

**SECOND SUPPLEMENT DATED 28 APRIL 2020
TO THE BASE PROSPECTUS DATED 24 SEPTEMBER 2019**



BELFIUS FINANCING COMPANY SA

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

Issuer

BELFIUS BANK SA/NV

(Incorporated with limited liability under the laws of Belgium)

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

BANQUE INTERNATIONALE A LUXEMBOURG,

SOCIETE ANONYME

Fiscal Agent and Principal Paying Agent

NOTES ISSUANCE PROGRAMME

EUR 20,000,000,000

This second supplement (the “**Second Supplement**”) is supplemental to, and should be read in conjunction with, the Base Prospectus dated 24 September 2019 (the “**Base Prospectus**”) prepared in relation to the Programme and prepared in respect of the issuance of Belfius Bank Notes and Belfius Financing Company Notes. On 24 September 2019, the Belgian Financial Services and Markets Authority (the “**FSMA**”) approved the Base Prospectus as a base prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”).

The FSMA approves this Second Supplement on 28 April 2020 as supplement to the Base Prospectus for the purposes of Article 23 of the Prospectus Regulation. The FSMA approved the First Supplement on 24 February 2020.

The Issuers accept responsibility for the information contained in this Second Supplement. The Issuers declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Second Supplement is, to the best of their knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

Unless the context otherwise requires, terms defined in the Base Prospectus shall have the same meaning when used in this Second Supplement. The Base Prospectus, the First Supplement and the Second Supplement are available on the internet site www.belfius.be and a copy can be obtained free of charge in the offices of Belfius Bank SA/NV.

In case of inconsistency between (a) statements in this Second Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, as supplemented, the Second Supplement will prevail.

This Second Supplement has been prepared for the purposes of incorporating the Annual Accounts 2019 of Belfius Bank (available on <https://www.belfius.be>) and the Annual Accounts 2019 of Belfius Financing Company (<https://www.belfius-financingcompany.lu/FR/rapports-annuels/index.aspx>), the ratings of Belfius Bank and amendments related to the spread of Covid-19.

Save as disclosed in this Supplement and any supplement to the Base Prospectus, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

In accordance with article 23 paragraph 2 of the Prospectus Regulation, investors who have, before the publication of this Second Supplement, already agreed to purchase or subscribe notes which are not yet settled at the date of such publication, have the right to revoke their acceptance until 30 April 2020 (included). This right of revocation relates to the following Notes:

- Belfius Financing Company (LU) Autocall Memory 05/2030
- Belfius Financing Company (LU) Callable 05/2028
- Belfius Financing Company (LU) Demography 90 05/2023
- Belfius Financing Company (LU) Active Interest USD 05/2024
- Belfius Financing Company (LU) Opti Performer 05/2024
- Belfius Financing Company (LU) NOK 05/2020-05/2025
- Belfius Financing Company (LU) Memory Private Notes 05-2026

1. Results 2019 of Belfius Bank SA/NV and Belfius Financing Company, SA

The section 5. “Documents incorporated by reference” on page 18 is amended as follows:

The Base Prospectus should be read and construed in conjunction with the audited consolidated accounts of Belfius Bank (<https://www.belfius.be>) for the years ended 31 December 2018 and 31 December 2019, as well as for Belfius Bank the half-yearly report for the period ending 30 June 2019 (the “Half-Yearly Report 2019”) (<https://www.belfius.be>) which are incorporated by reference in this Base Prospectus.

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

This Base Prospectus should also be read and construed in conjunction with the audited consolidated accounts of Belfius Financing Company (<https://www.belfius-financingcompany.lu/>) for the years ended 31 December 2018 and 31 December 2019, including the reports of the statutory auditors in respect thereof, as well as the semi-annual unaudited key financial figures for 30 June 2019 for Belfius Financing Company (Unaudited interim accounts as at 30 June 2019 available on <https://www.belfius-financingcompany.lu/FR/rapports-annuels/index.aspx>), and incorporated in Annex of this Base Prospectus).

