



## **BELFIUS FINANCING COMPANY S.A.**

*(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 SA**

**Fiscal Agent and Principal Paying Agent**

## **NOTES ISSUANCE PROGRAMME**

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

Under the Notes Issuance Programme (the “**Programme**”) described in this base prospectus (the “**Base Prospectus**”), Belfius Bank SA/NV (with legal entity identifier (“**LEI**”) A5GWLFH3KM7YV2SFQL84) (also named Belfius Banque SA/Belfius Bank NV, “**Belfius Bank**”) and Belfius Financing Company S.A. (with LEI 222100XN1KG7XBC16R52) (“**Belfius Financing Company**”), together the “**Issuers**” and each, individually, an “**Issuer**”, may from time to time, issue notes (in the case of notes issued by Belfius Bank referred to as the “**Belfius Bank Notes**”, in the case of notes issued by Belfius Financing Company as the “**Belfius Financing Company Notes**”, together referred to as the “**Notes**” and individually as a “**Note**”), which may be linked to various underlyings (the “**Underlying**”), that rank as senior preferred obligations of the Issuers (the “**Notes**”). Notes issued by Belfius Financing Company will be guaranteed by Belfius Bank (the “**Guarantor**”) pursuant to a senior preferred unsecured guarantee (the “**Guarantee**”).

The aggregate principal amount of Notes outstanding will not at any time exceed EUR 20,000,000,000 (or the equivalent in other currencies).

Each Tranche of Notes will be documented by final terms (the “**Final Terms**”).

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

This Base Prospectus (as amended or supplemented from time to time and including all documents incorporated by reference therein) and the relevant Final Terms together constitute the prospectus for each Tranche of Notes. Any decision to invest in Notes should be based on a consideration of the Base Prospectus as a whole and the relevant Final Terms.

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

The Belfius Bank Notes will be issued in dematerialised form in accordance with Articles 7:35 et seq. of the Belgian Code of Companies and Associations, and will be represented by a book-entry in the records of the clearing

system operated by the National Bank of Belgium (the “NBB”) or any successor thereto (the “Securities Settlement System”). The Belfius Financing Company Notes are issued either in dematerialised form or in bearer form in accordance with applicable Luxembourg law. Where the Belfius Financing Company Notes are issued in dematerialised form, these will be represented by a book-entry in the records of the Securities Settlement System.

**Notes issued under this Programme constitute unsecured debt instruments. In case of insolvency or default by an Issuer or the Guarantor (as applicable), investors may not recover all amounts they are entitled to and risk losing all or a part of their investment. Investing in Notes issued under the Programme involves certain risks and may not be a suitable investment for all investors. Each prospective investor must carefully consider whether it is suitable for that investor to invest in the Notes in light of its knowledge and financial experience and should, if required, obtain professional advice. Prospective investors should read the Base Prospectus in its entirety and, in particular, the risk factors described under Section 2 (*Risk Factors*) before making an investment decision in order to fully understand the potential risks and rewards associated with the decision to invest in the Notes. In case of an issue of Green Notes, investors should in particular read the risk factor entitled “*Risks related to Notes which qualify as “Green Notes” which have a particular use of proceeds identified in the applicable Final Terms*” including the sub-risk factors thereunder entitled “*Notes issued as Green Notes may not meet investor expectations or requirements*”, “*No assurance of suitability or reliability of the Second Party Opinion*”, “*No Event of Default*” and “*Green Notes are not linked to the performance of the Eligible Green Assets, do not benefit from any arrangements to enhance the performance of the Green Notes or any contractual rights derived solely from the intended use of proceeds of such Green Notes*”.**

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

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

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) 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 advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Belfius Financing Company is a fully owned subsidiary of Belfius Bank. This means that, for Notes issued by Belfius Financing Company, the credit risks of the Issuer and the Guarantor are closely linked. Such credit risks imply that the Noteholders may lose all or part of their investment in the Notes in case the Issuer and/or the Guarantor become insolvent or are unable to fulfil their obligations under the Notes and/or the Guarantee, respectively.

This Base Prospectus was approved by the Belgian Financial Services and Markets Authority (“FSMA”) on 23 May 2023 as competent authority under the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the “Prospectus Regulation”) and is valid for one year from that date, provided that this Base Prospectus may be updated by any supplements in accordance with Article 23 of the Prospectus Regulation. This Base Prospectus replaces and supersedes the base prospectus of Belfius Financing Company and of Belfius Bank dated 24 May 2022 (except with respect to any Notes offered to the public under the base prospectus dated 24 May 2022 and which offer continues after the expiration of such previous base prospectus under which it was commenced). This Base Prospectus shall be valid

for a period of one year from its date of approval, being until 23 May 2024. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

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

The long-term ratings of Belfius Bank as at the date of this Base Prospectus are A1 (Moody's), A (Standard & Poor's) and A- (Fitch). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. An outlook is not necessarily a precursor of a rating change or future credit watch action. In case of any rating action by any of the rating agencies, the most recent credit ratings of Belfius Bank are always published on Belfius'<sup>1</sup> website, at the following address: <https://www.belfius.be/about-us/en/investors/ratings>. Investors should note that Belfius Financing Company is not rated as at the date of this Base Prospectus and that Notes issued under the Programme will not be rated.

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

This Base Prospectus and the Final Terms (including the summary thereto) of each Tranche of Notes that is not made within an exemption from the requirement to publish a prospectus under the Prospectus Regulation (a "**Public Offer**") and any supplement to the Base Prospectus will be made available on Belfius' website in Dutch (<https://www.belfius.be/retail/nl/producten/sparen-beleggen/beleggen/obligaties-gestructureerde-uitgifte/index.aspx>) and in French (<https://www.belfius.be/retail/fr/produits/epargner-investir/investir/obligations-emissions-structurees/index.aspx>) and a copy will be able to be obtained free of charge in the offices of the Guarantor.

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

**MIFID II product governance / target market** – The Final Terms in respect of any Notes will include a legend entitled "**MiFID II Product Governance**" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment. A distributor subject to Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast), as amended (the "**MiFID Directive**") is, however, responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID II Product Governance rules under Commission Delegated Directive (EU) 2017/593 of 7 April 2016, any distributor subscribing for any Notes is a manufacturer in respect of such Notes.

**Benchmark Regulation** – Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011, as amended (the "**Benchmark Regulation**"). If any such reference rate does constitute such a benchmark, the applicable Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of the Benchmark Regulation. Not every reference rate will fall within the scope of the Benchmark Regulation. Transitional provisions in the Benchmark Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant Final Terms (or, if located outside the European Union, recognition, endorsement or equivalence). The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the relevant Issuer does not intend to update the relevant Final Terms to reflect any change in the registration status of the administrator.

Amounts payable under the Notes may be calculated by reference to the Euro Interbank Offered Rate ("**EURIBOR**"), which is provided by the European Money Markets Institute ("**EMMI**"). As at the date of this

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<sup>1</sup> Belfius Bank and its consolidated subsidiaries are referred to herein as "**Belfius**".

Base Prospectus, EMMI (as administrator of EURIBOR) appears on the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of the Benchmark Regulation.

**Notes issued as Green Notes** – None of the Issuers nor the Guarantor accepts any responsibility for any social, environmental or sustainability assessment of any Notes issued as Green Notes by any third party or makes any representation or warranty or assurance whether such Notes will meet any investor expectations or requirements regarding such “green”, “sustainability” or similar labels. No representation or assurance is given by the Issuers or the Guarantor as to the suitability or reliability of any opinion or certification of any third party made available in connection with an issue of Notes issued as Green Notes, nor is any such opinion or certification a recommendation by the Issuers or the Guarantor to buy, sell or hold any such Notes issued as Green Notes. Any information on, or accessible through, Belfius’ website relating to Belfius’ Green Bond Framework (as defined in the section headed “*Use of Proceeds*”) and the information in the Green Bond Framework and any second party opinion is not part of, nor is it incorporated in, this Base Prospectus. In addition, no assurance or representation is given by the Issuers, the Guarantor or any other person as to the suitability or reliability for any purpose whatsoever of any opinion, report or certification of any third party in connection with the offering of the Notes issued as Green Notes. Any such opinion, report or certification and any other document related thereto is not, nor shall it be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion and/or the information contained therein and/or the provider of such opinion for the purpose of any investment in the Notes issued as Green Notes. For the avoidance of doubt, this is without prejudice to the responsibility of the Issuers for the information contained in this Base Prospectus as set out in the section headed “*Responsibility Statement*” and for the information contained in the applicable Final Terms as indicated therein.

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

This Base Prospectus contains or incorporates by reference certain statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the Issuers’ and Guarantor’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 Issuers and the Guarantor do not intend to update these forward-looking statements except as may be required by applicable securities laws. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. A number of important factors could cause actual results, performance or achievements to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include: (i) the ability to maintain sufficient liquidity and access to capital markets; (ii) market and interest rate fluctuations; (iii) the strength of the global economy in general and the strength of the economies of the countries in which the Issuers and the Guarantor conduct operations; (iv) the potential impact of sovereign risk, particularly in certain European Union countries which have in the past come under market pressure; (v) adverse rating actions by credit rating agencies; (vi) the ability of counterparties to meet their obligations to the Issuers and the Guarantor; (vii) the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations; (viii) the possibility of the imposition of foreign exchange controls by government and monetary authorities; (ix) operational factors, such as systems failure, human error, or the failure to implement procedures properly; (x) actions taken by regulators with respect to the Issuers’ and the Guarantor’s business and practices in one or more of the countries in which the Issuers and the Guarantor conducts operations; (xi) the adverse resolution of litigation and other contingencies; (xii) the impact of events such as the Covid-19 pandemic, the conflict in Ukraine and the recent adverse developments in the banking sector (such as the events related to the US banks Silicon Valley Bank and Signature Bank and the planned takeover of the Swiss bank Credit Suisse by UBS in

March 2023) on the operations and financial position of the Issuers and the Guarantor; and (xiii) the Issuers' and Guarantor's success at managing the risks involved in the foregoing. The foregoing list of important factors is not exclusive. When evaluating forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, as well as the other risks identified in this Base Prospectus.

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

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

**This Base Prospectus was approved by the FSMA on 23 May 2023 as competent authority under the Prospectus Regulation in accordance with Article 20 of the Prospectus Regulation. This approval does not entail any appraisal of the appropriateness or the merits of any issue under the Programme nor of the situation of the Issuers or the Guarantor. The FSMA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of this Base Prospectus.**

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## 2. RISK FACTORS

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

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

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

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

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

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

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

*Capitalized terms used herein and not otherwise defined shall bear the meaning ascribed to them in the “Terms and Conditions of the Notes” below. Any reference to any code, law, decree, regulation, directive or any implementing or other legislative measure shall be construed as a reference to such code, law, decree, regulation,*



*directive or implementing or other legislative measure as the same may be amended, supplemented, restated or replaced from time to time.*

## *2.1. Risks related to Belfius Bank*

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

#### **2.1.1.1. Macro & geopolitical situation (Global Criticality: High)**

The risks linked to the macro & geopolitical situation (Global Criticality: High) can have an influence on the risks described hereafter under the uncertain environment presented in the next paragraph.

Uncertainty and the resulting volatility from the macroeconomic and geopolitical factors have dominated the course of 2022, considerably weakening the post-pandemic recovery of the Belgian economy. Inflation has risen sharply reaching more than 10% in 2022, reflecting strong post-pandemic demand, supply chain bottlenecks, higher energy and food prices, being further fuelled by the rising wage costs and still accommodative monetary policies in the first half of the year. Later on, starting from July 2022, the European Central Bank (“ECB”) began raising its key interest rates, with the policy tightening aiming to ensure a timely return of inflation to the 2% medium-term target, however, at the price of lower aggregate demand and economic growth. Nevertheless, the NBB reported an annual gross domestic product (“GDP”) growth of 3.1% for the year.

2022 stood out with a well-organised management of the Ukrainian crisis from a Credit Risk Management point of view in close cooperation with the business teams in performing the granular analysis on clients’ vulnerability to energy price increase. Also, the management of concentration risk was high on the 2022 agenda, in particular, the measures taken considering the rising indebtedness of the Belgian regions and the increased and monitored exposure on commercial real estate. Early 2022 was marked by low Cost of Risk (“CoR”) and an overall reduction of provisioning levels due to a partial release of the Covid-19 buffers during a strong economic recovery. Since the start of the Russian invasion of Ukraine, the impact on credit quality was limited. Nevertheless, the uncertainty about future evolutions has led to the increase of stage 1 and 2 provisions during the year, covering counterparties with expected increase of credit risk quality, contributing to the 2022 CoR of EUR -106 million. Risk management considers the level of overlay for economic uncertainties of EUR 235 million (composed of EUR 124 million for macroeconomic factors and EUR 111 million for vulnerable exposures) at the end of 2022 as a solid buffer taking into account its current portfolio and environment. No increase of credit risk is induced by the macro and geopolitical situations at the end of 2022 as observed on the evolution of the coverage ratio<sup>2</sup>, which amounted to 60.0% at the end of 2022 compared to 60.7% at the end of 2021 for a rather stable amount of impaired loans.

In the field of interest rate risk management, the rebound of the interest rates in the second half of 2022 has been adequately anticipated by Risk Management and Finance together with the businesses, that defined a clear vision and interest rate strategy for the non-maturing deposits, adjusted its Risk Appetite Framework and its hedging policy resulting in overall positive contribution on the income side, partly compensating the negative impact of inflation on the costs. Higher interest rates were also passed through to deposit rates. Belfius Bank was the first major bank in Belgium in 2022 to increase its rates on customers’ saving accounts.

In order to manage its liquidity risk in 2022, Belfius has continued diversifying funding sources and investor base. Belfius has successfully issued EUR 500 million five-year Belgian Mortgage Pandbrieven in October 2022, followed by EUR 500 million Tier 2 notes in early January 2023. Given the T-LTRO III repayment of EUR 9.7 billion in 2022 out of the total funding under T-LTRO of EUR 15.7 billion, more short-term wholesale funding has been attracted than in the previous years, i.e., EUR 3.8 billion as of the end of 2022 (compared to EUR 0.9 billion in 2021), mainly in commercial paper/certificates of deposit with a horizon of less than one year. In an abundant ECB funding environment and a strong wholesale market, Belfius still shows very solid key liquidity metrics with

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<sup>2</sup> This is the ratio between the Stage 3 impairments and impaired loans and advances to customers.

a Liquidity Coverage Ratio of 173% (2021: 195%) and a Net Stable Funding Ratio of 135% (2021: 136%), both well above the minimum requirement of 100%.

In terms of financial market risk (“FMR”), despite high volatilities and risk aversion stemming from abrupt change in monetary policy needed to fight inflation, Belfius’ financial market activities were very resilient thanks to reduced exposures due to the increase of UK real rate<sup>3</sup> in the ex-legacy’s portfolio and enhanced risk frameworks (XvA dynamic hedging, new Internal Value at Risk model).

Belfius Insurance has been able to maintain a strong Solvency profile as well in this uncertain year 2022. As of the end of 2022, the consolidated Solvency II (“SII”) ratio ended up with a strong 193% after the foreseen dividend (with 60% pay-out ratio). This remained well within Belfius Insurance’s risk appetite (>160%). Since the end of the year 2021, the effect of inflation was assessed on a quarterly basis and reviewed in the SII calculations, pushing down the SII ratio. The new pricing strategy of Branch 21 investment (renewal of the guarantee rate and the profit sharing at higher level more aligned with the rate environment) has been implemented in the calculations of the fourth quarter of 2022.

It is clear that the cautiously positive outlook for 2023 is subject to many continuing risks and uncertainties. The majority of the obstacles continue to persist, with core inflation expected to remain higher than 2% in 2023. In the medium term, in the absence of necessary reforms (e.g. in the labour market), sound(er) energy policy and better (geo)political predictability, the competitiveness of more Belgian enterprises could be hurt, jeopardising medium term (potential) economic growth in Belgium and impacting households further. On top of that, the higher (longer) interest rates could exacerbate the concerns regarding the elevated Belgian fiscal deficit and public debt. Any additional adverse geopolitical development or macroeconomic shock could jeopardise the GDP recovery trajectory and push Belgian economy into recession. Belfius therefore remains vigilant to any signs of further deterioration in economic situation and changes in the macroeconomic conditions (including sudden changes of the yield curve) and pays particular attention to potentially in the current situation vulnerable individual, business and corporate clients, proactively facilitating solutions for them.

#### **2.1.1.2 Credit risk (Global Criticality: High)**

Credit risks are inherent to a wide range of Belfius Bank’s businesses and are judged as globally of high criticality for which prudent monitoring and mitigating actions are put in place. These include risks arising from changes in the credit quality of counterparties, as well as the inability to recover amounts due from counterparties. This means that Belfius Bank is exposed to the risk that third parties (such as retail individuals, SMEs, corporates, trading counterparties, counterparties under credit default swaps, interest rate swaps and other derivative contracts, borrowers, issuers of securities which Belfius Bank holds, customers, clearing agents and clearing houses, exchanges, guarantors, (re)insurers and other financial intermediaries) owing Belfius Bank money, securities or other assets do not pay, deliver or perform under their obligations. Bankruptcy, lack of liquidity, downturns in the economy, real estate collateral value drops, operational failures or other factors may cause them to default on their obligations towards Belfius Bank.

In order to cover the unexpected credit losses, Belfius Bank applies the Advanced Internal Rating-Based (“A-IRB”) approach to derive its minimum own funds requirement. The A-IRB approach consists of using three distinct internal models developed and maintained within Belfius Bank following the prescribed regulation (Regulation (EU) No 575/2013 and other EBA regulatory technical standards) by asset class: a Probability of Default (“PD”), a Loss-Given Default (“LGD”) and a Credit Conversion Factor (“CCF”)<sup>4</sup>.

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<sup>3</sup> The real interest rate is the rate of interest an investor, saver or lender receives (or expects to receive) after allowing for inflation. As such the “UK real rates” can be seen as the difference between the nominal interest rate levels in GBP (i.e., swap rates) versus the expected inflation rates in UK RPI (i.e., inflation swap rates). The exposure of inflation linked bonds in the ex-legacy portfolio is decreasing whenever the UK real rates increase.

<sup>4</sup> The CCF accounts for the expected evolution of the off-balance part of the exposure and is used to model the Exposure At Default.

Belfius Bank's solvency is resilient with a CET1 ratio at the end of 2022 of 16.5% compared to 16.4% the year before. On denominator level, at the end of 2022 regulatory risk exposure of Belfius amounted to EUR 64,796 million, a decrease of EUR -299 million compared to EUR 65,095 million at the end of 2021:

- a growth in commercial activities (EUR +3.8 billion), particularly in the Corporate segment;
- a positive regulatory impact (EUR 1.6 billion), following the removal of the NBB's macroprudential add-on on mortgages replaced by a sectorial systemic risk capital buffer (EUR 2.4 billion), partially offset by the increase in internal model updates (EUR 0.8 billion);
- a decrease on Group Center risk weighted assets ("**RWA**") (EUR 3.2 billion) thanks to market risk parameters, as rising interest rates positively affects some uncollateralised derivatives exposures as well as the portfolio hedge assets. The UK real rate evolution also has a direct impact on inflation linked bonds exposures and management actions leading to the de-risking of specific positions.

The credit risk RWA (including counterparty credit risk) has therefore decreased in total by EUR 727 million by the end of 2022.

- The RWA for the Danish Compromise decreased by EUR 1,066 million to EUR 8,557 million, as the equity value of Belfius Insurance was negatively affected by the decreased OCI reserves stemming from higher interest rates and decreases in the stock markets compared to 2021.
- The CVA RWA<sup>5</sup> decreased by EUR 359 million to EUR 321 million thanks to increasing interest rates and shortening of some derivatives.
- The market risk RWA<sup>6</sup> increased (EUR 1,618 million) by higher market volatility leading to a bigger HVaR/SVaR and some backtesting exceedings in the first half of the year. The increase in volatility was further enhanced by an incoherent behaviour of the VaR Model in a context of rapidly increasing rates. A Value-at-Risk ("**VaR**")<sup>7</sup> model change was approved in the fourth quarter of 2022, resulting in a drop in RWA levels.
- Operational RWA increased (EUR +235 million) over the period, in line with the increase in income.

In order to cover the expected credit losses ("**ECL**"), Belfius Bank applies a provisioning methodology relying on IFRS 9. A set of PD, LGD and CCF models are also used to estimate the provisions to estimate the one-year and the Lifetime Expected Credit Losses for all facilities. Unlike the one performed for capital estimates, the provisions are expressed as Point-In-Time estimates.

The pro-active management of the ECL relies on the cost of risk ("**CoR**") metric. The CoR approach follows a waterfall principle in Belfius. The provisions for stage 1 & 2 are calculated in a mechanical mode, based on a view on the macroeconomic conditions and perspectives (pillar 1). If Belfius Bank considers that certain risk pockets, defined in terms of sectors or groups of companies, are not sufficiently covered by the mechanical provisions, certain expert overlays are added (pillar 2). If, additionally, the assessment of certain individual counterparties indicates that they present a significantly increased credit risk, but are not yet in default, the constituted provisions could be insufficient. For these cases, an individual management adjustment on the expected credit loss in stage 2

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<sup>5</sup> Risk-weighted assets (RWA) are used to determine the minimum amount of capital that must be held by a bank to cover different types of risks. CVA RWA relates to the capital requirements to cover for the impact on CVA of adverse movements in financial market risk factors. CVA is the amount subtracted from the mark-to-market value of derivative positions to account for the expected loss due to counterparty default.

<sup>6</sup> Risk-weighted assets (RWA) are used to determine the minimum amount of capital that must be held by a bank to cover different types of risks. Market risk RWA relates to the capital requirements to cover for the impact on mark-to-market value of the trading book of adverse movements in financial market risk factors (such as interest rate, foreign-exchange and equity).

<sup>7</sup> The VaR concept is used as the principal metric for proper management of the market risk Belfius is facing. The VaR measures the maximum loss in net present value Belfius might be facing in normal and/or historical market conditions over a period of ten days with a confidence interval of 99%.

is added (pillar 3). For counterparts in default status (stage 3), the standard impairment process is run and specific provisions are calculated and booked (pillar 4).

In 2022, the application of the above-mentioned provisioning logic resulted in a CoR on consolidated level amounting to EUR -106 million and is composed of EUR -68 million allowances due to the update of the macroeconomic factors, EUR +49 million reversals following the reassessment of the overlay for vulnerable exposures, EUR -60 million specific provisions for loans in default and EUR -27 million allowances for portfolio evolutions. The release of EUR +49 million on the overlay for vulnerable exposures was essentially done in the first half of 2022 for an amount of EUR +63 million. This reversal was composed of the allowance of EUR 32 million for new impacted sectors and risk pockets and the reversal of EUR 95 million on Covid-19 related exposures. In the second half of 2022, an additional allowance of EUR 14 million has been registered. The CoR of Belfius Bank represented EUR -91 million in 2022, while that of Belfius Insurance EUR -14.5 million.

In the context of Covid-19, Belfius' basic principles for ECL computations have remained fundamentally unchanged. Some adjustments to the aforementioned approach were however required in order to maintain an adequate coverage for potential risks. In 2022, these adjustments remained in place. The adjustments integrated the Covid-19 risks and were extended to the emerging risks related to the increased inflation, rising energy prices and the war in Ukraine:

- the exposures on customers that do not show a further increased credit risk are removed from the overlay;
- the exposures that still represent a residual impact linked to the Covid-19 pandemic and that are additionally hit by the new-crisis effects are conserved in the overlay;
- the exposures that show a potential vulnerability to the new-crisis effects are added in the overlay.
- for overlays linked to individual names identified as having a potential low resilience, a line-by-line review was performed.

Combined with the standard portfolio effects (growth of the loan book, portfolio shifts in and out, etc.) for an amount of EUR -27 million, the approach leads to a positive consolidated CoR of EUR -106 million in 2022, reflecting the economic and societal recovery from the Covid-19 era, but also keeping in mind the uncertainties related to the macroeconomic perspectives.

The assessment of the overlay for vulnerable exposures was based on a thorough credit review and portfolio screening integrating the emerging risks related to energy and inflation and to the Russia/Ukraine conflict. The impact of the geopolitical tensions and of the spiking inflation on the loan portfolios (both Individuals and Enterprises & Entrepreneurs) was assessed through an analysis of transactional and financial client data, combined with the monitoring of specific early warning indicators (energy and labour cost to income, evolution of net available income) and with more traditional early warnings (such as rating evolutions, the use of credit lines, repayment arrears, etc.). These analyses, performed in a top-down and bottom-up approach, have not yet revealed critical risk observations in the Belfius portfolio so far: the portfolio continues to show a strong resilience with only very few signs of deteriorating credit quality, limited inflow of defaults and bankruptcies and stable credit ratings.

These assessments are combined with a strengthened and continuous risk-based monitoring of the Enterprises & Entrepreneurs portfolio on clients for which early warning risk indicators 'lighten-up'.

In order to assure an adequate portfolio guidance and monitoring, several business lines need to comply with portfolio guidelines of which the aim is to limit specific sector risks and/or sector risk concentrations. These guidelines impose an upper limit for certain sector risks, regardless of the individual credit quality and limits on the counterparty and/or risk group level and are monitored quarterly by risk management and reported to the management bodies.

This portfolio guidance is part of the Risk Appetite Framework (“**RAF**”), which is subject to a yearly review assessment. The Risk Appetite Framework 2023 included a risk scope extension (e.g. ESG risks, outsourcing risks, more granular credit risk limits, etc.) as well as the roll-out of the framework to the main subsidiaries, allowed for increased consistency throughout the group and a closer monitoring of the risk profile by the Group Financial Conglomerate Review Committee. This yearly review did not lead to any increase of risk appetite. On the opposite, to remain on the prudent side, some metrics’ limits have not been re-assessed in light of the foreseen increase of profitability in Belfius’ financial plan to account for the important ongoing uncertainties, for which a half year review is foreseen to take place in 2023 (e.g. Earning At Risk indicators).

While risk across borrower classes currently remains relatively low, certain categories of loans are subject to higher scrutiny. The overall Belgian mortgage lending activity remained quite strong in 2022, slightly exceeding that of the previous year. However, the changing macroeconomic conditions have impacted the production of the second half of the year, with smaller number of mortgages being granted from July onwards due to reduced demand. The main factors behind this decrease were higher energy costs, inflation and rising interest rates. Overall, these evolutions resulted in the increase of Belfius’ mortgage portfolio at the end of 2022 to a EUR 41.9 billion compared to EUR 39 billion at the end of 2021. Belfius continued to implement the 2019 NBB measures on new mortgage loans. This resulted in a further decrease in new production with a ‘Loan-to-Value’ >90% (from 15% in 2021 to 13% in 2022). An increase in the share of new mortgages with a ‘Debt Servicing Total Income’ >50%, especially in the second half of the year, was observed, most likely due to rising interest rates, as well as a larger share of loans with longer maturities.

Traditionally, Belfius assures a key role in the financing of institutions in the Belgian public and social sector (including hospitals, schools, universities and retirement homes). Overall, the public and social sector loans portfolio has always shown high credit standards (average PD at the end of 2022 of 0.16%) and continues to maintain its very low risk profile, although it had to deal with a growing number of challenges. Indeed, high inflation figures caused wage costs to rise sharply, energy bills weighted more heavily and the prices of building materials increased significantly. There have also been a number of other additional costs, such as the burden of receiving a wave of refugees in the context of the Ukraine crisis. Overall, financial stability risks clearly rose as (local) authorities often had insufficient room to support the economy as they did in the past, given high public debt and the growing need to design a credible path towards consolidation and to rebuild fiscal buffers, as e.g. ageing costs are coming fast. In this context, it is certainly worth mentioning that the financial situation of the Belgian Regions and Communities had already deteriorated sharply in recent years. The increasing inflation and interest rates as well as the further slowing down of economic growth will put further pressure on their deficit level and indebtedness. The latter could become challenging in the case of economic or financial shock. This growing vulnerability has led rating agencies as well as Belfius to lower the rating of some of these entities and/or to attach a negative outlook to their current ratings. Belfius’ has embedded these concerns regarding the debt and deficit levels into its sound risk management principles and closely manages and monitors this credit portfolio, especially in view of the upcoming elections in 2024.

Finally, since 2011, Belfius Bank has been engaged in a tactical de-risking of the ex-legacy portfolio. As from 1 January 2017, the remainder of this ex-legacy portfolio has been integrated in Group Center and the remaining securities are being managed in natural run-off. An important component of the ex-legacy portfolio (total notional of Belfius Bank’s ex-legacy portfolio as at 31 December 2022 stood at EUR 13.2 billion) is the large outstanding stock of derivatives (total notional of Belfius Bank’s ex-legacy derivatives portfolio as at 31 December 2022 stood at EUR 10.1 billion) and bonds composed of long-term inflation linked bonds issued by highly regulated UK utilities and infrastructure companies (total notional as at 31 December 2022 stood at EUR 1.3 billion). These bonds are deemed to be of satisfactory credit quality. Nevertheless, in the unlikely event of a default, the loss could be substantial but is expected to be within the boundaries of the Belfius RAF. The inflation linked nature of these

bonds makes them furthermore sensitive to UK real rates<sup>8</sup>. Together with the outstanding stock of derivatives, they could have an important additional capital charge in terms of RWA as well as an increased need for collateral posting from Belfius Bank which could put Belfius Bank's overall liquidity under pressure in case of a liquidity crisis in the financial markets. The ex-legacy portfolio is constantly followed-up in terms of risks which may be hedged. The possibility to exit the transactions anticipatively (e.g. through unwind, sale and novation) is regularly reassessed.

The rating agencies view the group's credit quality positively, as reflected by the rating actions taken during 2022:

- on 13 July 2022, Moody's confirmed Belfius Bank's long-term rating at A1 with stable outlook;
- on 27 July 2022, Fitch affirmed Belfius Bank's long-term rating at A- with stable outlook;
- on 29 July 2022, S&P published a new full analysis report on Belfius Bank, confirming its long-term A rating with stable outlook;
- on 12 December 2022, Moody's confirmed Belfius Bank's long-term rating at A1 with stable outlook.

### 2.1.1.3 Profitability (Global Criticality: High)

Belfius Bank's strategy is based on the development of a strong commercial franchise that is to be supported by solid risk and financial profile foundations, a strategy even more relevant since the Covid-19 crisis and the ongoing macro and geopolitical crisis. This translates into growing commercial activities, further growing their footprints in a through-the-cycle profitable way and investments in future business model developments, based on solid solvency foundations. Resilience is proven at the end of 2022 with a return on equity ("**RoE**")<sup>9</sup> at group level amounting to 9.1% (compared to 9.2% one year before). Nevertheless, the unstable environment in which Belfius evolves leads to a high criticality from a risk point of view.

Changes in the profitability and changes in the expectations about the future profitability can influence the secondary market value of Belfius Bank's liabilities. Though Belfius Bank's management and the regulatory authorities via the Supervisory Review and Evaluation Process ("**SREP**") always strive for a sound and profitable business model, profitability can never be guaranteed as it depends to some extent on external market factors.

After two years of Covid-19 crisis, the war in Ukraine has marked a new era of uncertainties and probably a new normal. While inflation and interest rate saw a sharp increase, this year was a new test to the resilience of the financial system. So far, Belfius' resilience has been quite good confirming the well-founded and sound risk profile. The medium-term impact, including the impact of the inflation/supply shortage, together with uncertainties with regards to the interest rate evolution and the effects on net interest income are managed in order to safeguard the sound risk profile. Important decisions have been taken in 2022 with the turnaround in the Interest Rate Risk In The Banking Book ("**IRRBB**") management to protect net interest income to a maximum extent. In this environment marked by the cycle of key interest rate hikes that is still incomplete with high and persistent underlying inflation, Belfius' Assets & Liabilities Committee ("**ALCo**") remained particularly attentive to the changes in customer behaviour and the expected rebalancing of liabilities, with the primary objective of complying with Belfius' risk appetite framework. This led to an early revision of Belfius' interest rate strategy (acceleration of payer swap programs, review of the main ALM assumption and models, reduction in duration of savings accounts with immediate coverage). Also, from the start of 2022, a policy of macro hedging (fixed rate payer) against a rise in long-term rates was implemented and continued successfully throughout the year to protect the net interest income and the economic value, within the risk framework limits. As part of the proactive anticipation of the structural changes, the Financial Plan has been stressed in the last quarter of 2022 with the significant interest

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<sup>8</sup> The real interest rate is the rate of interest an investor, saver or lender receives (or expects to receive) after allowing for inflation. As such the "UK real rates" can be seen as the difference between the nominal interest rate levels in GBP (i.e., swap rates) versus the expected inflation rates in UK RPI (i.e., inflation swap rates).

<sup>9</sup> RoE calculation method: sum of the net result of the last four quarters divided by the four quarter rolling average of the shareholders' equity.

rate shock scenario that led the curve to an inversion, as well as to the major shift in liabilities and decrease in production. Thus, in the light of analyses of clients' behavioural models and stress tests, in December 2022 a clear strategy for savings accounts led Belfius Bank to be the "first player" in raising tariffs (rates paid on deposits) on non-maturing deposits, as Belfius aims to find the right balance in the context of its interest rate risk management between safeguarding its profitability and its clients' best interest.

Besides the general economic and competitive climate, monetary policy is among the most important factors determining bank profitability. By influencing the level of the interest rates and the shape of the interest rate curve, the ECB impacts in an important way the Net Interest Rate Margin ("NIM") of commercial banks, like Belfius Bank. This NIM contains the bank's revenues from its normal lending and borrowing activity and for Belfius Bank it constitutes a non-negligible part of the overall income.

#### 2.1.1.4 Market risk (Global Criticality: High)

Market risks are inherent to a range of Belfius Bank's businesses. Aside from the interest rate risk, Belfius Bank is particularly sensitive to P&L volatility stemming from value adjustments (xVA's) and credit derivatives. Those are mostly related to the ex-legacy portfolio. More elaborately, market risk within Belfius Bank is focused on all financial markets activities of the bank and encompasses, as mentioned above, interest rate risk (in this context in the trading book), spread risk and associated credit risk/liquidity risk, foreign-exchange risk, equity risk (or price risk), inflation risk and commodity price risk. To mitigate the market risk impact, important management actions have been taken, such as additional hedges and reduction of open positions. This has, amongst others, led to reduced credit spread sensitivities while a high criticality due to volatile future markets is determined.

Moreover, the hedging of structured retail products with illiquid equity indices as underlying has structurally increased the equity risk. Growing derivative single stock activity might also bring additional equity risk. The below table provides an overview of the VAR by activity as at 31 December 2021 and 31 December 2022:

VaR <sup>(1)</sup> (99% 10 days)	31/12/21				31/12/22			
	IR <sup>(2)</sup> & FX <sup>(3)</sup>	Equity	Spread	Other risks <sup>(4)</sup>	IR <sup>(2)</sup> & FX <sup>(3)</sup>	Equity	Spread	Other risks <sup>(4)</sup>
In EUR million								
By activity								
Average	5.4	4.7	0.6	0.3	7.5	4.6	1.1	0.4
EOY	3.9	2.6	0.2	0.5	6.3	5.8	0.8	0.4
Maximum	14.4	9.7	1.5	0.6	17.5	12.0	2.3	0.8
Minimum	2.4	2.4	0.1	0.3	3.7	2.2	0.2	0.4
Global								
Average		11.1				13.6		
EOY		7.2				13.3		
Maximum		25.4				25.3		
Minimum		5.9				7.8		
Limit		23.3				26.3		

(1) The Value-at-Risk (VAR): is a measure of the potential change in market value with a probability of 99% and over a period of 10 days.

(2) IR: interest rate risk and inflation risk.

(3) FX: forex risk.

(4) CO2 risk.

Volatilities and risk aversion were back in 2022 after years of globally very low levels of volatilities, at the exception of some short episodes (e.g. due to Brexit and Covid-19). This stems from the abrupt changes in monetary policy with, amongst others, important increases in interest rates and the sharp reduction of unconventional monetary policy actions. A paradigm shift was indeed needed to fight inflation that followed the exit of the pandemic and the energy crisis related to the war in Ukraine. However, 2022 ended relatively calmly as inflation seemed to have peaked and European oil and gas supply problems were less than anticipated. In this context, the xVA risk framework kept performing well, keeping the P&L volatility to low levels and allowing to maintain the reduction of RWA (CVA). The increases in interest rates also reduced Belfius' uncollateralised exposures and, therefore, sensitivities such as on its funding spread. Another positive effect, due to the UK real rate (+250bp on 35Y), happened on the risk weighted exposures via Belfius' ex-legacy UK inflation bonds, which reduced drastically the exposure by EUR -3.2 billion in 2022. On the downside, the new environment of high rates and increased interest rate and foreign exchange volatility exacerbated VaR model deficiencies for which Belfius

already requested a model change in 2021. Belfius faced unexpectedly increasing Internal Model VaR and accompanying Market RWA while the market risks did not really change. Belfius' Internal Model change was approved by the ECB in the fourth quarter of 2022. This made the market risk RWA evolutions throughout the year very volatile. Due to the approved correction, however, the impact at the end of year was finally more limited and a further decrease was expected in the first quarter of 2023.

At the end of 2022, the CVA RWA stood at EUR 321 million, a decrease by EUR 359 million compared to the end of 2021 thanks to increasing interest rates and shortening of some derivatives. At end of 2022, the market risk RWA amounted to EUR 2.98 billion (compared to EUR 1.36 billion end of 2021), of which EUR 2.604 billion calculated in the Internal Model and EUR 0.375 billion following the Standardised Approach.

#### **2.1.1.5 Operational – Non-Financial Risks & Compliance (Global Criticality: High)**

Non-Financial Risk (“NFR”) must be understood as a broad umbrella covering all risks except “financial risks” (the latter encompassing market, ALM, liquidity, credit, and insurance risks). NFR covers, among others, operational risks (including fraud, HR, IT, IT-security, business continuity, outsourcing, data-related, privacy, etc.) as well as reputational, compliance, legal, tax and ESG risks. If any of these risks materialise, this may have an adverse impact on Belfius' business, results of operations, financial condition and prospects, leading to a high criticality.

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

The framework is based on the following pillars:

- a risk mapping and taxonomy in order to ensure consistency within the organisation, including a regular review of this mapping and taxonomy to identify emerging risks;
- clear roles and responsibilities, as well as a well-defined way of working together for all the risks based on the three LoD (3 LoD) model (decentralised responsibility);
- a strong governance/committee structure involving the appropriate level of management;
- a RAF definition and monitoring; and
- transversal risk processes and dedicated risk management frameworks, which are structured into the following main domains: Change Risk Management, Integrated Risk Management, Risk Culture & Governance, Operational, Resilience, Information Security and Data Privacy.

