,329
II. Provisions	2,838	1,938
III. Tax liabilities	3,405	7,083
1. Current tax liabilities.....	2,691	5,855
2. Deferred tax liabilities.....	713	1,228
IV. Other Liabilities	25,301	29,836
TOTAL LIABILITIES	4,012,306	3,962,020
V. Issued capital	17,500	17,500
VI Consolidated reserves	450,154	424,881
VII. Revaluation reserves	7,327	5,526
VIII. Minority interests	143	367
TOTAL EQUITY	475,125	448,274
TOTAL EQUITY AND LIABILITIES	4,487,430	4,410,294

Consolidated income statement of the Issuer

Consolidated profit and loss account	31/12/2014	31/12/2013
	<i>(in thousand euro)</i>	
I. Financial and operating income	119,377	117,716
1. Interest income, of which.....	82,086	76,767
<i>Interest received</i>	130,547	134,717
<i>Interest paid</i>	(48,461)	(57,951)
2. Dividends received.....	1,169	155
3. Fees and commissions, of which.....	32,020	31,601
<i>Fees and commissions received</i>	39,701	34,346
<i>Fees and commissions paid</i>	(7,681)	(2,745)
4. Realised profit (loss) on financial assets available for sale.....	87	1,982
5. Profit (loss) on financial instruments in the trading portfolio.....	452	4,715
6. Profit (loss) on cashflow hedging, of which.....	(547)	(3,280)
<i>Profit (loss) transferred from equity on hedging instruments</i>	(547)	(3,280)
<i>Ineffective portion of changes in fair value of hedging instruments</i>	0	0
7. Profit (loss) on fair value hedges.....	601	1,217
8. Gains and losses from foreign exchange trading.....	1,565	1,821
9. Realised profit (loss) on other assets.....	(5)	(49)
10. Other operating income and costs.....	1,949	2,787
<i>Other operating income</i>	1,959	2,824
<i>Other operating costs</i>	(9)	(37)
Banking profit	119,377	117,716
II. Administrative costs	(65,096)	(64,756)
1. Payroll costs.....	(40,491)	(39,500)
2. General and administrative costs.....	(24,606)	(25,256)
III. Depreciation and amortization	(5,226)	(4,332)
1. Tangible fixed assets (land, building and equipment)	(2,715)	(2,385)
2. Intangible assets.....	(2,511)	(1,947)
IV. Provisions	(900)	(213)
Banking costs	(71,222)	(69,300)
V. Impairment losses	(3,469)	(1,501)
1. On financial assets available for sale	(376)	(13)
2. On loans and receivables (incl. financial leasing)	(237)	(1,488)
3. On goodwill	(2,856)	0
VI. Share in the result of associated companies consolidated using the equity method	153	220
VII. Write-down on loans excluded partners of ABK Bank	5,758	0
Profit before tax	50,598	47,135
Taxes on profits	(15,020)	(14,760)
Profit for the period	35,578	32,375
Profit attributable to minority interests	84	828
Profits attributable to shareholders of the company	35,494	31,546