This Base Prospectus should also be read and construed in conjunction with the disclosure documents on “Alternative Performance Measures” for the year ended 31 December 2018 and 31 December 2019 which are available on the website of the Issuer (<https://www.belfius.be>).

Copies of all documents incorporated by reference in this Base Prospectus may be obtained without charge from the offices of Belfius Bank and on the website of Belfius Bank (<https://www.belfius.be>).

The tables below set out the relevant page references for:

- (a) the (i) consolidated balance sheet, (ii) consolidated statement of income, (iii) consolidated statement of comprehensive income, (iv) consolidated statement of change in equity, (v) consolidated cash flow statement, (vi) audit report on the consolidated accounts, (vii) notes to the consolidated financial statements, (viii) non-consolidated balance sheet, (ix) non-consolidated statement of income, (x) audit report on the non-consolidated accounts of Belfius Bank as set out in the 2018 and 2019 Annual Report of Belfius Bank; and
- (b) the (i) unaudited consolidated balance sheet, (ii) unaudited consolidated statement of income, (iii) unaudited consolidated statement of comprehensive income, (iv) unaudited consolidated statement of change in equity, (v) unaudited consolidated cash flow statement, (vi) audit report on the consolidated accounts, and (vii) notes to the consolidated financial statements of Belfius Bank for the period ended 30 June 2019 as set out in the Half-Yearly Report 2019.
- (c) the accounting policies, notes and auditors’ reports of Belfius Financing Company for the financial years ended 31 December 2018 and 31 December 2019, and the references to the unaudited semi-annual report of 30 June 2019.

Information contained in the documents incorporated by reference other than information listed in the table below is for information purposes only, and does not form part of this Base Prospectus.

The consolidated balance sheet and consolidated statement of income of Belfius Financing Company can be found in the section headed “6. Belfius Financing Company SA” of this Base Prospectus.

Belfius Financing Company

<i>(refer to pages of the Report(s))</i>	Annual Report 2018 Audited	Annual Report 2019 Audited	Report on the Interim Accounts on 30 June 2019 Unaudited
Balance Sheet	6	6	3
Statement of Income	8	8	5
Audit Report on the Accounts	1	1	N/A
Notes to the Accounts	10	10	7

The consolidated balance sheet and consolidated statement of income of Belfius Bank can be found in the section headed “7. Belfius Bank SA/NV” of this Base Prospectus.

Belfius Bank SA/NV

<i>(refer to pages of the Report(s))</i>	Annual Report 2018 (English version) audited	Annual Report 2019 (English version) audited	Half-Yearly Report 2019 (English version) unaudited – condensed
Consolidated balance sheet	144	176	54
Consolidated statement of income	148	178	56
Consolidated statement of comprehensive income	150	180	58
Consolidated statement of change in equity	152	182	60
Consolidated cash flow statement	158	187	67
Audit report on the consolidated accounts	318	326	120
Notes to the consolidated financial statements	161	189	69
Non-consolidated balance sheet	330	336	N/A
Non-consolidated statement of income	333	339	N/A
Audit report on the non-consolidated accounts	336	341	N/A

2. Ratings of Belfius Bank SA/NV

On March 30, 2020 Fitch has modified the outlook on Belfius from Stable to Negative.

The following text supersedes the description of the ratings mentioned on pages 2 and 49 of the Base Prospectus dated 24 September 2019.

The current Long-term ratings of Belfius Bank are A1, with outlook 'Stable' (Moody's), A-, with outlook 'Stable' (Standard & Poor's) and A-, with outlook 'Negative' (Fitch). An outlook is not necessarily a precursor of a rating change or future credit watch action. In case of any rating action by any of the rating agencies, the most recent credit ratings of Belfius Bank are published on Belfius Bank website, at the following address:

<https://www.belfius.be/about-us/en/investors/ratings/reports>

8.6. Ratings (page 49)

As of 30 March 2020, Belfius Bank had the following ratings:

Agency	Long-term rating	Outlook	Short-term rating
Fitch	A-	Negative	F2
Moody's	A1	Stable	Prime-1
Standard & Poor's	A-	Stable	A-2

3. Information related to the ongoing spread of COVID-19

In the subsection 2.1.1 Risk related to the Financial Situation and Business Activity, the following paragraph is added at the beginning of the subsection:

Since the World Health Organization (WHO) declared the COVID-19 outbreak a public health emergency of international concern in January, it has spread across the globe. The WHO has continuously raised its global risk outlook and announced more new cases outside of China than within for the first time on 26 February. The outbreak is a major shock weighing on global financial markets and is now expected to heavily impact global economic growth. It is expected that there is significant disruption to economic activity, particularly a slowdown in production and a reduction in domestic and foreign demand, and may consequently have an impact on the financial position of Belfius (amongst others solvency, liquidity, insurance premiums, interest margin, fee income, fair value results as well as cost of risk).

The risks linked to the Covid 19 outbreak (Global criticality high) can have an influence on the risks described in the Base Prospectus.

As fully fledged diversified bank-insurer that is positioned successfully in every segment of the Belgian economy, a slowdown of the economy may have an impact on the new production in mortgages loans, business and corporate loans or public and social sector loans for Belfius.

The credit cost of the first half 2020 will be characterised mainly by impairments on a number of loans. Going forward, no reliable estimate can be made at this point on the size of the impact of the Coronavirus pandemic on our credit costs, because a number of events such as the length and depth of the downturn of the economy and legislative actions that are being taken by authorities may have an impact on our assessment of future loan losses.

To calculate the Expected Credit Losses (ECL) per IFRS 9 Belfius uses 4 weighted forward-looking scenarios. The forward looking scenarios are based on macro-economic parameters namely optimistic, neutral, pessimistic and a stress case, whilst the weights are adapted to the specific circumstances and prospects of each scenario. In light of the current COVID-19 crisis, it is not inconceivable that the macroeconomic scenarios could deteriorate further for an undeterminable period as well as an increase of the weights assigned to the pessimistic and stress scenarios, all of which will have a negative impact on the ECL. Nevertheless, counteractive measures that are and will be taken by different authorities (such as central banks, national authorities with possible guarantee schemes, regulators, other European authorities etc.) need to be taken into account as well. It is impossible, at this stage, to estimate the potential adjustments to the ECL under the current macro-economic environment that is unpredictable and uncertain as a result of the worldwide COVID-19 crisis.

The corona virus pandemic has triggered a chain of events in the markets that has led to a massive sell-off across asset classes and a sharp increase in volatility affecting amongst others stock markets, credit spreads, interest rates and oil prices. This increased volatility currently observed in financial markets adversely affects the financial instruments at Fair Value, including those instruments at Fair Value through P&L. In the case of Belfius, the most important factor has been the negative evolution of the credit spread at Belfius Bank. The sensitivity table provided in page 301 of the annual report 2019 can be used to estimate the impact over the first quarter 2020. The rest of the impact arises from market movements in interest rates and other equity instruments.

As a consequence of the Covid-19 outbreak, operational risk is increasing and is being monitored closely. The business continuity plan has been activated.

The significant deterioration in the economic outlook has brought about an unprecedented monetary policy response from central banks and governments around the world, resulting in flattening yield curves and widening credit spreads

Given that new government, regulatory and sector-related measures are being taken every day, it is impossible at this stage to make a reliable estimate of what the consequences will be for the global economy and, more specifically, for Belfius. We are closely monitoring the situation. We are adopting a cautious and conservative approach. Our Tier1 ratio and total capital ratio are solid and in terms of liquidity, Belfius is able to rely on solid reserves.

In the subsection 7.6 Post balance sheet events, the following paragraph is added:

Since the World Health Organization (WHO) declared the COVID-19 outbreak a public health emergency of international concern in January, it has spread across the globe. The WHO has continuously raised its global risk outlook and announced more new cases outside of China than within for the first time on 26 February. The outbreak is a major shock weighing on global financial markets and is now expected to heavily impact global economic growth.