Focusing on specific domains:

- Information security management: for Belfius, the purpose of information security is to protect Belfius' information having a value for the organisation: i.e., the information generated by the business, the information belonging to the clients, and also the information derived from freely accessible or publicly available data, which has acquired a value as a result of the treatment carried out by or on behalf of Belfius. The threats against data and information are their loss of integrity, their loss of confidentiality and their unplanned unavailability. The mission of information security is to safeguard against these threats.

Belfius also considers that the objective regarding information security extends to managing the risks linked to the consequences of these threats if they have materialised in terms of customers' trust, finance, reputation, peer confidence (regulators, financial markets) and confidence of the business partners. An information security strategy derived from these principles is applicable to all actions pertaining to information security.



In order to guarantee the information security within Belfius, the Information Security Steering (ISS) Committee, managed by the Chief Information Security Officer (CISO) and chaired by the Chief Risk Officer, aims to ensure a well governed and coordinated information security strategy whereby an adequate system of “prevention”, “detection”, “protection” and “reaction” is put in place, in line with regulatory requirements for information security. The steering of Belfius’ information security is relying on a combination of qualitative statements, tangible figures and quantitative statements: deviations from the risk appetite are challenged to mitigate the risks to an acceptable level. Large security projects are grouped together in a security roadmap which typically spans the course of two years. The ever-evolving security threat landscape however requires the organisation to be resilient and anticipate existing and future threats.

- Incident management: this relates to threats against data and information and their loss of integrity, their loss of confidentiality and their unplanned unavailability. The systematic collection and control of data on operational incidents is one of the main requirements of the Basel Committee regarding operational risk management.

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

The main areas of operational losses remain essentially due to incidents associated with external fraud and incidents in relation to execution, delivery, and process management. Other categories remain limited in amount but not necessarily in number of events. The most important part of the financial impact resulting from operational incidents comes from Belfius Bank’s retail business.

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

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

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

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

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

This also included and includes the review of the privacy notice, the implementation of an adapted cookie policy and the implementation of the ruling of the European Court of Justice on eventual international transfers or international access of personal data.

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

Data subject rights can be executed by data subjects via multiple possibilities, including the Belfius’ online and mobile applications. More than 98% of the data subject rights are asked via the Belfius’ online app and receives an answer in the same app within one business day.

- Fraud risk: Belfius applies a zero-tolerance policy for all forms of fraud (internal, external and mixed fraud schemes), monitors the threats continuously and manages these risks based on a global anti-fraud policy as defined and steered by senior management. The roles and responsibilities have been clearly defined with business and support lines as the first risk managers. The CRO and NFR team, including the Anti-Fraud Officer as expert, have a clear 2nd Line of Defence role.

In a context of evolving digital channels and faster payments processing, internal controls are continuously screened to prevent fraud and this to protect the interests of Belfius and its employees, customers, suppliers and other stakeholders. More traditional phishing techniques and cyber fraud cases need continuous investments to protect clients against potential impacts from these fraud schemes.

Moreover, an anti-fraud expert panel is regularly organised to enhance the transversal circulation of information and to ensure that the Anti-Fraud Steering Committee (A-FSC) receives the information necessary for defining and monitoring the anti-fraud risk management.

- Outsourcing risk: Belfius is aware that outsourcing & third-party risk must be addressed adequately and fully assumes its responsibilities, including but not limited to overseeing and managing the concerned arrangements and the risks involved. The Outsourcing Risk & Material Arrangements Policy is compliant with the “Final Report on EBA Draft Guidelines on Outsourcing Arrangements”. In particular, the policy provides for the appointment of the outsourcing function and the setup of the Outsourcing Management (steering) Committee (OMC). Its mission consists in ensuring a well governed and coordinated outsourcing strategy in line with Belfius’ strategy, risk appetite and regulatory requirements.
- Business continuity & crisis management: Belfius is committed to its clients, counterparties and regulators to put in place, maintain and test viable alternative arrangements that, following an incident, allow the continuation or the resumption of critical business activities at the agreed operational level and entirely compliant with the Belgian regulations.

The supporting process, the business continuity and crisis management, is applied in a uniform way at all Belfius entities and relies on, among others, threat analysis, business impact analysis, reallocation strategies (dual office, remote and homeworking, etc.), effective management reporting, business continuity plans as well as exercise and maintenance programs. In that way, Belfius has also demonstrated its resilience to the Covid-19 situation.

- Employment practices (HR) & workplace safety, damage to assets & public safety risk: Belfius has a very low appetite for physical security and workplace safety risk and strives to provide a safe environment for its staff, clients, guests and assets by ensuring that its physical security measures and procedures meet high standards. To meet this goal, a Physical Security Steering Committee with all stakeholders systematically monitors the overall situation by means of a dashboard. It also acts as a forum to reflect and to dialogue on actual incidents, and to envisage action plans to reduce the risk to acceptable levels.
- Compliance & anti-money laundering (“AML”): compliance risk is managed around a central compliance department. In Belfius, the Compliance Officer reports directly to the CRO and to the Audit Committee and, if necessary, may directly approach the Chairman of the Board of Directors, the external auditor and the regulators. Belfius Bank has a very low risk appetite for compliance risk. This is important to maintain a good reputation, to maintain the confidence of all stakeholders and to avoid administrative or criminal sanctions. In this context, Belfius is continuously evaluating and reviewing its compliance framework to remain in line with the latest regulatory evolutions, best practices in the market and the strategy of Belfius Bank. In 2022, important progress was made with the implementation of new technologies relying on artificial intelligence, machine learning and robotics techniques in order to further increase the efficiency of the internal control process. The Anti-Money Laundering Compliance Officer (“AML CO”) is head of the AML team, which combats money laundering practices. Belfius strives not to be involved in laundering money from illegal activities, the organisation of tax fraud, financing

terrorism or circumventing international embargos in line with all legal requirements. To underline this commitment, the AML CO has established preventive measures and broadened controls. Proper knowledge of the customers and their identification (Know Your Customer process), investigation on the origin of financial flows on accounts and detection of dubious transactions (Know Your Transaction process) are all vital elements in the prevention of such practices.

#### **2.1.1.6 Liquidity (Global Criticality: Medium)**

Liquidity risk consists of the risk that Belfius Bank will not be able to meet both expected and unexpected current and future cash-flows and collateral needs. Based on prudential liquidity ratios and a diversified source of fundings, Belfius assesses this risk as medium.

The liquidity risk at Belfius Bank is mainly stemming from:

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

The monitoring of the liquidity risk is done through internal and regulatory liquidity Key Risk Indicators (“**KRI**”) that are reported on a regular basis and the compliance with those KRI is also tested under stress scenarios. Next to the Internal Liquidity Ratio (working on a three-month horizon), the short and long-term liquidity risks are managed, respectively, by means of the regulatory Liquidity Coverage Ratio (“**LCR**”) – one-month horizon and the Net Stable Funding Ratio (“**NSFR**” – one year).

During 2022, Belfius preserved its diversified liquidity profile by maintaining a funding surplus with the commercial balance sheet, by continuing to obtain diversified long-term funding from institutional investors and by collecting short and medium-term deposits also from institutional investors. In view of the business model of Belfius, in 2022 customer deposits (all segments) represented around 75% of funding sources of which individual deposits represented 62%, while deposits from professional clients accounted for 38%. Belfius has access to several wholesale markets: mid/long-term (MTL) & short-term funding and secured & unsecured funding. This complements the customer funding ensuring a diversified funding mix in terms of type of funding, maturities and seniority. During 2022, Belfius Bank issued EUR 0.5 billion mortgage covered bonds. The ECB started to phase out the Covid-19 measures with regard to the collateral that can be used to obtain or maintain the ECB funding. To compensate for the loss in collateral value due to the phasing out, Belfius Bank has issued retained covered bonds. Given the T-LTRO III repayment of EUR 9.7 billion in 2022 on a total of EUR 15.7 billion, more short-term wholesale funding has been attracted than previous years (from EUR 0.9 billion at the end of 2021 to EUR 3.8 billion at the end of 2022, mainly in commercial paper/certificates of deposit with a horizon of less than one year).

Belfius Bank reached a 12-month average LCR of 173% at the end of 2022 and 195% at the end of 2021. The LCR of Belfius Bank has remained within its driving range the entire year with a decrease after the above-mentioned early redemption in the T-LTRO III. The NSFR, based on the binding CRR 2 rules and calculated according to EBA templates, stood at 135% at the end of 2022 and at 136% at the end of 2021.

The driving factors behind these sources of liquidity risk are to a certain extent beyond the control of Belfius Bank as they are linked to the evolution of the financial and interbank markets and to the banking regulations. Nevertheless, in terms of risk management, Belfius relies on a close monitoring of a set of regulatory and internal

liquidity risk metrics as part of its RAF defined with the following main objective: “Belfius wants to maintain at all times sufficient liquidity even after severe but plausible stress”. The risk appetite framework imposes an additional buffer on top of the regulatory minima to be respected at all times. This buffer, combined with a set of predefined recovery measures, aims to ensure that Belfius will respect regulatory minima even under stress. Another control of the second line of defence includes the early warning system that proactively warns for potential liquidity crisis. By means of a detailed Liquidity Risk Dashboard, internal KRI’s are continuously monitored and include, among others, maturity concentration of funding, intraday liquidity risks, credit lines and liquidity buffer under stress. Belfius also relies on forward-looking assessment as part of its financial plan and stress testing activities to account for concentration risks, clients’ behaviour prospective challenges to address potential future non-maturing deposits’ outflows or simulation of bank runs. That way, Belfius ensures to have a sufficient liquidity buffer while accounting for materialisation of some tail risks. The Belfius Bank liquidity risk management framework ensures that risk assessments, reporting’s and proper follow-up’s are performed to ensure that its liquidity buffer is sufficient to cover extreme stress scenarios based on a large set of assumptions on the levels of inflows, outflows, risk source and at different time horizons (ranging from intraday to complete stress on the funding plans), while respecting the limits defined in the RAF. These limits are integrated in the RAF approved by the Board of Directors and reported on a quarterly basis. Available liquidity reserves also play a key role regarding liquidity: at any time, Belfius Bank aims to ensure it has sufficient quality assets to cover any temporary liquidity shortfalls, both in normal markets and under stress scenarios. Belfius Bank defined specific guidelines for the management of LCR eligible bonds and non-LCR eligible bonds, both approved by the Management Board. Given its solid liquidity position, Belfius’ funding plan is more than ever driven by minimum requirement for own funds and eligible liabilities (“MREL”) requirements rather than by an expected liquidity shortfall. In this context, in 2022 the MREL requirements were well respected without additional issues. MREL requirements will increase in 2023 in line with asset production and stricter supervisory requirements. As a result, Belfius will resume the issuances for MREL purposes in 2023.

#### **2.1.1.7 Competition (Global Criticality: Medium)**

Belfius Bank faces strong competition across all its markets from local and international financial institutions including banks, life insurance companies and mutual insurance organisations. The presence of Belfius Bank being solely limited to Belgium can be assessed as a competitive disadvantage compared to its competitors. While Belfius Bank believes it is positioned to compete effectively with these competitors, there can be no assurance that increased competition will not adversely affect Belfius Bank’s pricing policy and lead to losing market shares in one or more markets in which it operates. The related risk is judged as medium.

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 behaviours, 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 Belfius Bank.

The introduction of the Payment Services Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market may enable the emergence of payment aggregators, which could in turn reduce the relevance of traditional bank platforms and weaken brand relationships. The development of ecosystems – which lead to the abolition of borders across economic sectors – could further exacerbate these threats.

Any failure by Belfius Bank to manage the competitive dynamics to which it is exposed could have a material adverse effect on its business, financial condition, results of operations, and prospects. Nevertheless, Belfius Bank remains confident about its business model targeting the Belgian perimeter, its pro-active and deep work around new technologies and innovative partnerships and its evolution towards a modern banking platform.

In order to stay ahead of this risk, Belfius Bank relies at several levels on benchmarking assessments (CoR, RWA, commercial real estate activities, macro-assumptions in (reverse) stress test exercises, results of transversal EBA benchmarking assessment, etc.).

#### **2.1.1.8 Risks related to recent banks' failures (Global Criticality: Medium)**

Belfius is closely monitoring the potential risks related to the failures of three US regional banks early March 2023 (Silicon Valley Bank, Silvergate Capital Corporation and Signature Bank) and to the general market uncertainties related to Credit Suisse and the merger agreement with UBS entered into on 19 March 2023 following the intervention of the Swiss Federal Department of Finance, the Swiss National Bank and the Swiss Financial Market Supervisory Authority (FINMA). Within Belfius Group very close monitoring of these market circumstances is put in place, for instance to assess mitigating actions if contagion would accelerate. It is to note that Belfius can rely on its strong solvency and liquidity positions, leading to a medium global criticality assessment of this risk.

As of the end of 2022 and as at the date of this Base Prospectus, Belfius has no direct exposure to the three abovementioned US banks.

As of the end of 2022 and as at the date of this Base Prospectus, Belfius has a very limited direct exposure to Credit Suisse amounting to a nominal amount of EUR 27.8 million, under the format of a trade finance guarantee for EUR 2.8 million and a senior bond issued by Credit Suisse AG for EUR 25 million. Furthermore, Belfius has collateralised derivatives with Credit Suisse for a fair value of EUR -54 million (fair value as of 17 March 2023). Such negative fair value represents a debt owed by Belfius to Credit Suisse, on which Belfius posts cash collateral for that amount.

### *2.2. Risks related to Belfius Financing Company*

**(with regards to the risks related to Belfius Financing Company as individual entity, Global Criticality: low)**

Belfius Financing Company is a fully owned subsidiary of Belfius Bank whose principal purpose is to raise funds to be on-lent to Belfius Bank. Any Notes issued by Belfius Financing Company under the Programme are guaranteed by Belfius Bank pursuant to the Guarantee. This means that the capacity of Belfius Financing Company to pay interest amounts under the Notes issued by it and to repay the Notes issued by it, depends mainly on Belfius Bank. In other words, the risk is transferred to Belfius Bank being the Guarantor in this context, taking into account that Notes issued by Belfius Financing Company under the Programme are guaranteed by Belfius Bank pursuant to the Guarantee. For any Notes issued by Belfius Financing Company, Noteholders should therefore also take note of the risk factors in respect of Belfius Bank. It implies that, if the Guarantor's financial condition was to deteriorate, Belfius Financing Company as the Issuer and the Noteholders may be impacted negatively. The Noteholders may lose all or part of their investment in the Notes in case Belfius Financing Company as the Issuer and/or Belfius Bank as the Guarantor become insolvent or are unable to fulfil their obligations under the Notes and the Guarantee, respectively.

### *2.3. Risks related to the Notes and the Guarantee*

#### *2.3.1. Risks related to the nature of the Notes*

##### **2.3.1.1. Risks related to the trading market and liquidity of the Notes**

The Notes may have no established trading market or if a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is the case for Notes that are particularly sensitive to interest rate, exchange rates or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and a higher price volatility than conventional debt securities. The liquidity of the Notes may also be affected by a downgrade of the credit ratings of Belfius Bank. A decrease in liquidity may have an adverse effect on the market value of the Notes. In addition, where a Noteholder is seeking to achieve a sale of the Notes within a short timeframe, such lower liquidity will negatively impact the selling price of the Notes.

### **2.3.1.2. Risks related to the exercise of the bail-in resolution tool in respect of the Belfius Bank Notes and the Guarantee**

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

This means that Noteholders may lose some or all of their investment (including outstanding principal and accrued but unpaid interest) as a result of the exercise by the Relevant Resolution Authority of the “bail-in” resolution tool. This tool may be exercised in respect of Belfius Bank Notes. The designation of a tranche of Notes as Notes which have a particular use of proceeds identified in the applicable Final Terms does not confer any change in status, ranking or favourable treatment relative to the application of resolution tools. Furthermore, under the Guarantee Belfius Bank as the Guarantor guarantees the obligations owed by Belfius Financing Company to the holders of Belfius Financing Company Notes. The bail-in tool can also be applied to a guarantee obligation such as the Guarantee. As a result, the bail-in tool, if applied to liabilities of the Guarantor, could effectively limit the extent of a recovery under the Guarantee.

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

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

- (a) the determination that Belfius Bank is failing or is likely to fail has been made by the relevant regulator or the Relevant Resolution Authority (in each case, after consulting each other), which means that one or more of the following circumstances are present:
  - (i) Belfius Bank infringes or there are objective elements to support a determination that Belfius Bank will, in the near future, infringe the requirements for continuing authorisation in a way that would justify the withdrawal of the authorisation by the competent authority, including but not limited to because Belfius Bank has incurred or is likely to incur losses that will deplete all or a significant amount of its own funds;
  - (ii) the assets of Belfius Bank are or there are objective elements to support a determination that the assets of Belfius Bank will, in the near future, be less than its liabilities;
  - (iii) Belfius Bank is or there are objective elements to support a determination that Belfius Bank will, in the near future, be unable to pay its debts or other liabilities as they fall due;
  - (iv) Belfius Bank requests extraordinary public financial support;
- (b) having regard to timing and other relevant circumstances, there is no reasonable prospect that any alternative private sector measures or supervisory action taken in respect of Belfius Bank would prevent the failure of Belfius Bank within a reasonable timeframe; and
- (c) a resolution action is necessary in the public interest.

The BRRD specifies that governments will only be entitled to use public money to rescue credit institutions if a minimum of 8% of the own funds and total liabilities have been written down, converted or bailed in or, by way

of derogation, if the contribution to loss absorption and recapitalisation is equal to an amount not less than 20% of risk-weighted assets and certain additional conditions are met.

The exercise by the Relevant Resolution Authority of its resolution powers (including the statutory loss absorption powers) in relation to the Belfius Bank Notes or the Guarantee, or the (perceived) prospect of such exercise, could have a material adverse effect on the value of such Belfius Bank Notes or the Belfius Financing Company Notes related to the Guarantee and could lead to the holders of such Notes losing some or all of their investment in their Notes.

Investors should furthermore note that, on 18 April 2023, the European Commission adopted a proposal to adjust and further strengthen the EU's existing bank crisis management and deposit insurance (CMDI) framework, with a focus on medium-sized and smaller banks. The proposal would enable authorities to organise the orderly market exit for a failing bank of any size and business model, with a broad range of tools. In particular, it would facilitate the use of industry-funded safety nets to shield depositors in banking crises, such as by transferring them from an ailing bank to a healthy one. Such use of safety nets must only be a complement to the banks' internal loss absorption capacity, which remains the first line of defence. Investors should note that a final reform may have an impact on the current supervisory and resolution powers applicable to credit institutions (such as Belfius Bank). If implemented as proposed, one element of the proposal would mean that the Belfius Bank Notes and the Guarantee will no longer rank *pari passu* with any deposits of Belfius Bank. Instead, the Belfius Bank Notes and the Guarantee would rank junior in right of payment to the claims of all depositors. As such, there may be an increased risk of an investor losing all or some of its investment.

#### **2.3.1.3. Risks related to non-capital-guaranteed Notes**

Some Notes are not capital-guaranteed, meaning that the invested principal may not be repaid in full upon early redemption or at maturity, as the case may be. This means that Noteholders of a non-capital guaranteed Note could lose all or a substantial portion of the invested principal, and, if such principal is lost completely, interest may cease to be payable on such Note.

#### **2.3.1.4. A Noteholder's return on the Notes may be affected by inflation**

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

#### **2.3.1.5. The market value of an issue of Notes can be affected by various factors**

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

#### **2.3.1.6. A Noteholder's actual yield on the Notes may be reduced from the stated yield by 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. Certain fees and costs will be set out in the relevant Final Terms, but there may be other fees and costs which may impact the Noteholders' actual yield. 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 parties – domestic or foreign – are

involved in the execution of an order, including, but not limited to, domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (i.e., third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any other costs (such as custody fees). Investors should inform themselves about any additional costs which they may incur in connection with the purchase, custody or sale of the Notes before investing in the Notes.

#### **2.3.1.7. Risks related to reinvesting risk**

Noteholders are exposed to the reinvestment risk in several situations. For example, reinvestment risk arises in a declining interest rate environment because Noteholders will only be able to reinvest the principal and/or interest paid to them at lower interest rates compared to the interest rates prevailing at the time they subscribed the Notes. Reinvestment risk can be increased by the fact that Notes may include a redemption at the option of the relevant Issuer (Call Option). If a Call Option is provided to be applicable in the relevant Final Terms, the relevant Issuer may redeem all or, if so provided, some of the Notes on the date or dates so provided. The relevant Issuer may be expected to redeem Notes among others when its cost of borrowing is lower than the interest rate on the Notes. In this respect, please also refer to the risk factor entitled “*Risks related to early redemption of the Notes*”.

#### **2.3.1.8. Risks related to change of tax law**

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

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

### ***2.3.2. Risks related to the terms of the Notes***

#### **2.3.2.1. Risks related to Underlyings**

Investors should note that Notes which are linked to an Underlying encompass both risks relating to the relevant Underlying and risks that are linked to the Note itself.

Such risks relating to the Underlying may be linked, depending on the characteristics of the relevant Notes, to the occurrence of a Potential Adjustment Event, an Extraordinary Event, a Market Disruption Event, a Commodity Index Event or an Event affecting the relevant Index, in which case the Calculation Agent may make adjustments or determinations as it, acting in good faith, deems appropriate, all as more fully described in the Terms and Conditions of the Notes.

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

There is no restriction in the Terms and Conditions of the Notes on the amount of debt which the Issuers and the Guarantor may enter into, issue or guarantee. The Issuers and the Guarantor may incur additional indebtedness or grant guarantees in respect of indebtedness or guarantees of third parties, including indebtedness and guarantees that rank *pari passu* with the Notes, which may have better terms than the Notes (e.g. in relation to events of



default and covenants). The entry into or issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Noteholders in case of default or insolvency. If the relevant Issuer's or the Guarantor's financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including reduction of interest and principal and, if the relevant Issuer or the Guarantor were to be liquidated (whether voluntarily or involuntarily), the Noteholders could suffer loss of their entire investment.

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

#### **2.3.2.3. The Terms and Conditions of the Notes do not contain covenants**

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

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

#### **2.3.2.4. No tax gross-up obligation**

Investors should be aware that pursuant to the Terms and Conditions of the Notes there are no gross-up payments in respect of the Notes. This means that the Terms and Conditions of the Notes do not require the Issuers to gross up the net payments received by a Noteholder in relation to the Notes with the amounts withheld or deducted for tax purposes. This may therefore have a significant impact on the net amounts the investors will receive pursuant to the payments to be made under the Notes and could also materially adversely affect the value of such Notes.

#### **2.3.2.5. Risks related to Notes which are linked to "benchmarks"; benchmark discontinuation**

Reference Rates and indices, including interest rate benchmarks, such as the Euro Interbank Offered Rate ("EURIBOR"), which are used to determine the amounts payable under financial instruments or the value of such financial instruments ("Benchmarks") have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on any Notes referencing or linked to such Benchmark.

In particular, with respect to EURIBOR, the European Money Markets Institute ("EMMI"), as administrator, conducted in-depth reforms over the last few years to meet the requirements of the EU Benchmark Regulation, strengthening its governance framework and developing a hybrid methodology for EURIBOR. On 2 July 2019, EMMI was granted an authorisation by the FSMA under the EU Benchmark Regulation for the administration of EURIBOR.

Any changes to the administration of a Benchmark or the emergence of alternatives to a Benchmark as a result of these reforms, may cause such Benchmark to perform differently than in the past or to be discontinued, or there could be other consequences which cannot be predicted. The potential discontinuation of a Benchmark or changes

to its administration could require changes to the way in which the rate of interest is calculated in respect of any Notes referencing or linked to such Benchmark. Uncertainty as to the nature of alternative reference rates and as to potential changes to a Benchmark may adversely affect such Benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities based on the same Benchmark. The development of alternatives to a Benchmark may result in Notes linked to or referencing such Benchmark performing differently than would otherwise have been the case if such alternatives to such Benchmark had not developed. Any such consequence could have a material adverse effect on the value of, and return on, any Notes referencing or linked to a Benchmark.

Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of successor or alternative reference rates and as to potential changes to a Benchmark may adversely affect Notes which reference such Benchmark, including the return on the relevant Notes and the trading market for them. In particular, with respect to EURIBOR, the European Money Markets Institute, as administrator of EURIBOR, having failed with an attempt to evolve the EURIBOR methodology to a fully transaction-based methodology, has developed a hybrid methodology for the determination of EURIBOR that takes into account current transaction data, historical transaction data and modelled data based on expert opinions and has obtained regulatory authorisation under the Benchmark Regulation for the EURIBOR so calculated. However, since reference rates relying on expert opinion and modelled data are widely regarded as potentially less representative than reference rates determined in a fully transaction-based approach and because central banks, supervisory authorities, expert groups and relevant markets thus are developing towards preferred use of risk-free overnight interest rates with a broad and active underlying market as reference rates, there is a risk that the use or provision of EURIBOR may come to an end in the medium or long term. Finally, under the terms of the Benchmark Regulation, the European Commission was also granted powers to designate a replacement for certain critical benchmarks contained in contracts governed by the laws of an EU Member State (such as the Notes), where that contract does not already contain a suitable fallback. There can be no assurance, that the fallback provisions of the Notes would be considered suitable. Accordingly, there is a risk that any Notes linked to or referencing a benchmark would be transitioned to a replacement Benchmark selected by the European Commission. There is no certainty at this stage what any such replacement benchmark would be.

**2.3.2.6. No Noteholder may exercise or claim any right of set-off, netting, compensation or retention in respect of any amount owed to it by the Issuers arising under or in connection with the Notes**

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

**2.3.2.7. The Noteholders may be bound by amendments to (the Conditions of) the Notes to which they did not consent, which may result in less favourable terms of the Notes for all or certain Noteholders**

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally, including modifications to the Terms and Conditions and/or a programme document and/or the substitution of the relevant Issuer. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

In addition, pursuant to Condition 8.3.6 (*Benchmark Replacement*), if a Benchmark Event occurs, certain changes may be made to the interest calculation and related provisions when any Interest Rate (or the relevant component part thereof) remains to be determined by reference to such Reference Rate for any Notes, as well as to the Agency Agreement in the circumstances and as otherwise set out in such Condition, without the requirement for the consent of the Noteholders.

Accordingly, there is a risk that the terms of the Notes may be modified, waived or varied in circumstances where a Noteholder does not agree to such modification, waiver or variation, which may adversely impact the rights of such Noteholder. Such decisions may for example relate to a reduction of the amount to be paid by the Issuer upon redemption of the Notes, which would then impact the return an investor may receive on its Notes.

#### **2.3.2.8. Risks related to Fixed and Floating Interest Rates**

Notes which are “Fixed to Floating Rate Notes” or “Floating to Fixed Rate Notes” may bear interest at a rate that may be converted from a fixed rate to a floating rate, or from a floating rate to a fixed rate on a date specified in the applicable Final Terms. The relevant Issuer’s ability to convert the interest rate will affect the secondary market for, and the market value of, such Notes, since the relevant Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the relevant Issuer converts from a fixed rate to a floating rate, the spread on the Fixed to Floating Rate Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. After conversion from a floating rate to a fixed rate, the fixed rate may be lower than the then prevailing rates on other Notes.

#### **2.3.2.9. Risks related to Notes which qualify as “Green Notes” which have a particular use of proceeds identified in the applicable Final Terms**

*Notes issued as Green Notes may not meet investor expectations or requirements*

As described in the sections “Use of Proceeds” and “Green Bond Framework”, Belfius has established a green bond framework (as amended and/or supplemented from time to time, the “**Green Bond Framework**”) and the Final Terms relating to a specific issue of Notes may provide that the relevant Issuer will apply an amount equivalent to the net proceeds of the issue of those Notes to finance and/or refinance, in whole or in part, loans and investments realised by Belfius to finance projects and/or assets ( “**Eligible Green Assets**”), as described in the applicable Final Terms and in Belfius’ Green Bond Framework (such Notes being referred to as “**Green Notes**”). For the avoidance of doubt, payments of principal and interests on the relevant Green Notes shall not depend on the performance of the relevant projects nor have any preferred right against such assets.

While the applicable Final Terms may indicate that the relevant Issuer will apply an amount equivalent to the net proceeds of the Green Notes in, or substantially in, the manner described in the sections “*Use of Proceeds*” and “*Green Bond Framework*” and in the applicable Final Terms, the application may not be capable of being implemented in, or substantially in, such manner and/or in accordance with any timeframe, and it is possible that such amount may not be totally or partially disbursed as planned, for reasons that are outside the relevant Issuer’s control or which the relevant Issuer is not able to anticipate.

Notes issued as Green Notes may not be a suitable investment for all investors seeking exposure to green assets. Any failure to use the net proceeds of any Green Notes in connection with green or sustainable projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain environmentally focused investors with respect to such Green Notes, may affect the value and/or trading price of the Green Notes, and/or may have consequences for certain investors with portfolio mandates to invest in green or sustainable assets.

In connection with each issue of Green Notes under the Programme, Belfius has requested Sustainalytics, a sustainability rating agency, to issue an independent opinion (the “**Second Party Opinion**”) confirming the sustainability of the Green Bond Framework and alignment of it with the International Capital Market Association (“**ICMA**”) Green Bond Principles 2018 (the “**ICMA Green Bond Principles**”). The ICMA Green Bond Principles 2018 are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market, which may be updated from time to time. The Second Party Opinion is available on the website of Belfius (<https://www.belfius.be/about-us/en/investors/debt-issuance/green-bonds>). The Second Party Opinion and the contents of such website do not form part of, and are not incorporated by reference into, this Base Prospectus.

No assurance is or can be given to investors by the Issuers or any other person that any projects or uses the subject of, or related to, any Green Notes will meet or continue to meet on an ongoing basis any or all investor expectations regarding “green”, “sustainable”, “social” or similar labels (including Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the so called “**EU Taxonomy Regulation**”) or Regulation (EU) 2020/852 as it forms part of domestic law in the United Kingdom by virtue of the EUWA) or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, Belfius’ Green Bond Framework. It should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a “green” or “sustainable” or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as such. The EU Taxonomy Regulation is subject to further development through delegated regulations. Provisional political agreement has been reached in February 2023 on the legislative proposal for a European Green Bond Standard, which will be a voluntary label for issuers of green use of proceeds bonds (such as Green Notes) where the proceeds will be invested in economic activities aligned with the EU Taxonomy. However, the provisional political agreement remains subject to change and there is no assurance if or when such European Green Bond Standard will be confirmed and adopted by the European Council and European Parliament. Any Green Notes issued under this Programme are not expected to be aligned with such European Green Bond Standard and are intended to comply with the criteria and processes set out in Belfius’ Green Bond Framework only, which predates the potential adoption of the European Green Bond Standard but may be updated in the future to take this into account. It is not clear at this stage the impact which the European Green Bond Standard, if and when implemented, may have on investor demand for, and pricing of, green use of proceeds bonds (such as the Green Notes) that do not meet such standard. It could reduce demand and liquidity for the Green Notes and their price.

There can be no assurance by the Issuers or any other persons that the use of the net proceeds of Green Notes identified in the applicable Final Terms will satisfy, whether in whole or in part, any present or future legislative or regulatory requirements (including the EU Taxonomy Regulation and the European Green Bond Standard), or any present or future investor expectations or requirements with respect to investment criteria or guidelines with which any investor or its investments are required to comply under its own by-laws or other governing rules or investment portfolio mandates. Each prospective investor should have regard to the factors described in the Green Bond Framework of Belfius (see the section “Green Bond Framework”) and the applicable Final Terms and determine for itself the relevance of the information contained in this Base Prospectus and any applicable Final Terms regarding the use of proceeds and its purchase of the Green Notes, based upon such investigation as it deems necessary.

While the Issuers will apply the proceeds of any Green Notes in, or substantially in, the manner described in the applicable Final Terms, there can be no assurance that such application of the net proceeds will be capable of being implemented in, or substantially in, such manner and/or in accordance with any timeframe, or that such proceeds will be disbursed as planned, for reasons that are outside the relevant Issuer’s control or which the relevant Issuer is not able to anticipate. Nor can there be any assurance that such Green Notes or the activities or projects they finance and/or refinance will have the results or outcome (whether or not related to environmental, sustainability, or other objectives) originally expected or anticipated by the Issuers.

Further, although the relevant Issuer may agree at the Issue Date of any Green Notes to certain allocation and/or impact reporting and to use the proceeds for the financing and/or refinancing of green projects (as specified in the relevant Final Terms), it would not (a) be an event of default under the Green Notes which would entitle the Noteholders to accelerate the Notes; (b) lead to an obligation of the Issuer to redeem such Notes or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of any Notes, or (c) impact the regulatory treatment of the Green Notes, including the qualification of the Green Notes as own funds or eligible liabilities of Belfius Bank (as applicable) if (i) the Issuer were to fail to comply with such agreement or were to fail to use the proceeds in the manner specified in the relevant Final Terms or if the use is completed but leads to a result not originally anticipated; (ii) the Second Party Opinion were to be withdrawn or be no longer valid or renewed; (iii) any failure by the Issuer to comply with any ESG target or with regard to the

expected performance of Eligible Green Assets; and/or (iv) there would be a lack of eligible green assets in which the Issuer may invest. Any failure to use an amount equivalent to the net proceeds of any Series of Green Notes towards the financing and/or refinancing of the Eligible Green Assets, and/or any failure to meet, or to continue to meet, any investor expectations or requirements as to their “green” or equivalent characteristics, including the failure to provide, or the withdrawal of, the Second Party Opinion or the failure by the relevant Issuer to report on the use of proceeds or the Eligible Green Assets as anticipated, may have a material adverse effect on the value and/or trading price of such Green Notes, and/or may have consequences for certain investors with portfolio mandates to invest in green or sustainable assets (which consequences may include the need to sell the Green Notes as a result of the Green Notes not falling within the investor’s investment criteria or mandate).

Notwithstanding any use of the net proceeds of the Green Notes identified in the applicable Final Terms, investors should note that, in respect of Belfius Bank Notes, (i) such transactions will be fully subject to the CRR eligibility criteria and BRRD requirements for own funds and eligible liabilities instruments, as applicable, and, as such, proceeds from Green Notes qualifying as own funds or eligible liabilities should cover all losses in the balance sheet of the Issuer regardless of their green label, (ii) the Green Notes can be subject to bail-in and write-down or conversion powers and (iii) this will not affect the particular status of such Green Notes as identified in the applicable Final Terms, including, as applicable, in terms of subordination, loss absorbency features and regulatory treatment. In this respect, please also refer to the risk factor entitled “*Risks related to the bail-in of the Notes*”.

#### *No assurance of suitability or reliability of the Second Party Opinion*

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by Belfius) which may be made available in connection with each issue of any Green Notes and in particular as to whether or not any Eligible Green Assets fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification (including the Second Party Opinion) (i) is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus, (ii) may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed in this section and other factors that may affect the value of any Green Notes, (iii) is not, nor should be deemed to be, a recommendation by the Issuers or any other person to buy, sell or hold Green Notes and (iv) would only be current as of the date that it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in the Green Notes (subject to any (limitation of) liability statement contained in such opinion, report or certification – the Second Party Opinion for example provides that “*Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law*”). Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

#### *No Event of Default*

While the applicable Final Terms may indicate that the relevant Issuer will apply an amount equal to the net proceeds of any Notes issued as Green Notes for Eligible Green Assets as described in the applicable Final Terms, there is no contractual obligation on it to do so or to report on the use of proceeds or Eligible Green Assets.

There can be no assurance that any such Eligible Green Assets will be available or capable of being implemented in the manner anticipated and, accordingly, that the relevant Issuer will be able to use such amounts for such Eligible Green Assets as intended, for reasons that are outside the relevant Issuer’s control or which the relevant Issuer is not able to anticipate. In addition, there can be no assurance that the Eligible Green Assets will be completed as expected or achieve the impacts or outcomes (environmental, social or otherwise) originally expected or anticipated, and any such failure will not constitute an Event of Default or breach of contract with respect to any Notes issued as Green Notes. For the avoidance of doubt, a failure by the relevant Issuer to allocate an amount equal to the proceeds of any Notes issued as Green Notes or to report on the use of such amounts or Eligible Green Assets as anticipated or a failure of a third party to issue (or to withdraw) an opinion or certification in connection

with an issue of Green Notes or the failure of the Notes issued as Green Notes to meet investors' expectations requirements regarding any "green" or similar labels or any failure by the relevant Issuer to meet any ESG target or objective will not constitute an Event of Default or breach of contract with respect to any Notes issued as Green Notes.

*Green Notes are not linked to the performance of the Eligible Green Assets, do not benefit from any arrangements to enhance the performance of the Green Notes or any contractual rights derived solely from the intended use of proceeds of such Green Notes*

The performance of the Green Notes is not linked to the performance of the Eligible Green Assets or the performance of the Issuer in respect of any environmental or similar targets. There will be no segregation of assets and liabilities in respect of the Green Notes and the Eligible Green Assets. Consequently, neither payments of principal and/or interest (if any) on the Green Notes nor any rights of Noteholders shall depend on the performance of the Eligible Green Assets or the performance of the relevant Issuer in respect of any such environmental or similar targets. Holders of any Green Notes shall have no preferential rights or priority against the assets of the Eligible Green Assets nor benefit from any arrangements to enhance the performance of the Notes.

#### **2.3.2.10. Risks related to Foreign Currency Notes**

As purchasers of foreign currency Notes, investors are exposed to the risk of changing foreign exchange rates. This risk is in addition to any performance risk that relates to each Issuer or the type of Note being issued.

The relevant Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's 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 or the Specified Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the equivalent yield on the Notes in the Investor's Currency, (ii) the equivalent value of the principal payable on the Notes in the Investor's Currency and (iii) the equivalent market value of the Notes in the Investor's Currency.

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, investors may receive less interest or principal than expected, or no interest or principal.

#### **2.3.2.11. Risks related to Notes with a multiplier or other leverage factor**

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include such features. Moreover, the reference rate could be zero or even negative. Even if the relevant reference rate becomes negative, it will still remain the basis for the calculation of the interest rate, and a margin, if applicable, will be added to such negative interest rate. For the avoidance of doubt, the Noteholders will never be required to pay a coupon to the Issuer or the Guarantor.

#### **2.3.2.12. Risks related to early redemption of the Notes**

The Terms and Conditions of the Notes provide that Notes may be redeemed prior to their stated maturity if (i) Partial Redemption is provided to be applicable in the relevant Final Terms, (ii) Call Option is provided to be applicable in the relevant Final Terms, at the option of the Issuer and (iii) Mandatory Early Redemption is provided to be applicable in the relevant Final Terms and one or more Trigger Events (as will be defined in the relevant Final Terms) occur.

An early redemption of the Notes is likely to limit the market value of such Notes. Where the relevant Issuer has the option to redeem the Notes prior to their stated maturity or the market anticipates that redemption might occur, such as when the relevant Issuer's cost of borrowing is lower than the interest rate on the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed during any period when the Issuer may elect to redeem such Notes.