Consolidated cash flow statement of the Issuer

Consolidated cash flow statement	31/12/2014	31/12/2013
	<i>(in thousand euro)</i>	
Operating activities		
Net profit (loss) for the period	35,494	31,546
Adjustments to reconcile net profit or loss to net cash provided by operating activities	15,163	15,653
Current and deferred tax expenses recognised in income statement.....	15,020	14,760
Minority interests.....	84	828
Share in the result of associated companies consolidated using the equity method.....	(153)	(220)
Dividend receipts from associated companies consolidated using the equity method.....	212	285
Investing and financing	(528)	4,380
Depreciation/amortization.....	5,226	4,332
Gains and losses on sale of tangible assets.....	5	49
Write-down on loans excluded partners of ABK Bank.....	(5,758)	0
Operating	13,731	5,456
Impairments.....	3,484	1,515
(Increase) decrease in provisions.....	985	220
Gains and losses on cash flow hedges.....	547	3,280
Gains and losses on fair value hedges.....	(601)	(1,217)
Gains and losses on financial assets and liabilities held for trading.....	(452)	(4,715)
Gains and losses on available for sale assets.....	7,021	5,645
Share based payment.....	2,364	1,028
Other adjustments.....	382	(300)
Cash flow from operating profits before changes in operating assets and liabilities	63,860	57,036
(Increase) decrease in operating assets (excl. cash & cash equivalents)	(153,519)	(282,227)
(Increase) decrease in balances with central banks.....	(110)	445
(Increase) decrease in loans and advances to banks.....	3,240	455
(Increase) decrease in loans and receivables.....	(184,412)	(150,657)
(Increase) decrease in available for sale assets.....	27,363	(136,180)
(Increase) decrease in financial assets held for trading.....	0	4,344
(Increase) decrease in accrued income from financial assets.....	1,523	(239)
(Increase) decrease in other assets.....	(1,122)	(394)
(Increase) decrease in operating liabilities (excl. cash & cash equivalents)	54,264	414,319
(Increase) decrease in deposits from credit institutions.....	(95,571)	38,235
(Increase) decrease in deposits from other than credit institutions.....	135,947	266,775
(Increase) decrease in debt certificates.....	10,646	109,850
(Increase) decrease in subordinated liabilities (excl. accrued interest).....	1,160	1,478
(Increase) decrease in financial liabilities held for trading.....	0	(2,236)
(Increase) decrease accrued expenses on financial instruments.....	827	1,583
(Increase) decrease in other liabilities.....	1,256	(1,366)
Cash flow from operating activities	(35,395)	189,128
Income tax (paid) refunded.....	(13,055)	(11,393)
Net cash flow from operating activities	(48,450)	177,735
Investing activities		
(Cash payments to acquire tangible assets).....	(7,756)	(3,771)
Cash receipts from the sale of tangible assets.....	286	126
(Cash payments to acquire intangible assets).....	(1,957)	(3,096)
(Cash payments for the investment in subsidiaries, net of cash acquired).....	0	(1,160)
(Other cash payments relating to investing activities).....	(55)	(34)
Other receipts relating to investing activities.....	0	0
Net cash flow from investing activities	(9,482)	(7,935)
Financing activities		
(Dividends paid).....	(12,771)	(11,964)
Cash proceeds from the issuance of subordinated liabilities.....	0	0
(Repayment of subordinated liabilities).....	(6,039)	(4,254)
(Other payments relating to financing activities).....	(193)	(1)
Other receipts relating to financing activities.....	0	0
Net cash flow from financing activities	(19,003)	(16,220)
Increase of cash and cash equivalents through business combinations.....	0	116
Net increase in cash and cash equivalents	(76,936)	153,697
Cash and cash equivalents at beginning of the period*	193,906	40,209
Cash and cash equivalents at the end of the period*	116,971	193,906

* Cash and cash equivalents are defined as: cash, credit balances with central banks, postal cheque and giro services and amounts receivable from credit institutions (call money and current accounts), less overdrafts with central banks and deposits to credit institutions (call money and current accounts)

Reconciliation of "Cash and balances with central banks" (balance sheet) and "Cash and cash equivalents" (cash flow statement)	31/12/2014	31/12/2013
Cash and cash balances with central banks (assets)	100,063	183,457
- Accrued income from cash and cash balances with central banks.....	(0)	(4)
- Balances with central banks (monetary reserves)	(2,651)	(2,541)
+ Loans and advances to banks (call money and current accounts).....	22,604	14,344
- Deposits from central banks (liabilities).....	0	0
- Deposits from credit institutions (call money and current accounts).....	(3,046)	(1,350)
Cash and cash equivalents.....	116,971	193,906

10. **Recent investments**

The Issuer has not made any investments, nor has it resolved to make any future investments (other than the ongoing investments), since the date of its last published financial statements. It has thus not entered into significant binding acquisition agreements since 31 December 2014.

11. **Recent developments**

There have not been any recent events relevant to the evaluation of the Issuer's solvency since 31 December 2014.

12. **Trends**

Despite most Belgian banks are operating today in a low growth, low interest rate environment, which is increasingly putting pressure on the net interest income, Bank J.Van Breda is still seeing a high growth in assets under management. We believe this is due to our decision already years ago to primarily focus on clients' wealth creation.