In these unprecedented and difficult times, Belfius is therefore assuming its responsibilities and, as far as we are able, Belfius will go the extra mile to remain at the service of our retail as well as business, corporate, public and social profit customers. We will therefore also cooperate in solidarity with the measures agreed on 22 March 2020 by the Belgian government and the Belgian banking sector.

The Covid-19 pandemic led to negotiations between the Belgian Federal Government, the National Bank of Belgium and the Belgian financial sector to provide temporary support to businesses, self-employed individuals and private households which run into liquidity issues. This led to a number of agreements aimed at protecting businesses and individuals which suffered an economic hit as a result of the Covid-19 crisis. Private individuals who are confronted with payment difficulties can receive a suspension of payment for their mortgage loans, while solid businesses and self-employed individuals can receive a deferment of payments under their credits. Furthermore, a State guarantee scheme was put in place. This guarantee scheme applies to qualifying short-term credits granted by credit institutions to viable non-financial companies.

In line with the recommendation of the European Central Bank regarding the distribution of dividends by credit institutions (dated 27 March), the Board of Directors of Belfius Bank has decided on 2 April 2020 to propose to the Shareholder General Assembly of 29 April 2020 to maintain the ordinary dividend for the 2019 results at EUR 100 million (corresponding to the interim dividend already paid in August 2019) and also to retain within its reserves the residual ordinary dividend of EUR 161 million that was previously proposed back in February. Furthermore, in line with the ECB recommendation, the Board has also decided that any proposal for, and any distribution of, a dividend for 2020 will be postponed until at least 1 October 2020. In this way Belfius is increasing its ability to fulfil its commitment to Belgian society. As a result of this decision regarding the ordinary dividend for 2019, Belfius has further strengthened its CET 1 ratio to 15.9% at year-end 2019. Belfius has thus considerable reserves to tackle this crisis.

On page 29, section 7 this paragraph is replaced by the following:

Significant changes in the financial position or financial performance

The negative economic effects of the ongoing spread of COVID-19 on Belfius Bank cannot be adequately determined or precisely quantified for the time being and, as a result, the negative impact on the financial position or the financial performance of Belfius is at this stage difficult to determine.

Annex:

**BELFIUS FINANCING COMPANY S.A.
SOCIETE ANONYME**

**ANNUAL ACCOUNTS AND REPORT OF
THE RÉVISEUR D'ENTREPRISES AGRÉÉ**

AS AT DECEMBER 31, 2019

20, rue de l'Industrie
L-8399 Windhof
R.C.S. Luxembourg: B 156767

TABLE OF CONTENTS

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ	1 - 5
ANNUAL ACCOUNTS	
- Balance sheet	6 - 7
- Profit and loss account	8 - 9
- Notes to the accounts	10 - 20

To the Sole Shareholder of
Belfius Financing Company S.A.
20, rue de l'Industrie
L-8399 Windhof

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

Report on the Audit of the Annual Accounts

Opinion

We have audited the annual accounts of Belfius Financing Company S.A. (the "Company"), which comprise the balance sheet as at December 31, 2019, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at December 31, 2019, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 on the audit profession (Law of July 23, 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier (CSSF). Our responsibilities under the EU Regulation N° 537/2014, the Law of July 23, 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the Réviseur d'Entreprises Agréé for the Audit of the Annual Accounts" section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Debt instruments issuances and bond investments:

Risk description:

Short-term and long-term debt issuances are presented under Creditors in the annual accounts. These issuances are backed by bonds recognised under Investments in the annual accounts.

These transactions form the core activity of the Company and are the most material items of its financial position. In addition, these bonds contribute significantly to the results of the Company consisting in interest income they generate. Therefore, we have considered the completeness of the Creditors balance, the existence of the Investments balance and the accuracy of the related interest income as key audit matters for the purpose of our audit.