If the relevant Issuer redeems the Notes prior to their maturity, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low. Investors that choose to reinvest moneys they receive through an early redemption of Notes may be able to do so only in securities with a lower yield than the redeemed Notes. Potential investors should consider reinvestment risk in light of other investments available at that time. In this respect, please also refer to the risk factor entitled "*Risks related to reinvesting risk*".

#### **2.3.2.13. Issuer substitution**

Pursuant to Condition 8.16, in case of dissolution, liquidation, reconstruction, merger, amalgamation or any other kind of reorganisation, the relevant Issuer and, in the case of Belfius Financing Company Notes, the Guarantor may, without any further consent or cooperation from the Noteholders, at any time, procure that any affiliated or associated corporation of the relevant Issuer or, in the case of Belfius Financing Company Notes, the Guarantor is substituted for the relevant Issuer as the debtor under the Terms and Conditions to be offered by assigning all its rights and obligations to such other corporation, provided that certain preconditions are fulfilled. Notwithstanding each of these preconditions being satisfied prior to any such substitution, there can be no guarantee that any such substitution will not have an adverse effect on the price of the Notes and subsequently lead to losses for the Noteholders if they sell the Notes.

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

A key difference between Floating Rate Notes, on the one hand, and Fixed Rate Notes, on the other, is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield for Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments bearing fixed interest rate.

#### **2.3.2.15. Zero Coupon Notes are subject to greater price fluctuations than non-discounted notes**

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

#### **2.3.2.16. The market value of Notes issued at a substantial discount or premium may fluctuate more than on conventional interest-bearing securities**

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

### *2.3.3. Risks in connection with the Guarantee*

#### **2.3.3.1. The Guarantor may not have the ability to pay all amounts due under the Belfius Financing Company Notes**

The Guarantor may not be able to pay all amounts due under the Belfius Financing Company Notes in the event of a claim under the Guarantee. If the holders of the Belfius Financing Company Notes were to demand payment from the Guarantor under the Guarantee, it is uncertain that it will be able to pay the required amount in full.

The Guarantor's ability to repay the Belfius Financing Company Notes will depend on its financial position at the time of the call under the Guarantee, and may be limited by law, by the terms of its indebtedness and by the agreements that it may have entered into on or before such date, which may replace, supplement or amend its existing or future indebtedness.

The Guarantor's failure to pay amounts due under the Belfius Financing Company Notes may result in an event of default under the terms of other outstanding indebtedness of the Issuers and the Guarantor.

#### **2.3.3.2. Each holder of Belfius Financing Company Notes must call upon the Guarantee at its own initiative**

Each holder of Belfius Financing Company Notes will have to call the Guarantee at its own initiative. The amount that the holder of Belfius Financing Company Notes will be able to receive may depend on the moment the call under the Guarantee is made. Potential investors should also take into account that a call under the Guarantee may give rise to certain costs.

### *2.3.4 Operational risks*

#### **2.3.4.1. Reliance on the procedures of the Securities Settlement System and Securities Settlement System participants or other clearing systems where the Notes are represented or deposited for transfer, payment and communication with the Issuers**

The Belfius Bank Notes will be issued in dematerialised form in accordance with the Belgian Code of Companies and Associations and cannot be physically delivered. The Belfius Bank Notes will be represented by book entries in the records of the Securities Settlement System. Access to the Securities Settlement System is available through the Securities Settlement System participants whose membership extends to securities such as the Belfius Bank Notes. The Securities Settlement System participants include certain banks, stockbrokers ("*beursvennootschappen*" / "*sociétés de bourse*"), and Euroclear Bank SA/NV ("**Euroclear**"), Clearstream Banking Frankfurt ("**Clearstream**"), SIX SIS AG ("**SIX SIS**"), Monte Titoli S.p.A. ("**Euronext Securities Milan**"), Interbolsa S.A. ("**Euronext Securities Porto**"), Euroclear France SA ("**Euroclear France**") and LuxCSD S.A. ("**LuxCSD**").

Transfers of interests in the Belfius Bank Notes will be effected between the Securities Settlement System participants in accordance with the rules and operating procedures of the Securities Settlement System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the Securities Settlement System participants through which they hold their Belfius Bank Notes.

The Belfius Financing Company Notes will be issued in dematerialised form or in bearer form in accordance with applicable Luxembourg law. The Belfius Financing Company Notes which are issued in dematerialised form will be represented by a book-entry in the records of the Securities Settlement System. The Belfius Financing Company Notes which are issued in bearer form will be represented by a Permanent Global Note, deposited with the common depositary for Euroclear and Clearstream Banking S.A. and will not be exchangeable for definitive notes.

Neither the Issuers, nor the Guarantor, nor any Agent will have any responsibility for the proper performance by the Securities Settlement System or the Securities Settlement System participants or any other clearing systems where the Notes are represented or deposited (as applicable) of their obligations under their respective rules and operating procedures.



A Noteholder must rely on the procedures of the Securities Settlement System, the Securities Settlement System participants or such other clearing systems where the Notes are represented or deposited (as applicable) to receive payments under the Notes, make transfers and receive communications from the Issuers. The Issuers, the Guarantor nor any Agent will have any responsibility or liability for the records relating to, payments made in respect of, or delays of communication with regards to the Notes within the Securities Settlement System, the Securities Settlement System participants or such other clearing systems where the Notes are represented or deposited (as applicable).

### 3. CHOICES MADE BY THE ISSUERS

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According to Article 8 of the Prospectus Regulation, the Issuers have chosen to issue notes under a base prospectus. The specific terms of each Tranche of Notes will be set forth in the applicable Final Terms. In addition, the Issuers choose the Kingdom of Belgium as their home Member State for purposes of the Prospectus Regulation.

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

## 4. RESPONSIBILITY STATEMENT

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

Belfius Financing Company as Issuer and Belfius Bank as Issuer or Guarantor, as applicable, accept responsibility for the information given in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. The information contained in this Base Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

In addition, in the context of any Public Offer, the Issuers also accept responsibility as set forth above for the content of this Base Prospectus in relation to any person (an “**Investor**”) to whom any offer of Notes is made by any financial intermediary to whom the relevant Issuer has given its consent to use this Base Prospectus in connection with Public Offers of the Notes, subject to the conditions set out below (an “**Authorised Offeror**”). However, the relevant Issuer does not have any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such Public Offer.

Pursuant to the paragraph above, and if so specified in the Final Terms in respect of any Tranche of Notes, the relevant Issuer consents to the use of this Base Prospectus in connection with a Public Offer of the relevant Notes by each Authorised Offeror on the following basis:

- (a) such consent is given only for the use of this Base Prospectus, as supplemented from time to time, in relation to Public Offers of Notes occurring within 12 months from the date of this Base Prospectus;
- (b) such consent relates only to the offer period of the applicable Public Offer (the “**Offer Period**”);
- (c) such consent only relates to Public Offers made in Belgium;
- (d) the relevant Authorised Offeror is authorised to make Public Offers under the MiFID Directive and applicable legislation implementing the MiFID Directive provided, however, that, if any Authorised Offeror ceases to be so authorised, then the consent of the Issuer shall be given only for so long as each Authorised Offeror is so authorised to make Public Offers under the MiFID Directive and applicable legislation implementing the MiFID Directive;
- (e) any other conditions relating to the relevant Public Offer (as specified in the relevant Final Terms) are complied with.

Details of the Offer Period and any other conditions relating to the Public Offer and the names of the Authorised Offeror(s) will be specified in the Final Terms relating to a Tranche of Notes.

The relevant Issuer may give its consent to additional financial intermediaries after the date of the relevant Final Terms and, if it does so, the relevant Issuer will publish the relevant information in relation to them on <http://www.belfius.be>.

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

The Issuers have not authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use this Base Prospectus in connection with its offer of any Notes unless (i) the offer is made by an Authorised Offeror as described above or (ii) the offer is otherwise made in circumstances falling within an exemption from the requirement to publish a prospectus under the Prospectus Regulation. Any such unauthorized offers are not made on behalf of the Issuers and the Issuers have no responsibility or liability for the actions of any person making such offers. If, in the context of a Public Offer, an Investor is offered Notes by a person which is not an Authorised Offeror, the Investor should check with that person whether anyone is

responsible for this Base Prospectus for the purposes of the relevant Public Offer and, if so, who that person is. If an Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents it should take legal advice.

An Investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocation and settlement arrangements (the “**Terms and Conditions of the Public Offer**”). The Issuer will not be a party to any such arrangements with Investors in connection with the offer or sale of the Notes and, accordingly, this Base Prospectus and any Final Terms will not contain such information. The Terms and Conditions of the Public Offer shall be published by that Authorised Offeror on its website at the relevant time. None of the Issuers, the Guarantor nor any Dealer has any responsibility or liability for such information.

## 5. DOCUMENTS INCORPORATED BY REFERENCE

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

- (i) the audited consolidated accounts of Belfius Bank for the years ended 31 December 2021<sup>10</sup> and 31 December 2022<sup>11</sup>, including the reports of the statutory auditors in respect thereof; and
- (ii) the disclosure documents on alternative performance measures (“APM”) for the years ended 31 December 2021<sup>12</sup> and 31 December 2022<sup>13</sup>,

each of 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 accounts of Belfius Financing Company for the years ended 31 December 2021 and 31 December 2022, including the reports of the statutory auditors in respect thereof, each as incorporated in Annex 5 of this Base Prospectus.

In accordance with Article 8(11) of the Prospectus Regulation, this Base Prospectus should also be read and construed in conjunction with the form of the Final Terms, the relevant Final Terms and the relevant Terms and Conditions of the Notes from the previous base prospectus relating to the Programme which was approved by the FSMA on 24 May 2022 (and which is replaced and superseded by this Base Prospectus) with respect to any Notes offered to the public and which offer continues after the expiration of such previous base prospectus under which it was commenced, which are incorporated by reference in this Base Prospectus.

Copies of all documents incorporated by reference in this Base Prospectus may be obtained without charge from the offices of Belfius Bank and on the website of 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) notes to the consolidated financial statements, (vii) audit report on the consolidated accounts, (viii) non-consolidated balance sheet, (ix) non-consolidated statement of income, (x) audit report on the non-consolidated accounts, (xi) APMs of Belfius Bank for the financial years ended 31 December 2021 and 31 December 2022 and (xii) information on the COVID-19 crisis (if applicable), for the years ended 31 December 2021 and 31 December 2022 of Belfius Bank; and

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<sup>10</sup> Available on <https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/2021%20Annual%20Report.pdf>

<sup>11</sup> Available on <https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/Annual%20Report%20Belfius%20Bank%202022%20-%20ENG.pdf>

<sup>12</sup> Available on <https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/2021%20Alternative%20Performance%20Measures.pdf>

<sup>13</sup> Available on <https://www.belfius.be/about-us/dam/corporate/investors/ratios-en-rapporten/belfius-reports/en/2022%20Alternative%20Performance%20Measures.pdf>

- (b) the accounting policies, notes and auditors' reports of Belfius Financing Company for the financial years ended 31 December 2021 and 31 December 2022 (each as also incorporated in Annex 5 of this Base Prospectus).

Information contained in the documents incorporated by reference or incorporated in Annex 5 (as applicable) other than information listed in the table below is for information purposes only and does not form part of this Base Prospectus. Such non-incorporated parts are deemed not relevant for the investor or are covered elsewhere in this Base Prospectus.

The balance sheet and statement of income of Belfius Financing Company can be found in the section headed "6. Belfius Financing Company S.A." of this Base Prospectus.

*(reference to pages of the Reports)*

	<b>Annual Report 2021 Audited</b>	<b>Annual Report 2022 Audited</b>
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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.

*(reference to pages of the Reports)*

	<b>Annual Report 2021 (English version) audited</b>	<b>Annual Report 2022 (English version) audited</b>
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Non-consolidated balance sheet	404-406	428-429
Non-consolidated statement of income	407-408	431-432
Audit report on the non-consolidated accounts	409	433
Information on the COVID-19 crisis	24; 167 to 184; 250	-

*(reference to pages of the documents)*

	<b>Alternative performance measures 2021</b>	<b>Alternative performance measures 2022</b>
common equity tier 1 ratio	1	1
tier 1 ratio	1	1
total capital ratio	1	1
leverage ratio	2	2
solvency II ratio	2	2

liquidity coverage ratio	2	2
net stable funding ratio	2	2
net interest margin	3	3
cost-income ratio	3	3
credit cost ratio	3	3
asset quality ratio	4	4
coverage ratio	4	4
return on equity	4	4
return on assets	4	4
return on normative regulatory equity	5	5
total savings and investments of commercial activities	5	5
total loans to customers	6	6
ALM liquidity bond portfolio	6	6
ALM yield bond portfolio	6	7
credit guarantee portfolio	7	7
funding diversification	7	7
life income margin	8	8
non-life expense ratio	8	9
non-life net loss ratio	9	9
adjusted result	10	10

# 6. BELFIUS FINANCING COMPANY S.A.

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

## *6.1. General Information*

Belfius Financing Company S.A., established on 29 October 2010 for an unlimited duration and incorporated under Luxembourg law, is registered with the Register of Commerce and Companies of Luxembourg under number B 156767 (“**R.C.S Luxembourg**”). The articles of association of the Issuer were last amended and restated by notarial deed on 7 May 2014.

Its registered office is located at 20, rue de l’Industrie, L-8399 Koerich, Grand Duchy of Luxembourg.

Its contact details for the purpose of this Base Prospectus are the following:

Belfius Financing Company S.A.

20, rue de l’Industrie, L-8399 Koerich, Grand Duchy of Luxembourg

LEI: 222100XN1KG7XBC16R52

Telephone: +352 27 32 95 1

Website: <https://www.belfius-financingcompany.lu>

Belfius Financing Company has existing senior preferred bonds outstanding. No such bonds are as at the date of this Base Prospectus listed for trading on the Luxembourg Stock Exchange.

According to Article 4 of its articles of association, the purpose of the Company is:

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

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

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

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



As at 31 December 2022, the share capital of Belfius Financing Company amounted to EUR 3,094,004, fully subscribed and paid up to the extent of the aggregate amount of EUR 2,113,004 and represented by 251 shares without par value, held by its sole shareholder, Belfius Bank SA/NV. Belfius Financing Company is dependent on Belfius Bank for the set-up, marketing and sale of its Notes issues. In addition, Belfius Financing Company relies on the fees paid by Belfius Bank to finance its corporate activities.

Belfius Financing Company issues notes in the market, whereby proceeds of the issued notes are fully transferred to Belfius Bank.

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

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

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

The auditors of Belfius Financing Company are KPMG Luxembourg S.à r.l., 39 Avenue John F. Kennedy, L-1855 Luxembourg, being member of KPMG International and being a member of the *Institut des Réviseurs d'Entreprises (IRE)* of Luxembourg.

The relevant auditor's report with respect to the audited annual accounts of Belfius Financing Company for the years ended 31 December 2021 and 31 December 2022, as incorporated in Annex 5 of this Base Prospectus, were delivered without any reservations.

## *6.2. Management Board*

Belfius Financing Company has a Board of Directors. At the date of this Base Prospectus, the Board of Directors of Belfius Financing Company is composed of:

Category A Directors:

Werner Driscart

Kristin Claessens

Category B Directors

Benoît Felten

Christoph Finck

## *6.3. Selected Financial Information*

The following tables summarise the audited balance sheet and, income statement of Belfius Financing Company for the period ending 31 December 2021 and 31 December 2022, as well as the unaudited Cash Flow Statement of Belfius Financing Company as at 31 December 2021 and as at 31 December 2022.

# Audited Balance Sheet of Belfius Financing Company as of 31 December 2021 and 31 December 2022

## BELFIUS FINANCING COMPANY S.A.

Société Anonyme

### BALANCE SHEET

As at December 31, 2022

(expressed in thousands of EUR)

<u>ASSETS</u>	Notes	2021	2022
<b>SUBSCRIBED CAPITAL UNPAID</b>	6	981	<b>981</b>
Subscribed capital not called		981	981
<b>FORMATION EXPENSES</b>		<b>0</b>	<b>0</b>
<b>FIXED ASSETS</b>		<b>11</b>	<b>8</b>
Tangible assets	3	11	8
<b>CURRENT ASSETS</b>		<b>9,048,259</b>	<b>10,863,913</b>
Debtors	4	165	6,971
Amounts owed by affiliated undertakings <i>becoming due and payable within one year</i>		165	6,971
<i>becoming due and payable after more than one year</i>		0	0
Other investments	5	<b>9,045,383</b>	10,854,045
Cash at bank and in hand		2,712	2,897
<b>PREPAYMENTS</b>		<b>12</b>	<b>11</b>
<b><u>TOTAL (ASSETS)</u></b>		<b>9,049,263</b>	<b>10,864,913</b>
<b><u>CAPITAL, RESERVES AND LIABILITIES</u></b>			
<b>CAPITAL AND RESERVES</b>	6	<b>4,199</b>	<b>4,433</b>
Subscribed capital		3,094	3,094
Reserves		780	748
Profit brought forward		43	355
Profit for the financial year		282	236
<b>PROVISIONS</b>		<b>0</b>	<b>0</b>
<b>OTHER CREDITORS</b>	7	<b>9,044,870</b>	<b>10,860,318</b>
Trade creditors		11	6
Tax authorities		185	176
Social security authorities		11	13
Other creditors		9,044,663	10,860,123

<i>becoming due and payable within one year</i>	1,753,381	2,268,463
<i>becoming due and payable after more than one year</i>	7,291,282	8,591,660
<b>DEFERRED INCOME</b>	<b>194</b>	<b>162</b>
<b><u>TOTAL (CAPITAL, RESERVES AND LIABILITIES)</u></b>	<b><u>9,049,263</u></b>	<b><u>10,864,913</u></b>

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

**Audited Profit and Loss Account of Belfius Financing Company as of 31 December 2021 and 31 December 2022**

**BELFIUS FINANCING COMPANY S.A.**

Société Anonyme

**PROFIT AND LOSS ACCOUNT**

For the year ended December 31, 2022

(expressed in thousands of EUR)

	Notes	2021	2022
<b>Other operating income</b>		<b>3</b>	<b>3</b>
<b>Raw materials and consumables and other external expenses</b>	8	<b>(691)</b>	<b>(720)</b>
<b>Staff costs</b>	9	<b>(352)</b>	<b>(375)</b>
Wages and salaries		(297)	(316)
Social security costs		(37)	(41)
<i>Relating to pensions</i>		(23)	(25)
<i>Other social security costs</i>		(14)	(16)
Other staff costs		(18)	(18)
<b>Value adjustments</b>		<b>(3)</b>	<b>(3)</b>
In respect of formation expenses		(0)	(0)
In respect of fixed assets		(3)	(3)
<b>Other operating expenses</b>	10	<b>(20)</b>	<b>(19)</b>
<b>Other interest receivable and similar income</b>	11	<b>162,252</b>	<b>107,515</b>
Derived from affiliated undertakings		162,247	107,514
Other interest and similar income		5	1
<b>Interest payable and similar expenses</b>	12	<b>(160,797)</b>	<b>(106,074)</b>
Other interest and similar expenses		(160,797)	(106,074)
<b>Tax on profit</b>	13	<b>(110)</b>	<b>(92)</b>
<b>Profit after taxation</b>		<b>282</b>	<b>235</b>
<b>Other taxes</b>		<b>0</b>	<b>0</b>
<b>Profit for the financial year</b>		<b>282</b>	<b>235</b>

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

## Unaudited Cash Flow Statement of Belfius Financing Company as at 31 December 2021 and as at 31 December 2022

The cash flow statements below have been drawn up solely and exclusively for the purpose of the compliance of this Base Prospectus with the requirements of the Prospectus Regulation. As a consequence, these cash flow statements have been established after the date on which the audited financial statements for the financial years 2021 and 2022 have been published and therefore have not been audited by the statutory auditors of Belfius Financing Company. The cash flow statements for the financial year 2021 and the financial year 2022 are based on the audited financial statements of the said years and have been drawn up in accordance with Lux GAAP.

(Cash Flow Statement expressed in EUR)

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### **CASH FLOW STATEMENT**

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Reporting Unit: 6126 - Belfius Financing Company S.A.  
(expressed in EUR)

	31 December 2021	31 December 2022
Net cash provided by operating activities	88,374,024	680,017,323
Net cash provided by investing activities	0	0
Net cash provided by financing activities	-700,000	0
Net increase in cash and cash equivalent	87,674,024	680,017,323
Cash & cash equivalent at the beginning of period	3,021,751	90,695,775
Cash & cash equivalent at the end of period	90,695,775	770,713,098

### ***Prospects***

Other than set out in this Base Prospectus, there has been no material adverse change in the prospects of Belfius Financing Company since the date of its last published audited financial statements.

### ***Significant changes in the financial performance***

Other than set out in this Base Prospectus, there are no significant changes in the financial performance of Belfius Financing Company since the date of its last published audited financial statements.

## 7. BELFIUS BANK SA/NV

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

### *7.1. Belfius Bank profile*

Belfius Bank SA/NV (the “**Issuer**” or “**Belfius Bank**”) is a limited liability company (*naamloze vennootschap/ société anonyme*) established on 23 October 1962 for an unlimited duration and incorporated under Belgian law which collects savings from the public. The Issuer is licensed as a credit institution in accordance with the Belgian law of 25 April 2014 on the status and supervision of credit institutions (the “**Banking Law**”). It is registered with the Crossroads Bank for Enterprises under business identification number 0403.201.185 and has its registered office at 1210 Brussels, Place Charles Rogier 11, Belgium, telephone +32 22 22 11 11. Belfius Bank’s LEI code is A5GWLFB3KM7YV2SFQL84. The commercial name of the Issuer is Belfius Bank in English, Belfius Bank in Dutch and Belfius Banque in French.

The share capital of Belfius Bank as at 31 December 2022 was EUR 3,458,066,227.41 and is represented by 359,412,616 registered shares. The shareholding of Belfius Bank is as follows: 359,407,616 registered shares are held by the public limited company of public interest Federal Holding and Investment Company (“**FHIC**”), in its own name but on behalf of the Belgian State, and 5,000 registered shares are held by the public limited company Certi-Fed. Certi-Fed is a fully-owned subsidiary of FHIC. Belfius Bank shares are not listed.

At the end of 2022, total consolidated balance sheet amounted to EUR 179 billion.

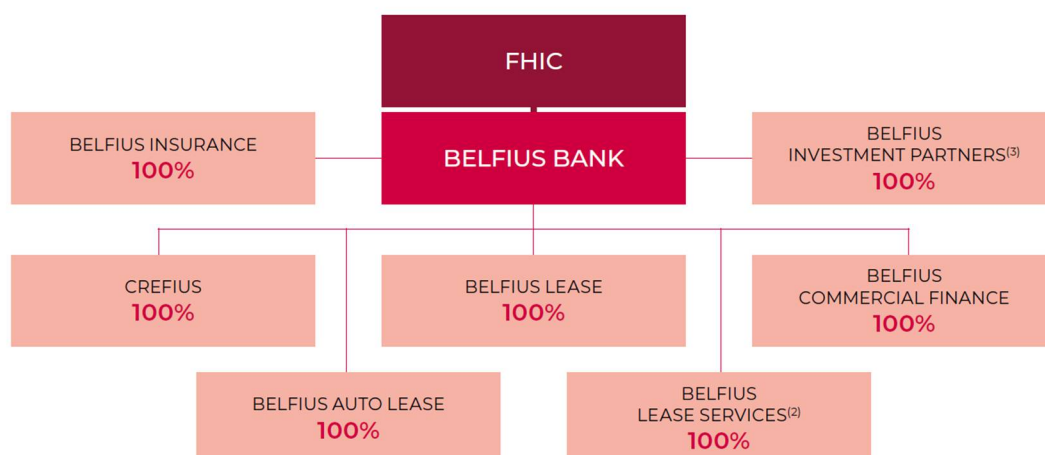
There have been no material contracts that are entered into in the ordinary course of Belfius Bank’s business which could result in any member of the Belfius group being under an obligation or an entitlement that is material to Belfius Bank’s ability to meet its obligations to Noteholders.

The auditors of Belfius Bank for the historical financial information covered by this Base Prospectus are KPMG Reviseurs d’Entreprises SCRL, Gateway building, Luchthaven Nationaal 1 K, 1930 Zaventem, Belgium, being a member of the Belgian *Instituut der Bedrijfsrevisoren/Institut des Réviseurs d’Entreprises*. KPMG Reviseurs d’Entreprises SCRL were appointed as statutory auditors of Belfius Bank by its ordinary general meeting of shareholders held on 29 April 2020 for a term of three years.

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

## 7.2. Simplified group structure as at the date of this Base Prospectus

Simplified group structure<sup>(1)</sup>



<sup>(1)</sup> For more details, see the list of subsidiaries in the consolidated financial statements in the 2022 annual report.

<sup>(2)</sup> Belfius Lease Services operates under the same brand (logo) as Belfius Lease.

<sup>(3)</sup> Following the strategic partnership with Candriam, one share of Belfius Investment Partners is held by Candriam.

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

## 7.3. Main commercial subsidiaries

The entities mentioned below are subsidiaries of the Issuer.

### ***Belfius Insurance***

Insurance company marketing life and non-life insurance products, savings products and investments for individuals, the self-employed, liberal professions, companies and the public and social sector. At the end of 2022, the total consolidated balance sheet of Belfius Insurance amounted to EUR 20 billion<sup>14</sup>.

### ***Crefius***

Company servicing and managing mortgage loans. At the end of 2022, the total balance sheet of Crefius amounted to EUR 24 million<sup>15</sup>.

### ***Belfius Auto Lease***

Company for operational vehicle leasing and car fleet management, maintenance and claims management services. At the end of 2022, the total balance sheet of Belfius Auto Lease amounted to EUR 513 million<sup>16</sup>.

### ***Belfius Lease***

Company for financial leasing and renting of professional capital goods. At the end of 2022, the total balance sheet of Belfius Lease amounted to EUR 1,058 million<sup>17</sup>.

<sup>14</sup> For more details, see the 2022 annual report of Belfius Insurance.

<sup>15</sup> Total IFRS balance sheet before consolidation adjustments.

<sup>16</sup> Total IFRS balance sheet before consolidation adjustments.

<sup>17</sup> Total IFRS balance sheet before consolidation adjustments.

### ***Belfius Lease Services***

Financial leasing and renting of professional capital goods to the self-employed, companies and liberal professions. At the end of 2022, the total balance sheet of Belfius Lease Services amounted to EUR 2,556 million<sup>18</sup>.

### ***Belfius Commercial Finance***

Company for financing commercial loans to debtors, debtor in-solvency risk cover and debt recovery from debtors (factoring). At the end of 2022, the total balance sheet of Belfius Commercial Finance amounted to EUR 1,371 million<sup>19</sup>.

### ***Belfius Investment Partners***

Company for administration and management of investment funds. At the end of 2022, the total balance sheet of Belfius Investment Partners amounted to EUR 179 million<sup>20</sup> and assets under management amounted to EUR 28.4 billion.

## ***7.4. Financial results***

### ***Results 2022***

Belfius' consolidated net income reached EUR 975 million in 2022, driven by strong commercial dynamics and increasing income and despite inflationary pressures on the cost side.

Total income amounted to EUR 2,982 million in 2022, up +10% or EUR +279 million compared to 2021 (EUR 2,703 million) thanks to:

- strong increase of the net interest income bank, in sharply rising interest rate environment, by +8% (EUR 1,752 million in 2022 compared to EUR 1,623 million in 2021) driven by (a) improving interest margin on non-maturing deposits, (b) positive impact from the TLTRO III and ECB deposit tiering till 23 November 2022 and (c) higher margin on the large liquidity buffer held in cash during the year;
- outstanding resilience of the net fee and commission income bank growing by +3% (EUR 757 million in 2022 compared to EUR 732 million in 2021) mainly thanks to higher payment service fees and resilient fees from asset management services (in line with Belfius' 'Bank for Investors' strategy);
- growing insurance contribution to income, with strong life insurance income (EUR 338 million in 2022 compared to EUR 302 million in 2021), mainly thanks to continuously strong financial margin on life insurance reserves (including a partial release of excess reserves), complemented with rising non-life insurance income (EUR 226 million in 2022 compared to EUR 210 million in 2021), where growing non-life activity has been partially neutralised by higher claims cost due to inflationary pressures and to the storms of the first quarter of 2022;
- other income amounted to EUR -91 million in 2022, less negative than in 2021 (EUR -165 million). The year-on-year delta is mainly stemming from stronger results in Financial Markets activities, higher contribution from Belfius' subsidiaries, positive impacts from higher interest rates and credit spread hedges, despite continuously higher bank levies (EUR 264 million in 2022 compared to EUR 256 million in 2021).

Belfius continued to develop its strong footprint, in operational, commercial and financial terms, by investing in brand, human talent and digital capital. The year 2022 has been marked by very strong investments in Belfius' brand positioning, with amongst others successful campaigns towards Entrepreneurs and Corporates, and the Private and Wealth segments in Belgium. Nevertheless, the increase of operating costs by +10% (EUR 1,620

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<sup>18</sup> Total IFRS balance sheet before consolidation adjustments.

<sup>19</sup> Total IFRS balance sheet before consolidation adjustments.

<sup>20</sup> Total IFRS balance sheet before consolidation adjustments.



million in 2022 compared to EUR 1,477 million in 2021) remained well below the increase of income, leading to a further improving C/I ratio at 54% in 2022 (compared to 55% in 2021), despite inflationary pressures and these investments in brand, human and digital capital.

All in all, the combination of strong income dynamics, rising interest rate environment, disciplined cost strategy, notwithstanding inflationary pressures and unfavourable financial markets and continuing investments in commercial activities, ESG, IT and digitalisation, led to an increase in pre-provision income by +11%, to EUR 1,362 million in 2022 compared to EUR 1,226 million in 2021.

In 2022, Belfius made again a detailed review of its credit risk portfolio and continued to calibrate its IFRS 9 provisions. As a result of:

- the Russian invasion in Ukraine aggravating the geopolitical, economic and financial turmoil;
- additional Covid-19 related lockdowns in China; and
- historically very high inflation readings worldwide,

the anticipated economic recovery as of end 2021 was tempered and worldwide short and medium-term economic growth estimates continuously decreased.

In this multi-dimensional change of the economic and financial environment, Belfius decided to increase its risk provisions, resulting in an overall cost of risk 2022 of EUR -106 million (net allowance) compared to EUR +1 million or a net reversal in 2021.

As a result, the net income before taxes amounted to EUR 1,255 million compared to EUR 1,226 million in 2021.

The tax expenses amounted to EUR 279 million in 2022 compared to EUR 290 million in 2021, notwithstanding higher taxable profit. The consolidated effective tax rate stood at 22%, slightly below the statutory tax rate (25% in 2021), benefitting from higher non-taxable results (positive result on credit spread hedges in Ireland, capital gains on real estate project, etc.) and innovation deduction regime in line with Belfius' innovation investments.

As a consequence, consolidated net income 2022 reached EUR 975 million compared to EUR 935 million in 2021. This is Belfius' highest net income since its origins, back in 2011.

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

- the CET1 ratio stood at 16.55%, up +0.17 pp compared to December 2021. This increase is mainly explained by a decreased credit risk exposure following a release of the NBB macroprudential add-on on mortgage loans exposure and a decrease in financial market exposures following positive market parameter evolutions, partially offset by an increase in credit risk due to higher commercial volumes;
- this strong and solid CET1 level is net of a 40% dividend pay-out ratio, hence a 2022 dividend of EUR 384.4 million<sup>21</sup>, thanks to which Belfius continued to support its commercial franchise development;
- total capital ratio stood at 19.8%, stable compared to end 2021;
- the leverage ratio decreased to 6.3%, down -0.87 pp compared to December 2021, due to a higher leverage exposure by EUR +22.8 billion than in 2021, stemming mainly from the end of a Covid-19 release measure for partial exclusion of Central Bank exposures and from higher off balance volumes;
- insurance activities also posted continued solid solvency metrics, with a Solvency II ratio of 193% end of December 2022;
- Belfius also showed an excellent liquidity and funding profile with a LCR of 173% and a NSFR of 135%;

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<sup>21</sup> As decided by the Board of Directors of 21 March 2023 and as approved by the General Assembly of 26 April 2023 over 2022 year-end results.

- total shareholders' equity (Net Asset Value) further improved to EUR 11.1 billion at the end of 2022 (compared to EUR 11.0 billion at the end of 2021), as a result of strong financial results despite unfavourable financial markets.

### ***Prospects***

Other than as set out in this Base Prospectus, there has been no material adverse change in the prospects of Belfius Bank since the date of its last published audited financial statements.

### ***Significant changes in the financial performance***

Other than as set out in this Base Prospectus, there have been no significant changes in the financial performance of Belfius Bank since the date of its last published audited financial statements.

### ***7.5. Minimum CET 1 requirements (SREP)***

Following the annual "Supervisory Review and Evaluation Process" finalised at the beginning of 2022 and the notification of the NBB in May 2022 of the introduction of a new sectoral systemic risk buffer for Belgian residential real estate exposures, Belfius has to comply with a minimum CET 1 capital ratio for 2022 of 10.051% (before Pillar 2 Guidance).

The Pillar 2 Requirement (P2R) was set at 2.13% (to compare with 2% in 2021) to be held in the form of 56.25% CET1 capital and includes a new prudential add-on for non-performing exposures of 13 bps. In line with the enhanced resilience of Belfius in the EBA stress test published in July 2021, the Pillar 2 Guidance (P2G) decreased from 1% to 0.75% on the CET1 capital ratio. As result, Belfius has to comply with a minimum CET1 ratio of 10.801% for 2022 (to compare with 10.635% in 2021, based on a P2G buffer of 1% back then). The consolidated CET 1 capital ratio of Belfius at the end of December 2022 stood at 16.55%, well above the 2022 applicable CET 1 capital ratio requirement of 10.051%.

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

### ***7.6. Segment reporting***

Analytically, Belfius splits its activities and accounts in three segments: Individuals (IND), Entrepreneurs, Enterprises and Public (E&E&P) and Group Center (GC).

- Individuals (IND), managing the commercial relationships with individual customers both at bank and insurance level. Within the Individuals segment, four subsegments are distinguished: Savers, investors, Private and Wealth;
- Entrepreneurs, Enterprises and Public (E&E&P), managing the commercial relationships with public and social sector, business and corporate clients both at bank and insurance level;
- Group Center (GC), containing the residual results not allocated to the two commercial segments. This mainly consists of results from Bonds and Derivatives portfolio management.

### ***Individuals (IND)***

#### **Business description**

Belfius Bank offers individuals a comprehensive range of retail, private banking, wealth management and insurance products and services. Belfius Bank serves its 3.4 million customers through its integrated omni-channel distribution network, which includes 482 branches, digital channels, its modern interaction platform Belfius Connect and a large number of automatised self-banking machines. Through executing its digital strategy, Belfius Bank became a leader in mobile banking with over 1.88 million active mobile users.

Belfius Insurance, a subsidiary of Belfius Bank, distributes its insurance products through the Belfius Bank branches and multi-channel distribution network, through the tied agent network of DVV Insurance, as well as through Corona Direct Insurance. Through its Elantis and DVV brands, Belfius also offers mortgage loans and consumer loans to its customers.

### Individuals results in 2022

As at 31 December 2022, total savings and investments amounted to EUR 116.4 billion, a decrease of -1.8% compared with the end of 2021. The organic growth in 2022 amounted to EUR 4.7 billion, stemming mainly from the large increase in Maturing Deposits (Term Deposits, Bonds) and by solid performance in Mutual Funds & My Portfolio despite very volatile financial markets.

Non-Maturing deposits totalled EUR 62.5 billion as at 31 December 2022, up +1.1% from the end of 2021. The payment and savings accounts outstanding reached EUR 13.9 billion (+3.9%) and EUR 48.6 billion (+0.3%) respectively at the end of December 2022.

Asset Management, Bonds and Equity investments volumes (including Branch 23) decreased by -6.8% compared to the end of 2021, to EUR 46.1 billion. In particular, Asset Management Services have declined by -10.9% in 2022. This decrease stems from strong negative market effect while organic growth remained positive and very satisfactory, particularly in the Funds of the Future. On the other hand, Bonds increased by +15.7% to EUR 8.8 billion.

Term deposits and Other Savings and Investments amounted to EUR 7.7 billion, up +8.3% compared to the end of 2021. This increase is mainly due to Term Deposits that benefit from higher interest rate and amounted to EUR 1.3 billion at the end of 2022 compared to EUR 0.1 billion at the end of 2021.

Total loans to customers rose strongly (+7.4%) to EUR 48.6 billion as at 31 December 2022. Mortgage loans, which account for 90% of all loans for Individuals, amounted to EUR 44 billion at the end 2022 (+7.6%), while consumer loans and other loans to Individuals stood at EUR 1.7 billion and EUR 2.9 billion, respectively.

New long-term loans granted to Individuals clients during 2022 amounted to EUR 9.3 billion compared to EUR 9.0 billion in 2021. In 2022, the new production of mortgage loans continued to increase to EUR 7.9 billion. During the same period, EUR 0.8 billion in consumer loans and EUR 0.6 billion in new long-term business loans were granted.

The total insurance production from customers in the Individuals segment amounted to EUR 2,445 million in 2022, compared with EUR 2,232 million in 2021, an increase of +9.5%.

Life insurance production stood at EUR 1,816 million in 2022, up +11.0% compared to 2021. Unit-linked (Branch 23) production went down (-17.4%) due to difficult market conditions. Traditional Life (Branch 21/26) production increased (+107.0%) thanks to the successful relaunch of Branch 21 Life Invest product, as first in the market.

Non-life insurance production in 2022 stood at EUR 628 million, up +5.6% compared to 2021, boosted by Belfius Bank's distribution channel (+8.2%). The premium collection in DVV Insurance amounted to EUR 280 million, (+3.5% compared to 2021) and in Corona, Belfius' direct insurer, to EUR 70 million, up +4.0% compared to 2021.

The mortgage loan intentional cross-sell ratio for credit balance insurance increased to reach 131% at the end of 2022. The intentional mortgage loan cross-sell ratio for property insurance increased to 88%.

Total insurance reserves, in the Individuals segment, amounted to EUR 11 billion. Life insurance reserves decreased slightly (-6.1%) since end 2021 to EUR 9.9 billion at the end of 2022. Unit-linked reserves (Branch 23) decreased by -7.1%, mainly due to a negative market effect of EUR 0.6 billion (-15%), while traditional guaranteed Life reserves (Life Branch 21/26) decreased with -5.4% since end of 2022 but growing with +5.0% since the first half of 2022 thanks to relaunch of Branch 21 Life Invest. Non-life reserves staid almost stable at EUR 1 billion.