In addition, the focus on cost management in the banking sector is expected to continue in the future. Making physical branches more cost-effective through increased automation and streamlining of different distribution channels will be one of the top priorities for banks. The integration of different contact points will allow the banks to create a complete customer experience. Bank J.Van Breda is also a strong believer in digitalisation, whereby the IT policy underpins our strategy to liaise with the client in a personal, efficient and cost-friendly manner. As at 31 December 2014, the cost-income ratio amounted to a consolidated 60%, making Bank J.Van Breda & C° one of the strongest performers in the Belgian banking sector. In its Financial Stability Review of 2014 the NBB states that the Belgian banking sector reduced its cost-income ratio to 62.5%.

There have been significant regulatory developments in the banking sector in the wake of the 2008 financial crisis, and this trend is expected to continue in the foreseeable future. Banks are now in the process of evaluating and implementing new or changed requirements and new compliance procedures. The continued implementation of the Basel III regulatory framework and other regulatory developments will impact the banks' profitability, and influence strategic and organizational choices. With new strategies and business models come new ways of measuring performance.

Bank J.Van Breda & C° believes it is well positioned to take on the challenges ahead, mostly due to its excellent liquidity position. As at 31 December 2014, the loan portfolio is financed entirely through its deposits, although Bank J.Van Breda & C° aims to diversify its funding sources, in particular through the establishment of the programme set out in this Base Prospectus. During the financial year 2014, the consolidated equity increased from EUR 448 million (2013) to EUR 475 million (2014). Similar to previous years, the equity is not affected by impairments on financial instruments in the investment portfolio. The equity growth is the foundation for the bank to maintain its stable growth, even in difficult market circumstances. The leverage ratio amounts to 9.5%, well ahead of the 3% threshold required by regulators by 2018 under the Basel III framework.

There also seems to be increased attention to customer-related key performance indicators (KPIs). Customer centricity, client satisfaction and net promoter score are expected to be very important KPIs of the future. Bank J.Van Breda has already been using the net promoter score for years. Based on a study by Gfk, a company specialized in market research, in June 2014, Bank J.Van Breda & Co's NPS amounts to 62%. This means that 9 out of 10 clients would recommend the bank to friends and colleagues. According to said study, this is one of the highest in the Belgian banking sector and comparable to worldwide renowned brands.

TAXATION

The following is a general description of certain Belgian tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

According to the Luxembourg law dated 25 November 2014, the Luxembourg government has abolished the withholding tax system with effect from 1 January 2015 in favour of the automatic information exchange mechanism under the Savings Directive. Furthermore, in October 2014, Austria reportedly agreed to a proposal amending Directive 2011/16/EU which aims at reinforcing the current EU legislation in the field of automatic exchange of information and which may ultimately lead to Austria abolishing the withholding system provided for in the Savings Directive. This proposal was finally adopted on 9 December 2014 as Directive 2014/107/EU on administrative cooperation in direct taxation which is further described below (see "*Common Reporting Standard*" below).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

The European Council formally adopted a Council Directive amending the Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

However, the European Commission has proposed the repeal of the Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

On 27 May 2015 the European Union and Switzerland signed a protocol amending their existing Savings agreement and transforming it into an agreement on automatic exchange of financial account information based on the OECD global standard.

Investors who are in any doubt as to their position should consult their professional advisers.

Common Reporting Standard

The exchange of information is, in the near future, expected to be governed by the broader Common Reporting Standard ("CRS").

On 29 October 2014, 51 jurisdictions signed the multilateral competent authority agreement (MCAA), which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications.

More than 40 jurisdictions have committed to a specific and ambitious timetable leading to the first automatic information exchanges in 2017 ("early adopters").

Under CRS, financial institutions resident in a CRS country would be required to report, according to a due diligence standard, financial information with respect to reportable accounts, which includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

On 9 December 2014, EU Member States adopted Directive 2014/107/EU on administrative cooperation in direct taxation ("DAC2"), which provides for mandatory automatic exchange of financial information as foreseen in CRS. DAC2 amends the previous Directive on administrative cooperation in direct taxation, Directive 2011/16/EU.

Investors who are in any doubt as to their position should consult their professional advisers.

Belgian taxation

The following is a general description of the principal Belgian tax consequences for investors receiving interest in respect of, or disposing of, the Notes and is of a general nature. It does not purport to be a complete analysis of tax considerations relating to the Notes whether in Belgium or elsewhere.