Audit responses:

We have assessed the design and implementation of key control activities which the Company performs in relation to debt instrument issuance, bond investments and related interest income. We have performed a test of operating effectiveness of these identified relevant controls.

We completed our audit procedures by:

- performing substantive testing on interest income related to Investments;
- obtaining and analysing external confirmations from custodian banks in relation to the completeness and existence of respectively Creditors and Investments as at December 31, 2019.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the management report but does not include the annual accounts and our report of the Réviseur d'Entreprises Agréé thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the Annual Accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the Réviseur d'Entreprises Agréé for the Audit of the Annual Accounts

The objectives of our audit are to obtain a reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the Réviseur d'Entreprises Agréé that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the Réviseur d'Entreprises Agréé to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the Réviseur d'Entreprises Agréé. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

We have been appointed as Réviseur d'Entreprises Agréé by the General Meeting of the Sole Shareholder on March 15, 2017 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 10 years.

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014, on the audit profession were not provided and that we remained independent of the Company in conducting the audit.

For Deloitte Audit, Cabinet de Révision Agréé

Ludovic Bardon, Réviseur d'Entreprises Agréé
Partner

Luxembourg, [date]

BELFIUS FINANCING COMPANY S.A.

Société Anonyme

BALANCE SHEET

As at December 31, 2019

(expressed in thousands of EUR)

BELFIUS FINANCING COMPANY S.A.

Société Anonyme

BALANCE SHEET

As at December 31, 2019

(expressed in thousands of EUR)

<u>ASSETS</u>	Notes	2019 EUR '000	2018 EUR '000
SUBSCRIBED CAPITAL UNPAID	7	981	981
Subscribed capital not called		981	981
FORMATION EXPENSES	3	0	6
FIXED ASSETS		9	0
Tangible assets	4	9	0
CURRENT ASSETS		10.792.037	9.485.870
Debtors	5	228	188.727
Amounts owed by affiliated undertakings <i>becoming due and payable within one year</i>		228	26.628
<i>becoming due and payable after more than one year</i>		0	162.099
	6		
Other investments		10.789.261	9.294.283
Cash at bank and in hand		2.548	2.860
PREPAYMENTS		7	5
<u>TOTAL (ASSETS)</u>		<u>10.793.034</u>	<u>9.486.862</u>
<u>CAPITAL, RESERVES AND LIABILITIES</u>			
CAPITAL AND RESERVES	7	4.628	4.468
Subscribed capital		3.094	3.094
Reserves		887	772
Profit brought forward		63	37
Profit for the financial year		584	565
PROVISIONS		223	533
OTHER CREDITORS	8	10.788.102	9.481.742
Tax authorities		107	97
Social security authorities		10	13
Other creditors			
<i>becoming due and payable within one year</i>		3.014.272	1.229.743
<i>becoming due and payable after more than one year</i>		7.773.713	8.251.889
DEFERRED INCOME		81	119
<u>TOTAL (CAPITAL, RESERVES AND LIABILITIES)</u>		<u>10.793.034</u>	<u>9.486.862</u>

The accompanying notes form an integral part of these annual accounts.

BELFIUS FINANCING COMPANY S.A.

Société Anonyme

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2019

(expressed in thousands of EUR)

BELFIUS FINANCING COMPANY S.A.

Société Anonyme

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2019

(expressed in thousands of EUR)

	Notes	2019 EUR '000	2018 EUR '000
Staff costs	13	(306)	(296)
Wages and salaries		(260)	(254)
Social security costs		(31)	(29)
<i>Relating to pensions</i>		(21)	(19)
<i>Other social security costs</i>		(10)	(10)
Other staff costs		(15)	(13)
Value adjustments		(7)	(26)
In respect of formation expenses	3	(6)	(26)
In respect of fixed assets	4	(1)	0
Other operating expenses	9	(812)	(824)
Other interest receivable and similar income	14	146.309	158.594
Derived from affiliated undertakings		146.292	158.593
Other interest and similar income		17	1
Interest payable and similar expenses	10	(144.377)	(156.655)
Other interest and similar expenses		(144.377)	(156.655)
Tax on profit	11	(223)	(228)
Profit after taxation		584	565
Other taxes	11	0	0
Profit for the financial year		584	565

The accompanying notes form an integral part of these annual accounts.