Individuals net income after tax increased by +13.0% from EUR 444 million in 2021 to EUR 502 million in 2022.

## ***Entrepreneurs, Enterprises & Public (E&E&P)***

### **Business description**

The Business Banking segment mainly comprises self-employed persons, liberal professions (e.g. lawyers, doctors, accountants and so on) and SMEs with a turnover of EUR 0 to EUR 10 million.

The Corporate Banking segment includes medium and large Belgian companies with a turnover of more than EUR 10 million and operating in Belgium in all sectors of activity.

The Public and Social segment includes local public bodies (e.g. municipalities, provinces, police districts and public centres for social action), supralocal public bodies, regional and federal public bodies, mutual societies and trade unions, healthcare (hospitals, retirement homes), education (universities, schools) and housing, as well as foundations, social secretariats and pension funds.

Belfius provides these clients with a wide and integrated range of products and services, including credit lending, treasury management, insurance products, financial markets products and financial IT tools.

Belfius Insurance also sells insurance products to its public and social sector clients. Specific life insurance solutions are offered, especially pension insurance in the first and second pension pillars for civil servants and investment products in Branch 26 (life insurance with a capital guarantee and guaranteed minimum return, to which a variable profit participation feature may be added). The development of the insurance policies specifically dedicated to the “Business” segment is one of the strategic development axes for both Life and Non-Life segments and are distributed via the Belfius Bank branches and multi-channel distribution network and the tied agent network of DVV Insurance.

### **E&E&P results in 2022**

As of 31 December 2022, total savings and investments amounted to EUR 63.0 billion, up +3.2% (EUR +1.9 billion) compared to the end of 2021. Non Maturing Deposits (saving and payment accounts) decreased by EUR 0.7 billion to EUR 39.6 billion. Asset Management, Bonds and Equity investments decreased by EUR 1.1 billion to EUR 11 billion, mainly explained by the negative financial market effect partially offset by the good organic growth. Other Savings and Investments increased by EUR 3.7 billion to EUR 12.4 billion, mainly explained by the increase on Straight deposits.

Total outstanding loans increased to EUR 61.2 billion (+7.5%). Outstanding loans to Business customers has grown by EUR 0.9 billion (or +6.4%). Outstanding loans to Corporate customers has grown strongly by EUR 3.2 billion (or +17.1%). In Public & Social Banking, the outstanding loans remained stable compared to 2021.

In 2022, EUR 4.4 billion in new long-term loans to business clients were granted. Belfius assisted 26,714 new start-ups of which 57% are starters of 3 years or less.

The production of long-term loans for Corporate customers amounted to EUR 8.1 billion (+26.7% increase compared to 2021), confirming Belfius’ position as one of the top four banks in the segment. Its market share in terms of loans reached an estimated 19% at the end of 2022.

In 2022, Belfius granted EUR 3.2 billion of new long-term financing to the public sector. Belfius remains the undisputed leader in this market and responds to every financing tender from public bodies, to which it offers sustainable financing conditions. Belfius manages the cash flow of virtually all local authorities and was awarded 52% (in volume on production) of the public sector financing files put out to tender in 2022.

Belfius also strengthened its leading position in the Debt Capital Markets (DCM) for (semi-)public and private companies: in 2022, Belfius Bank issued EUR 8.1 billion in innovative financing instruments in the form of short-term issues (average outstanding amount on commercial paper) and long-term issues (Medium Term Notes and bonds).

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

- Non-life GWP E&E&P: increase compared to 2021 (+1.7%) to EUR 177 million thanks to growth in the business segment of both Bancassurance, showing a double digit progress, and DVV, offsetting the well-known decrease in the Wholesale segment due to the continued implementation of the run-off strategy in Wholesale Brokers and Wholesale Bancassurance;
- Production of E&E&P Life: decrease compared to 2021 by EUR -24 million to EUR 392 million. The loss of GWP on a terminated contract and the lower GWP on Business Pension (Bancassurance and DVV Business) are only partly offset by higher GWP on Publipension, growth in Wholesale Branch 26 and additional premiums on existing Branch 21 group insurance.

Net income after tax decreased from EUR 484 million in 2021 to EUR 456 million in 2022 mainly due to an important increase of Cost of Risk in 2022.

### ***Group Center (GC)***

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

- Run-off portfolios, inherited from the Dexia era, which mainly comprise:
  - a portfolio of bonds issued by international issuers, particularly active in the public and regulated utilities sector (which includes UK inflation-linked bonds) and ABS/RMBS, the so-called ALM Yield bond portfolio;
  - a portfolio of credit guarantees, comprising credit default swaps and financial guarantees written on underlying bonds issued by international issuers, and partially hedged by Belfius with monoline insurers (mostly Assured Guaranty); and
  - a portfolio of interest rate derivatives with Dexia entities as counterparty and with other foreign counterparties;
- ALM liquidity and rate management and other Group Center activities, composed of liquidity and rate management of Belfius (including its ALM Liquidity bond portfolio, derivatives used for ALM management and the management of central assets) and other activities not allocated to commercial activities, such as corporate and financial market support services (e.g. Treasury), the management of two former specific loan files inherited from the Dexia era (loans to Gemeentelijke Holding/Holding Communal and Arco entities), and the Group Center of Belfius Insurance.

These portfolios and activities are further described below.

#### **ALM Liquidity bond portfolio**

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

At the end of 2022, the ALM Liquidity bond portfolio stood at EUR 7.1 billion<sup>22</sup>, up EUR 0.3 billion, or 4%, compared with December 2021. At the end of 2022, the portfolio was composed of sovereign and public sector bonds (63%), covered bonds (30%), corporate bonds (6%) and asset-backed securities (1%). Belgian and Italian government bonds in the ALM Liquidity bond portfolio both amounted to EUR 1.5 billion<sup>23</sup> and EUR 0.9 billion<sup>24</sup>, respectively.

At the end of 2022, the ALM Liquidity bond portfolio had an average life of 7.5 years, and an average rating of A- (100% of the portfolio being investment grade) compared with A- at year-end 2021.

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<sup>22</sup> Nominal amount.

<sup>23</sup> Nominal amount.

<sup>24</sup> Nominal amount.

### ALM Yield bond portfolio

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

At the end of 2022, the ALM Yield bond portfolio stood at EUR 3.1 billion<sup>25</sup>, down 9%, compared with December 2021. At the end of 2022, the portfolio was composed of corporates (77%), sovereign and public sector (12%), asset-backed securities (7%), and financial institutions (4%). Almost 85% of corporate bonds, composed mainly of long-term inflation-linked bonds, are issued by highly regulated UK hospitals, infrastructure companies and utilities such as water and gas distribution companies. These bonds are of satisfactory credit quality and the majority of these bonds are covered by credit protection from a credit insurer (monoline insurer) that is independent from the bond issuer.

At the end of 2022, the ALM Yield bond portfolio had an average life of 19.0 years. The average rating of the ALM Yield bond portfolio stood at A-. 95% of the portfolio was investment grade.

### Derivatives with Dexia entities and foreign counterparties

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

The total outstanding notional amount of derivatives with Dexia entities and interest rate derivatives with international counterparties amounted to EUR 8.1 billion<sup>26</sup> at the end of 2022, down EUR 1.3 billion, or -14%, compared with EUR 9.4 billion at the end of December 2021.

Derivatives with Dexia entities decreased by 13% (or EUR -1.1 billion) to EUR 6.2 billion at the end of 2022. This decrease is due mainly to amortisations. Derivatives with international counterparties decreased by EUR 0.3 billion (or -14%) to EUR 1.9 billion at the end of 2022.

The fair value of Dexia and international counterparty derivatives amounted to EUR 0.8 billion at the end of 2022. After collateralisation, the Exposure At Default (EAD) amounted to EUR 0.7 billion, a decrease mostly due to the evolved interest rate environment.

At the end of 2022, the average rating of the total portfolio stood at BBB+ and the average residual life of the portfolio stood at 11.1 years<sup>27</sup>.

### Credit guarantees

At the end of 2022, the credit guarantees portfolio amounted to EUR 2.0 billion<sup>28</sup>, down EUR 0.5 billion or -20% compared with December 2021. It relates essentially to Financial Guarantees, and Credit Default Swaps issued on corporate/public issuer bonds (97%) and ABS (3%). The good credit quality of the underlying reference bond portfolio, additional protection against credit risk incorporated in the bond itself and the protections purchased by Belfius, mainly from various monoline insurers (US reinsurance companies, essentially Assured Guaranty) resulted in a portfolio that is 94% investment grade in terms of credit risk profile. The most important risk is a credit default swap position on a Mexican RMBS which saw its credit quality significantly deteriorate following an earlier change in indexation.

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<sup>25</sup> Nominal amount.

<sup>26</sup> Nominal amount.

<sup>27</sup> Calculated on EAD.

<sup>28</sup> Nominal amount.

At the end of 2022, the average rating of the portfolio stood at A- (compared with BBB+ at year end 2021). The average residual life of the portfolio stood at 12.0 years.

#### Other Group Center activities

Other activities allocated to Group Center include:

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

The Group Center of Belfius Insurance is also fully allocated to these other Group Center activities. The Belfius Insurance Group Center contains income from assets not allocated to a specific business line, the cost of Belfius Insurance's subordinated debt, the results of certain of its subsidiaries and costs that are not allocated to a specific business line.

GC net income after tax stood at EUR 18 million in 2022, compared to EUR 8 million in 2021.

#### *7.7. Post-balance sheet events*

##### ***Capital and liquidity management***

To optimise its capital structure and to contribute to MREL requirements, Belfius issued EUR 500 million of Tier 2 notes in January 2023 with a maturity in April 2033 and a call date in 2028. In February 2023, Belfius notified the holders of the EUR 200 million resettable callable Tier 2 notes about its decision to call the entirety of the outstanding amount on 15 March 2023.

To support its liquidity diversification, Belfius issued EUR 500 million of Belgian Mortgage Pandbrieven with a 4-year maturity in February 2023.

##### ***Merger Corona and Belfius Insurance***

Corona and Belfius Insurance will merge in the course of 2023. The merger is still subject to approval of the National Bank of Belgium and will be applied retroactively (for tax and accounting purposes) as from 1 January 2023.

##### ***Collaboration between Jaimy and insurer a.s.r.***

To internationally develop the “repair in kind” activity of Jaimy, Belfius Insurance and a.s.r. (one of the largest Dutch insurers) have founded Fixxer. This new company will include the technology platform of Jaimy after a demerger of Jaimy that will take place in April 2023. Belfius Insurance will take a share of 50.16% in Fixxer and the remaining 49.84% will be held by a.s.r. Fixxer will manage the technology platform and its international expansion. Jaimy will continue to manage the commercial and operational activities in Belgium; Belfius Insurance retains 100% of the shares of Jaimy.

##### ***US Bank failures and contagion risk***

Belfius is closely monitoring the potential risks related to the failures of three US regional banks early March 2023 (Silicon Valley Bank, Silvergate Capital Corporation and Signature Bank) and to the general market uncertainties

related to Credit Suisse and the merger agreement with UBS entered into on 19 March 2023 following the intervention of the Swiss Federal Department of Finance, the Swiss National Bank and the Swiss Financial Market Supervisory Authority (FINMA).

As of the end of 2022 and as at the date of this Base Prospectus, Belfius has no direct exposure to the three abovementioned US banks.

As of the end of 2022 and as at the date of this Base Prospectus, Belfius has a very limited direct exposure to Credit Suisse amounting to a nominal amount of EUR 27.8 million, under the format of a trade finance guarantee for EUR 2.8 million and a senior bond issued by Credit Suisse AG for EUR 25 million. Furthermore, Belfius has collateralised derivatives with Credit Suisse for a fair value of EUR -54 million (fair value as of 17 March 2023). Such negative fair value represents a debt owed by Belfius to Credit Suisse, on which Belfius posts cash collateral for that amount.

Within Belfius Group, very close monitoring of these market circumstances is put in place, for instance to assess actions to take if contagion would accelerate. It is to note that Belfius can rely on its strong solvency and liquidity position.

## *7.8. Risk Management*

### ***Fundamentals of credit risk in 2022***

#### Individuals

The overall mortgage lending activity in 2022 remained quite strong, slightly exceeding that of the previous year. However, the changing macroeconomic conditions have impacted the production of the second half year, with smaller number of mortgages being granted from July onwards due to reduced demand. The main factors behind this decrease are higher energy costs, inflation and higher interest rates. Overall, these evolutions resulted in an increase of Belfius' mortgage portfolio at the end of 2022 to a FEAD of EUR 41.9 billion compared to EUR 39 billion at the end of 2021.

Belfius continued to implement the 2019 NBB measures on new mortgage loans. This resulted in a further decrease in new production with an LTV>90% (from 15% last year to 13% in 2022). An increase in the share of new mortgages with DSTI>50%, especially in the second half of the year is observed, most likely due to rising interest rates, as well as a larger share of loans with longer maturities.

Throughout 2022, Belfius has closely monitored its mortgage portfolio for signs of deterioration due to energy costs. Analysis of transactional data (energy cost to available income) is combined with the monitoring of savings buffers, to track the share of the most vulnerable clients. The data captures the increase in energy costs, particularly in the first half of 2022, leading to more vulnerable clients (around 5% of outstanding credit). However, from June onward this impact has been significantly tempered by government interventions (e.g. reduced rates for lower income households, temporary VAT reduction on electricity bills, 'Energy package'). As of October 2022, mortgage clients for whom these energy related measures were not sufficient could apply for a deferral of principal repayment scheme (Febelfin initiative). At the end of 2022, the amount of loans for which this deferral was requested remained below EUR 100 million. This has led to an increase in the mortgage forbore exposure in the last quarter of this year. The overall impact remains limited with a year-on-year increase of forbore mortgage loans by EUR 10 million to EUR 419 million at year end.

All in all, due to governmental policies aimed at countering higher energy prices and the partial indexation of wages, the impact of energy and inflation on Belfius' mortgage portfolio has so far been limited. The PD levels of this portfolio have remained stable at around 0.50% (0.51% in 2021). The NPL ratio further declined to 0.29%, compared to 0.32% in 2021.

Similar to mortgages, consumer credits production has also been lower in the second half of this year. The monitoring of these loans has focused on traditional early warning indicators such use of credit lines & credit cards



and the appearance of short-term arrears. Some of these indicators do exhibit an upward trend, but remain at acceptable levels and are being closely watched. Data also show a stable inflow of Non-Performing-Loans (NPL) and a somewhat higher average PD compared to a year ago but still below the pre-Covid-19 levels.

In the new segmentation, part of Professional Loans (Private and Wealth related), formerly segmented in E&E, has been transferred to Individuals. This part of the portfolio amounts to EUR 2.8 billion by end 2022.

#### Entrepreneurs & Enterprises (E&E)

A spectacular rise in gas, electricity and food prices fuelled in 2022 consumer price inflation in Belgium and the eurozone. On top of that, supply problems remained tense through most of the year and food prices did climb steeply. In addition, due to the high inflation, automatic wage indexation mechanisms strongly increased nominal wage costs. According to the NBB, Belgian companies were only partially successful in passing on their increased costs in selling prices, which in turn negatively affected their margins. This effect is particularly present for smaller companies.

Notwithstanding all these elements, the inflow of new defaults remained at a relatively low level in 2022. The NPL ratio decreased from 2.19% in 2021 to 2.07% at the end of 2022. Although the number of bankruptcies in the Belgian market and in Belfius' portfolio increased in comparison with 2020 and 2021 - years that have benefitted from public and private support measures – the level remained below the pre-Covid-19 levels. Exports continued to increase over 2022, and Belgian companies were at least partially successful in transmitting rising costs into higher export prices. However, this was accompanied by slightly declining volumes, which may be a first indication of a declining competitiveness.

Belfius' E&E portfolio amounted at the end of 2022 to FEAD of EUR 59.3 billion (EUR 52.4 billion at the end of 2021) and has, so far, shown few signs of deteriorating credit quality (average PD of 1.58%, versus 1.65% at the end of 2021). This implies that the financial impact of inflationary pressures and increasing energy prices did not materialise yet thanks to the combination of Belfius' pro-active risk management and the generally good resilience of Belgian enterprises and entrepreneurs.

Belfius expects nevertheless some future deterioration of credit quality, starting with the small enterprises which tend to have a weaker cash buffer to counter economic shocks. The geopolitical situation remains extremely fragile: the further developments in the war in Ukraine are highly uncertain and can have a substantial impact on the outlook for the euro area in particular. The vulnerability of enterprises and entrepreneurs to indirect effects like rising costs for raw materials, salaries and energy, and the commodity scarcity will remain an area of attention in the upcoming months.

For that reason, Belfius continues its efforts to proactively detect highly impacted counterparts and to assess the potential impacts. We continue the close monitoring of companies with a higher-than-average ratio energy cost/turnover, a higher leverage in combination with the appearance of early warnings. In a bottom-up approach, a specific focus on energy and labour cost evolution will be put by the credit analysts in case of credit requests and periodic reviews, with a special attention for the customer's ability to absorb price increases.

#### Public sector clients

Belfius' loan portfolio to the public and social sector amounted at the end of 2022 to FEAD of EUR 36.8 billion and contributed this way to a diversification of Belfius' global loan portfolio. Overall, the public and social sector kept showing high credit standards and maintained its historical low risk portfolio (average PD at 0.16%), although it had to deal with a growing number of challenges.

Indeed, high inflation figures caused wage costs to rise sharply, energy bills weighted more heavily and the prices of building materials significantly increased. There have also been a number of other additional costs, such as the burden of receiving a wave of refugees in the context of the Ukraine crisis. Overall, financial stability risks clearly rose as (local) authorities often had insufficient room to support the economy as they did in the past, given high

public debt and the growing need to design a credible path towards consolidation and to rebuild fiscal buffers, as e.g. ageing costs are coming fast.

In this context, it is certainly worth mentioning that the financial situation of the Belgian Regions and Communities had already deteriorated sharply in recent years. The increasing inflation and interest rates, as well as the further slowing down of economic growth will put further pressure on their deficit level and indebtedness. The latter could become challenging in the case of an economic or financial shock. This growing vulnerability has led rating agencies as well as Belfius to lower the rating of some of these entities and/or to attach a negative outlook to their current ratings. Belfius' has embedded these perspectives about debt and deficit levels into its sound risk management principles and closely manages and monitors this credit portfolio, especially in view of the upcoming elections in 2024.

The Belgian municipalities will have felt the financial turmoil above all in 2022. According to a simulation performed by Belfius Strategic Research, their ordinary balance is likely to go into red for a global amount of EUR 640 million. This deterioration is the result of a "scissors effect" between on the one hand higher growth pace of their expenditure and on the other hand lower revenue growth. Although inflation favourably influences a municipality's tax revenue, the latter will follow with a certain delay (1 or 2 years) depending on the indexation mechanism in force.

The Belgian hospitals, after two particularly intense years due to the Covid-19-crisis, were once again tested in 2022. Their energy bills rose sharply, as did their wage costs due to the automatic wage indexations. The heavily increased construction costs and rising interest rates also made it harder to make much needed infrastructure investments. In addition, the sector is still struggling with staff shortage, forcing some hospitals to even close departments. As a result, the sector on average exhibits a precarious financial balance, and faces at the same time major challenges which will inevitably have an impact on their operation, organization and financing. Except social developments such as the ageing of population, the hospital sector will have to implement the numerous reforms launched by the government such as the development of hospital networks and the reform of hospital financing. In addition, significant investments are also needed to achieve their digital transformation, to enable better information flows and to increase cybersecurity. Finally, hospitals cannot escape the stricter standards for energy sufficiency and sustainability with regard to their real estate patrimonium. The hospital sector was able to keep the head above water in the past few years thanks to the important financial support offered by the government in the context of the sanitary crisis. However, the room for new concessions and support from the government will be rather limited in upcoming years.

### Insurance

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

## Exposures to credit risk

Breakdown of credit risk by counterparty:

	31 December 2021	31 December 2022
(FEAD <sup>29</sup> , in EUR billion)		
Central governments.....	42.4	37.2
Public sector entities.....	42.2	41.1
Corporate.....	47.9	50.9
Project finance.....	3.0	2.3
Retail.....	58.2	61.7
Financial institutions.....	13.7	11.9
Other <sup>30</sup> .....	6.3	3.9
<b>Total .....</b>	<b>213.8</b>	<b>209.1</b>

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

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

As at 31 December 2022, the total credit risk exposure within Belfius amounted to EUR 209 billion, a decline of EUR -4.8 billion or -2.2% compared to the end of 2021.

This decline is attributable to both the banking activity (by EUR -3.1 billion) as well as to Belfius Insurance (by EUR -1.6 billion).

The decline by EUR -5.2 billion observed on the segment central governments is mostly due to the reduction of liquidity reserves deposited at the NBB. On the government bonds side, the exposure has declined for Belfius Insurance by EUR -1.1 billion and remained rather stable for Belfius Bank at EUR 3.7 billion. Nearly half (45%) of the government bonds portfolio is invested in Belgian government bonds at Belfius' level. While at bank level the Belgian government bonds represents 43% of the total government bond portfolio, the relative proportion at Belfius Insurance stood at 47%.

The credit risk exposure on individuals, self-employed and SMEs (29.5% of the total) and corporates (24% of the total) constitute the two main categories. The exposure on those categories increased by EUR +3 billion and EUR +3.5 billion respectively, reflecting Belfius' strategy to support the Belgian economy.

The credit risk exposure on public sector entities and institutions that are guaranteed by these public sector entities declined further in 2022 by EUR -1.1 billion.

Belfius' positions are mainly concentrated in the European Union: 95% or EUR 184.0 billion at bank level and 97% or EUR 14.5 billion for Belfius Insurance. The total credit risk exposure in Belgium is 74%, 4% in France

<sup>29</sup> Full Exposure At Default.

<sup>30</sup> Other include, among others, deferred tax assets, tangible and intangible assets and gains and losses on the hedged item in portfolio hedge of interest rate risk.

and 2% in the United Kingdom, 1.2% in the United States and Canada, 1% in Luxemburg, 0.8% in Spain and Germany and 0.6% in Italy.

The credit risk exposure to counterparties in the United Kingdom amounted to EUR 5 billion, a decrease of EUR - 3.3 billion from last year. About 70% of this credit risk exposure concerns bonds, of which close to two-thirds are inflation-linked, issued by utilities and infrastructure companies in the United Kingdom that operate in regulated sectors such as water, gas and electricity distribution. These bonds are of good credit quality, and moreover most of the outstanding bonds are covered with a credit protection issued by a credit insurer with a sound rating that is independent from the bond issuer. The remainder concerns the bond portfolio of Belfius Insurance, a short-term credit portfolio for treasury management of Belfius Bank and receivables on clearing houses. The credit risks of these portfolios are also of good credit quality.

At the end of December 2022, 77% of the total credit risk exposure had an investment grade (IG) internal credit rating.

#### *Asset quality*

At the end of 2022, the amount of impaired loans on a consolidated basis amounted to EUR 2,026 million, an increase of +0.7% compared to year-end 2021. During the same period, the gross outstanding loans to customers increased by +7.6% and amounted to EUR 111,146 million at the end of 2022. As a consequence, the asset quality ratio improved to 1.82% at the end of 2022. The coverage ratio remains stable at 60%.

#### *Liquidity risk*

During 2022, Belfius consolidated its diversified liquidity profile by:

- maintaining a funding surplus within the commercial balance sheet;
- continuing to obtain diversified long-term funding from institutional investors;
- collecting short and medium-term (CP/CD/EMTN) deposits from institutional investors.

Belfius Bank participated in the ECB TLTRO III funding programme for an amount of EUR 15.7 billion with the purpose to finance investment needs of SMEs, social sector and retail clients (mortgage loans excluded). In November and December, when the more advantageous conditions from the TLTRO stopped, Belfius Bank partially repaid the TLTRO III participation for an amount of EUR 9.65 billion, which led to a residual funding through TLTRO III of EUR 6 billion that will gradually expire in the next fifteen months.

Belfius Bank closed the year 2022 with a 12-month average LCR of 173%. The LCR of Belfius Bank saw a strong increase after the participation in the TLTRO and the decrease, compared to the 12-month average LCR of December 2021, is mainly due to the partial repayment of the TLTRO III.

The Net Stable Funding Ratio (NSFR), based on the binding CRR2 rules and calculated according to EBA templates, stood stable at 135% at year-end 2022.

#### *Minimum requirement for own funds and eligible liabilities (MREL)*

On 22 December 2022, the NBB notified Belfius that going forward it has to execute the SRB MREL instruction regarding the minimum requirement own funds and eligible liabilities at the consolidated level of Belfius Bank under BRRD2. For Belfius Bank, the MREL requirement on a consolidated basis is set at 23.23% of Total Risk Exposure Amount (TREA) and 6.87% of Leverage Ratio Exposure (LRE).

Belfius Bank must meet the target no later than 1 January 2024 and must provide for a linear build-up of equity and eligible liabilities towards the requirement. The SRB also determined an intermediate target of 22.37% of TREA and 6.84% of LRE which had to be met by 1 January 2022.

The SRB MREL instruction also defines a subordination requirement: Belfius Bank must meet at least 15.83% of TREA and 6.87% of LRE by means of subordinated MREL. Own funds used to meet the combined buffer

requirement (CBR) set out in Directive 2013/36/EU (at 4.35% of TREA for Belfius currently) are not eligible to meet the requirements expressed in TREA. Belfius Bank must comply with this subordination requirement by 1 January 2024, subject to an intermediate target of 15.25% of TREA and 6.84% of LRE by 1 January 2022.

Belfius already meets its target BRRD2 MREL requirements end 2022. Indeed, the final binding target for 2024 of 27.58% (incl. current CBR), is realised with an amount of EUR 18.4 billion in liabilities as this results in 28.4% expressed in TREA.

In the same way, Belfius MREL subordination of EUR 15.1 billion amounts 23.2% of TREA to be compared with 20.18% of the 2024 final binding target (based on 8% TLOF, CBR included). Expressed in LRE, Belfius' MREL subordination of 8.4% stands in excess of 6.87% MREL final requirement.

#### *Liquidity reserves*

At the end of 2022, Belfius Bank had available liquidity reserves of EUR 46.2 billion, of which EUR 34.0bn HQLA (= High Quality Liquid Assets according to LCR regulation). These available reserves consisted of EUR 27.0 billion in cash overnight deposited at NBB/ECB, EUR 8.7 billion in CCP-eligible bonds (Central Counterparty-eligible), EUR 2.1 billion in other liquid bonds (of which EUR 1.3 billion are ECB eligible) and EUR 8.4 billion in bank loans (ECB eligible). The ratio HQLA/Total Non Maturing Commercial deposits stands at 33% at the end of 2022, and cash overnight deposited at NBB/ECB represents approximately 79% of the HQLA buffer.

These available liquidity reserves represent five times Belfius Bank's institutional funding outstanding at the end of 2022 and having a remaining maturity of less than one year.

#### *Encumbered assets*

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

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

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

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

The balance of encumbered assets is mainly linked to collateral pledged (gross of collateral received) for the derivatives exposures under the form of cash or securities and in 2022 to the collateral posted for the TLTRO funding. A significant part of collateral pledged is financed through collateral received from other counterparties with whom Belfius Bank concluded derivatives in the opposite direction. The exceptional drawing on the TLTRO III, allowing Belfius to generate additional P&L and capital in order to sustain the Belgian economy, has led to a higher-than-normal Asset Encumbrance Ratio. However, in 2022, Belfius Bank repaid partially the TLTRO III for an amount of EUR 9.65 billion and net cash collateral position improved with EUR 4.6 billion.

Regarding the "Other assets" (unencumbered) on balance sheet, they are mainly composed of assets not available for encumbrance such as derivatives value, fair value revaluation of portfolio hedge and tax assets.

At year end 2022 (point-in-time), the sources of asset encumbrance (matching liabilities) mainly consisted of:

- own covered bonds issued (EUR 6.5 billion);
- TLTRO (EUR 6.0 billion);

- derivatives exposures (EUR 6.1 billion);
- securities lending transactions (EUR 0.7 billion).

### 7.9. Ratings

Between 1 January 2022 and 21 March 2023, rating agencies took the following decisions:

- on 13 July 2022, Moody's confirmed Belfius Bank's long-term rating at A1 with Stable outlook;
- on 27 July 2022, Fitch affirmed Belfius Bank's long-term rating at A- with Stable outlook;
- on 29 July 2022, S&P published a new Full Analysis report on Belfius, confirming its long-term A rating with stable outlook;
- on 12 December 2022, Moody's confirmed Belfius Bank's long-term rating at A1 with Stable outlook.

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

	Stand-alone rating (*)	Long-term rating	Outlook	Short-term rating
Fitch.....	A-	A-	Stable	F1
Moody's.....	Baa1	A1	Stable	Prime-1
Standard and Poor's.....	A-	A	Stable	A-1

(\*) *Intrinsic creditworthiness*

The rating agencies, Standard & Poor's, Moody's and Fitch Ratings or other rating agency if applicable, use ratings to assess whether a potential borrower will be able in the future to meet its credit commitments as agreed. A major element in the rating for this purpose is an appraisal of the company's net assets, financial position and earnings performance. In addition, Belfius Bank is wholly owned by the Belgian federal state through the Federal Holding and Investment Company, and it is possible that, if the ratings assigned to the Belgian federal state were to be downgraded, that could result in the ratings assigned to Belfius Bank being negatively affected. Moreover, as the ownership of a bank is one of the factors taken into in determining a bank's rating, a change of ownership of Belfius Bank could have a potential impact on the ratings assigned to Belfius Bank. A bank's rating is an important comparative element in its competition with other banks. It also has a significant influence on the individual ratings of a bank's important subsidiaries. A downgrading or the mere possibility of a downgrading of the rating of Belfius Bank or one of its subsidiaries might have adverse effects on the relationship with customers and on the sales of the products and services of the company in question. In this way, new business could suffer, Belfius Bank's competitiveness in the market might be reduced, and its funding costs would increase substantially. A downgrading of the rating would also have adverse effects on the costs to Belfius Bank of raising equity and borrowed funds and might lead to new liabilities arising or to existing liabilities being called that are dependent upon a given rating being maintained. It could also happen that, after a downgrading, Belfius Bank would have to provide additional collateral for derivative transactions in connection with rating-based collateral arrangements. If the rating of Belfius Bank were to fall within reach of the non-investment grade category, it would suffer considerably. In turn, this would have an adverse effect on Belfius Bank's ability to be active in certain business areas.

### 7.10. Other information

#### **Dependency of the Issuer**

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

### ***Arrangements resulting in a change of control***

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

### ***Recent events***

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

### ***7.11. Litigation***

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

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

- a present obligation has arisen as a result of past events;
- it is probable that Belfius will have to make a payment; and
- the amount of such payment can be estimated reliably.

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

In the opinion of Belfius, the most important cases are listed below, regardless of whether a provision has been made or not<sup>31</sup>. Their description does not deal with elements or developments that do not have an impact on the position of Belfius. If the cases listed below were to be successful for the opposite parties, they could eventually result in monetary consequences for Belfius. For litigations for which no provision has been made, such impact remains unquantifiable at this stage. Note that, apart from the cases listed below, continued vigilance can be observed in the prevention of money laundering (AML) in the Belgian financial sector. In this context, as is customary, Belfius is collaborating with the Belgian authorities and monitors this closely.

#### ***1. Housing Fund of the Brussels Capital Region***

On 9 October 2012, the Housing Fund of the Brussels Capital Region (Woningfonds van het Brussels Hoofdstedelijk Gewest/Fonds du Logement de la Région de Bruxelles-Capitale) summoned Belfius Bank before the Brussels Commercial Court. The Housing Fund subscribed for a total amount of EUR 32,000,000 to four treasury notes issued by Municipal Holding (Gemeentelijke Holding/Holding Communale), placed by Belfius acting as dealer under the Municipal Holding commercial paper programme, between July and September 2011 (Commercial Paper programme). Due to severe financial difficulties encountered by the Municipal Holding, the Housing Fund granted a voluntary waiver to the Municipal Holding on 24 November 2011 and received repayment for EUR 16 million. The Municipal Holding entered into liquidation in December 2011. Due to the intervention of Belfius as dealer of the treasury notes, the Housing Fund demands the payment by Belfius Bank of the non-repaid capital. As the loss incurred on this investment is the result of a voluntary waiver of the claim by the Housing Fund, which matches half of the investment, Belfius Bank rejects the demand from the Housing Fund.

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<sup>31</sup> Where relevant, Article 92 of IAS37 may apply to this section.

On 27 March 2014, the Brussels Commercial Court accepted the claim application by the Housing Fund but declared it unfounded. The Housing Fund lodged an appeal against this judgement on 3 June 2014.

The decision of the Brussels Court of Appeal of 28 March 2022 declared the Housing Fund's appeal unfounded. The Housing Fund renounced to the procedure before the Court of Cassation. The litigation is therefore closed.

## **2. Arco – Cooperative shareholders**

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

- a procedure before the Dutch speaking Commercial Court of Brussels (Procedure C.C. Deminor);
- a procedure before the Court of First Instance of Brussels (Procedure C.F.I. ArcoClaim 2018);
- a procedure before the Court of First Instance of Brussels (Procedure C.F.I. Deminor 2022).

### *2.1. Procedure C.C. Deminor*

On 30 September 2014, 737 shareholders from three companies of the Arco Group (Arcopar, Arcoplus and Arcofin) initiated (with support of Deminor) proceedings against the Arco entities and Belfius Bank before the Dutch-speaking Commercial Court of Brussels (the “**Deminor Proceedings**”). On 19 December 2014, 1,027 additional shareholders of the Arco entities joined in the Deminor Proceedings. On 15 January 2016, 405 additional shareholders of the Arco entities joined the Deminor Proceedings, resulting in a total of 2,169 plaintiffs. On 16 November 2020, a further “Deminor” procedure was initiated, in which all plaintiffs except one joined, to anticipate a possible nullity of the original summons. The content of the two proceedings is identical. As a result, they are treated together.

The plaintiffs have requested that the Brussels Court rules, amongst other things:

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

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

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



## *2.2. Procedure C.F.I. ArcoClaim 2018*

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

There is not yet a pleading calendar in this case. In this procedure VZW Arcoclaim has requested the initiation of a mediation procedure before the court.

In a more recent update, ArcoClaim has declared that 7,258 new Arco-shareholders have joined ArcoClaim, on top of 5,334 Arco-shareholders who joined before.

## *2.3. Procedure C.F.I. Deminor 2022*

On 14 December 2022, ten Arco-shareholders have launched a new procedure with the assistance of Deminor against the Arco-companies, the Belgian State and Belfius before the Court of First Instance in Brussels, in which they ask the court that defending parties be condemned to indemnification based on extra-contractual liability, equal to claimant's financial contribution including interests, dividends, and possible bonus reserves, as well as a supplementary indemnification for moral damages. In the meanwhile, to date, a grand total of 13,678 shareholders have joined this procedure.

The introductory hearing in this case is currently planned for the first half of 2023.

No provision has been made for these claims because Belfius Bank is of the opinion that it has sufficient valid arguments to result in these claims being declared inadmissible and/or without merit.

## **3. Funding Loss**

For several years, Belfius Bank has been confronted with legal proceedings regarding funding loss indemnities charged by Belfius Bank for the early repayment of professional credits. These funding loss indemnities are intended to compensate for the financial loss incurred by Belfius Bank following this early repayment.

Due to the increase of interest rates, the number of requests for early repayments of professional credits and the losses incurred by Belfius Bank following such early repayments have substantially decreased. The scope and amounts of potential funding loss indemnities have as such become immaterial. Consequently, the provision that partially covered the potential global financial impact of the risk related to funding loss indemnity disputes and settlements has been reversed, since (1) the risk has become remote and no longer needs to be covered and (2) the portfolio of ongoing funding loss disputes has materially decreased.

However, when relevant, specific provisions are still booked or kept on the balance sheet, in order to cover existing litigation cases. Those provisions are continuously re-evaluated in line with the evolution of the specific situation.

## **4. Investigations into the Panama Papers**

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

To date, Belfius Bank has not received any further information since the forementioned police search.

### ***5. Investigation by the public prosecutor into the activities of an independent bank agency***

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

## ***7.12. Management and Supervision of Belfius Bank***

### ***7.12.1. Composition of the Management Board and the Board of Directors***

#### ***A. Management Board***

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

<b>Name</b>	<b>Position</b>	<b>Significant other functions performed outside Belfius Bank</b>
Marc Raisière.....	Chairman	none
Marianne Collin.....	Member	none
Dirk Gyselinck.....	Member	none
Olivier Onclin.....	Member	none
Bram Somers .....	Member	none
Johan Vankelecom .....	Member	none

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

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

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

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

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

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

### ***B. Board of Directors***

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

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

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

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

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

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

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

As at the date of this Base Prospectus, the Board of Directors consists of sixteen members (which will become eighteen members as from 27 September 2023), six of whom sit on the Management Board.