This general description is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date (or with retroactive effect). Investors should appreciate that, as a result of changing law or practice, the tax consequences may be otherwise than as stated below. Investors should consult their professional advisers on the possible tax consequences of subscribing for, purchasing, holding or selling the Notes under the laws of their countries of citizenship, residence, ordinary residence or domicile.

Investor should note that the Belgian federal government announced, in a press conference dated July 23, 2015, its intention to increase the Belgian withholding tax rate from 25% to 27%. This rate increase would possibly apply as from January 1, 2017. Pending the relating tax laws to implement such measures, its precise modalities are not yet known up to date.

Belgian Withholding Tax

All payments by or on behalf of the Issuer of interest on the Notes are in principle subject to the 25 per cent. Belgian withholding tax on the gross amount of the interest. In this regard, "interest" means the periodic interest income, any amount paid by the Issuer in excess of the issue price (whether or not on the maturity date) and, in case of a redemption or transfer of the Notes between two interest payment dates, the pro rata of accrued interest corresponding to the detention period.

However, payments of interest and principal under the Notes by or on behalf of the Issuer may be made without deduction of withholding tax in respect of the Notes if and as long as at the moment of payment

or attribution of interest they are held by certain eligible investors (the "**Eligible Investor**"), see hereinafter) in an exempt securities account (an "**X Account**") that has been opened with a financial institution that is a direct or indirect participant (a "**Participant**") in the NBB-SSS. Euroclear and Clearstream, Luxembourg are Participants for this purpose.

Holding the Notes through the NBB-SSS enables Eligible Investors to receive the gross interest income on their Notes and to transfer the Notes on a gross basis.

Participants to the NBB-SSS must enter the Notes which they hold on behalf of Eligible Investors in an X Account.

Eligible Investors are those entities referred to in article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax (*Arrêté royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier/Koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing*) which include, inter alia:

- (a) Belgian resident companies referred to in article 2, § 1, 5°, b) of the Belgian Income Tax Code of 1992 (*wetboek van inkomstenbelastingen 1992/code des impôts sur les revenus 1992*) ("**BITC**");
- (b) institutions, associations or companies specified in article 2, §3 of the law of 9 July 1975 on the control of insurance companies other than those referred to in 1° and 3° subject to the application of article 262, 1° and 5° of the BITC;
- (c) state regulated institutions (*institutions parastatales / parastatalen*) for social security, or institutions which are assimilated therewith, provided for in article 105, 2° of the Royal Decree implementing the Belgian Income Tax Code 1992 (*Arrêté royal d'exécution du code des impôts sur les revenus 1992 / Koninklijk besluit tot uitvoering van het wetboek inkomsten belastingen 1992*);
- (d) non-resident investors provided for in article 105, 5° of the same decree;
- (e) investment funds, recognised in the framework of pension savings, provided for in article 115 of the same decree;
- (f) tax payers provided for in article 227, 2° of the BITC which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident income tax pursuant to article 233 of the same code;
- (g) the Belgian State in respect of investments which are exempt from withholding tax in accordance with article 265 of the BITC;
- (h) investment funds governed by foreign law which are an indivisible estate managed by a management company for the account of the participants, provided the fund units are not offered publicly in Belgium or traded in Belgium; and
- (i) Belgian resident corporations, not provided for under (a), when their activities exclusively or principally consist of the granting of credits and loans.

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

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

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

- A transfer from an N Account to an X Account gives rise to the payment by the transferor non-Eligible Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date;

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

Upon opening of an X Account for the holding of Notes, the Eligible Investor is required to provide the Participant with a statement of its eligible status on a form approved by the Minister of Finance. There is no ongoing declaration requirement to the NBB-SSS as to the eligible status, save that they need to inform the Participant of any change in the information contained in the statement of their eligible status. However, Participants are requested to make declarations to the NBB as to the eligible status of each investor for whom they held bonds in an X Account during the preceding calendar year.

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

Belgian tax on income and capital gains

Belgian resident individuals

For individuals who are Belgian residents for tax purposes, i.e., who are subject to the Belgian personal income tax (*Personenbelasting / Impôt des personnes physiques*) and who hold the Notes as a private investment, payment of the 25 per cent. withholding tax fully discharges them from their personal income tax liability with respect to these interest payments (*précompte mobilier libératoire / bevrijdende roerende voorheffing*). This means that they do not have to declare the interest obtained on the Notes in their personal income tax return, provided withholding tax was levied on these interest payments.