BELFIUS FINANCING COMPANY S.A.

Société Anonyme

NOTES TO THE ACCOUNTS

As at December 31, 2019

(expressed in thousands of EUR)

NOTES TO THE ACCOUNTS

as at December 31, 2019

NOTE 1 - GENERAL

Belfius Financing Company S.A. (the "Company") is a wholly-owned subsidiary of Belfius Bank S.A./N.V..

Belfius Financing Company S.A. falls under the requirements of Luxembourg rules and regulations applicable to companies issuing debt securities having no voting rights on the regulated market of the Luxembourg Stock Exchange.

The current debt issuance programmes of the Company are:

a) Long Term: Notes Issuance Programme (NIP)

The limit of the Notes Issuance Programme amounts to EUR 20.000.000.000. The debt securities issued under this program are guaranteed by Belfius Bank S.A./N.V.. Notes may be issued on a preferred senior basis. The Notes are not listed and are governed by Belgian law and are mainly placed with retail investors.

b) Short Term: Euro-Commercial Paper Programme (ECP)

The Euro-Commercial Paper Programme amounts to maximum EUR 10.000.000.000. These debt securities issued under this programme are not listed and are guaranteed by Belfius Bank S.A./N.V. and have a minimum maturity of one day and a maximum maturity of 364 days.

The financial year of the Company runs from January 1 until December 31 of each year.

The Company is exempt from drawing up consolidated accounts in accordance with Article 1711-1 of the commercial Law of August 10, 1915, as amended.

Its registered office is established in the municipality of Koerich, at 20, rue de l'Industrie, L-8399 Windhof, Grand-Duchy of Luxembourg.

The Company's annual accounts are included in the consolidated accounts of Belfius Bank S.A./N.V., incorporated under the Law of Belgium. These can be obtained from Belfius Bank S.A./N.V., Place Charles Rogier 11, B-1210 Brussels, Belgium.

NOTES TO THE ACCOUNTS

as at December 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General principles

These annual accounts are prepared in accordance with generally accepted accounting principles and in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg.

Translation of currencies

The Company maintains its accounting records in euro (EUR) and the annual accounts are prepared in this currency.

Assets and liabilities denominated in currencies other than EUR are translated at rates of exchange applicable at the balance sheet date. Transactions denominated in other currencies are translated at the approximate rates applicable at the time of the transactions. Exchange gains and losses are credited or charged to the profit and loss account. This, as well, applies to all current assets and liabilities considering the intrinsic economic link between these positions.

Formation expenses and similar expenses

The formation expenses and similar expenses are amortized linearly over a period of 5 years. Similar expenses include debt issuance costs.

Tangible fixed assets

Office Equipment is carried at its acquisition cost less any accumulated depreciation and any accumulated impairment losses. Office equipment is depreciated on a reducing balance basis over a period of 9 years.

Debtors

NOTES TO THE ACCOUNTS

as at December 31, 2019

Loans defined as debtors are stated in the balance sheet at their acquisition value. The carrying value of the loans includes the interest accrued. Incidental costs related to new loans are expensed in the financial year in which they are incurred.

NOTES TO THE ACCOUNTS

as at December 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other debtors and receivables are stated at nominal value which includes interest which is due or accrued.

Value adjustments are made in respect of debtors in case of durable depreciation in value according to the opinion of the Board of Directors.

Investments

Bonds are stated in the balance sheet at their acquisition value determined according to the principle of the individualized price or the average acquisition price. Incidental costs related are expensed in the financial period in which they are incurred.

The carrying value of the bonds includes the interest accrued.

The bonds do not expose the Company to market risk and therefore, value adjustments are made in respect of these investments in case of durable depreciation in value according to the opinion of the Board of Directors.