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

<b>Name</b>	<b>Position</b>	<b>Significant other functions performed outside Belfius Bank</b>
Chris Sunt .....	Chairman of the Board of Directors of Belfius Bank (Independent Director)	none
Marc Raisière.....	Chairman of the Management Board	none

<b>Name</b>	<b>Position</b>	<b>Significant other functions performed outside Belfius Bank</b>
Marianne Collin.....	Member of the Management Board Chief Risk Officer Responsible for Risk Management and Compliance	none
Dirk Gyselinck.....	Member of the Management Board Responsible for Wealth, Enterprises, Public, Financial Markets and Customer Loan Services	none
Olivier Onclin .....	Member of the Management Board Responsible for Private, Business & Retail Banking and Customer Transaction Services	none
Bram Somers .....	Member of the Management Board Chief Technology Officer	none
Johan Vankelecom .....	Member of the Management Board Chief Financial Officer, Responsible for Financial Reporting, ALM, Legal, Tax, Research, Strategic Planning and Performance Management (SPPM), Belfius Investment Partners	none
Paul Bodart .....	Member of the Board of Directors of Belfius Bank (Independent Director)	Director of companies and non-profit organisations
Estelle Cantillon.....	Member of the Board of Directors of Belfius Bank as from 27 September 2023 (Independent Director)	FNRS Research Director at the Université Libre de Bruxelles (ULB)
Colette Dierick .....	Member of the Board of Directors of Belfius Bank (Independent Director)	Director of companies
Daniel Falque.....	Member of the Board of Directors of Belfius Bank (Independent Director)	Director of companies and non-profit organisations Senior Industry Advisor
Olivier Gillerot.....	Member of the Board of Directors of Belfius Bank as from 27 September 2023 (Independent Director)	Senior Partner at Bain & Company (until 30 June 2023)

<b>Name</b>	<b>Position</b>	<b>Significant other functions performed outside Belfius Bank</b>
Hélène Goessart .....	Member of the Board of Directors of Belfius Bank (Independent Director)	None
Peter Hinssen.....	Member of the Board of Directors of Belfius Bank (Independent Director)	Entrepreneur, keynote speaker and author
Georges Hübner .....	Member of the Board of Directors of Belfius Bank (Independent Director)	Full Professor at HEC Liège - University of Liège
Isabel Neumann.....	Member of the Board of Directors of Belfius Bank (Independent Director)	Chief Investment Officer at Shurgard Self Storage Non-Executive Director at King's college London University
Lutgart Van Den Berghe .....	Member of the Board of Directors of Belfius Bank (Director)	Emeritus extraordinary Professor at the University of Ghent (UG) and emeritus part-time Professor at the Vlerick Business School
Rudi Vander Vennet .....	Member of the Board of Directors of Belfius Bank (Director)	Full Professor in Financial Economics and Banking at the University of Ghent (UG)

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

#### **7.12.2. Advisory committees set up by the Board of Directors**

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

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

##### ***A. Nomination Committee***

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

<b>Name</b>	<b>Position</b>
Lutgart Van Den Berghe .....	Chairman – Director of Belfius Bank and Belfius Insurance
Chris Sunt .....	Member – Chairman of the Board of Directors of Belfius Bank
Daniel Falque.....	Member – Director of Belfius Bank and Belfius Insurance

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

The Nomination Committee:

- identifies and recommends, for the approval of the General Meeting of Shareholders or of the Board of Directors, as the case may be, candidates suited to fill vacancies on the Board of Directors, evaluates the balance of knowledge, skills, diversity and experience within the Board of Directors, prepares a description of the roles and capabilities for a particular appointment and assesses the expected time commitment. The Nomination Committee also decides on a target for the representation of the underrepresented gender within the Board of Directors and prepares a policy on how to increase the number of underrepresented gender in order to meet that target;
- periodically, and at least annually, assesses the structure, size, composition and performance of the Board of Directors and makes recommendations to it with regard to any changes;
- periodically assesses the knowledge, skills, experience, degree of involvement and in particular the attendance of members of the Board of Directors and advisory committees, both individually and collectively, and reports to the Board of Directors accordingly;
- periodically reviews the policies of the Board of Directors for selection and appointment of members of the Management Board, and makes recommendations to the Board of Directors;
- prepares proposals for the appointment or mandate renewal, as the case may be, of directors, members of the Management Board, the Chairman of the Board of Directors and the Chairman of the Management Board;
- assesses the aptitude of a director or a candidate director to meet the criteria set forth for being considered as an independent director;
- examines questions relating to problems with the succession of directors and members of the Management Board;
- establishes a general and specific profile for directors and members of the Management Board;
- ensures the application of provisions with regard to corporate governance;
- prepares proposals for amendments to the internal rules of the Board of Directors and the Management Board;
- assesses the governance memorandum and, if necessary, proposes amendments;
- at least annually discusses and analyses the quantitative statement and qualitative analysis of communications regarding stress, burn-out and inappropriate behaviour at work and actions taken to remedy situations.

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

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

The Nomination Committee acts for Belfius Bank, Belfius Insurance, Corona and Belfius Investment Partners.

### ***B. Remuneration Committee***

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

<b>Name</b>	<b>Position</b>
Lutgart Van Den Berghe .....	Chairman – Director of Belfius Bank and Belfius Insurance
Chris Sunt .....	Member – Chairman of the Board of Directors of Belfius Bank
Daniel Falque.....	Member – Director of Belfius Bank and of Belfius Insurance

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

In order to perform its tasks correctly, the Remuneration Committee interacted regularly with the Risk Committee and the Audit Committee in 2021.

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

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

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

The audit department at Belfius Bank will provide an independent and regular analysis of the remuneration policy and its practical implementation. The most recent follow-up study was realised in 2019. This audit did not raise any particular comments.

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

- developing the remuneration policy, as well as making practical remuneration proposals for the Chairman, the non-executive members of the Board of Directors and the members of the advisory committees of the Board of Directors. The Board of Directors submits these remuneration proposals to the General Meeting of Shareholders for approval;
- developing the remuneration policy, as well as making practical proposals for the remuneration of the Chairman of the Management Board and, on his proposal, for the remuneration of the members of the Management Board; The Board of Directors then determines the remuneration of the Chairman and the members of the Management Board;
- providing advice on the proposals made by the Chairman of the Management Board of Belfius Bank in relation to the severance remuneration for members of Belfius Bank's Management Board. On the proposal of the Remuneration Committee, the Board of Directors of Belfius Bank determines the severance remuneration of the Chairman and members of Belfius Bank's Management Board;
- advising the Board of Directors in relation to the remuneration policy for staff members whose activity has a material impact on the risk profile of Belfius Bank (known as "Identified Staff") and in relation to the compliance of the allocation of remuneration to Identified Staff with regard to the remuneration policy put in place for them;
- preparing the remuneration report approved by the Board of Directors and published in the annual report;

- periodically checking to ensure that the remuneration programmes are achieving their objective and are in line with applicable conditions;
- annually assessing the performance and objectives of the members of the Management Board;
- providing an opinion of the elaboration of a global “Risk Gateway”, in consultation with the Risk Committee, containing various levers applied at various points in the performance management cycle, with an impact on determination of the variable remuneration.

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

The Remuneration Committee acts for both Belfius Bank, Belfius Insurance, Corona and Belfius Investment Partners.

### ***C. Audit Committee***

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

<b>Name</b>	<b>Position</b>
Georges Hübner .....	Chairman Director of Belfius Bank
Paul Bodart .....	Member Director of Belfius Bank
Colette Dierick .....	Member Director of Belfius Bank
Hélène Goessaert .....	Member Director of Belfius Bank

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

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

### ***D. Risk Committee***

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

<b>Name</b>	<b>Position</b>
Rudi Vander Vennet .....	Chairman Director of Belfius Bank
Estelle Cantillon (as from 27 September 2023) .....	Member Director of Belfius Bank
Hélène Goessaert .....	Member Director of Belfius Bank



<b>Name</b>	<b>Position</b>
Georges Hübner .....	Member Director of Belfius Bank

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

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

- appetite and strategy regarding Belfius Bank's current and future risks (including ESG risks), more particularly the effectiveness of the risk management function and the governance structure to support them;
- monitoring implementation of risk appetite and strategy by the Management Board;
- allocating the risk appetite to various categories of risks and defining the extent and limits of risk in order to manage and restrict major risks;
- considering the risks run by Belfius Bank with its customer tariffs;
- assessing activities which expose Belfius Bank to real risks;
- supervising requirements in terms of capital and liquidity, the capital base and Belfius Bank's liquidity situation;
- guaranteeing that risks are proportional to Belfius Bank's capital;
- formulating an opinion with regard to major transactions and new proposals for strategy activities that have a significant impact on Belfius Bank's risk appetite;
- obtaining information and analysing management reports as to the extent and nature of the risks facing Belfius Bank and the conglomerate (e.g. quarterly GFCR reporting);
- monitoring the Internal Capital Adequacy Assessment Process (ICAAP), the Internal Liquidity Adequacy Assessment Process (ILAAP) and the Recovery Plan.
- overseeing the alignment between all material financial products and services offered to clients and the business model and risk strategy of the institution;
- reviewing a number of possible scenarios, including stressed scenarios, to assess how the institution's risk profile would react to external and internal events;
- assessing the recommendations of internal and external auditors and follows up on the appropriate implementation of measures taken.

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

The Risk Committee and the Audit Committee periodically exchange information in particular concerning the quarterly risk report, the senior management report on the assessment of internal control and the risk analyses

performed by the Legal, Compliance and Audit Departments. The aim of this exchange of information is to enable the two committees to perform their tasks properly and can take the form of a joint meeting.

### ***E. Intra-Group Committee***

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

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

<b>Name</b>	<b>Position</b>
Chris Sunt .....	Chairman Chairman of the Board of Directors of Belfius Bank
Colette Dierick.....	Member Director of Belfius Bank
Olivier Gillerot (as from 27 September 2023).....	Member Director of Belfius Bank
Jean-Michel Kupper.....	Member Director of Belfius Insurance

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

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

### ***F. Technology Committee***

A Technology Committee has been established within the Belfius group in May 2021.

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

<b>Name</b>	<b>Position</b>
Paul Bodart .....	Chairman Director of Belfius Bank
Daniel Falque.....	Member Director of Belfius Bank and Belfius Insurance
Olivier Gillerot (as from 27 September 2023).....	Member Director of Belfius Bank
Peter Hinssen .....	Member Director of Belfius Bank
Jean-Michel Kupper.....	Member Director of Belfius Insurance

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

The Technology Committee is responsible for:

- advising the Board of Directors on, and preparing the decisions of the Board of Directors with respect to, technology strategy and material technology investment choices;
- monitoring, evaluating and advising the Board of Directors on existing and future technology trends, regulation and competition / FinTech developments that may affect Belfius' strategic plans including the monitoring of overall industry trends and future trends concerning enterprise data management and the financial industry's use of data to maximize the customer experience value;
- assessing measures and advising the Board of Directors on Belfius' technological strategic milestones and transformational developments, such as customer experience, sales through digital channels and potential synergies with physical and other networks, potential partnerships;
- monitoring and reporting to the Board of Directors on progress made with respect to the implementation of the technology decisions taken by the Board of Directors, including but not limited to, technology performance and security. This includes inter alia. monitoring and challenging the status of the move for the cloud infrastructure (timing, pace, risk mitigation, hybrid models, talents), foundations and platforms;
- reviewing and discussing reports from management on technology related activities, strategies and metrics, including enterprise data project performance, and reporting to the Board of Directors on the same.

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

#### ***G. Belfius Art Committee***

A Belfius Art Committee has been established since 2015.

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

<b>Name</b>	<b>Position</b>
Chris Sunt .....	Chairman Chairman of the Board of Directors of Belfius Bank
Marc Raisière.....	Member Chairman of the Management Board of Belfius Bank
Mieke Debeerst.....	Member Chief Customer Experience & Marketing Communications Officer
Truike Vercruysse.....	Member Head of Sustainability
Bénédicte Bouton.....	Member Head of Culture at Belfius and Curator of the Belfius Art Collection

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

### 7.13. Selected Financial Information

The following tables summarise the consolidated balance sheet and, income statement of Belfius Bank for the period ending 31 December 2021 and 31 December 2022.

#### 1. Consolidated Balance Sheet

	Notes	31 December 2021 IFRS 9	31 December 2022 IFRS 9
Assets		<i>(in thousands of EUR)</i>	
<b>Cash and balances with central banks</b>	5.2	<b>31,640,347</b>	<b>27,295,434</b>
<b>Loans and advances due from credit institutions</b>	5.3	<b>10,411,237</b>	<b>4,143,601</b>
Measured at amortised cost		10,411,237	4,143,601
Measured at fair value through other comprehensive income		0	0
Measured at fair value through profit or loss		0	0
<b>Loans and advances</b>	5.4	<b>102,678,814</b>	<b>110,310,792</b>
Measured at amortised cost		101,540,978	109,343,655
Measured at fair value through other comprehensive income		99,119	171,152
Measured at fair value through profit or loss		1,038,717	795,986
<b>Debt securities &amp; equity instruments</b>	5.5	<b>27,195,351</b>	<b>23,026,722</b>
Measured at amortised cost		20,839,937	17,494,927
Measured at fair value through other comprehensive income		4,959,373	4,040,914
Measured at fair value through profit or loss		1,396,041	1,490,882
<b>Unit linked products insurance activities</b>		<b>4,245,672</b>	<b>3,969,934</b>
<b>Derivatives</b>	5.6	<b>8,909,039</b>	<b>5,893,105</b>
<b>Gain/loss on the hedged item in portfolio hedge of interest rate risk</b>	5.6	<b>3,651,783</b>	<b>1,134,326</b>
<b>Investments in equity method companies</b>	5.7	<b>96,107</b>	<b>94,019</b>
<b>Tangible fixed assets</b>	5.8	<b>1,614,068</b>	<b>1,672,048</b>
<b>Intangible assets</b>	5.9	<b>214,928</b>	<b>236,639</b>
<b>Goodwill</b>	5.10	<b>103,966</b>	<b>103,966</b>
<b>Tax assets</b>	5.11	<b>355,777</b>	<b>490,680</b>
Current tax assets		27,073	27,115
Deferred tax assets		328,704	463,565
<b>Technical insurance provisions - part of the reinsurer</b>	6.5	<b>130,890</b>	<b>138,964</b>
<b>Other assets</b>	5.12	<b>876,060</b>	<b>915,764</b>
<b>Non current assets (disposal group) held for sale and discontinued operations</b>	5.13	<b>26,505</b>	<b>39,684</b>

		<b>31 December 2021 IFRS 9</b>	<b>31 December 2022 IFRS 9</b>
	<b>Notes</b>		
Assets		<i>(in thousands of EUR)</i>	
<b>Total assets</b>		<b>192,150,543</b>	<b>179,465,679</b>
		<b>31 December 2021 IFRS 9</b>	<b>31 December 2022 IFRS 9</b>
	<b>Notes</b>		
Liabilities		<i>(in thousands of EUR)</i>	
<b>Cash and balances from central banks</b>	6.1	<b>15,418,072</b>	<b>5,904,113</b>
<b>Credit institutions borrowings and deposits</b>	6.2	<b>3,591,036</b>	<b>1,869,641</b>
Measured at amortised cost		3,591,036	1,869,641
Measured at fair value through profit or loss		0	0
<b>Borrowings and deposits</b>	6.3	<b>104,404,013</b>	<b>108,447,486</b>
Measured at amortised cost		104,355,267	108,427,536
Measured at fair value through profit or loss		48,746	19,951
<b>Debt securities issued and other financial liabilities</b>	6.4	<b>23,145,353</b>	<b>25,928,567</b>
Measured at amortised cost		15,116,744	18,517,096
Measured at fair value through profit or loss		8,028,609	7,411,471
<b>Unit linked products insurance activities</b>		<b>4,245,672</b>	<b>3,969,934</b>
<b>Derivatives</b>	5.6	<b>14,018,729</b>	<b>8,248,509</b>
<b>Gain/loss on the hedged item in portfolio hedge of interest rate risk</b>	5.6	<b>45,766</b>	<b>(1,606,023)</b>
<b>Provisions for insurance activities</b>	6.5	<b>12,191,017</b>	<b>11,495,400</b>
<b>Provisions and contingent liabilities</b>	6.6	<b>529,173</b>	<b>497,660</b>
<b>Subordinated debts</b>	6.7	<b>1,642,749</b>	<b>1,547,204</b>
Measured at amortised cost		1,642,749	1,547,204
Measured at fair value through profit or loss		0	0
<b>Tax liabilities</b>	5.11	<b>49,183</b>	<b>69,179</b>
Current tax liabilities		41,682	63,014
Deferred tax liabilities		7,502	6,165
<b>Other liabilities</b>	6.8	<b>1,377,031</b>	<b>1,473,356</b>
<b>Liabilities included in disposal group and discontinued operations</b>		<b>0</b>	<b>0</b>
<b>Total liabilities</b>		<b>180,657,795</b>	<b>167,845,027</b>

	Notes	31 December 2021 IFRS 9	31 December 2022 IFRS 9
<b>Equity</b>		<i>(in thousands of EUR)</i>	
Subscribed capital		3,458,066	3,458,066
Additional paid-in capital		209,232	209,232
Treasury shares		0	0
Reserves and retained earnings		5,957,910	6,524,910
Net income for the period		934,964	974,711
<b>Core shareholders' equity</b>		<b>10,560,172</b>	<b>11,166,919</b>
Fair value changes of debt instruments measured at fair value through other comprehensive income		108,559	(222,352)
Fair value changes of equity instruments measured at fair value through other comprehensive income		179,153	136,944
Fair value changes due to own credit risk on financial liabilities designated as at fair value through profit or loss to be presented in other comprehensive income		0	0
Fair value changes of derivatives following cash flow hedging		(98,352)	(112,644)
Remeasurement pension plans		132,290	119,933
Discretionary participation features of insurance contracts	6.5	81,096	0
Other reserves		208	208
<b>Gains and losses not recognised in the statement of income</b>		<b>402,953</b>	<b>(77,910)</b>
<b>Total shareholders' equity</b>		<b>10,963,126</b>	<b>11,089,008</b>
Additional Tier-1 instruments included in equity		497,083	497,083
Non-controlling interests		32,539	34,561
<b>Total equity</b>		<b>11,492,748</b>	<b>11,620,652</b>
<b>Total liabilities and equity</b>		<b>192,150,543</b>	<b>179,465,679</b>

## 2. Consolidated Statement of Income

	Notes	31 December 2021 IFRS 9	31 December 2022 IFRS 9
		<i>(in thousands of EUR)</i>	
Interest income	7.1	3,357,376	3,720,738
Interest expense	7.1	(1,356,009)	(1,640,450)
Dividend income	7.2	72,853	71,611
Net income from equity method companies	7.3	2,449	3,993

	Notes	31 December 2021 IFRS 9	31 December 2022 IFRS 9
		<i>(in thousands of EUR)</i>	
Net income from financial instruments at fair value through profit or loss	7.4	24,973	24,822
Net income on investments and liabilities	7.5	14,842	56,401
Fee and commission income	7.6	942,249	982,858
Fee and commission expenses	7.6	(184,745)	(192,643)
Technical result from insurance activities	7.7	72,916	150,111
Gross earned premiums		1,506,818	1,896,220
Other technical income and charges		(1,433,902)	(1,746,109)
Other income	7.8	240,869	373,847
Other expense	7.9	(484,499)	(568,935)
<b>Income</b>		<b>2,703,276</b>	<b>2,982,353</b>
Staff expenses	7.10	(641,064)	(699,860)
General and administrative expenses	7.11	(482,642)	(572,446)
Network costs		(220,587)	(216,599)
Depreciation and amortisation of fixed assets	7.12	(132,833)	(131,100)
<b>Expenses</b>		<b>(1,477,125)</b>	<b>(1,620,005)</b>
<b>Net income before tax and impairments</b>		<b>1,226,151</b>	<b>1,362,349</b>
Impairments on financial instruments and provisions for credit commitments	7.13	1,361	(105,689)
Impairments on tangible and intangible assets	7.14	(1,797)	(2,049)
Impairments on goodwill	7.15	0	0
<b>Net income before tax</b>		<b>1,225,714</b>	<b>1,254,611</b>
Current tax (expense) income	7.16	(234,998)	(266,896)
Deferred tax (expense) income	7.16	(55,100)	(11,823)
<b>Total tax (expense) income</b>		<b>(290,098)</b>	<b>(278,719)</b>
<b>Net income after tax</b>		<b>935,617</b>	<b>975,892</b>
Discontinued operations (net of tax)		0	0
<b>Net income</b>		<b>935,617</b>	<b>975,892</b>
Attributable to non-controlling interests		653	1,181
Attributable to equity holders of the parent		934,964	974,711

# 8. TERMS AND CONDITIONS OF THE NOTES

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

The following is the text of the terms and conditions (the “**Terms and Conditions**”, each chapter or subchapter individually referred to as “**Condition**”) of the Notes, subject to completion and amendment and as supplemented or varied in accordance with the relevant provisions of the Final Terms. In the event of any inconsistency between the provisions of the Final Terms and the other provisions of this Programme, the Final Terms will prevail. All capitalised terms that are not defined in these Terms and Conditions will have the meanings given to them in the relevant Final Terms.

References in the Terms and Conditions to the Notes are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

Bearer Notes are issued under an agency agreement dated the date of this Base Prospectus (as amended or supplemented as at the date of issue of the Notes (the “**Issue Date**”), referred to as the “**Agency Agreement**”, see Annex 4), between Belfius Financing Company as Issuer, Belfius Bank and Banque Internationale à Luxembourg, where relevant.

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

To the extent applicable, the Issuers and the Calculation Agent undertake to comply with Book VI of the Belgian Code of Economic Law in respect of Notes issued under the Programme and placed in the framework of a public offer in Belgium. For this purpose, a public offer has the meaning set forth in Article 2 of the Prospectus Regulation.

In accordance with Articles VI.82 to VI.84 of the Belgian Code of Economic Law, the Issuers or the Calculation Agent may only make a unilateral modification of a product if the following four cumulative conditions are met:

- (i) it is limited to events of force majeure or other events which significantly modify the economy of the contract and for which the Issuer is not responsible (see the events listed under “Potential Adjustment Events” and “Extraordinary Events”);
- (ii) the modification itself is not significant, so that it does not create an imbalance between the rights and obligations of the parties, to the detriment of the Noteholders. The Issuer must take all measures and make every effort to continue the product under similar circumstances;
- (iii) no costs are charged to the Noteholder; and
- (iv) the contract term must be drawn up in a plain and intelligible manner.

Furthermore, the redemption features provided by section 8.5.3. (“Redemption at the option of the Issuer”) of this Base Prospectus, which will be further specified in the Final Terms of each Series, are deemed to be the principal object of the contract within the meaning of Article VI.82 of the Belgian Code of Economic Law. The other early redemption features of the Notes provided by this Section 8 (as described under sections 8.7.2.3. *Potential Adjustment Events*, 8.7.2.4. *Extraordinary Events*, 8.7.3.1. *Terms applicable irrespective of whether an Index is*



*Multiple Exchange or not*, 8.7.4.2. *Potential Adjustment Events*, 8.7.4.3. *Extraordinary Events*, 8.7.5.2. *Market Disruption*, 8.7.6.2. *Commodity Index Event*, and 8.7.7.2. *Events affecting the Index*) are only possible (i) as a consequence of events of force majeure or other events which significantly modify the economy of the Note and for which the Issuer is not responsible (the repayment will then, (a) in the case of force majeure or in the case of Notes without capital protection, be at least at market value without charging additional costs to the consumer or (b) in the case of capital protected Note, Monetization (as defined below) or buy back at market value) (ii), except in the case of force majeure, the Issuer is required to indemnify the Noteholder for the loss suffered by the Noteholder because of the early redemption; (iii) no costs are charged to the noteholder and (iv) no deduction of any costs whatsoever is allowed and a *pro rata* refund of the costs already borne by the investor (in the proportion (total initial term minus elapsed period)/total initial term), must be provided for. The Terms and Conditions allow for the substitution of the Issuer provided that the conditions listed in section 8.16 are met.

Besides these early redemption features, the following sections relate to situations in which certain features of the Notes may be modified: 8.7.2.3. *Potential Adjustment Events*, 8.7.2.4. *Extraordinary Events*, 8.7.3.1. *Terms applicable irrespective of whether an Index is Multiple Exchange or not*, 8.7.3.2. *Terms applicable to an Index that is not Multiple Exchange*, 8.7.4.2. *Potential Adjustment Events*, 8.7.4.3. *Extraordinary Events*, 8.7.5.2. *Market Disruption*, 8.7.6.2. *Commodity Index Event*, and 8.7.7.2. *Events affecting the Index*.

In the case of a Note without capital protection, the Issuer shall pay in accordance with the indemnification-principle laid down in Article VI.83. 10° CEL, at least the Fair Market Value of the Note. “**Fair Market Value**” means the valuation using (i) the most relevant available market data or market quotation, or, (ii) if no such relevant data or quotation may be found at the relevant time, a valuation mathematical model generally accepted in the financial sector.

In the case of a capital protected Note, the Issuer opts for the Monetization of the relevant Notes. “**Monetization**” means that the underlying financial structure (derivative component) of a capital protected Note will be unwound at its market value and added to the bond component. The Fair Market Value of the Note, consisting of the Fair Market Value of both the bond and the derivative component, will be capitalized at least up to the protected level (Fair Market Value means the valuation using (i) the most relevant available market data or market quotation, or, (ii) if no such relevant data or quotation may be found at the relevant time, a valuation mathematical model generally accepted in the financial sector). In case of such Monetization of the Note, the Noteholders will always have the right, as an alternative to the Monetization, to sell the Note to the Issuer or to an agent appointed by the Issuer at market value. In any case of early redemption (for capital protected Notes as well as for Notes without capital protection), but not in the case of Monetization, no deduction of any costs will be applied and the costs already borne by the Noteholders will be refunded *pro rata temporis* to the Noteholders.

Where these Terms and Conditions refer to any computation of a term or period of time, Article 1.7 of the Belgian Civil Code (*Burgerlijk Wetboek/Code Civil*) of 13 April 1919 (the “**Belgian Civil Code**”) shall not apply.

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

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

## *8.1. Form, Denomination and Title*

The Denomination of the Notes will be at least EUR 1,000. Certain Belfius Financing Company Notes are issued in bearer form (“**Bearer Notes**”) in the Denominations specified in the relevant Final Terms. These Belfius Financing Company Notes will be represented by a Permanent Global Note, deposited with the common depository for Euroclear and Clearstream Banking S.A. and will not be exchangeable for definitive notes.

The Belfius Bank Notes and certain Belfius Financing Company Notes are issued in dematerialised form (“**Dematerialised Notes**”) in the Denomination(s) specified in the relevant Final Terms.

The Belfius Bank Notes are issued in dematerialised form via a book-entry system maintained in the records of the NBB (having as its address, de Berlaimontlaan 14, 1000 Brussels, Belgium) as operator of the Securities Settlement System (NBB-SSS) in accordance with Article 7:35 and following of the Belgian Code of Companies and Associations and will be credited to the accounts held with the Securities Settlement System (NBB-SSS) by Belfius Bank, Euroclear, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, Euroclear France, LuxCSD or other Securities Settlement System (NBB-SSS) participants for credit by Belfius Bank, Euroclear, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, Euroclear France, LuxCSD or other Securities Settlement System (NBB-SSS) participants to the securities accounts of their subscribers.

Transfers of Belfius Bank Notes will be effected only through records maintained by the Securities Settlement System (NBB-SSS), Belfius Bank, Euroclear, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, Euroclear France and LuxCSD or other Securities Settlement System (NBB-SSS) participants and in accordance with the applicable procedures of the Securities Settlement System (NBB-SSS), Euroclear, Clearstream, SIX SIS, Euronext Securities Milan, Euronext Securities Porto, Euroclear France and LuxCSD or other Securities Settlement System (NBB-SSS) participants.

The Belfius Bank Notes will not be physically delivered. They will be held in a securities account.

The Belfius Financing Company Notes are issued either in dematerialised form or in bearer form in accordance with applicable Luxembourg law, as specified in the relevant Final Terms. Where the Belfius Financing Company Notes are issued in dematerialised form, these will be represented by a book-entry in the records of the Securities Settlement System.

In these Terms and Conditions, the “Noteholder” means the person who has the Notes on his or her securities account.

## *8.2. Pay-Offs*

### **Introduction**

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

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

The formulas proposed below try to be general formulas meant to be used for a lot of different types of products. In accordance with the Prospectus Regulation, the Issuer can decide not to use some components of the formula by setting these components on 0 or 1 or not applicable. The Final Terms will specify which formula(s) will be

used for a specific product issued and which specific parameters go into the formula. If a component of the formula is 0 or 1 or not applicable, and the respective component is not used for a specific issue of Notes, it is possible to render the formula in the Final Terms without the unapplied component(s).

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## A. Structures with a periodic payment

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The first category includes the products generating a periodic payment of Interest (fixed or variable) (the “**Periodic Payment**”) and a Redemption Amount which can be equal or not to 100% of the capital invested less fees.

### Definition

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

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

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

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

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

- 1) How many periods (n) will be used and what formula relates to what period.
- 2) Which underlying (the “**Underlying**”) will be used to calculate the Performance (Market Rate, Share or Basket of Shares, Share Index or Basket of Share Indexes, Commodity Index or Basket of Commodity Indexes, Inflation Index, Fund or Basket of Funds) (as defined in the Final Terms).
- 3) Which sub formula will apply to calculate the Performance. This Performance can be:
  - a) a single fixing
  - b) a difference between 2 Underlyings:  $\text{Underlying}_1 - \text{Underlying}_2$
  - c)  $\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$ , with or without reset of the Initial Price
  - d)  $\frac{\text{Initial Price} - \text{Final Price}}{\text{Initial Price}}$ , with or without reset of the Initial Price
  - e)  $\frac{\text{Final Price} - \text{Initial Price}}{\text{Final Price}}$ , with or without reset of Initial Price
  - f)  $\frac{\text{Initial Price} - \text{Final Price}}{\text{Final Price}}$ , with or without reset of Initial Price
  - g)  $\frac{\text{Final Price}}{\text{Initial Price}}$

$$\sum_{j=1}^Y w_{i,j} \times \max\left(U\%, \min\left(\left(\frac{\text{Final Price}_j - \text{Initial Price}_j}{\text{Initial Price}_j}\right), Z\%\right)\right), \text{ with or without reset of the Initial Price.}$$

W means the weight of the Underlying. Y can be the number of Underlyings, or can be the number of periods.

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

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

## Examples

### 1. Collared Floater (5 years, payment every 3 months)

#### **Definition:**

*In a Collared Floater, the Noteholder receives periodically a variable interest rate (linked to an Underlying). This rate is capped at a certain percentage (Y%) and floored at another level (X%). The Noteholder receives 100% of his invested capital at Maturity.*

#### **Product:**

*Periodic payments:*

1. Periods: 20
2. Underlying: EURIBOR3months
3. Performance will be a single fixing (subformula 3.a) is applicable). Fixing in advance (2 Business Days before start of the Interest Period)
4. Not applicable
5. Not applicable
6. Bonus = 0%
7. Participation Rate = 100%
8. X% = 2.20% (annualized)
9. Y% = 5.00% (annualized)
10. Daycount: act/360, mod fol, adjusted

The formula for the Periodic Payments will be

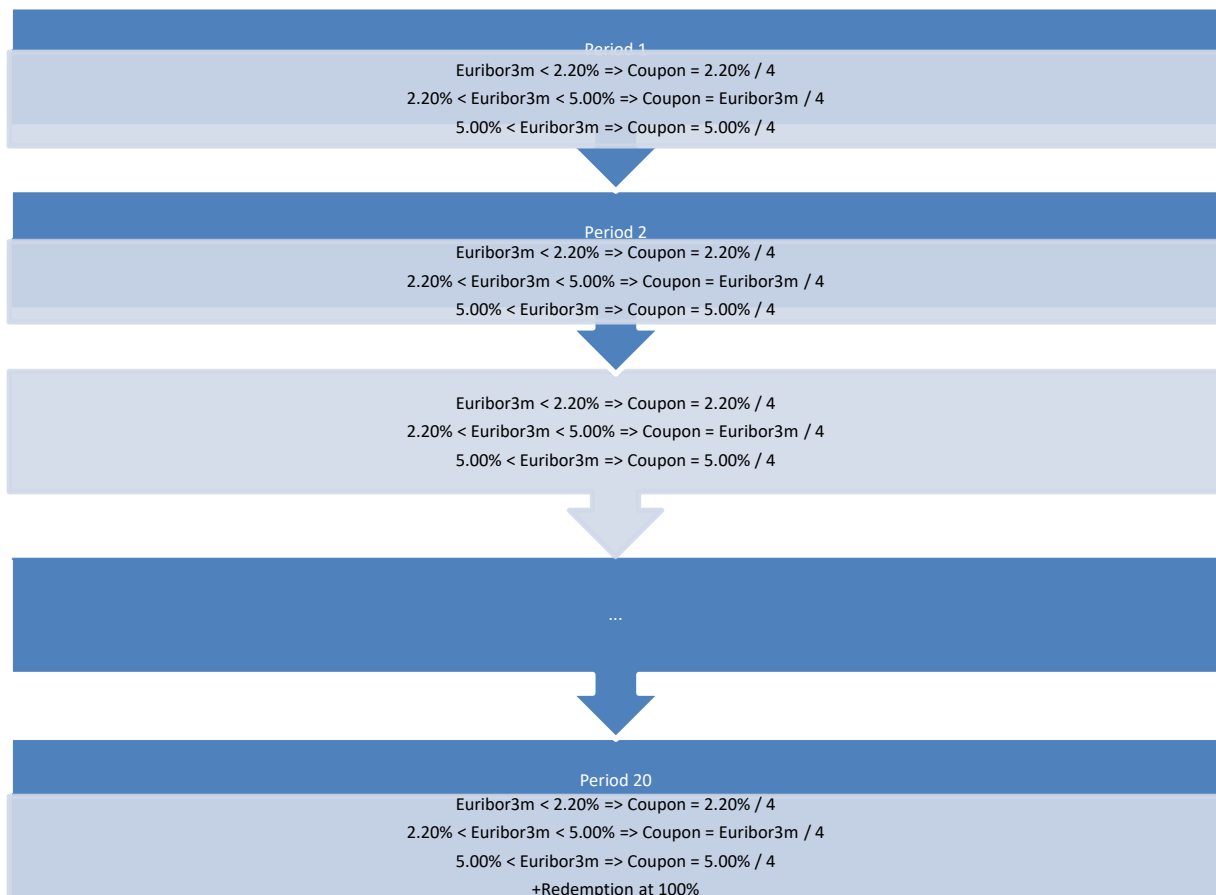
$$\begin{aligned} & (Participation Rate_i \times \max(X\%_i, \min(Performance_i, Y\%_i)) + Bonus_i) \\ & = (100\% \times \max(2.20\%, \min(Performance, 5.00\%)) + 0\%) \end{aligned}$$

*Redemption Amount:*

1. Not Applicable
2. Underlying: EURIBOR3months
3. Single fixing 2 Business Days before start of the Interest Period (subformula 3.a) is applicable).
4. Not applicable
5. Not applicable
6. Bonus = 0%
7. Participation Rate = 0%
8. X% = 0%
9. Y% = 0%
10. No Daycount

The formula for the Redemption Amount will be

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



Note: In the example above the amounts are divided by 4, but the day count convention is act/360. This division is done for simplification purposes.

## 2. Target Memory Autocall

### Definition:

*In a Target Memory Autocall, there is no right to receive 100% of the invested capital less fees at Maturity.*

*-> If, on an Interest Payment Date, the Underlying (typically an index) has lost more than a certain percentage of its initial value (for example -30%), no Interests are paid and the Interests (for example, 7.50%) are recorded in the Memory which starts at zero.*

*-> If the Underlying has not lost more than a certain percentage of its initial value (for example, -30%), the Interests and the memory are paid.*

*-> If the Underlying is above a predefined level (typically its initial value), the Interests and the memory are paid and the Note is redeemed at par (autocallable).*

*At Maturity, if the Underlying is below a third predefined level (for example, -50%), the Redemption Amount is linked to the evolution of the Underlying, which means that investors will receive less than the invested capital, less fees. Otherwise, the Note is redeemed at par*

### Product:

Periodic payments (i = 1 to 4):

1. Periods: 5
2. Underlying: SX5E

3. Performance will be  $\frac{Final\ Price - Initial\ Price}{Initial\ Price}$  (Subdivision 3.c) is applicable), no reset for the Initial Price
4. Callable is applicable (Subdivision 4) is applicable) if  $Performance_i \geq 0\%$
5. Condition is applicable (Subdivision 5))
6.  $Bonus_i = -\sum_{w=1}^{i-1} Formula_w$  if  $Performance_i \geq -30\%$   
 $= 0\%$  if  $Performance_i < -30\%$
7. Participation Rate = period i (i = 1 to 4) if  $Performance_i \geq -30\%$   
 $= 0\%$  if  $Performance_i < -30\%$
8.  $X\% = 7.50\%$  if  $Performance_i \geq -30\%$   
 $= 0\%$  if  $Performance_i < -30\%$
9.  $Y\% = 7.50\%$  if  $Performance_i \geq -30\%$   
 $= 0\%$  if  $Performance_i < -30\%$
10. Daycount: 30/360, following, unadjusted

➡ If  $Performance_i \geq -30\%$  and  $< 0\%$

The formula for the Periodic Payments will be

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

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

Formula for the Periodic Payments will be

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

➡ If  $Performance_i \geq 0\%$ , then the transaction terminates automatically (autocallable).