Belgian resident individuals may nevertheless elect to declare the interest in their personal income tax return. Where the beneficiary opts to declare them, interest payments will normally be taxed at the interest withholding tax of 25 per cent. (or at the progressive personal tax rates taking into account the taxpayer's other declared income, whichever is lower). If the interest payment is declared, the withholding tax retained by the NBB may be credited.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gains are realised outside the scope of the management of one's private estate or unless the capital gains qualify as interest (as set out in "*Belgian Withholding Tax*" above). Capital losses realised upon the disposal of the Notes held as non-professional investment are in principle not tax deductible.

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

Belgian resident companies

Interest attributed or paid to corporations which are Belgian residents for tax purposes, i.e. which are subject to Belgian corporate income tax (*Vennootschapsbelasting / Impôt des sociétés*), as well as capital gains realised upon the disposal of Notes are taxable at the ordinary corporate income tax rate of in principle 33.99 per cent. (or the relevant progressive corporate income tax rate(s) in the case of certain corporations with limited profits). Capital losses realised upon the disposal of the Notes are in principle tax deductible.

Belgian legal entities

Belgian legal entities subject to the Belgian legal entities tax (*Rechtspersonenbelasting / Impôt des personnes morales*) which do not qualify as Eligible Investors (as set out in "*Belgian Withholding Tax*" above) are subject to a withholding tax of 25 per cent. on interest payments. The withholding tax constitutes the final taxation.

Belgian legal entities which qualify as Eligible Investors and which consequently have received gross interest income are required to declare and pay the 25 per cent. withholding tax to the Belgian tax authorities.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gains qualify as interest (as set out in "*Belgian Withholding Tax*" above). Capital losses are in principle not tax deductible.

Organisations for Financing Pensions

Interest and capital gains derived by Organisations for Financing Pensions in the meaning of the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision, are in principle exempt from Belgian corporate income tax. Capital losses are in principle not tax deductible. Subject to certain conditions, 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.

Belgian non-residents

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

Tax on stock exchange and repurchase transactions

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

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

However, none of the taxes referred to above will be payable by exempt persons acting for their own account, including investors who are Belgian non-residents provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors, as defined in Article 126/1,2° of the Code of various duties and taxes (*Code des droits et taxes divers / Wetboek diverse rechten en taksen*) for the tax on stock exchange transactions and Article 139, second paragraph, of the same code for the tax on repurchase transactions.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common financial transaction tax (the "**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Notwithstanding the European Commission proposals, a statement made by the participating Member States (other than Slovenia) indicates that a progressive implementation of the FTT is being considered, and that the FTT may initially apply only to transactions involving shares and certain derivatives, with implementation occurring by 1 January 2016. However, full details are not available.

The proposed FTT remains subject to negotiation between the participating Member States and the timing remains unclear. Additional Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

FATCA

In all but the most remote circumstances, it is not expected that the foreign account tax compliance tax provisions of the Hiring Incentives to Restore Employment Act of 2010, commonly referred to as "FATCA", will affect the amount of any payment received by the clearing system. Further, non-U.S. financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an "IGA") are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make on securities such as the Notes. However, if FATCA withholding were relevant with respect to payments on the Notes, FATCA could affect payments made to custodians or intermediaries in the payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also could affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives a payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose their custodians and intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA, including any IGA legislation, if applicable) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. If any amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the Terms and Conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

SUBSCRIPTION AND SALE

Notes may be issued from time to time by the Issuer to any one or more of Belfius Bank SA/NV and KBC Bank NV (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be issued by the Issuer to, and subscribed by, the Dealers are set out in a Dealer Agreement dated on or about 3 November 2015 (the "**Dealer Agreement**") entered into between the Issuer and the Dealers. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and a single Dealer for that Tranche to be issued by the Issuer and subscribed by that Dealer. The method of distribution will be described in the relevant Final Terms as "Non-Syndicated" and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Final Terms as "Syndicated". The obligations of those Dealers to subscribe the relevant Notes will be joint and several and the names and addresses of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers (including whether any of those Dealers has also been appointed to act as Stabilising Manager in relation to that Tranche) will be set out in the relevant Final Terms.