Provisions

At the end of each period provisions are recorded to cover all foreseeable liabilities and charges. Provisions relating to previous periods are regularly reviewed and released if the reasons for which the provisions were recorded have ceased to apply.

Creditors

Amounts payable represented by promissory notes are stated at their net proceeds corresponding to the repayment value. The carrying value includes the interests which are due or accrued.

NOTES TO THE ACCOUNTS

as at December 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amounts payable represented by promissory notes for which the repayment value differs from the issue price are stated at their reimbursement value considering the application of the following rule: the positive difference (premium) or negative difference (discount) between the issue price and the reimbursement price is amortized over the period between issue date and maturity date.

Other interest receivable and similar income

Other interest receivable and similar income are recognised on an accrual basis.

Interest payable and similar expenses

Interest payable and similar expenses are recognised on the accrual basis.

Taxes

Taxes are accounted for on an accrual basis.

NOTE 3 - FORMATION EXPENSES

The caption includes costs in relation with the ECP and NIP programmes which have been activated in 2013 and 2014 respectively. They are amortized on a period of five years straight line.

	Cost	Amortization	Net book value
	EUR '000	EUR '000	EUR '000
Costs activated in relation to the ECP	195	195	0
Costs activated in relation to the NIP	99	99	0
	294	294	0

NOTES TO THE ACCOUNTS

as at December 31, 2019

NOTE 4 - FIXED ASSETS

This caption includes costs in relation with the acquisition of Office Equipment in 2019. They are depreciated over a period of nine years and on a reducing balance basis.

	Cost	Amortization	Net book value
	EUR '000	EUR '000	EUR '000
Office Equipment	10	1	9
	10	1	9

NOTE 5 - DEBTORS

As at December 31, 2019, there is no more debtor consisting of loan to Belfius Bank S.A./N.V. which were repayable at nominal value (December 31, 2018: EUR 188.456.840). Reference is made to note 14 in relation to the interest income from debtors amounts owed by affiliated undertakings during the year.

The carrying value of the debtors is as follows:

	2019	2018
	EUR '000	EUR '000
Within one year	228	26.628
After one year and within five years	0	0
More than five years	0	162.099
TOTAL	228	188.727

The movements on debtors between December 31, 2018 and December 31, 2019 are mainly attributable to loans reimbursements.

In the opinion of the Board of Directors, no durable depreciations exist to justify a value adjustment on the debtors.

NOTES TO THE ACCOUNTS

as at December 31, 2019

NOTE 6 - INVESTMENTS

As at December 31, 2019, investments consist of bonds issued by Belfius Bank S.A./N.V. which are repayable at nominal value.

The carrying value of the investments includes the related accrued interest and is as follows:

	2019	2018
	EUR '000	EUR '000
Within one year	3.014.866	1.203.483
After one year and within five years	4.957.139	5.333.966
More than five years	2.817.256	2.756.834
TOTAL	10.789.261	9.294.283

In the opinion of the Board of Directors, no durable depreciations exist to justify a value adjustment on the bonds.

NOTE 7 - CAPITAL AND RESERVES

The movements in capital and reserves during the year were as follows:

	Subscribed capital EUR '000	Legal reserve EUR '000	Other reserves EUR '000	Profit brought forward EUR '000	Profit for the financial year EUR '000
Balance as at January 1, 2019	3.094	242	530	37	565
Allocation of prior year result	0	28	87	450	(565)
Dividend paid	0	0	0	(424)	0
Result for the year	0	0	0	0	584
Balance as at December 31, 2019	3.094	270	617	63	584

NOTES TO THE ACCOUNTS

as at December 31, 2019

NOTE 7 - CAPITAL AND RESERVES (CONTINUED)

Subscribed capital and results brought forward

As at December 31, 2019, the share capital of the Company amounts to EUR 3.094.004, fully subscribed and paid up to the extent of the aggregate amount of EUR 2.113.004, represented by 251 shares without par value, held by its Sole Shareholder, Belfius Bank S.A./N.V..