Formula<sub>i</sub> for Redemption Amount will be:

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

Redemption Amount:

1. Periods: 5
2. Underlying: SX5E
3. Performance will be  $\frac{Final\ Price - Initial\ Price}{Initial\ Price}$  (Subdivision 3.c) is applicable), no reset for the Initial Price
4. Call is activated if  $Performance_i \geq 0\%$
5. Conditions are activated
6.  $Bonus_i = -\sum_{w=1}^{i-1} Formula_w$  if  $Performance_i \geq -30\%$ ;  $= 0\%$  if  $Performance_i < -30\%$

7. Participation Rate = 5 if Performance<sub>i</sub> ≥ -30%; = 0% if Performance<sub>i</sub> < -30% and ≥ -50%; = 100% if Performance<sub>i</sub> < -50%
8. X% = 7.50% if Performance<sub>i</sub> ≥ -30%; = 0% if Performance<sub>i</sub> < -30% and ≥ -50%; = -100% if Performance<sub>i</sub> < -50%
9. Y% = 7.50% if Performance<sub>i</sub> ≥ -30%; = 0% if Performance<sub>i</sub> < -30% and ≥ -50%; = 100% if Performance<sub>i</sub> < -50%
10. Daycount: 30/360, following, unadjusted

➡ If Performance<sub>i</sub> ≥ -30% and < 0%, then Formula<sub>i</sub> will be:

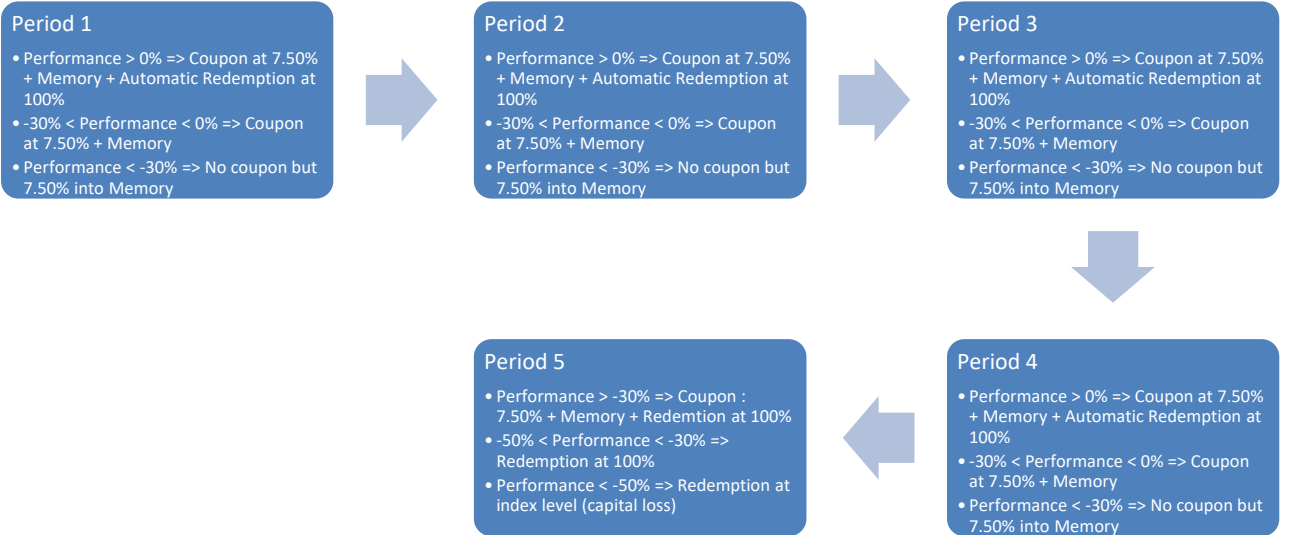
$$\begin{aligned} & \text{Denomination} + [\text{Denomination} \times (\text{Participation Rate}_i \times \max(X\%_i, \min(\text{Performance}_i, Y\%_i)) + \text{Bonus}_i)] \\ &= \text{Denomination} + \text{Denomination} \times [(5 \times \max(7.50\%, \min(\text{Performance}_i, 7.50\%))) - \sum_{w=1}^{i-1}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

➡ If Performance<sub>i</sub> < -30% and ≥ -50%, then Formula<sub>i</sub> will be:

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

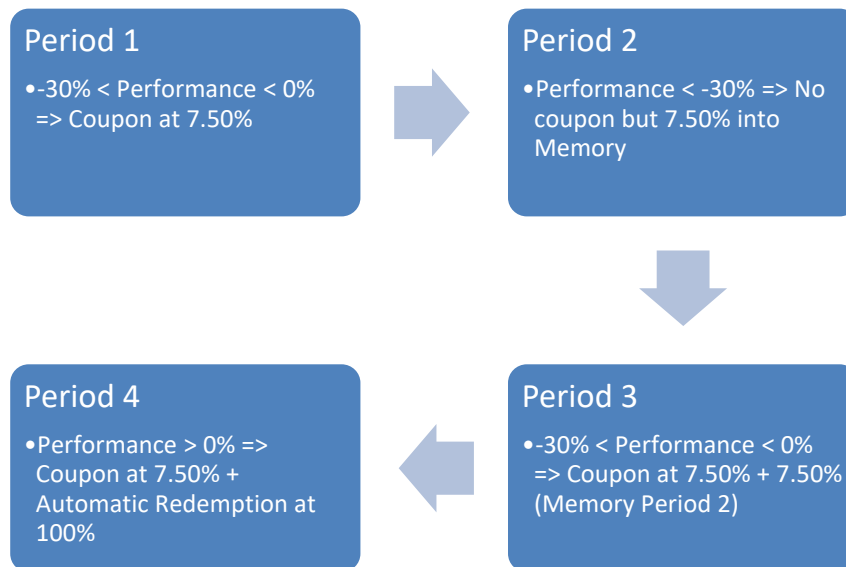
➡ If Performance<sub>i</sub> < -50%, then Formula<sub>i</sub> will be:

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

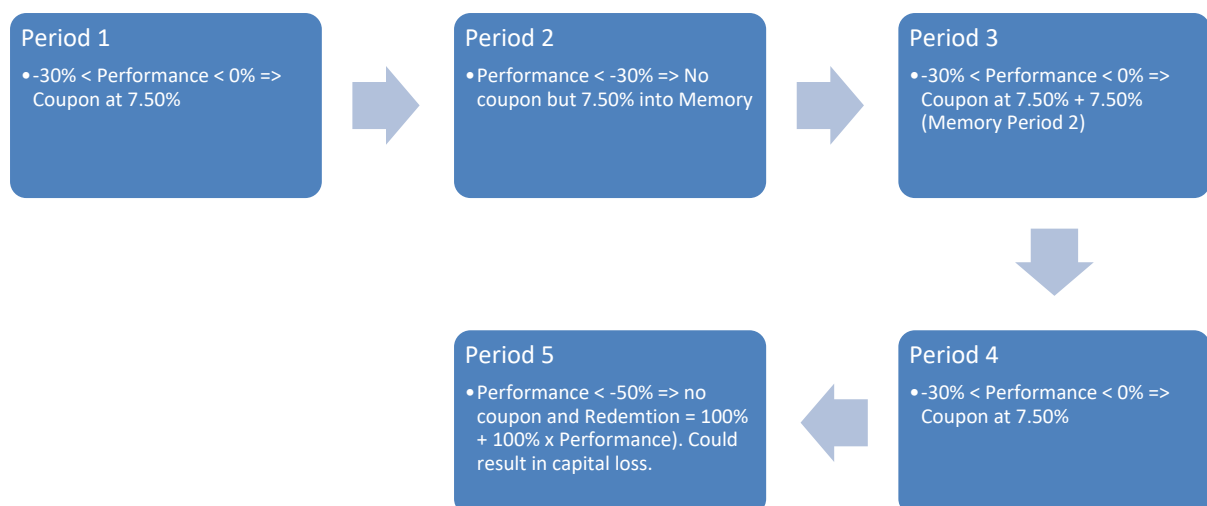


Optimistic Scenario





### Pessimistic Scenario



### 3. Light Reverse

#### **Definition:**

*In a Light Reverse, one single barrier needs to be observed at Maturity. There is no right to receive 100% of the invested capital less fees at maturity*

*The Noteholder receives periodically (typically every year) a fixed Interest rate (for example 5.50%).*

*At Maturity, the Noteholder receives 100% of its investment if the Underlying (typically an Index) has not lost more than a pre-defined percentage (for example -40%) of its initial value. Otherwise the index performance is paid and there is a loss of capital.*

#### **Product:**

*Periodic payments:*

- |  |
|--|
| <ol style="list-style-type: none"> <li>1. Periods: 5</li> <li>2. Underlying: SX5E</li> </ol> |
|--|

3. Performance is  $\frac{Final\ Price - Initial\ Price}{Initial\ Price}$  (Subdivision 3.c) is applicable), no Reset for the Initial Price
4. Not applicable
5. Not applicable
6. Bonus = 5.50%
7. Participation Rate = 100%
8.  $X\% = 0\%$
9.  $Y\% = 0\%$
10. Daycount: 30/360, unadjusted, following

The formula for the Periodic Payments will be

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

*Redemption Amount:*

1. Periods: Not Applicable
2. Underlying: Eurostoxx 50 (SX5E)
3. Performance is  $\frac{Final\ Price - Initial\ Price}{Initial\ Price}$  (Subdivision 3.c) is applicable), no Reset for the Initial Price
4. Not applicable
5. Digitals are activated (Subdivision 5) is applicable)
6. Bonus = 0%
7. Participation Rate = 0% if Performance  $\geq -40\%$ ;  
100% if Performance  $< -40\%$ .
8.  $X\% = 0\%$  if Performance  $\geq -40\%$ ;  
-100% if Performance  $< -40\%$ .
9.  $Y\% = 0\%$  if Performance  $\geq -40\%$ ;  
100% if Performance  $< -40\%$ .
10. Daycount: 30/360, unadjusted, following

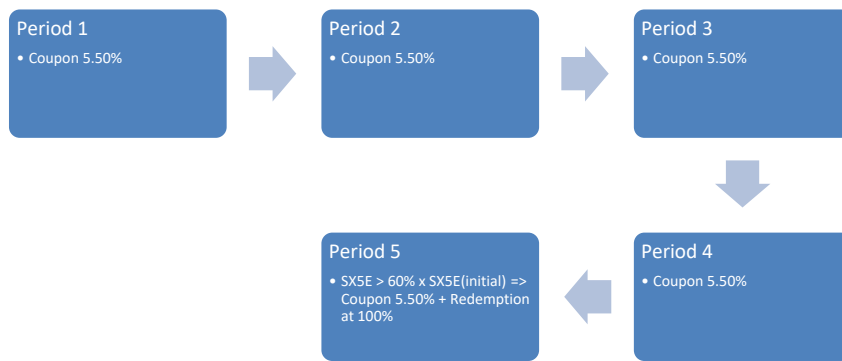
➡ If Performance  $\geq -40\%$ , then formula for the Redemption Amount will be

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

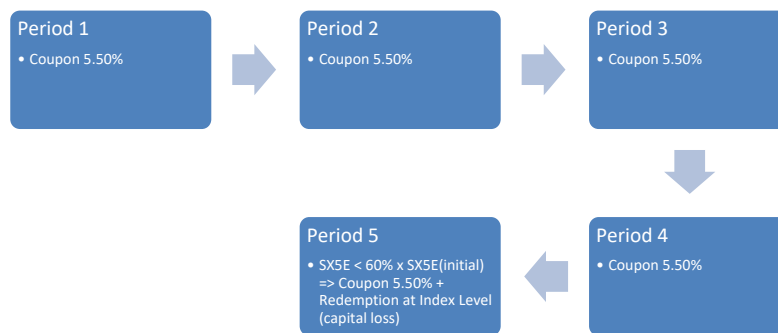
➡ If Performance  $< -40\%$ , then formula for the Redemption Amount will be

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

Optimistic Scenario



### Pessimistic Scenario



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

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The second category includes the products which do not generate any Periodic Payments but one global payment at Maturity. This last payment can be fixed (in a so-called “zero coupon product”) or variable. The formulas as stipulated below will specify if the Notes have a Redemption Amount at 100% of the capital invested less fees or not.

### Definition

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

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

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

- 1) Which Underlying will be used to calculate the Performance (Market Rate, Share or Basket of Shares, Share Index or Basket of Share Indexes, Commodity Index or Basket of Commodity Indexes, Inflation Index, Fund or Basket of Funds).
- 2) Which sub formula will apply to calculate the Performance. This Performance can be:
  - a) a single fixing
  - b) a difference between 2 Underlyings:  $\text{Underlying}_1 - \text{Underlying}_2$
  - c)  $\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$ , with or without reset of the Initial Price
  - d)  $\frac{\text{Initial Price}}{\text{Initial Price} - \text{Final Price}}$ , with or without reset of the Initial Price
  - e)  $\frac{\text{Initial Price}}{\text{Final Price} - \text{Initial Price}}$ , with or without reset of Initial Price
  - f)  $\frac{\text{Final Price}}{\text{Initial Price} - \text{Final Price}}$ , with or without reset of Initial Price
  - g)  $\frac{\text{Final Price}}{\text{Initial Price}}$

$$\sum_{j=1}^Y w_{i,j} \times \max \left( U\%, \min \left( \left( \frac{\text{Final Price}_j - \text{Initial Price}_j}{\text{Initial Price}_j} \right), Z\% \right) \right), \text{ with or without reset of the Initial Price.}$$

W means the weight of the Underlying. Y can be the number of Underlyings, or can be the number of periods.

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

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

## Examples

### 1. Call spread

#### Definition:

In a Call spread, there is no Periodic Payment. At Maturity, the Redemption Amount will be equal to 100% of the capital invested less fees plus any positive evolution of the Underlying capped at a defined level.

#### Product:

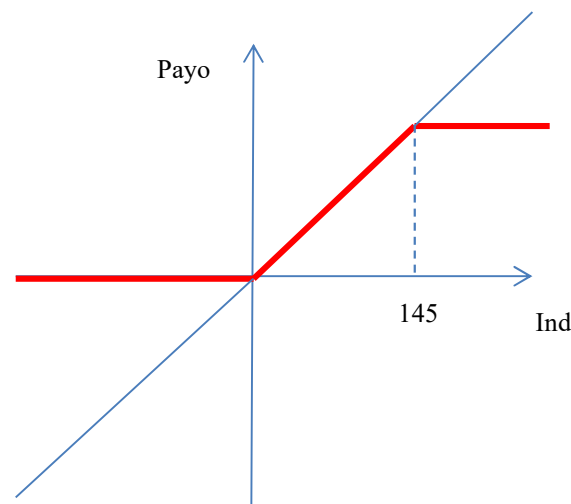
Redemption Amount:

1. Underlying: Eurostoxx 50 (SX5E)
2. Performance is  $\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$  (Subdivision 2.c) is applicable) where Initial Price is closing level of Index observed at 24/09/2012 and Final Price is arithmetic average of the closing levels observed at 10/09/2017, 11/09/2017 and 12/09/2017.
3. Not applicable
4. Not applicable
5. Bonus = 0%
6. Participation Rate = 100%
7. X% = 0%
8. Y% = 45%
9. No daycount

The formula for the Redemption Amount will be:

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

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



Optimistic Scenario:

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

Pessimistic Scenario:

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

## 2. Digital on CMS

### Definition:

The Digital on CMS product is the combination of a typical Zero Coupon bond (with a predefined interest payment at maturity) and a potential additional payment (the digital feature) if the Underlying (in this case the CMS rate) is above a certain level at maturity.

### Product:

Redemption Amount:

1. Underlying: CMS10y
2. Performance is a single fixing ((Subdivision 2.a) is applicable)
3. Not applicable
4. Condition is applicable ((Subdivision 4) is applicable) -> at observation date, if CMS10y is at or above 2.10%
5. Bonus = 25.20 %
6. Participation Rate = 0% if CMS10y < 2.10%  
100% if CMS10y ≥ 2.10%
7. X% = 0% if CMS10y < 2.10%  
10.40 % if CMS10y ≥ 2.10%
8. Y% = 0% if CMS10y < 2.10%  
10.40 % if CMS10y ≥ 2.10%
9. No daycount

➡ If CMS10y < 2.10%, then

Formula for the Redemption Amount will be

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

➡ If CMS10y ≥ 2.10%, then

Formula for the Redemption Amount will be

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

### Period 1

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

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

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The third category includes the Notes which do not generate any Periodic Payments but one global payment at Maturity. This last payment can be fixed (in a so-called “zero coupon product”) or variable. The formulas as stipulated below will specify if the Notes are with redemption at 100% of the capital invested less fees or not.

### Definition

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

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

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

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

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

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

## Examples

### 1. Optimal Performance

#### Definition:

*In an Optimal Performance, there is no right to receive 100% of the invested capital less fees at Maturity. At Maturity, if the underlying (typically an equity index or equity share) is at or above its initial level, but below a defined threshold (for example 150%) investors receive 100 % of the invested capital plus a fixed amount (50% in this example).*

*If the Underlying is above this defined threshold of 150%, Noteholders will receive the performance of the Underlying.*

*If the Underlying is strictly below its initial level, Noteholders will receive 150 % of the performance. Below a certain level of the underlying, Noteholders will suffer a capital loss.*

#### Product:

*Redemption Amount:*

1. Underlying: Eurostoxx 50 (SX5E)
2. Performance =  $\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$  if Final Price is  $\geq$  Initial Price (Subdivision 2.c) is applicable), no Reset for the Initial Price  
=  $\frac{\text{Final Price}}{\text{Initial Price}}$  if Final Price is  $<$  Initial Price (Subdivision 2.e) is applicable), no Reset for the Initial Price
3. Not applicable
4. Digitals are activated (Subdivision 4) is applicable)
5. Bonus = 0% if Final Price is  $\geq$  Initial Price  
- 100% if Final Price is  $<$  Initial Price
6. Participation Rate = 100% if Final Price is  $\geq$  Initial Price  
150% if Final Price is  $<$  Initial Price
7. X% = 50% if Final Price is  $\geq$  Initial Price  
Not applicable if Final Price is  $<$  Initial Price
8. Y% = not applicable
9. No daycount

➡ If Final Price is  $\geq$  Initial Price:

Formula for the Redemption Amount will be

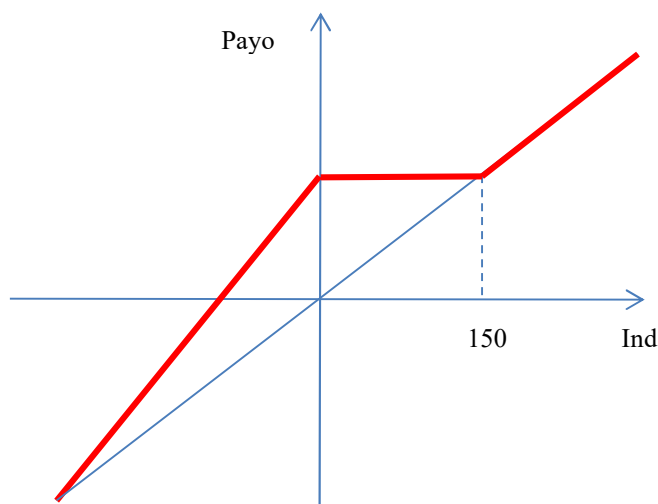
$$\begin{aligned} & \text{Denomination} + [\text{Denomination} \times (\text{Participation Rate}_i \times \max(X\%_i, \min(\text{Performance}_i, Y\%_i)) + \text{Bonus}_i)] \\ & = \text{Denomination} + [\text{Denomination} \times (100\% \times \max(50\%, \min(\text{Performance})) + 0\%)] \end{aligned}$$

➡ If Final Price is  $<$  Initial Price then:

Formula for the Redemption Amount will be

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





#### Optimistic Scenario

Final Price = 135% x Initial Price =>

$$Denomination + [Denomination \times (100\% \times \max(50\%, \min(35\%))) + 0\%] = 150\%$$

#### Pessimistic Scenario

Final Price = 40% x Initial Price =>

$$Denomination + [Denomination \times (150\% \times \max(\min(40\%)) - 100\%)] = 60\%$$

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

The fourth category includes the products which do not generate any Periodic Payments but one global payment at Maturity. This last payment can be seen as the sum of different periodical components.

The formulas as stipulated below will specify if the Notes will have a Redemption Amount of 100% of the capital invested less fees or not.

#### Definition

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

$$Formula\ i = Denomination +$$

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

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

- 1) How many periods (n) will be used and what formula relates to what period.
- 2) Which Underlying will be used to calculate the Performance (Market Rate, Share or Basket of Shares, Share Index or Basket of Share Indexes, Commodity Index or Basket of Commodity Indexes, Inflation Index, Fund or Basket of Funds).
- 3) Which sub formula will apply to calculate the Performance. This Performance can be:
  - a) a single fixing
  - b) a difference between 2 Underlyings:  $Underlying_1 - Underlying_2$
  - c)  $\frac{Final\ Price - Initial\ Price}{Initial\ Price}$ , with or without reset of the Initial Price

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

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

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

## Examples

### 1. Cliquet

#### Definition:

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

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

#### Product:

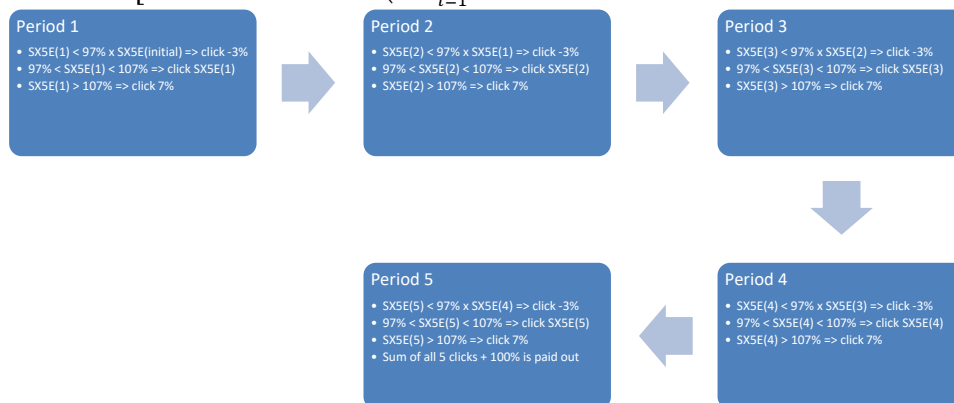
Redemption Amount:

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

The Variable Linked Redemption Amount is equal to:

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

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



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## E. Structures with periodic payments and physical settlement

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Typically, this category refers to Notes called reverse convertible for which the Redemption Amount is not equal to 100% of the capital invested less fees and can be done in physical instruments (shares for instance) depending on the final value of these shares instead of cash.

### Definition

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

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

The Redemption Amount at the end of period n can be constituted out of the next formula's.

If the Performance is at or above a certain Barrier, the Redemption Amount is in cash at par.

If the Performance is below a certain Barrier, then physical settlement will apply.

Number of shares to be delivered

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

Fractional Share Amount

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

These formulas stipulate how many shares will be delivered per Specified Denomination of the Notes. The number of shares has to be an integer amount. The non-integer amount will then be paid in cash (= Fractional Share Amount).

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

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

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

- 4) If the structure can be called either by the Issuer at certain dates, or when the Underlying reaches a certain level at a certain date or during a certain period.
- 5) If the value of some parameters depends on the level of the underlying at a certain date or during a certain period (=condition).
- 6) How the Bonus<sub>i</sub> is defined. The Bonus<sub>i</sub> can be:
  - a. a fixed rate;
  - b. a fixed rate subject to a condition on the Underlying;
  - c. a rate which is the result of a Formula such as the Formulas above; and
  - d. a rate which is the result of a sum of Formulas such as the Formulas above.

- 7) What the Participation Rate will be.
- 8) What the floor X% will be.
- 9) What the cap Y% will be.
- 10) What daycount convention has to be applied.

## Example

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### 1. Reverse Convertible on Total shares

#### **Definition:**

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

#### **Product:**

*Periodic payments:*

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

$$\begin{aligned} & (\text{Participation Rate}_i \times \max(X\%_i, \min(\text{Performance}_i, Y\%_i)) + \text{Bonus}_i) \\ & = (0\% \times \max(0\%_i, \min(\text{Performance}_i, 0\%_i)) + 8\%) \end{aligned}$$

*Variable Linked Redemption Amount:*

1. Periods (n): 5
2. Underlying: Total
3. Performance is  $\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$  ( subformula 3.c))
4. Not applicable
5. Applicable: Condition = 70% x Initial Price
6. Bonus = 8 %
7. Participation Rate = 0%
8. X% = 0 %
9. Y% = 0%
10. Daycount: 30/360, following, unadjusted

➡ If Final Price is at or above 70% of Initial Price, then 100%,

*Denomination*

➡ Otherwise number of shares (Subdivision 5) is applicable)

Number of shares to be delivered

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

Fractional Share Amount

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

Optimistic scenario

Final Price > 70% x Initial Price, then Coupon of 8% + 100% Redemption

Pessimistic scenario

For instance, if Final Price of Total = 22.90, which is below 70% x 38.20 (Initial Price of Total), then

Per Specified Denomination of € 1000,

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

And

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

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

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

### Definition

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

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

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

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

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

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

The Final Terms will specify the parameters (Pool Factor<sub>i</sub>, Interest Rate<sub>i</sub>, Partial Redemption Amount<sub>i</sub>, Partial Redemption Date<sub>i</sub>) of the specific issue. The Final Terms will also specify if a combination of more than one of these formulas is used. The Final Terms will furthermore specify:

- 1) How many periods (n) will be used and what formula relates to what period.
- 2) In case of Floating Rate Notes, which underlying (the “**Underlying**”) will be used to calculate the Interest Rate<sub>i</sub> (Market Rate, Share or Basket of Shares, Share Index or Basket of Share Indexes, Commodity Index or Basket of Commodity Indexes, Inflation Index, Fund or Basket of Funds) (as defined in the Final Terms).

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

- 3) Which sub formula will apply to calculate the Performance. This Performance can be:

- a) a single fixing
- b) a difference between 2 Underlyings: Underlying<sub>1</sub> – Underlying<sub>2</sub>
- c)  $\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$ , with or without reset of the Initial Price
- d)  $\frac{\text{Initial Price} - \text{Final Price}}{\text{Initial Price}}$ , with or without reset of the Initial Price
- e)  $\frac{\text{Final Price} - \text{Initial Price}}{\text{Final Price}}$ , with or without reset of Initial Price
- f)  $\frac{\text{Initial Price} - \text{Final Price}}{\text{Initial Price}}$ , with or without reset of Initial Price
- g)  $\frac{\text{Final Price}}{\text{Initial Price}}$

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

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

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

## Example

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### 1. Liquidity

#### **Definition:**

*The Liquidity issue will pay a step-up Interest Rate during the lifetime of the Notes (1.00% the first year, 1.00% the second year, 1.10% the third year, 1.30% the fourth year, 1.60% the fifth year and 2.00% the sixth year). The Redemption Amount will be spread over time, with partial redemptions of the invested capital (less fees) starting from year 3. The Interest Amount is paid on the outstanding nominal of the Notes, which means that we must apply a pool factor to the Denominations in order to compute the Interest Amount received on each Denomination. The cumulative Redemption Amounts will be at 100%.*

#### **Product:**

*Periodic payments of interest and capital:*

*1. Periods (n): 6*

*2. Interest Rates*

i	Interest Rate <sub>i</sub>
1	1.00%
2	1.00%
3	1.10%
4	1.30%
5	1.60%
6	2.00%

*3. Not Applicable*

*4. Partial Redemption Dates*

i	Partial Redemption Date <sub>i</sub>
3	Partial Redemption Date in Y3
4	Partial Redemption Date in Y4
5	Partial Redemption Date in Y5
6	Partial Redemption Date in Y6

*5. Pool Factor*

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

*6. Daycount: Act/Act ICMA, unadjusted, following*



### *8.3. Interest on the Notes*

The interest to be paid on the Notes (the “**Interest**”) can be based on a fixed rate (“**Fixed Rate**”, such Notes to be referred to as “**Fixed Rate Notes**”), a floating rate (“**Floating Rate**”, such Notes referred to as “**Floating Rate Notes**”) or linked to any other variable, formula and/or underlying (“**Variable Linked Rate**”, such Notes to be referred to as “**Variable Linked Rate Notes**”) (Fixed Rate, Floating Rate and Variable Linked Rate are together referred to as “**Interest Rate**”). The Interest Rate is expressed as a percentage per annum.

The Notes can also be Zero Coupon Notes, in which case no Interest is paid periodically.

The Interest is calculated per Note for each Interest Period as the product of the Calculation Amount, the Interest Rate and the Day Count Fraction, unless an Interest Amount is specified in the relevant Final Terms, in which case the Interest payable in respect of such Note for such Interest Period shall be equal to such Interest Amount specified in the relevant Final Terms.

Interest shall cease to accrue on each Note from the due date for redemption thereof unless payment of the principal thereof or delivery of the Redemption Amount to be delivered in respect thereof is improperly withheld or refused or unless default is otherwise made in respect of such payment. In such event, interest shall only cease to accrue from the date on which payment of such Redemption Amount in respect thereof is made or, if earlier and if applicable, from the seventh day after notice is given to the Noteholders in accordance with these Terms and Conditions that payment of the Redemption Amount will be made, provided that, upon such presentation, payment is in fact made.

#### *8.3.1. Fixed Rate Notes*

Each Fixed Rate Note bears interest on its outstanding principal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate specified in the relevant Final Terms, such interest being payable in arrears on each Interest Payment Date.

#### *8.3.2. Floating Rate Notes*

Floating Rate Notes bear Interest at the Floating Rate specified in the relevant Final Terms, as fixed on the Interest Determination Date applicable to the relevant Interest Payment Date and payable in arrears. The Floating Rate will be determined by the Calculation Agent as the sum of the rate published on the Publication Source for the specified Designated Maturity and the Spread, all as specified in the relevant Final Terms.

If however a Maximum Rate is specified in the Final Terms and the Floating Rate (determined as described above) is equal to or higher than the Maximum Rate, the Floating Rate will be such Maximum Rate.

If however a Minimum Rate is specified in the Final Terms and the Floating Rate (determined as described above) is equal to or lower than the Minimum Rate, the Floating Rate will be such Minimum Rate.

#### *8.3.3. Variable Linked Rate Notes*

Variable Linked Rate Notes bear Interest at the Variable Linked Rate specified in the relevant Final Terms, as fixed in the way specified in the Final Terms, and payable in arrears. The Variable Linked Provisions below will apply.

#### *8.3.4. Zero Coupon Notes*

Zero Coupon Notes may be issued at their principal amount or at a discount to it, applying an Amortisation Yield, and will not bear Interest. Zero Coupon Notes that are also Bearer Notes may be subject to certain formalities on transfer under the laws of Luxembourg.

### *8.3.5. Payment of the Interest*

Interest on the Notes will be payable in arrears on the applicable Interest Payment Date. The first payment of Interest will be on the first Interest Payment Date following the Issue Date. The last payment will be on the Maturity Date.

### *8.3.6. Benchmark Replacement*

Notwithstanding the other provisions in this Condition 8.3, if the Issuer determines that a Benchmark Event occurs in relation to the relevant Reference Rate when any Interest Rate (or the relevant component part thereof) remains to be determined by reference to such Reference Rate, then the following provisions shall apply to the relevant Notes:

- (i) the Issuer shall use reasonable endeavours, as soon as reasonably practicable, to appoint and consult with a Reference Rate Determination Agent (which may or may not be the same entity as the Calculation Agent) with a view to the Issuer determining (without any requirement for the consent or approval of the Noteholders) (A) a Successor Rate (as defined below) or, failing which, an Alternative Reference Rate (as defined below), for purposes of determining the Interest Rate (or the relevant component part thereof) applicable to the Notes and (B) in either case, an Adjustment Spread (as defined below);
- (ii) if the Issuer is unable to appoint a Reference Rate Determination Agent prior to the Determination Cut-Off Date (as defined below), the Issuer (acting in good faith and in a commercially reasonable manner) may still determine (A) a Successor Rate or, failing which, an Alternative Reference Rate and (B) in either case, an Adjustment Spread (as defined below) in accordance with this Condition 8.3.6;
- (iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with paragraphs (i) or (ii) above, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods (as applicable) (subject to the subsequent operation of, and to adjustment as provided in, this Condition 8.3.6);
- (iv) if the Issuer, following consultation with the Reference Rate Determination Agent (if any) and acting in good faith, determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Issuer may (without any requirement for the consent or approval of the Noteholders) also specify changes to these Terms and Conditions, including but not limited to (A) the Day Count Fraction, Business Day Convention, Business Days, Interest Determination Date and/or the definition of Floating Rate Notes or Variable Linked Notes applicable to the Notes and (B) the method for determining the fall-back rate in relation to such Notes, in any such case in order to ensure the proper operation of such Successor Rate or Alternative Reference Rate or any Adjustment Spread (as applicable). If the Issuer, following consultation with the Reference Rate Determination Agent (if any) and acting in good faith, determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Issuer is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the Fiscal Agent and any other agents party to the Agency Agreement shall, at the direction and expense of the Issuer, effect such consequential amendments to the Agency Agreement and these Terms and Conditions as may be required in order to give effect to the application of this Condition 8.3.6. No consent shall be required from the Noteholders in connection with determining or giving effect to the Successor Rate or Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps to be taken by the Fiscal Agent and any other agents party to the Agency Agreement (if required or useful); and

- (v) the Issuer shall promptly, following the determination of any Successor Rate, Alternative Reference Rate or Adjustment Spread (as applicable), give notice thereof to the Calculation Agent, the Fiscal Agent and, in accordance with Condition 8.17, the Noteholders. Such notice shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any consequential changes made to the Agency Agreement and these Terms and Conditions (if any).

A Reference Rate Determination Agent (which may be or may not be the same entity as the Calculation Agent) appointed pursuant to this Condition 8.3.6 shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Calculation Agent, the Fiscal Agent or the Noteholders for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 8.3.6.

Without prejudice to the obligations of the Issuer under this Condition 8.3.6, the Reference Rate and the other provisions in this Condition 8.3.6 will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any consequential changes made to the Agency Agreement and these Terms and Conditions (if any).

For the purposes of this Condition 8.3.6:

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

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Issuer, following consultation with the Reference Rate Determination Agent (if any) and acting in good faith, determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or
- (iii) if no such customary market usage is recognised or acknowledged, the Issuer, following consultation with the Reference Rate Determination Agent (if any) and acting in good faith, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or
- (iv) if no such industry standard is recognised or acknowledged, the Issuer, in its discretion, following consultation with the Reference Rate Determination Agent (if any) and acting in good faith, determines to be appropriate.

**“Alternative Reference Rate”** means the rate that the Issuer determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Period, or, if the Issuer determines that there is no such rate, such other rate as the Issuer determines in its discretion is most comparable to the relevant Reference Rate.

**“Benchmark Event”** means:

- (i) the relevant Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or

- (ii) a public statement by the administrator of the relevant Reference Rate stating that it will, by a specified date within the following six months, cease to publish the relevant Reference Rate, permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate stating that the relevant Reference Rate has been or will be, by a specified date within the following six months, permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor or the administrator of the relevant Reference Rate that means that the relevant Reference Rate will be prohibited from being used within the following six months; or
- (v) it has become unlawful for the Calculation Agent, the Fiscal Agent or any other agents party to the Agency Agreement to calculate any payments due to be made to any Noteholders using the relevant Reference Rate.

**“Determination Cut-Off Date”** means no later than five Business Days prior to the relevant Interest Determination Date (as applicable) relating to the next succeeding Interest Period.

**“Reference Rate”** means (i) the applicable reference rate specified in the Floating Rate Note Provisions of the Final Terms in respect of the Floating Rate applicable to the Floating Rate Notes or, as the case may be, (ii) the applicable reference rate specified in the Variable Linked Rate Note Provisions of the Final Terms in respect of the Market Rate applicable to the Variable Linked Rate Notes.

**“Reference Rate Determination Agent”** means either (i) an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case selected and appointed by the Issuer at its own expense, (ii) the Calculation Agent or (iii) any affiliate of the Issuer or the Calculation Agent.

**“Relevant Nominating Body”** means, in respect of a Reference Rate:

- (i) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the Reference Rate relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate, (C) a group of the aforementioned central banks or other supervisory authorities or (D) the Financial Stability Board or any part thereof.

**“Successor Rate”** means the rate that the Issuer determines is a successor to, or replacement of, the Reference Rate (as applicable) which is formally recommended by any Relevant Nominating Body.

## 8.4. Definitions

**“Averaging Dates”:**

Means the dates specified as such in the relevant Final Terms.

If an Averaging Date in respect of the Underlying is not a Scheduled Trading Day, then, the Averaging Date for such Underlying shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Initial Averaging Date or Disrupted Day, would have been the final Averaging Date in relation to the relevant Scheduled Valuation Date, then (1) that eighth Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in respect of such Underlying and, (2) the Calculation Agent shall determine its good faith

estimate of the value for the Underlying as of the Valuation Time on that Averaging Date.

If an Averaging Date for the Underlying is affected by the occurrence of a Disrupted Day, then, the Averaging Date for such Underlying shall be the first succeeding Valid Date. If the first succeeding Valid Date in respect of such Underlying has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in relation to the relevant Scheduled Valuation Date, then (1) that eighth Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in respect of such Underlying and, (2) the Calculation Agent shall determine its good faith estimate of the value for the Underlying as of the Valuation Time on that Averaging Date.

**“Business Day”:**

Regarding the Notes issued outside the X/N System, **“Business Day”** means:

a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place(s) and on the days specified for that purpose in the related Final Terms, a TARGET Settlement Day, if “T2” or “TARGET Settlement Day” is specified for that purpose in the related Final Terms or if place(s) and days, or such terms, are not so specified in the related Final Terms.

Regarding the Notes that will be issued through the Securities Settlement System, **“Business Day”** means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and
- (ii) in the case of euro, (a) a day other than a Saturday or Sunday on which the NBB-SSS is operating and (b) a day on which banks and forex markets are open for general business in Belgium and (c) (if a payment in euro is to be made on that day), a day which is a business day for T2 (a **“TARGET Business Day”**); and
- (iii) in the case of a currency other than euro and/or one or more business centres (the **“Business Centre(s)”**), as specified in the applicable Final Terms, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in each of the Business Centres.

**“Business Day Convention”:**

means the convention for adjusting any relevant date if it would otherwise fall on a day that is not a Business Day. The following terms, when used in conjunction with the term “Business Day Convention” and a date, shall mean that an adjustment will be made if that date would otherwise fall on a day that is not a Business Day so that:

- (i) if **“Following”** is specified, that date will be the first following day that is a Business Day;
- (ii) if **“Modified Following”** or **“Modified”** is specified, that date will be the first following day that is a Business Day unless that day falls in the

next calendar month, in which case that date will be the first preceding day that is a Business Day; and

- (iii) if “**Preceding**” is specified, that date will be the first preceding day that is a Business Day.

In the event of Notes cleared to the Securities Settlement System, the Following Business Days Convention will always be applicable for Fixed Rate Notes (unless otherwise specified in the applicable Final Terms).

**“Calculation Agent”:**

means Belfius Bank, unless specified otherwise in the relevant Final Terms. Whenever the Calculation Agent is required to act or to exercise judgment in any way, it will do so in good faith and in a commercially reasonable manner. The Calculation Agent shall have no responsibility to Noteholders for good faith errors or omissions in its calculations (without limitation, errors or omissions due to events which are not under the direct control of the Calculation Agent) and determinations as provided in the Terms and Conditions, except for those resulting from the gross negligence or intentional fault of the Calculation Agent. (see section 8.13 (*Responsibility of the Calculation Agent*) in this Base Prospectus).

**“Calculation Amount”:**

means the Denomination or such other Amount as specified in the applicable Final Terms.

**“Day Count Fraction”:**

means, in respect of the Notes and the calculation of the Interest:

- (i) if “1/1” is specified or nothing is specified, 1;
  - (ii) if “**Actual/Actual-ICMA**” is specified in the applicable Final Terms:
    - (aa) if the Interest Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Interest Period divided by the product of:
      - (x) the number of days in such Determination Period; and
      - (y) the number of Determination Periods normally ending in any year;
- and
- (bb) if the Interest Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Interest Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
    - (y) the number of days in such Interest Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

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

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

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

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

Where:

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

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

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

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

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

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30; and

- (vii) if **“30E/360”** or **“Eurobond Basis”** is specified, the number of days in the Interest Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

Day Count Fraction

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

Where:

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

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

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

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

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

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30.

**“EURIBOR”** means that the rate for the relevant Interest Determination Date will be the rate for deposits in euros for a period of the Designated Maturity as of 11:00 a.m., Brussels time on the day that is two TARGET Settlement Days preceding that Interest Determination Date, as determined by the Calculation Agent.

**“Hedge Positions”** means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, options, futures, derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) by the Issuer or, in the case of Belfius Financing Company Notes, Guarantor in order to hedge, individually or on a portfolio basis, the Notes.

**“Interest Commencement Date”**: means the Issue Date or such other date specified in the relevant Final Terms.

**“Interest Determination Date”**: means each date specified as such in the relevant Final Terms.

**“Interest Payment Date”**: means each date, as specified in the relevant Final Terms, on which the Interest as determined by the Calculation Agent for the applicable Interest Period is payable in accordance with Condition 8.3.5. *Payment of the Interest*.

If such day is not a Business Day it will be adjusted by the Business Day Convention specified in the relevant Final Terms.

**“Interest Period”**: means each period from, and including, one Interest Period End Date to, but excluding, the next following applicable Interest Period End Date, except that the initial Interest Period will commence on, and include, the Interest Commencement Date.