Any such agreement will, *inter alia*, specify the form and terms and conditions of the relevant Notes and the price at which such Notes will be subscribed by the Dealer(s). The Dealer Agreement provides for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

The Notes have not been and will not be registered under the Securities Act. Subject to certain exceptions, Notes may not be offered or sold within the United States or to U.S. persons. Each of the Dealers has agreed that, except as permitted by the Dealer Agreement, it will not offer or sell the Notes within the United States or to U.S. persons. In addition, until 40 days after the commencement of any offering, an offer or sale of Notes from that offering within the United States by any dealer whether or not participating in the offering may violate the registration requirements of the Securities Act.

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) *Fewer than 100 offerees*: at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) *Other exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive.

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Dealer has represented, warranted and agreed that:

- (a) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSM Act**") received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSM Act does not apply to the Issuer; and
- (b) **General compliance:** it has complied and will comply with all applicable provisions of the FSM Act with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

General

Each Dealer has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

GENERAL INFORMATION

Authorisation

1. The establishment of the Programme was authorised by the board of directors of the Issuer on 22 October 2015. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Legal and Arbitration Proceedings

2. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer or the Group.

Significant/Material Change

3. Since 31 December 2014 there has been no material adverse change in the prospects of the Issuer or the Group. Since 31 December 2014, there has been no material adverse change in the financial or trading position of the Issuer or the Group.

Auditors

4. The consolidated financial statements of the Issuer have been audited without qualification for the years ended 31 December 2013 and 31 December 2014 by KPMG *Bedrijfsrevisoren/Réviseurs d'entreprises*, represented by Mr. Erik Clinck, member of the *Instituut der Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*, who have given, and have not withdrawn, their consent to the inclusion of their report in this Base Prospectus in the form and context in which it is included.

Documents on Display

5. Copies of the following documents may be inspected during normal business hours at the offices of the Agent for 12 months from the date of this Base Prospectus:
 - (a) the articles of association of the Issuer (in Dutch);
 - (b) the audited consolidated financial statements of the Issuer for the years ended 31 December 2013 and 31 December 2014 (in Dutch);
 - (c) the Agency Agreement;
 - (d) the Dealer Agreement; and
 - (e) the Programme Manual.

Investors who request a hard copy of this Base Prospectus will be delivered, together with a hard copy of such Base Prospectus, a copy of the documents constituting the annex to this Base Prospectus and available on <https://www.bankvanbreda.be/publicaties/jaarverslag/>.

Material Contracts

6. There are no material contracts entered into other than in the ordinary course of the Group's business, which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.

Clearing of the Notes

7. The Notes have been accepted for clearance through the NBB-SSS. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Final Terms.

Denominations

8. No Notes may be issued under the Programme which (a) have a minimum denomination of less than EUR100,000 (or nearly equivalent in another currency), or (b) carry the right to acquire shares (or transferable securities equivalent to shares) issued by the Issuer or by any entity to whose group the Issuer belongs. Subject thereto, Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Issue Price and Yield

9. Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer, and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes or the method of determining the price and the process for its disclosure will be set out in the applicable Final Terms. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

ANNEX 1
FINANCIAL INFORMATION

The Dutch version of the consolidated financial statements of the Issuer for the years ended 31 December 2014 and 31 December 2013, the notes to these consolidated financial statements and the auditors' reports in respect thereof constitute an annex to the Base Prospectus.

These documents can be consulted on <https://www.bankvanbreda.be/publicaties/jaarverslag/>

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REGISTERED OFFICE OF THE ISSUER

Bank J. Van Breda & C° NV

Ledeganckkaai 7
2000 Antwerp
Belgium

DEALERS

Belfius Bank SA/NV

Pachécolaan 44
1000 Brussels
Belgium

KBC Bank NV

Havenlaan 2
1080 Brussels
Belgium

AGENT

KBC Bank NV

Havenlaan 2
1080 Brussels
Belgium

LEGAL ADVISERS

To the Issuer:

White & Case LLP

Wetstraat 62
1040 Brussels
Belgium

To the Dealers:

Clifford Chance LLP

Avenue Louise 65, box 2
1050 Brussels
Belgium

AUDITORS TO THE ISSUER

KPMG Bedrijfsrevisoren BV CVBA / Réviseurs d'entreprises SC SCRL

Avenue du Bourget 40
1130 Brussels
Belgium