Legal reserve

In accordance with Luxembourg Company Law, the Company is required to transfer a minimum of 5% of its net gain for each financial year to a legal reserve. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the Sole Shareholder.

Other reserves

For the year ended December 31, 2019, the Company reduced its wealth tax liability in accordance with tax legislation by setting up a special reserve (classified under "reserves") in an amount equal to five times the amount of the payable wealth tax.

This reserve shall be maintained during the period of five years from the year following that during which the wealth tax was reduced.

NOTE 8 - CREDITORS

As at December 31, 2019, creditors are composed of long-term debts in relation with the NIP programme and of short-term debts in relation with the ECP programme fully and irrevocably guaranteed by Belfius Bank S.A./N.V.. Reference is made to note 10 in relation to the interest payable and similar expenses.

The creditors, due and payable within one year, include also the trade creditors and tax and social security debts for a total amount of EUR 117.251 (2018: EUR 126.628).

NOTES TO THE ACCOUNTS

as at December 31, 2019

NOTE 8 - CREDITORS (CONTINUED)

The carrying value of creditors includes the related accrued interest, as follows:

	2019	2018
	EUR '000	EUR '000
Within one year	3.014.389	1.229.853
After one year and within five years	4.956.663	5.333.204
More than five years	2.817.050	2.918.685
TOTAL	10.788.102	9.481.742

The movements on debts occurred during the year ended December 31, 2019 are attributable to new issues made under the ECP and NIP programmes net of repayments during the year.

NOTE 9 - OTHER OPERATING EXPENSES

Other operating expenses are composed as follows:

	2019	2018
	EUR '000	EUR '000
Occupancy fees	27	25
Service providers		
Accounting / administrative fees	400	393
Technology & system fees	132	158
Legal & tax fees	37	34
External statutory audit fees	34	32
Rating agencies fees	106	103
Professional associations costs	16	20
Training fees	1	2
Directors' fees	20	20
Bank fees & assimilated	31	29
Other fees	8	8
TOTAL	812	824

NOTES TO THE ACCOUNTS

as at December 31, 2019

NOTES TO THE ACCOUNTS

as at December 31, 2019

NOTE 10 - INTEREST PAYABLE AND SIMILAR EXPENSES

Interest payable and similar expenses are composed as follows:

	2019 EUR '000	2018 EUR '000
Interest payable and similar expenses on notes payable (NIP programme)	140.477	156.569
Interest payable and similar expenses on notes payable (ECP programme)	3.900	86
TOTAL	144.377	156.655

NOTE 11 - TAXATION

The Company is subject to the common tax law applicable to Luxembourg commercial companies.

NOTE 12 - EMOLUMENTS, ADVANCES AND LOANS GRANTED TO THE MEMBERS OF THE ADMINISTRATIVE MANAGERIAL AND SUPERVISORY BODIES

The Company granted Directors' fees of EUR 19.530 (2018: EUR 19.530) in total to the independent members of the Board of Directors for the services rendered during the year.

NOTE 13 - EMPLOYEES

The Company has employed 4 people during the financial year (2018: 4 people).

NOTES TO THE ACCOUNTS

as at December 31, 2019

NOTE 14 - OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

Other interest receivable and similar income are composed as follows:

	2019	2018
	EUR '000	EUR '000
Interest income and similar income concerning affiliated undertakings (<i>bonds in relation with ECP programme</i>)	4.057	300
Interest income and similar income concerning affiliated undertakings (<i>loans and bonds in relation with NIP programme</i>)	142.235	158.293
Other financial income	17	1
TOTAL	146.309	158.594

NOTE 15 - FEES TO THE RÉVISEUR D'ENTREPRISES AGRÉÉ

The fees to the *Réviser d'Entreprises Agréé* accounted for the year ended December 31, 2019 are equal to the amount to EUR 33.613 inclusive of VAT (2018: EUR 32.450), all of which relate to the audit of the statutory annual accounts. The fees to the *Réviser d'Entreprises Agréé* are included within the other operating expenses in the Profit and Loss Account.