**“Interest Period End Date”**: If **“Adjusted”** is specified in the relevant Final Terms, Interest Period End Date means the relevant Interest Payment Date.

If **“No Adjustment”** is specified in the relevant Final Terms, Interest Period End Date means the relevant Interest Payment Date, without however



applying any adjustment in accordance with the Business Day Convention specified to be applicable to the Interest Payment Dates.

If “**Adjusted**” or “**No Adjustment**” is not specified in the relevant Final Terms, the Interest Period End Date(s) shall be as specified in those Final Terms.

“**Issue Date**”: means the date on which the Notes are issued as specified in the relevant Final Terms.

“**Maturity Date**”: means the date on which the Notes come to maturity as specified in the relevant Final Terms, unless such day is not a Business Day in which case it will be adjusted by the Following Business Day Convention, unless otherwise specified in the relevant Final Terms.

“**Specified Currency**”: means the currency of the Notes as specified in the relevant Final Terms.

“**TARGET Settlement Day**”: means any day on which T2 (the real time gross settlement system operated by the Eurosystem, or any successor system) is open.

“**Valid Date**”: means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date, or Initial Averaging Date as applicable, in respect of the relevant Valuation Date, or Initial Valuation Date as applicable, does not or is not deemed to occur.

## *8.5. Redemption and Purchase*

### *8.5.1. Final Redemption*

Unless previously entirely redeemed, purchased and cancelled or unless its maturity is extended pursuant to an Issuer’s or Noteholder’s Option the Notes shall be redeemed on the Maturity Date. The Notes may not be redeemed prior to that date, without prejudice to the other provisions of these Terms and Conditions.

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

### *8.5.2. Partial Redemption*

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

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

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

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

The above-described Redemption at the Option of the Issuer does not cover the situation of an early redemption upon the occurrence of a force majeure event or an Extraordinary Event, as specified in section 8.

#### *8.5.4. Mandatory Early Redemption*

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

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

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

#### *8.5.5. Repurchase*

The Issuer or, as applicable, the Guarantor and any of their subsidiaries may at any time purchase Notes in the open market or otherwise at any price. The price will be determined by the Issuer, the Guarantor or any of their subsidiaries at the relevant time. They will determine the price in accordance with market practice and at their discretion, but the investors will remain free to accept the proposed price, or to continue to hold their Notes.

#### *8.5.6. Cancellation*

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

### *8.6. Payment*

Noteholders shall pay the Denominations on the subscribed Notes in cash at the time of subscription or by debit of the cash account linked to the securities account, in which Notes are to be held, on the Issue Date.

If the Issue Date is a day, which is not a Business Day in the place of payment of the Denominations, payment will be due on that day as adjusted by the Following Business Day Convention, unless otherwise specified in the relevant Final Terms.

Any amounts payable by the Issuer in respect of the Notes, be they Interests, Redemption Amounts or other, shall be made by transfer to the cash account linked to the securities account in which the Notes are held subject to all applicable laws and regulations.

If the date for payment of Interest, Redemption Amount or any other amount due to the Noteholders is a day, which is not a Business Day in the place of payment, the Noteholders shall not be entitled to payment until the day as adjusted by the Following Business Day Convention, unless otherwise specified in the relevant Final Terms.

## 8.7. Variable Linked Provisions

A Variable Linked Rate or a Variable Linked Redemption Amount can depend on the evolution of one or more Underlyings. If it is specified in the Final Terms that the Underlying is either (i) one or more Market Rates; (ii) a Share or a Basket of Shares, (iii) a Share Index or a Basket of Share Indices, (iv) a Fund or a Basket of Funds, (v) a Commodity or a Basket of Commodities, (vi) a Commodity Index or a Basket of Commodity Indices, or (vii) an Inflation Index, the applicable provisions below in relating to the respective Underlying will apply.

More information on the relevant index can be found via the channel(s) as specified in the Final Terms (as applicable).

### 8.7.1. Market Rate

The Underlying can be a Market Rate, such as, for example, the EUR CMS Rate or the 3 Month EURIBOR, as defined below, or any other Market Rate, as defined in the relevant Final Terms.

Please also refer to the provisions of *Condition 8.3.6 (Benchmark Replacement)*.

<b>EUR CMS Rate:</b>	Means that the rate for the relevant Interest Determination Date will be the annual swap rate for euro swap transactions with a maturity of the Designated Maturity, expressed as a percentage, as of 11:00 a.m., Frankfurt time, on the day that is two TARGET Settlement Days preceding that Interest Determination Date, as determined by the Calculation Agent.
<b>3 Month EURIBOR:</b>	Means EUR-EURIBOR Reuters, fixed at 11:00 am Brussels time, as displayed on Reuters Screen page EURIBOR01.

### 8.7.2. Share or Basket of Shares

#### 8.7.2.1. Definitions

<b>Share:</b>	Means the share specified as such in the relevant Final Terms.
<b>Share Basket:</b>	Means a basket of shares as specified in the relevant Final Terms.
<b>i:</b>	The addition of the letter i in subscript to any term indicates that this term is meant to apply to each Share in the Share Basket separately.
<b>w:</b>	Means the weight of a certain Share in the Share Basket.
<b>Exchange:</b>	Means each exchange or quotation system specified as such for such Share in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange).
<b>Related Exchange:</b>	Means, each exchange or quotation system specified as such for the relevant Share in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where “All Exchanges” is specified as the Related Exchange in the relevant Final Terms, “Related Exchange” shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share.
<b>Initial Price:</b>	Means the price specified as such or otherwise determined in the relevant Final Terms or, if no means for determining the Initial Price are so provided:

in respect of the Initial Valuation Date, the Relevant Price of the relevant Share at the Valuation Time on the Initial Valuation Date, as determined by the Calculation Agent, and in respect of each subsequent Valuation Date, the Final Price for the Valuation Date immediately preceding such Valuation Date, or, if Initial Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Initial Valuation Date, of the prices of the relevant Share or Share Basket as of the Valuation Time on each Initial Averaging Date.

<b>Final Price:</b>	Means the Relevant Price of the relevant Share on the relevant Valuation Date, as determined by the Calculation Agent, or, if Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Valuation Date, of the prices of the relevant Share or Share Basket as of the Valuation Time on each Averaging Date.
<b>Initial Valuation Date:</b>	Means the Issue Date or such other date as specified in the relevant Final Terms, and if such date is not a Scheduled Trading Day in respect of the relevant Share, the Initial Price of such Share shall be determined on the basis of the Relevant Price of such Share as calculated on the immediately following Scheduled Trading Day, subject to Market Disruption, or, if Initial Averaging is specified as applicable, means the final Initial Averaging Date.
<b>Valuation Date:</b>	Means any date specified as such in the relevant Final Terms, and if such date is not a Scheduled Trading Day in respect of the relevant Share, the Final Price of such Share shall be determined on the basis of the Relevant Price of such Share as calculated on the immediately following Scheduled Trading Day, subject to Market Disruption, or, if Averaging is specified as applicable, means the final Averaging Date.
<b>Relevant Price:</b>	Means the price of the relevant Share determined by the Calculation Agent at the Valuation Time on the Exchange.
<b>Valuation Time:</b>	Means the time on the relevant Valuation Date, specified as such in the related Final Terms or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date, in relation to each Share to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.
<b>Scheduled Closing Time:</b>	Means in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.
<b>Scheduled Trading Day:</b>	Means any day on which the Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.
<b>Exchange Business Day:</b>	Means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

#### 8.7.2.2. Market Disruption

“**Market Disruption Event**” means in respect of a Share, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time or (iii) an Early Closure.

In that respect, “**Trading Disruption**” means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits

permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to the Share on the Exchange, or (ii) in futures or options contracts relating to the Share on any relevant Related Exchange.

In that respect, “**Exchange Disruption**” means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for, (i) the Shares on the Exchange, or (ii) in futures or options contracts relating to the Share on any relevant Related Exchange.

In that respect, “**Early Closure**” means the closure on any Exchange Business Day of the relevant Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

In addition, in that respect “**Disrupted Day**” means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

If any Valuation Date is a Disrupted Day, then:

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

### **8.7.2.3. Potential Adjustment Events**

Upon the occurrence on or after the Issue Date up to and including the last Valuation Date of a Potential Adjustment Event (as defined below), the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Shares and if so will:

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

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

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

- a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event), or, a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- a distribution, issue or dividend to existing holders of the relevant Shares of (a) such Shares, or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of such Shares equally or proportionately with such payments to holders of such Shares, or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the issuer of the Shares as a result of a spin-off or other similar transaction or (d) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- an extraordinary dividend as determined by the Calculation Agent;
- a call by the issuer of the relevant Shares in respect of such Shares that are not fully paid;
- a repurchase by the issuer of the relevant Shares or any of its subsidiaries of such Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- in respect of the issuer of the relevant Shares, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the issuer of the relevant Shares pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

If the Calculation Agent determines that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Agent could make, the Calculation Agent may notify the Noteholders, in accordance with Condition 8.17 “Notices”, that the relevant consequence of the Potential Adjustment Event shall be either in the case of a capital protected Note (i) the Monetization of the Notes, with the right for the Noteholders, as an alternative to the Monetization, to sell the Note to the Issuer at market value, or in other cases than of a capital protected Note (ii) the early redemption of the Notes at their Fair Market Value and in accordance with the principles and conditions explained under Section 8.

#### **8.7.2.4. Extraordinary Events**

“**Extraordinary Event**” means any of Merger Event, Tender Offer, Nationalisation, Insolvency, Delisting, De-merger Event, or Insolvency Filing, as the case may be.

“**Merger Event**” means in respect of any relevant Shares:

- any reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person; or
- any consolidation, amalgamation, merger or binding share exchange of the issuer of the relevant Shares with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such issuer is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding);
- any takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Shares of the issuer of the relevant Shares

that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person); or

- any consolidation, amalgamation, merger or binding share exchange of the issuer of the relevant Shares or its subsidiaries with or into another entity in which the issuer of the relevant Shares is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Shares immediately following such event (a “Reverse Merger”) in each case if the effective date of the Merger Event is on or before the final Valuation Date.

**“Tender Offer”** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding voting shares of the issuer of the relevant Shares, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

**“Nationalisation”** means that all the Shares or all the assets or substantially all the assets of the issuer of the relevant Shares are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**“Insolvency”** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the issuer of the relevant Shares, (A) all the Shares of that issuer are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of that issuer become legally prohibited from transferring them (each time as determined in good faith by the Calculation Agent).

**“Delisting”** means that the Exchange announces that pursuant to the rules of such Exchange, the Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or where the Exchange is within the European Union, in any member state of the European Union).

**“De-merger Event”** means that the issuer of the relevant Shares is affected by a de-merger (such as, but not limited to, spin off, scission or any operation of a similar nature) leading to the attribution of a basket comprising New Shares and/ or Other Consideration and/ or the relevant Share affected by the de-merger (as the case may be), such basket resulting from such de-merger.

In that respect, **“New Shares”** means ordinary or common shares, whether of the entity or person involved or a third party, that are promptly scheduled to be (i) publicly quoted, traded or listed on an exchange or quotation system located in the same country as the Exchange (or where the Exchange is within the European Union, in any member state of the European Union) and (ii) not subject to any currency exchange controls, trading restrictions or other trading limitations. Other Consideration means cash and/or any securities (other than New Shares) or assets whether of the entity or person involved or a third party.

**“Insolvency Filing”** means that the issuer of the relevant Shares institutes or has instituted against it by a regulator, supervisor, or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the issuer of the relevant Shares shall not be deemed an Insolvency Filing.

Upon the occurrence on or after the Issue Date up to and including the last Valuation Date, in the determination of the Calculation Agent, of an Extraordinary Event in respect of any Share, the Calculation Agent, on or after the effective date of such Extraordinary Event, may make such adjustments as it, acting in good faith, deems appropriate (including substitution of any affected Share). Such adjustments to be effective as of the date determined by the Calculation Agent, to account for the effect of the relevant Extraordinary Event to protect the theoretical value of the Notes to the Noteholders immediately prior to such Extraordinary Event.

For the avoidance of doubt, if the Calculation Agent determines that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Agent could make, the Calculation Agent will notify the Noteholders, in accordance with the paragraph “Notices”, that the relevant consequence of the Extraordinary Event shall be either in the case of a capital protected Note (i) the Monetization of the Notes, or in other cases (ii) the early redemption of the Notes at their Fair Market Value and in accordance with the principles explained under Section 8.

### *8.7.3. Share Index or Basket of Share Indices*

The terms applicable to an Index will differ, depending on whether the Index is specified in the relevant Final Terms to be Multiple Exchange or not. The applicable provisions below will apply.

#### **8.7.3.1. Terms applicable irrespective of whether an Index is Multiple Exchange or not**

##### **Definitions**

<b>Index:</b>	Means the index specified as such in the relevant Final Terms.
<b>Index Basket:</b>	Means a basket of indices as specified in the relevant Final Terms.
<b>i:</b>	The addition of the letter i in subscript to any term indicates that this term is meant to apply to each Index in the Index Basket separately.
<b>w:</b>	Means the weight of a certain Index in the Index Basket.
<b>Index Sponsor:</b>	Means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level for the relevant Index on a regular basis during each Scheduled Trading Day.
<b>Initial Price:</b>	Means the price specified as such or otherwise determined in the relevant Final Terms or, if no means for determining the Initial Price are so provided: in respect of the Initial Valuation Date, the level of the relevant Index at the Valuation Time on the Initial Valuation Date, as determined by the Calculation Agent, and in respect of the each subsequent Valuation Date, the Final Price for the Valuation Date immediately preceding such Valuation Date, or, if Initial Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Initial Valuation Date, of the levels of the relevant Index as of the Valuation Time on each Initial Averaging Date.
<b>Final Price:</b>	Means the level of the relevant Index at the Valuation Time on the relevant Valuation Date, as determined by the Calculation Agent or, if Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Valuation Date, of the levels of the relevant Index as of the Valuation Time on each Averaging Date.
<b>Initial Valuation Date:</b>	Means the Issue Date or such other date as specified in the relevant Final Terms, and if such date is not a Scheduled Trading Day in respect of the relevant Index, the Initial Price of such Index shall be determined on the basis of the level of such Index as calculated on the immediately following Scheduled Trading Day, subject to Market Disruption, or, if Initial Averaging is specified as applicable, means the final Initial Averaging Date.



<b>Valuation Date:</b>	Means any date specified as such in the relevant Final Terms, and if such date is not a Scheduled Trading Day in respect of the relevant Index, the Final Price of such Index shall be determined on the basis of the level of such Index as calculated on the immediately following Scheduled Trading Day, subject to Market Disruption, or, if Averaging is specified as applicable, means the final Averaging Date.
<b>Relevant Price</b>	Means the level of the relevant Index determined by the Calculation Agent at the Valuation Time on the relevant Valuation Date.
<b>Scheduled Closing Time:</b>	Means in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

### **Consequences of Disrupted Days**

If any Valuation Date is a Disrupted Day, then:

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

### **Adjustment to Indices**

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

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

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

For the avoidance of doubt, if the Calculation Agent determines that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Agent could make, the Calculation Agent will notify the Noteholders, in accordance with the paragraph “**Notices**”, that the relevant consequence of the Extraordinary Event shall be either in the case of a capital protected Note (i) the Monetization of the Notes, or in other cases (ii) the early redemption of the Notes at their Fair Market Value and in accordance with the principles explained under Section 8.

#### **8.7.3.2. Terms applicable to an Index that is not Multiple Exchange**

<b>Exchange:</b>	Means each exchange or quotation system specified as such for such Index in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Shares underlying such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange).
<b>Related Exchange:</b>	Means, each exchange or quotation system specified as such for the relevant Index in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where “All Exchanges” is specified as the Related Exchange in the relevant Final Terms, “Related Exchange” shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index.
<b>Valuation Time:</b>	Means the time on the relevant Valuation Date, specified as such in the related Final Terms or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date, in relation to each Index to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.
<b>Scheduled Trading Day:</b>	Means any day on which the Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

**Exchange Business Day:** Means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

### **Market Disruption**

“**Market Disruption Event**” means in respect of an Index, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time or (iii) an Early Closure. For the purposes of determining whether a Market Disruption Event exists at any time, if a Market Disruption Event occurs in respect of a security included in the relevant Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

In that respect, “**Trading Disruption**” means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to securities that comprise 20 percent or more of the level of the relevant Index, or (ii) in futures or options contracts relating to the relevant Index on any relevant Related Exchange.

In that respect, “**Exchange Disruption**” means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for, (i) securities that comprise 20 percent or more of the level of the relevant Index, or (ii) in futures or options contracts relating to the relevant Index on any relevant Related Exchange.

In that respect, “**Early Closure**” means the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities that comprise 20 per cent or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

In addition, in that respect “**Disrupted Day**” means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

### **8.7.3.3. Terms applicable to an Index that is Multiple Exchange**

**Exchange:** Means in respect of each component security of the Index (each, a “Component Security”), the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent.

**Related Exchange:** Means, each exchange or quotation system specified as such for the relevant Index in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where “All Exchanges” is specified as the Related Exchange in the relevant Final Terms, “Related Exchange” shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index.

<b>Valuation Time:</b>	Means: (i) for the purposes of determining whether a Market Disruption Event has occurred: (a) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (b) in respect of any options contracts or future contracts on the Index, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the official level of the Index is calculated and published by the Index Sponsor.
<b>Scheduled Trading Day:</b>	Means any day on which: (i) the Index Sponsor is scheduled to publish the level of the Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session.
<b>Exchange Business Day:</b>	Means any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index; and (ii) the Related Exchange is open for trading during its respective regular trading session, notwithstanding any Exchange or the Related Exchange closing prior to its Scheduled Closing Time.

“**Market Disruption Event**” means either

- (i) (a) the occurrence or existence, in respect of any Component Security of:
  - (1) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded;
  - (2) an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; or
  - (3) an Early Closure in respect of such Component Security; and
- (b) the aggregate of all Component Security in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; or
- (ii) the occurrence or existence, in respect of futures or options contracts relating to the Index, of: (a) a Trading Disruption; (b) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Related Exchange; or (c) an Early Closure, in each case in respect of such futures or options contracts.

For the purposes of determining whether a Market Disruption Event in respect of any Index exists at any time, if a Market Disruption Event occurs in respect of a Component Security at any time, then the relevant percentage contribution of that Component Security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security and (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market “opening data”.

In that respect, “**Trading Disruption**” means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on the Related Exchange.

In that respect, “**Exchange Disruption**” means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for: (i) any Component Security on the Exchange, in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on the Related Exchange.

In that respect, “**Early Closure**” means the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier

of (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

In addition, in that respect “**Disrupted Day**” means any Scheduled Trading Day on which: (i) the Index Sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred.

#### **8.7.4. Fund or Basket of Funds**

##### **8.7.4.1. Definitions**

<b>Reference Fund:</b>	Means the Reference Fund specified as such in the relevant Final Terms.
<b>Fund Basket:</b>	Means a basket of Reference Funds as specified in the relevant Final Terms.
<b>i:</b>	The addition of the letter i in subscript to any term indicates that this term is meant to apply to each Reference Fund in the Fund Basket separately.
<b>w:</b>	Means the weight of a certain Reference Fund in the Fund Basket.
<b>Fund Interest Unit:</b>	Means a notional unit of account of ownership in a Reference Fund, whether a share or another type of unit.
<b>Initial Price:</b>	Means the price specified as such or otherwise determined in the relevant Final Terms or, if no means for determining the Initial Price are so provided: in respect of the Initial Valuation Date, the Relevant Price of a Fund Interest Unit in the relevant Reference Fund for the Initial Valuation Date, as determined by the Calculation Agent, and in respect of the each subsequent Valuation Date, the Final Price for the Valuation Date immediately preceding such Valuation Date, or, if Initial Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Initial Valuation Date, of the prices of the relevant Fund Interest Unit in the relevant Reference Fund as of the Valuation Time on each Initial Averaging Date.
<b>Final Price:</b>	Means the Relevant Price of a Fund Interest Unit in the relevant Reference Fund for the relevant Valuation Date, as determined by the Calculation Agent or, if Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Valuation Date, of the prices of the relevant Fund Interest Unit in the relevant Reference Fund as of the Valuation Time on each Averaging Date.
<b>Initial Valuation Date:</b>	Means the Issue Date or such other date as specified in the relevant Final Terms, and if such date is not a Scheduled Fund Valuation Date in respect of the relevant Reference Fund, the Initial Price of a Fund Interest Unit in such Reference Fund shall be determined on the basis of the Relevant Price of such Fund Interest Unit as calculated on the immediately following Scheduled Fund Valuation Date, or, if Initial Averaging is specified as applicable, means the final Initial Averaging Date.
<b>Valuation Date:</b>	Means any date specified as such in the relevant Final Terms, and if such date is not a Scheduled Fund Valuation Date in respect of the relevant Reference Fund, the Final Price of a Fund Interest Unit in such Reference Fund shall be determined on the basis of the Relevant Price of such Fund Interest Unit as calculated on the immediately following Scheduled Fund Valuation Date, or, if Averaging is specified as applicable, means the final Averaging Date.
<b>Relevant Price:</b>	Means the price of the relevant Fund Interest Unit as published by the Fund Administrator.

In case a price in respect of any Valuation Date is not published by the fourth Scheduled Fund Valuation Date, the Calculation Agent may determine such price taking into account prevailing market conditions.

**Scheduled Fund Valuation Date:** Means any date in respect of which the relevant Reference Fund (or its service provider that generally determines such value) is scheduled, according to its Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interest Units); to determine the value of such Fund Interest Unit or, if the relevant Reference Fund only reports its aggregate net asset value, the date in respect of which such Reference Fund is scheduled to determine its aggregate net asset value.

**Fund Documents:** Means, with respect to any Fund Interest Unit, the constitutive and governing documents, subscription agreements and other agreements of the related Reference Fund specifying the terms and conditions relating to such Fund Interest Unit, as amended from time to time.

#### 8.7.4.2. Potential Adjustment Events

Upon the occurrence on or after the Issue Date up to and including the last Valuation Date of a Potential Adjustment Event (as defined below), the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Fund Interest Units and if so will:

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

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

- a subdivision, consolidation or reclassification of the relevant Fund Interest Units or a free distribution or dividend of any such Fund Interest Units to existing holders by way of bonus, capitalisation or similar issue;
- a distribution, issue or dividend to existing holders of the relevant Fund Interest Units of (a) an additional amount of such Fund Interest Units, or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Reference Fund equally or proportionately with such payments to holders of such Fund Interest Units, or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Reference Fund as a result of a spin-off or other similar transaction or (d) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- an extraordinary dividend as determined by the Calculation Agent;
- a repurchase by the Reference Fund of relevant Fund Interest Units whether the consideration for such repurchase is cash, securities or otherwise, other than in respect of a redemption of Fund Interest Units initiated by a Noteholder in such Fund Interest Units initiated by a Noteholder in such Fund Interest Units that is consistent with the Fund Documents; or
- any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Fund Interest Units.

If the Calculation Agent determines that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Agent could make, the Calculation Agent may notify the Noteholders, in accordance with the paragraph “Notices”, that the relevant consequence of the Potential Adjustment Event shall be either in the case of a capital protected Note (i) the Monetization of the Notes, with the right for the Noteholders,

as an alternative to the Monetization, to sell the Note to the Issuer at market value, or in other cases than the capital protected Note (ii) the early redemption of the Notes at their Fair Market Value and in accordance with the principles and conditions explained under Section 8.

#### **8.7.4.3. Extraordinary Events**

Means any of Nationalisation, Insolvency, Fund Insolvency Event, Fund Modification, Strategy Breach, Regulatory Action and Reporting Disruption.

“**Nationalisation**” means that all the Fund Interest Units or all or substantially all the assets of a Reference Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

“**Insolvency**” means that by reason of voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Reference Fund, (i) all the Fund Interest Units of that Reference Fund are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Fund Interest Units of that Reference Fund become legally prohibited from transferring or redeeming them.

“**Fund Insolvency Event**” means, in respect of any Fund Interest Unit, that the related Reference Fund (i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (ii) makes a general assignment or arrangement with or for the benefit of its creditors; (iii) (A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (iv) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (v) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen days thereafter; or (vi) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (v) through (vi) above.

“**Fund Modification**” means (i) any change or modification of the related Fund Documents that could reasonably be expected to affect the value of such Fund Interest or the rights or remedies of any holders thereof, in each case, as determined by the Calculation Agent, or (ii) the Reference Fund Investment Manager imposes fees or dealing rules that increase the effective dealing costs relating to any Reference Fund.

“**Strategy Breach**” means any breach or violation of any strategy or investment guidelines stated in the related Fund Documents that is reasonably likely to affect the value of such Fund Interest or the rights or remedies of any holders thereof, in each case, as determined by the Calculation Agent.

“**Regulatory Action**” means, with respect to any Fund Interest Unit, (i) cancellation, suspension or revocation of the registration or approval of such Fund Interest Unit or the related Reference Fund by any governmental, legal or regulatory entity with authority over such Fund Interest Unit or Reference Fund, (ii) any change in the legal, tax, accounting, or regulatory treatments of the relevant Reference Fund that is reasonably likely to have an adverse impact on the value of such Fund Interest Unit or on any investor therein (as determined by the Calculation Agent),

or (iii) the related Reference Fund or its Fund Investment Manager becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of such Reference Fund or Fund Investment Manager.

**“Reporting Disruption”** means, in respect of any Fund Interest Unit, the occurrence of any event affecting such Fund Interest Unit that, in the determination of the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the value of such Fund Interest Unit, and such event is expected to continue for the foreseeable future.

Upon the occurrence on or after the Issue Date up to and including the last Valuation Date, in the determination of the Calculation Agent, of an Extraordinary Event in respect of any Reference Fund, the Calculation Agent, on or after the effective date of such Extraordinary Event, may make such adjustments as it, acting in good faith, deems appropriate (including substitution of any affected Reference Fund). Such adjustments to be effective as of the date determined by the Calculation Agent, to account for the effect of the relevant Extraordinary Event to protect the theoretical value of the Notes to the Noteholders immediately prior to such Extraordinary Event.

For the avoidance of doubt, if the Calculation Agent determines that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Agent could make, the Calculation Agent will notify the Noteholders, in accordance with the paragraph “Notices”, that the relevant consequence of the Extraordinary Event shall be either in the case of a capital protected Note (i) the Monetization of the Notes, with the right for the Noteholders, as an alternative to the Monetization, to sell the Note to the Issuer at market value, or in other cases than the capital protected Note (ii) the early redemption of the Notes at their Fair Market Value and in accordance with the principles and conditions explained under Section 8.

### *8.7.5. Commodity or Basket of Commodities*

#### **8.7.5.1. Definitions**

<b>Commodity:</b>	Means the Commodity specified as such in the relevant Final Terms.
<b>Commodity Basket:</b>	Means a basket of Commodities as specified in the relevant Final Terms.
<b>i:</b>	The addition of the letter i in subscript to any term indicates that this term is meant to apply to each Commodity in the Commodity Basket separately.
<b>w:</b>	Means the weight of a certain Commodity in the Commodity Basket.
<b>Initial Price:</b>	Means the price specified as such or otherwise determined in the relevant Final Terms or, if no means for determining the Initial Price are so provided: in respect of the Initial Valuation Date, the price of the relevant Commodity on the Initial Valuation Date, as determined by the Calculation Agent, and in respect of the each subsequent Valuation Date, the Final Price for the Valuation Date immediately preceding such Valuation Date or, if Initial Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Initial Valuation Date, of the prices of the relevant Commodity or Commodity Basket as of the Valuation Time on each Initial Averaging Date.
<b>Final Price:</b>	Means the price of the relevant Commodity at the Valuation Time on the relevant Valuation Date, as determined by the Calculation Agent or, if Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Valuation Date, of the prices of the relevant Commodity or Commodity Basket as of the Valuation Time on each Averaging Date.
<b>Initial Valuation Date:</b>	Means the Issue Date or such other date as specified in the relevant Final Terms, and if such date is not a Commodity Business Day in respect of the relevant Commodity, the Initial Price of such Commodity shall be determined on the basis of the price of such Commodity as calculated on the immediately following Commodity Business Day, subject to Market Disruption, or, if



Initial Averaging is specified as applicable, means the final Initial Averaging Date.

<b>Valuation Date:</b>	Means any date specified as such in the relevant Final Terms, and if such date is not a Commodity Business Day in respect of the relevant Commodity, the Final Price of such Commodity shall be determined on the basis of the Relevant Price of such Commodity as calculated on the immediately following Commodity Business Day, subject to Market Disruption, or, if Averaging is specified as applicable, means the final Averaging Date.
<b>Relevant Price</b>	Means the price of the relevant Commodity determined by the Calculation Agent at the Valuation Time on the relevant Valuation Date.
<b>Commodity Business Day:</b>	Means for the relevant Commodity a day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which the relevant Exchange is open for trading during its regular trading session, notwithstanding any such Exchange closing prior to its scheduled closing time.
<b>Exchange:</b>	Means the exchange or principal trading market specified in the relevant Final Terms.

#### 8.7.5.2. Market Disruption

“**Market Disruption Event**” means any of (i) Price Source Disruption, (ii) Trading Disruption, (iii) Disappearance of Commodity, (iv) Material Change in Formula, (v) Material Change in Content or (vi) Tax Disruption, as defined below, except that for a Commodity that is Bullion, (iv) Material Change in Formula and (v) Material Change in Content will not apply.

“**Price Source Disruption**” means (A) the failure of the Price Source to announce or publish the price (or the information necessary for determining the price) for the relevant Commodity; or (B) the temporary or permanent discontinuance or unavailability of the Price Source.

“**Trading Disruption**” means the material suspension of, or the material limitation imposed on, trading in the futures contract on the Commodity or the Commodity on the Exchange. For these purposes:

a suspension of the trading in the futures contract on the Commodity or the Commodity on any Commodity Business Day shall be deemed to be material only if:

all trading in the futures contract on the Commodity or the Commodity is suspended for the entire day; or

all trading in the futures contract on the Commodity or the Commodity is suspended subsequent to the opening of trading on that day, trading does not recommence prior to the regularly scheduled close of trading in such futures contract on the Commodity or Commodity on such day and such suspension is announced less than one hour preceding its commencement; and

a limitation of trading in the futures contract on the Commodity or the Commodity on any Commodity Business Day shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the futures contract on the Commodity or the Commodity may fluctuate and the closing or settlement price of the futures contract on the Commodity or the Commodity on such day is at the upper or lower limit of that range.

“**Disappearance of Commodity**” means:

the permanent discontinuation of trading, in the relevant futures contract on the Commodity; or

the disappearance of, or of trading in, the relevant Commodity; or

the disappearance or permanent discontinuance or unavailability of a price for the Commodity, notwithstanding the availability of the related Price Source or the status of trading in the relevant futures contract on the Commodity or the relevant Commodity.

**“Material Change in Formula”** means the occurrence of a material change in the formula for or the method of calculating the relevant price of the Commodity.

**“Material Change in Content”** means the occurrence of a material change in the content, composition or constitution of the Commodity or relevant futures contract on the Commodity.

**“Tax Disruption”** means the imposition of, change in or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the relevant Commodity (other than a tax on, or measured by reference to overall gross or net income) by any government or taxation authority, if the direct effect of such imposition, change or removal is to raise or lower the Relevant Price on the day that would otherwise be a Pricing Date from what it would have been without that imposition, change or removal.

**“Bullion”** means Gold, Silver, Platinum or Palladium, as the case may be.

In case a Market Disruption Event occurs the Calculation Agent will determine in good faith and in a commercially reasonable manner the Final Price of the relevant Commodity (or a method for determining the Final Price of the relevant Commodity).

If the Calculation Agent determines that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Agent could make, the Calculation Agent may notify the Noteholders, in accordance with the paragraph “Notices”, that the relevant consequence of the Potential Adjustment Event shall be either in the case of a capital protected Note (i) the Monetization of the Notes, with the right for the Noteholders, as an alternative to the Monetization, to sell the Note to the Issuer at market value, or in other cases than the capital protected Note (ii) the early redemption of the Notes at their Fair Market Value and in accordance with the principles and conditions explained under Section 8.

#### *8.7.6. Commodity Index or Basket of Commodity Indices*

##### *8.7.6.1. Definitions*

<b>Commodity Index:</b>	Means the Commodity Index specified as such in the relevant Final Terms.
<b>Commodity Index Basket:</b>	Means a basket of Commodities Indices as specified in the relevant Final Terms.
<b>i:</b>	The addition of the letter i in subscript to any term indicates that this term is meant to apply to each Commodity Index in the Commodity Index Basket separately.
<b>w:</b>	Means the weight of a certain Commodity Index in the Commodity Index Basket.
<b>Initial Price:</b>	Means the price specified as such or otherwise determined in the relevant Final Terms or, if no means for determining the Initial Price are so provided: in respect of the Initial Valuation Date, the level of the relevant Commodity Index or Basket on the Initial Valuation Date, as determined by the Calculation Agent, and in respect of each subsequent Valuation Date, the Final Price for the Valuation Date immediately preceding such Valuation Date or, if Initial Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Initial Valuation Date, of the levels of the relevant Commodity Index or Commodity Index Basket as of the Valuation Time on each Initial Averaging Date.
<b>Final Price:</b>	Means the level of the relevant Commodity Index at the Valuation Time on the relevant Valuation Date, as determined by the Calculation Agent or, if Averaging is specified as applicable under the relevant Final Terms, means the arithmetic mean, as determined by the Calculation Agent on the Valuation Date, of the levels of the relevant Commodity Index or Commodity Index Basket as of the Valuation Time on each Averaging Date.

<b>Initial Valuation Date:</b>	Means the Issue Date or such other date as specified in the relevant Final Terms, and if such date is not a Scheduled Publication Day in respect of the relevant Commodity Index, the Initial Price of such Commodity Index shall be determined on the basis of the price of such Commodity Index as calculated on the immediately following Scheduled Publication Day, subject to the occurrence of any Commodity Index Event, or, if Initial Averaging is specified as applicable, means the final Initial Averaging Date.
<b>Valuation Date:</b>	Means any date specified as such in the relevant Final Terms, and if such date is not a Scheduled Publication Day in respect of the relevant Commodity Index, the Final Price of such Commodity Index shall be determined on the basis of the Relevant Price of such Commodity Index as calculated on the immediately following Scheduled Publication Day, subject to the occurrence of any Commodity Index Event, or, if Averaging is specified as applicable, means the final Averaging Date.
<b>Relevant Price</b>	Means the level of the relevant Commodity Index or Commodity Index Basket determined by the Calculation Agent at the Valuation Time on the relevant Valuation Date.
<b>Scheduled Publication Day:</b>	Means any day on which the Commodity Index Sponsor is scheduled to publish the level of the relevant Commodity Index.
<b>Commodity Index Sponsor:</b>	Means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Commodity Index and (b) announces (directly or through an agent) the level of the Commodity Index on a regular basis.

#### **8.7.6.2. Commodity Index Event**

If, in the opinion of the Calculation Agent, any Commodity Index is modified by the Commodity Index Sponsor, cancelled by the Commodity Index Sponsor, replaced by a successor commodity index or remains unpublished by the Commodity Index Sponsor, or if, in the opinion of the Calculation Agent, a Commodity Index Market Disruption Event occurs (any of the above events, a “**Commodity Index Event**”), the Calculation Agent shall determine in its sole discretion, but in good faith and in a commercially reasonable manner, how such Commodity Index Event affects the Notes and what its consequences should be.

For the avoidance of doubt, if the Calculation Agent determines that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Agent could make, the Calculation Agent will notify the Noteholders, in accordance with the paragraph “Notices”, that the relevant consequence of the Commodity Index Event shall be either in the case of a capital protected Note (i) the Monetization of the Notes, with the right for the Noteholders, as an alternative to the Monetization, to sell the Note to the Issuer at market value, or in other cases than the capital protected Note (ii) the early redemption of the Notes at their Fair Market Value and in accordance with the principles and conditions explained under Section 8.

A “**Commodity Index Market Disruption Event**” means any of (a) the termination or suspension of, or material limitation or disruption in, the trading of any exchange-traded futures contract included in a relevant Commodity Index, and (b) the settlement price of any such contract has increased or decreased by an amount equal to the maximum permitted price change from the previous day’s settlement price, or (c) the exchange fails to publish official settlement prices for any such contract.

### 8.7.7. Inflation Index

#### 8.7.7.1. Definitions

<b>Index:</b>	Means the index specified as such in the relevant Final Terms.
<b>Initial Index:</b>	Means the level of the index determined by the Calculation Agent in accordance with the relevant Final Terms.
<b>Final Index:</b>	Means the level of the index determined by the Calculation Agent in accordance with the relevant Final Terms.
<b>Index Sponsor:</b>	Means the sponsor of the Index as specified in the Final Terms.
<b>Reference Month:</b>	Means the calendar month for which the level of the Index was reported, regardless of when this information is published or announced.

#### 8.7.7.2. Events affecting the Index

##### (i) Delay of Publication

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

If the Calculation Agent determines that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Agent could make, the Calculation Agent may notify the Noteholders, in accordance with Condition 8.17 (*Notices*), that the Notes will be redeemed early. In case of such early redemption, the Calculation Agent shall give its good faith estimate of the value of the Notes.

##### (ii) Cessation of Publication

If a level for the Index has not been published or announced for two consecutive months or the Index Sponsor announces that it will no longer continue to publish or announce the Index then the Calculation Agent may determine a successor Index or make any adjustment to the Notes as it may deem appropriate.

If the Calculation Agent determines that no appropriate successor Index exists, or that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Agent could make, the Calculation Agent may notify the Noteholders, in accordance with Condition 8.17 (*Notices*), that the Notes will be redeemed early. In case of such early redemption, the Calculation Agent shall give its good faith estimate of the value of the Notes.

##### (iii) Rebasing of the Index

If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased will be used for purposes of determining the level of the Index from the date of such rebasing; provided, however, that the Calculation Agent may make such adjustments to the Notes as it may deem appropriate.

If the Calculation Agent determines that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Agent could make, the Calculation Agent may notify the Noteholders, in accordance with Condition 8.17 (*Notices*), that the Notes will be redeemed early. In case of such early redemption, the Calculation Agent shall give its good faith estimate of the value of the Notes.

##### (iv) Material Modification

If, on or prior to the day that is five Business Days before an Interest Payment Date, the Index Sponsor announces that it will make a material change to the Index, then the Calculation Agent may make any such adjustment to the Index or to the Notes as it may deem appropriate.

If the Calculation Agent determines that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Agent could make, the Calculation Agent may notify the Noteholders, in

accordance with Condition 8.17 (*Notices*), that the Notes will be redeemed early. In case of such early redemption, the Calculation Agent shall give its good faith estimate of the value of the Notes.

If the Calculation Agent determines that the event significantly modifies the economy of the Note regardless of any adjustment the Calculation Agent could make, the Calculation Agent will notify the Noteholders, in accordance with the paragraph “Notices”, that the relevant consequence shall be either in the case of a capital protected Note (i) the Monetization of the Notes, with the right for the Noteholders, as an alternative to the Monetization, to sell the Note to the Issuer at market value, or in other cases than the capital protected Note (ii) the early redemption of the Notes at their Fair Market Value and in accordance with the principles and conditions explained under Section 8.

## 8.8. Rounding

For the purposes of any calculations required pursuant to these Terms and Conditions (unless otherwise specified in the relevant Final Terms), (i) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), and (ii) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes “unit” means, the lowest amount of such currency that is available as legal tender in the country of such currency.

## 8.9. Status of the Notes and waiver of set-off

### 8.9.1. Status of the Notes

#### 1. Belfius Bank Notes

On 31 July 2017, Belgium adopted a legislation establishing a new category of debt securities available to credit institutions. The law provides for a new Article 389/1 into the Banking Law. In particular, Article 389/1 aims at increasing the effectiveness of the bail-in tool and introduces a new category of claims in the statutory creditor hierarchy in the case of a liquidation procedure (*procédure de liquidation/liquidatieprocedure*) of a credit institution. Article 389/1 of the Banking Law now divides senior notes into: (i) senior preferred notes, retaining the same ranking as the previous senior notes; and (ii) senior non-preferred notes. Senior non-preferred notes are direct, unconditional, senior, and unsecured (*chirographaires/chirografair*) obligations. In the case of liquidation, they will rank senior to subordinated notes but junior to both ordinary senior preferred notes and to claims benefiting from legal or statutory preferences. Furthermore, senior non-preferred notes must have the following characteristics: they may not contain embedded derivatives or be derivatives themselves (it being understood that floating rate debt instruments which are derived from a commonly used reference rate and debt instruments which are not denominated in the national currency of the issuer, provided that principal, repayment and interest are denominated in the same currency, may not solely on the basis of these characteristics be considered as debt instruments containing embedded derivatives); their maturity may not be less than one year; and their terms must expressly provide that the claim is unsecured (*chirographaire/chirografair*) and that their ranking is as set forth in Article 389/1, 2° of the Banking Law.

The Belfius Bank Notes are senior preferred notes and the payments of principal and interest relating to them are direct, unconditional and unsecured obligations of the Issuer and rank at all times *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of Belfius Bank as referred under Article 389/1, 1° of the Banking Law (senior preferred obligations), present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors’ rights. Senior preferred obligations have a higher priority ranking than the so-called non-preferred obligations that are defined under Article 389/1, 2° of the Banking Law.

## 2. Belfius Financing Company Notes

The Belfius Financing Company Notes are senior preferred notes issued in accordance with applicable Luxembourg laws.

### *8.9.2. Waiver of set-off*

Subject to applicable law, no Noteholder may exercise or claim any right of set-off, netting, compensation or retention in respect of any amount owed to it by the Issuers arising under or in connection with the Notes and each Noteholder shall, by virtue of its subscription, purchase or holding of a Note, be deemed to have waived all such rights of set-off, netting, compensation or retention. Notwithstanding the preceding sentence, if any amounts owing to any Noteholder by the relevant Issuer is discharged by set-off, netting, compensation or retention, such Noteholder shall, unless payment is prohibited by law, immediately pay an amount equal to the amount of such discharge to the relevant Issuer or, in the event of its winding-up or administration, the liquidator or administrator, as appropriate, of the relevant Issuer for the payment to creditors of the relevant Issuer in respect of amounts owing to them by the relevant Issuer and accordingly any such discharge shall be deemed not to have taken place.

### *8.10. Clearing Systems*

The clearing systems operated by Euroclear, Clearstream Banking S.A., the Securities Settlement System (NBB-SSS), and such other clearing system as may be agreed between the Issuer and the Fiscal Agent or Domiciliary Agent and as specified in the relevant Final Terms.

### *8.11. Events of Default*

If and only if any of the following events occurs and is continuing (each an “**Events of Default**”), any Noteholder may by written notice to the Issuer and, in the case of Belfius Financing Company Notes, the Guarantor at its or their specified office declare his Note or Notes immediately due and payable with the following consequences (unless, such Event of Default shall have been remedied prior to the receipt of such notice):

- (a) if default is made by the Issuer for a period of 30 calendar days or more in the payment of interest on the Notes when and as the same shall become due and payable; or
- (b) in the event of default by the Issuer or, in the case of Belfius Financing Company Notes, the Guarantor, as the case may be, in the due performance of any other obligation under the terms and conditions of the Notes, unless remedied within 45 days after receipt of a written notice thereof given by any Noteholder; or
- (c) in the event of a merger, consolidation or other reorganisation of the Issuer or, as applicable, the Guarantor with, or a sale or other transfer by the Issuer or, as applicable, the Guarantor of all or a substantial part of its assets to, any other incorporated or unincorporated person or legal entity, unless, in each case not involving or arising out of insolvency, the person or entity surviving such merger, consolidation or other reorganisation or to which such assets shall have been sold or transferred shall have assumed expressly and effectively or by law all obligations of the Issuer or, as applicable, the Guarantor, as the case may be, with respect to the Notes and, the interests of the holders of Notes are not materially prejudiced thereby; or
- (d) in the event that the Issuer or, as applicable, the Guarantor is adjudicated bankrupt or insolvent, or admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of its creditors, or enters into a composition with its creditors, or applies for a moratorium, or institutes or has instituted any proceedings under any applicable bankruptcy law, insolvency law, composition law or any law governing the appointment of a receiver, administrator, trustee or other similar official for the whole or any substantial part of its assets or property or any other similar law, or in the event that any such proceedings are instituted against the Issuer or, as applicable, the Guarantor and remain undismissed for a period of 30 days, or

- (e) if, for any reason, the Guarantee ceases to be in full force and effect.

Notice of any Event of Default shall be given to the Noteholders in accordance with Condition 8.17. *Notices.*

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

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

### *8.13. Responsibility of the Calculation Agent*

All calculations shall be made in a commercially reasonable manner. The Calculation Agent shall have no responsibility to Noteholders for good faith errors or omissions in its calculations (without limitation, errors or omissions due to events which are not under the direct control of the Calculation Agent) and determinations as provided in the Terms and Conditions, except for those resulting from the gross negligence or intentional fault of the Calculation Agent. The calculations and determinations of the Calculation Agent shall be made in accordance with the Terms and Conditions (having regard in each case to the criteria stipulated herein and where relevant on the basis of information provided to or obtained by employees or officers of the Calculation Agent responsible for making the relevant calculation or determination) and shall, in the absence of manifest error, be final, conclusive and binding on the Issuer and the Noteholders. The Calculation Agent acts solely as agent of the Issuer and does not assume any obligations or duty to, or any relationship of agency or trust for or with, the Noteholders. The Calculation Agent will make its determinations in a reasonable manner, taking into account the Terms and Conditions. The Calculation Agent will not act in an entirely discretionary manner, but will instead act in a reasonable manner, taking into account market practices and the economics of the product represented by the Notes.

### *8.14. Prescription*

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

### *8.15. Currency Indemnity*

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

independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

#### *8.16. Substitution*

- (i) In case of dissolution, liquidation, reconstruction, merger, amalgamation or any other kind of reorganisation, the Issuer and, in the case of Belfius Financing Company Notes, the Guarantor may, without any further consent or cooperation from the Noteholders, at any time, procure that any affiliated or associated corporation of the Issuer or, in the case of Belfius Financing Company Notes, the Guarantor is substituted for the Issuer as the debtor under the Terms and Conditions to be offered by assigning all its rights and obligations to such other corporation (the “**Substituted Issuer**”), whether by way of transfer of contract (on the basis of Article 5.193 of the Belgian Civil Code), novation (on the basis of Article 5.245 and following of the Belgian Civil Code) or otherwise. For the avoidance of doubt, any other kind of reorganisation to which reference is made in the preceding sentence also encompasses the situation where the Guarantor decides, based on a decision of the Board of Directors of Belfius Bank, to substitute itself for Belfius Financing Company. The Substituted Issuer must have a long-term debt rating of at least the same level as the one of the relevant Issuer at the time of substitution, if any, and provided that:
  - (a) no payment of any Redemption Amount or of interest on any Note is overdue and no other circumstances exist capable of causing the acceleration or redemption of the Notes;
  - (b) the Substituted Issuer shall agree to indemnify the holders of each Note against: all tax, duty, fee or governmental charge which is imposed on such holder by the jurisdiction of the country of the Substituted Issuer’s residence for tax purposes and, if different, of its incorporation or any political subdivision or taxing authority thereof or therein with respect to such Note and which would not have been so imposed had such substitution not been made; and any costs or expenses incurred in connection with any such substitution; and
  - (c) in the case of Belfius Financing Company Notes, the Guarantor agrees on the provisions of such substitution as described herein, undertakes that the provisions in the Guarantee with respect to the relevant Issuer will apply to the Substituted Issuer in the event of such substitution and shall be bound by all the obligations to be fulfilled by it under the Guarantee and the Terms and Conditions of the Notes as a result of such substitution and such obligations shall be legal, valid and enforceable; if the Issuer is substituted by the Guarantor, there is no requirement for an additional and separate guarantee of the obligations under the Notes.
- (ii) The Issuer hereby irrevocably and unconditionally guarantees that the Substituted Issuer shall pay all amounts of Redemption Amount of and interest on the Notes when due. In the event of substitution, this guarantee ceasing to be the valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, shall constitute an Event of Default.
- (iii) In the event of substitution all references in these Terms and Conditions to the Issuer shall from then on be deemed to refer to the Substituted Issuer and, in the event of substitution of Belfius Financing Company as Issuer, the references in Condition 8.19 (*Taxation*) to Luxembourg shall be deemed to be to the country where the Substituted Issuer has its domicile or tax residence.
- (iv) The Substituted Issuer obtains all necessary governmental and regulatory approvals and consents.
- (v) Any potential compensation due by Belfius shall be limited to the net incremental tax cost borne by the investor. For example, if a withholding tax would become due further to the Substitution, but this withholding tax comes in lieu of a taxation (at the same tax rate) otherwise due further to an obligation to report (part of) the income in the personal income tax return, then no additional compensation is due (on this part). Similarly, no compensation is due if i) the investor is entitled to a tax credit for this



withholding tax through the tax return or ii) for the part of the withholding tax for which the investor is entitled to claim a reduction based on the applicable income tax treaty.

Notice of any substitution shall be given to the Noteholders in accordance with Condition 8.17 (*Notices*).

### *8.17. Notices*

All notices to holders of Notes (including notices to convene a meeting of Noteholders) will be deemed to have been validly given if given through the Securities Settlement System (in case of Belfius Bank Notes and certain Belfius Financing Company Notes) or the systems of Euroclear and Clearstream Banking S.A. (in case of certain Belfius Financing Company Notes) in accordance with the procedures of the relevant clearing system and, if mandatorily applicable, the relevant company law rules.

The Notes being held in a securities account, all notices to the Noteholders shall be validly given by a direct notification, in the case of Belfius Financing Company Notes from the Paying Agent to the Noteholders and, in the case of Belfius Bank Notes from Belfius Bank to the Noteholders, each time as the Issuer in his discretionary opinion shall deem necessary to give fair and reasonable notice to the Noteholders.

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

### *8.18. Meeting of Noteholders*

#### *8.18.1. Definitions*

1. references to a meeting are to a meeting of Noteholders of a single Series of Notes and include, unless the context otherwise requires, any adjournment
2. references to “**Notes**” and “**Noteholders**” are only to the Notes of the Series in respect of which a meeting has been, or is to be, called and to the holders of those Notes, respectively
3. “**agent**” means a holder of a voting certificate or a proxy for, or representative of, a Noteholder
4. “**block voting instruction**” means an instruction issued in accordance with clause 8.18.4. paragraphs 4 to 8
5. “**Extraordinary Resolution**” means a resolution passed at a meeting duly convened and held in accordance with this Agreement by a majority of at least 75 per cent of the votes cast
6. “**voting certificate**” means a certificate issued in accordance with clause 8.18.4 paragraphs 1, 2, and 3 and
7. references to persons representing a proportion of the Notes are to Noteholders or agents holding or representing in the aggregate at least that proportion in principal amount of the Notes for the time being outstanding.

#### *8.18.2. Powers of meetings*

A meeting shall, subject to the Terms and Conditions and without prejudice to any powers conferred on other persons by the Agency Agreement, have power by Extraordinary Resolution:

1. to sanction any proposal by the relevant Issuer or the Guarantor or any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer or the Guarantor, whether or not those rights arise under the Notes
2. to sanction the exchange or substitution for the Notes of, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer, the Guarantor or any other entity
3. to assent to any modification of the Agency Agreement, the Notes proposed by the Issuer, the Guarantor, the Fiscal Agent or the Domiciliary Agent

4. to authorise anyone to concur in and do anything necessary to carry out and give effect to an Extraordinary Resolution
5. to give any authority, direction or sanction required to be given by Extraordinary Resolution
6. to appoint any persons (whether Noteholders or not) as a committee or committees to represent the Noteholders' interests and to confer on them any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution and
7. to approve the substitution of any entity for the relevant Issuer or the Guarantor (or any previous substitute) as principal debtor or guarantor in circumstances not provided for in the Terms and Conditions
8. provided that the special quorum provisions in clause 8.18.7. paragraph 4 shall apply to any Extraordinary Resolution (a "special quorum resolution") for the purpose of sub-paragraph 2.2 or 2.7.

### *8.18.3. Convening a meeting*

1. The relevant Issuer or the Guarantor may at any time convene a meeting. If it receives a written request by Noteholders holding at least 10 per cent in principal amount of the Notes of any Series for the time being outstanding and is indemnified to its satisfaction against all costs and expenses, the Issuer shall convene a meeting of the Noteholders of that Series. The meeting shall be held at a time and place as determined by the Issuer or, where applicable, the Guarantor, subject to, in the case of Belfius Financing Company Notes, approval by the Fiscal Agent or the Domiciliary Agent.
2. At least 21 days' notice (exclusive of the day on which the notice is given and of the day of the meeting) shall be given to the Noteholders. A copy of the notice shall be given by the party convening the meeting to the other parties. The notice shall specify the day, time and place of meeting and the nature of the resolutions to be proposed and shall explain how Noteholders may appoint proxies or representatives, obtain voting certificates and use block voting instructions and the details of the time limits applicable.

### *8.18.4. Arrangements for voting*

1. If a Noteholder Note wishes to obtain a voting certificate in respect of it for a meeting, he must notify the Paying Agent at least 48 hours before the time fixed for the meeting. The Paying Agent shall then issue a voting certificate in respect of it.
2. A voting certificate shall:
  - be a document in the English language;
  - be dated;
  - specify the meeting concerned and the serial numbers of the Notes; and
  - entitle, and state that it entitles, its bearer to attend and vote at that meeting in respect of those Notes.
3. Once a Paying Agent has issued a voting certificate for a meeting in respect of a Note, it shall not release the Note until either:
  - the meeting has been concluded; or
  - the voting certificate has been surrendered to the Paying Agent.
4. If a Noteholder wishes the votes attributable to it to be included in a block voting instruction for a meeting, then, at least 48 hours before the time fixed for the meeting, (i) he must notify for that purpose the Paying Agent and (ii) he or a duly authorised person on his behalf must direct the Paying Agent how those votes are to be cast. The Paying Agent shall issue a block voting instruction in respect of the votes attributable to all Notes for which it has received such notification.

5. A block voting instruction shall:

- be a document in the English language
- be dated
- specify the meeting concerned
- list the total number and serial numbers of the Notes, distinguishing with regard to each resolution between those voting for and those voting against it
- certify that such list is in accordance with directions received as provided in paragraphs 8, 10 and 13 and
- appoint a named person (a “proxy”) to vote at that meeting in respect of those Notes and in accordance with that list. A proxy need not be a Noteholder.

6. Once a Paying Agent has issued a block voting instruction for a meeting in respect of the votes attributable to any Notes the directions to which it gives effect may not be revoked or altered during the 48 hours before the time fixed for the meeting.

7. Each block voting instruction shall be deposited at least 24 hours before the time fixed for the meeting at the specified office of the relevant Issuer or the Guarantor or such other place as the Issuer shall designate or approve, and in default it shall not be valid unless the chairman of the meeting decides otherwise before the meeting proceeds to business. If the Issuer requires, a notarial certified copy of each block voting instruction shall be produced by the proxy at the meeting but the Issuer need not investigate or be concerned with the validity of the proxy’s appointment.

8. A vote cast in accordance with a block voting instruction shall be valid even if it or any of the Noteholders’ instructions pursuant to which it was executed has previously been revoked or amended, unless written intimation of such revocation or amendment is received from the relevant Issuer by the chairman of the meeting in each case at least 24 hours before the time fixed for the meeting.

9. No instructions may be giving by the Noteholder to the Paying Agent at the same time for the purposes of both paragraph 5 and paragraph 8 for the same meeting.

#### *8.18.5. Chairman*

The chairman of a meeting shall be such person as the Issuer may nominate in writing, but if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting the Noteholders or agents present shall choose one of their number to be chairman, failing which the Issuer may appoint a chairman. The chairman need not be a Noteholder or agent. The chairman of an adjourned meeting need not be the same person as the chairman of the original meeting.

#### *8.18.6. Attendance*

The following may attend and speak at a meeting:

1. Noteholders and agents
2. the chairman
3. the Issuer, the Guarantor and the Fiscal Agent or Domiciliary Agent as applicable (through their respective representatives) and their respective financial and legal advisers.

#### *8.18.7. Quorum and Adjournment*

1. No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within 15 minutes from the time initially fixed for the meeting, it shall, if convened on the requisition of Noteholders, be dissolved. In any other case it shall be adjourned until such date, not less than 14 nor more than 42 days later, and time and place as the chairman may decide. If a

quorum is not present within 15 minutes from the time fixed for a meeting so adjourned, it shall be adjourned until such date, not less than 14 nor more than 42 days later, and time and place as the chairman may decide. If a quorum is not present within 15 minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.

2. Two or more Noteholders or agents present in person shall be a quorum:

(i) in the cases marked “No minimum proportion” in the table below, whatever the proportion of the Notes which they represent; and

(ii) in any other case, only if they represent the proportion of the Notes shown by the table below.

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4
Purpose of Meeting	Any meeting except one referred to in column 3	Meeting previously once adjourned through want of a quorum	Meeting previously twice adjourned through want of a quorum
	Required proportion	Required Proportion	Required Proportion
To pass a special quorum resolution	two thirds of the principal amount of the Notes	one third of the principal amount of the Notes	No minimum proportion
To pass any other Extraordinary Resolution	A clear majority of the principal amount of the Notes	No minimum proportion	No minimum proportion
Any other purpose	10 per cent of the principal amount of the Notes	No minimum proportion	No minimum proportion

3. The chairman may (and shall if directed by a meeting) adjourn the meeting “from time to time and from place to place”. Only business which could have been transacted at the original meeting may be transacted at a meeting adjourned in accordance with this clause.

4. At least 10 days’ notice of a meeting adjourned for want of a quorum shall be given in the same manner as for an original meeting and that notice shall state the quorum required at the adjourned meeting. No notice need, however, otherwise be given of an adjourned meeting.

#### **8.18.8. Voting**

1. Each question submitted to a meeting shall be decided by a show of hands unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer, the Guarantor or one or more persons representing 2 per cent. of the Notes.

2. Unless a poll is demanded a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it.

3. If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded.

4. A poll demanded on the election of a chairman or on a question of adjournment shall be taken at once.

5. On a show of hands every person who is present in person and who produces a voting certificate or is a proxy or representative has one vote. On a poll every such person has one vote in respect of each principal amount equal to the minimum denomination of such Series of Notes so produced or represented by the voting certificate so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.

6. In case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

### ***8.18.9. Effect and Publication of an Extraordinary Resolution***

An Extraordinary Resolution shall be binding on all the Noteholders, whether or not present at the meeting and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed. The Issuer shall give notice of the passing of an Extraordinary Resolution to Noteholders within 14 days but failure to do so shall not invalidate the resolution.

### ***8.18.10. Minutes***

Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

### ***8.19. Taxation***

Investors should take into account that the tax aspects of the Notes could differ depending on, amongst others:

1. the Issuer: Belfius Bank or Belfius Financing Company; and
2. the clearing of the Notes: i) Notes issued in the Securities Settlement System (ISIN codes starting with “BE”, hereafter referred to as “**‘BE’ Notes**”) or, for Notes which are non-eligible for the Securities Settlement System, ii) Notes issued outside the Securities Settlement System (ISIN codes starting with “XS”, hereafter referred to as “**‘XS’ Notes**”).

Some differences that may be relevant are briefly summarised below:

#### **Interest payments (including any amounts repaid on maturity date in excess of the issue price):**

##### **‘BE’ Notes:**

- Exempt “X” investors (including but not limited to Belgian companies and non-residents) qualify for a Belgian withholding tax exemption.
- Non-exempt “N” investors (including but not limited to Belgian private persons and entities subject to the Belgian tax on legal entities regime) are subject to a Belgian withholding tax of currently 30%.

##### **‘XS’ Notes:**

- Interest payments on Notes issued by Belfius Financing Company are not subject to Luxembourg withholding tax. A Belgian withholding tax of currently 30% will be borne by a.o. Belgian private investors and investors subject to the tax on legal entities (*rechtspersonenbelasting/impôt des personnes morales*) who hold the Notes on a Belgian bank account. If no Belgian withholding tax is levied (e.g. because the interest is paid outside of Belgium without the intervention of a Belgian financial intermediary), then these investors are obliged to spontaneously declare the related interest income in their Belgian tax return.
- Interest payments on Notes issued by Belfius Bank are subject to a 30% Belgian withholding tax. Certain investors may be able to recover, in full or in part, the Belgian withholding tax, e.g. through their tax return or by filing a request for reclaim with the Belgian tax authorities based on the applicable double tax treaty.

#### **Taxation upon sale of the Notes on the secondary market:**

##### **‘BE’ Notes:**

- Non-exempt “N” investors will be subject to a Belgian withholding tax of currently 30% on the *pro rata* interest amount. The residual capital gain is tax exempt.

#### **‘XS’ Notes:**

- Notes issued by Belfius Financing Company: no withholding is levied upon sale of the Notes to Belfius Bank. However, Belgian private investors and investors subject to the tax on legal entities (*rechtspersonenbelasting/impôt des personnes morales*) will need to spontaneously declare the corresponding taxable *pro rata* interest amount in their tax return.
- Notes issued by Belfius Bank: if the Notes are sold to Belfius Bank, the positive difference between the redemption price and the initial issue price will be subject to a Belgian withholding tax of currently 30%. Certain investors may be able to recover, in full or in part, the Belgian withholding tax, *e.g.* through their tax return or by filing a request for reclaim with the Belgian tax authorities based on the applicable double tax treaty.

In any event, investors should consult their professional advisers on the possible tax consequences of subscribing for, purchasing, holding, selling or converting the Notes issued by Belfius Bank and/or Belfius Financing Company under the laws of their countries of citizenship, residence, ordinary residence or domicile, for reasons that, among others, the tax legislation of the investor’s Member State and of the Issuer’s country of incorporation may have an impact on the income received from the securities.

### *8.20. Governing Law and Jurisdiction*

#### *8.20.1. Governing law*

The Notes and the Guarantee are governed by Belgian law.

The Agency Agreement is (or would be, once established) governed by Luxembourg law with respect of the Belfius Financing Company Notes and by Belgian law with respect of the Belfius Bank Notes.

#### *8.20.2. Jurisdiction*

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

### *8.21. Acknowledgment and Consent of the Bail-in Power with regards to the Guarantee*

Under the Guarantee, the Guarantor has guaranteed the obligations owed by Belfius Financing Company to the holders of Notes issued by Belfius Financing Company. Each Noteholder (which includes any current or future holder of a beneficial interest in the Notes) hereby acknowledges and agrees the Guarantee may be subject to the Bail-in Power by the Relevant Resolution Authority and acknowledges and accepts to be bound by (i) the variation of the terms and conditions of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Bail-in Power by the Relevant Resolution Authority and (ii) the effect of the exercise of the Bail-in Power by the Relevant Resolution Authority. For the avoidance of doubt, as a result of the foregoing, the Bail-in Power, if applied to the Notes or to liabilities of the Guarantor, could effectively limit the extent of a recovery under the Guarantee.

In these Conditions,

“**Bail-in Power**” means any write-down, conversion, transfer, modification or suspension power existing from time to time under, and exercised in compliance with, any laws, regulations (including delegated or implementing measures such regulatory technical standards), requirements, guidelines, rules, standards and policies relating to the resolution of credit institutions, investment firms and their parent undertakings, and minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments of the Kingdom of Belgium, the NBB (or any successor or replacement entity having primary responsibility for the prudential oversight and supervision of the Issuer), the Relevant Resolution Authority, the Financial Stability Board and/or of the European

Parliament or of the Council of the European Union then in effect in the Kingdom of Belgium, pursuant to which obligations of the Issuer or the Guarantor can be reduced (in part or in whole), cancelled, suspended, transferred, varied or otherwise varied in any way, or securities of the Issuer or the Guarantor can be written down and/or converted into shares, other securities or other obligations of the Issuer or the Guarantor or any other person, whether in connection with the implementation of a bail-in power following placement in resolution or otherwise.

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

#### *8.22. Acknowledgment and Consent of the Bail-in Power with regards to the Notes*

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

- (i) all, or part of the Relevant Amounts in respect of the Notes being reduced or cancelled;
- (ii) all or part of the Relevant Amounts in respect of the Notes being converted into shares, other securities or other obligations of the Issuer or another person and such shares, securities or obligations being issued to or conferred on the Noteholder, including by means of a variation, modification or amendment of the terms and conditions of the Notes;
- (iii) the Notes or the Relevant Amount in respect of the Notes being cancelled; and
- (iv) the maturity of the Notes being amended or altered, or the amount of interest payable on the notes, or date on which interest becomes payable; including by suspending payment for a temporary period being amended.

In this Condition,

“**Bail-in Power**” has the same meaning as provided under Condition 8.21 (*Acknowledgment and Consent of the Bail-in Power with regards to the Guarantee*).

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

#### *8.23. Financial Service*

The financial service will be performed by Belfius Bank (in Belgium) and BIL (in Luxembourg).

#### *8.24. Representation of Noteholders*

There is no representation of the holders of the Notes in relation to any offer of Notes.

#### *8.25. Guarantee*

The section below only applies to Belfius Financing Company Notes.

The Guarantor has, by a senior preferred guarantee (the “**Guarantee**”, see Annex 2 of the Base Prospectus), unconditionally and irrevocably guaranteed on a senior preferred unsubordinated basis the due and punctual payment of the principal of and interest on the Notes issued by Belfius Financing Company as well as of any additional amounts which may be required to be paid by Belfius Financing Company (as described under *Condition 8.19. Taxation*) subject to the exercise by the Relevant Resolution Authority of the Bail-in Powers, which may apply to the Guarantee.

The obligations of the Guarantor under the Guarantee are direct, unconditional and unsecured obligations of the Guarantor and rank *pari passu* with all other outstanding unsecured and senior preferred obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors’ rights.

#### *8.26. No Hardship*

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



## 9. TERMS AND CONDITIONS OF THE OFFER

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

The Notes will be offered for subscription during the Offering Period (specified in the relevant Final Terms) at the relevant Issue Price. Any applicable fees or commissions will be specified in the relevant Final Terms. The relevant Issuer has the right to cancel any issue of Notes under the Programme during their Offering Period until the fifth Business Day before their Issue Date, either (i) when it reasonably believes that investors will not subscribe to the offer for an amount of at least the Minimum Amount specified in the relevant Final Terms or (ii) in case it considers there is a material adverse change in market conditions. Investors that have subscribed to these Notes will be notified pursuant to Condition 8.17 of such cancellation. The relevant Issuer has the right to anticipatively terminate the Offering Period.

The cash account of the Noteholder will be debited on the Issue Date. At the same date, the Notes will be transferred on the securities accounts of the Noteholders.

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

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

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

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

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

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

Any document connected with the issue of the Notes has only been issued or passed on and will only be issued and passed on in the United Kingdom to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes

of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom.

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

# 10. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

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(Annex 14.6 of Commission Delegated Regulation (EU) 2019/980)

The Notes will not be the subject of an application for admission to trading on a regulated or non-regulated market, nor have any Notes previously issued under the Programme ever been the subject of an application for admission to trading on a regulated market or equivalent market.

If liquidity is provided to be “Applicable” in the relevant Final Terms for any Notes, the price of the Notes is available on demand in the offices of Belfius Bank or on the website [www.belfius.be](http://www.belfius.be), and this on each Business Day during the term of such Notes in every office of Belfius Bank until 28 calendar days preceding their Maturity Date and 56 calendar days for equity linked notes, unless in Belfius Bank’s determination, market conditions preclude it from quoting a price. If Belfius Bank quotes a price, it can be considered market maker for the Notes and will organise the secondary market, thereby providing liquidity through bid and offer rates. The main terms of the commitment of Belfius Bank will be specified in the relevant Final Terms and (i) “**Maximum Spread**” means on any given moment the maximum spread between the then applicable bid and offer rates; (ii) “**Maximum Commission**” means the maximum commission on the bid and offer rates; and (iii) “**Maximum Exit Penalty**” means the maximum exit penalty applicable to the nominal amount of the Notes. The bid and offer rates of the Notes on any given moment are subject to the market conditions, interest rates, forward rates; credit spreads of the relevant Issuer or, in the case of Belfius Financing Company Notes, the Guarantor, etc.

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

# 11. USE OF PROCEEDS

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Unless (i) otherwise specified in the applicable Final Terms or (ii) the applicable Final Terms specifies the relevant Series of Notes as being “Green Notes”, the net proceeds of Notes, i.e., the Nominal Amount less any expenses and fees, will be used for general corporate purposes of Belfius Bank.

If, in respect of any particular issuance, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms. In particular, each Issuer may provide in the applicable Final Terms that, in the case of “green notes”, it will apply an amount equivalent to the net proceeds of the issue of the relevant Notes to finance and/or refinance, in whole or in part, Eligible Green Assets, as described in the applicable Final Terms and in Belfius’ Green Bond Framework, such Notes being referred to as Green Notes. See “*Green Bond Framework*” for further information.

In the case of Belfius Financing Company Notes, the proceeds of the issued notes are fully transferred to Belfius Bank.

# 12. GREEN BOND FRAMEWORK

## 12.1. Introduction

Belfius has developed a green bond framework (such framework as amended from time to time, the “**Green Bond Framework**”) under which the Issuers intend to attract funding to finance and/or refinance, in whole or in part, loans and investments realised by Belfius to finance projects and/or assets which enable the transition to a low carbon and climate resilient economy (the “**Eligible Green Assets**”). The Green Bond Framework is publicly available on the Issuer's website (<https://www.belfius.be/about-us/en/investors/debt-issuance/green-bonds>). The Green Bond Framework does not form part of, and is not incorporated by reference into, this Base Prospectus. Notes issued under this Base Prospectus for which the applicable Final Terms indicate that the relevant Issuer will apply an amount equivalent to the net proceeds of the issue to finance and/or refinance, in whole or in part, Eligible Green Assets are referred to as “**Green Notes**”.

The Green Bond Framework has been prepared taking into account the voluntary guidelines of the Green Bond Principles (2018 edition) published by the International Capital Markets Association (the “**Green Bond Principles**”).

This section contains a short summary of the Green Bond Framework as at the date of this Base Prospectus which does not purport to be complete and is taken from, and is qualified in its entirety by, the information in the Green Bond Framework. The Green Bond Framework may be further updated or amended, among other things to reflect updates to the Taxonomy Regulation and the European Green Bond Standard and evolutions in the activities of Belfius.

In case of an issuance of Green Notes, (i) the use of proceeds, (ii) the process for green assets evaluation and selection, (iii) the management of proceeds, (iv) the reporting on allocation and impact and (v) the external review will be carried out in accordance with the Green Bond Framework.

## 12.2. Use of proceeds

In case of an issuance of Green Notes, the relevant Issuer will apply an amount equivalent to the net proceeds of Green Notes exclusively to finance and/or refinance, in whole or in part, Eligible Green Assets in the following categories (“**Eligible Categories**”):

- renewable energy;
- energy efficiency;
- clean transportation;
- green real estate; and
- waste & water management.

In alignment with Belfius’ sustainability strategy, the eligibility criteria (“**Eligibility Criteria**”) contemplated under the Green Bond Framework are intended to directly contribute to the achievement of specific UN Sustainable Development Goals and related sub-targets<sup>32</sup>.

Eligible Green Assets are required to meet the following Eligibility Criteria:

Eligible Category	Eligibility Criteria
Renewable energy	Loans or investments to finance/refinance the equipment, development, construction, operation, distribution, infrastructure and maintenance of renewable energy projects such as:

<sup>32</sup> Based on mapping between ICMA Eligible Categories and UN Sustainable Development Goals.

	<ul style="list-style-type: none"> <li>- Offshore and onshore wind</li> <li>- Solar photovoltaic power</li> <li>- Hydropower (with lifecycle GHG emissions &lt; 100gCO<sub>2</sub>/kWh or power density &gt; 5W/m<sup>2</sup>)<sup>33</sup></li> <li>- Geothermal projects (with lifecycle GHG emissions &lt; 100gCO<sub>2</sub>/kWh)</li> <li>- Energy from biomass (such as forest residues, or municipal waste but excluding biomass from sources competing with food production, depleting carbon pools or grown on land with high biodiversity), (with lifecycle GHG emissions &lt; 100gCO<sub>2</sub>/kWh)</li> </ul>
Energy efficiency	<p>Loans or investments to finance/refinance energy efficiency projects, such as:</p> <ul style="list-style-type: none"> <li>- Energy storage efficiency projects<sup>34</sup></li> <li>- Smart grid solutions</li> <li>- Energy efficient lighting such as LED</li> </ul>
Clean transportation	<p>Loans or investments to finance/refinance public land transport (e.g. subways, trains, trams, buses, cycleways) and clean transportation such as:</p> <ul style="list-style-type: none"> <li>- Rail infrastructure, including station upgrade</li> <li>- Rolling stock for passenger and freight transportation (zero direct emissions), excluding fossil fuel transportation</li> <li>- Electric and hybrid (with CO<sub>2</sub> emission &lt;50g CO<sub>2</sub>/km) vehicles, including charging infrastructure</li> <li>- Construction or improvement of bicycle lanes, bicycle parking and bicycle sharing systems</li> </ul>
Green real estate	<p>Commercial:</p> <ul style="list-style-type: none"> <li>- Loans or investments to finance/refinance new and existing commercial real estate belonging to the top 15% most efficient buildings or complying with a recognised external certification with a minimum level of BREEAM<sup>35</sup>: very good or equivalent.</li> <li>- Loans or investments to renovate existing commercial buildings achieving an energy reduction of at least 30%.</li> </ul> <p>Residential:</p> <ul style="list-style-type: none"> <li>- Mortgage loans for residential dwellings in a certain region (Flanders, Wallonia and Brussels) belonging to the top 15% most efficient buildings in that region based on the local building code, building year or EPC certificate.</li> <li>- Loans or investments to renovate existing residential buildings achieving an energy reduction of at least 30%.</li> </ul>
Waste & water management	<p>Loans or investments to finance/refinance the equipment, development, construction, operation and maintenance of:</p> <ul style="list-style-type: none"> <li>- Water distribution systems to improve water use efficiency and/or water quality</li> </ul>

<sup>33</sup> The development of any new hydropower facility, regardless of emission thresholds, needs to be accompanied by an environmental and social risk assessment carried out by a credible external body.

<sup>34</sup> In case of investing in power-to-hydrogen storage, the production must be through water electrolysis.

<sup>35</sup> Building Research Establishment Environmental Assessment Method.

	<ul style="list-style-type: none"> <li>- Water recycling and wastewater treatment plants<sup>36</sup></li> <li>- Waste recycling and treatment plants</li> </ul>
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### *12.3. Process for green assets evaluation and selection*

Underlying Eligible Green Assets are expected to comply with local laws and regulations, including any applicable regulatory environmental and social requirements. Potential Eligible Green Assets are assessed against Belfius' regular credit policies. The qualification for green criteria does not override credit risks.

The process for evaluation and selection of Eligible Green Assets, based on the Eligibility Criteria, receives a final approval by the Green Bond Committee.

The Green Bond Committee currently consists of the following representatives:

- the head of the CSR department;
- representatives of the commercial business lines (private, business & retail (PBR) and/or wealth, enterprises & public (WEP));
- the head of long term funding; and
- the head of structured finance

### *12.4. Management of proceeds*

Belfius will strive, over time, to maintain an aggregate amount of Eligible Green Assets in a portfolio (the "**Green Portfolio**") that matches or exceeds the balance of net proceeds of all outstanding Green Notes issued under the Green Bond Framework.

The Eligible Green Assets will be selected in line with the Eligibility Criteria and the evaluation and selection process described above.

Belfius will individually label all allocated Eligible Green Assets in its internal information systems and will monitor the Green Portfolio. If an asset is matured, redeemed or no longer meets the Eligibility Criteria, Belfius will do its best effort to replace it with an Eligible Green Asset. On a quarterly basis, the Green Bond Committee will verify the availability of sufficient Eligible Green Assets in the Green Portfolio to match the outstanding Green Notes.

Pending the allocation of an amount equal to the net proceeds of Green Notes and while the Green Portfolio has a positive balance, such amounts will be invested within the treasury portfolios, in money market products, cash and/or cash equivalent, in accordance with Belfius' general internal policies.

### *12.5. Reporting*

Belfius expects to publish annually a report that will detail the allocation of amounts equal to the net proceeds of Green Notes and the environmental impact of the Eligible Green Assets included in its Green Portfolio. Any report will not form part of, and will not be incorporated by reference into, the Base Prospectus.

#### *Allocation of proceeds reporting*

As long as any Green Note is outstanding, Belfius expects to report annually on the use of the amounts equal to the net proceeds of the Green Notes. This report is expected to detail:

- the total amount of Green Notes issued;
- the Green Portfolio, including a breakdown by Eligible Category; and
- the balance of unallocated amounts, if any.

<sup>36</sup> The treatment of wastewater from fossil fuel operations is excluded

### *Impact reporting*

Belfius intends to report annually on the environmental impact of the Green Portfolio at an aggregated level.

## *12.6. External review*

### *Second Party Opinion*

Belfius has appointed Sustainalytics to provide a second party opinion (the “**Second Party Opinion**”) on the Green Bond Framework who has verified and confirmed the sustainability of the Green Bond Framework and alignment of it with the Green Bond Principles. The Second Party Opinion does not form part of, and is not incorporated by reference into, the Base Prospectus.

### *Verification*

Belfius will request on an annual basis, starting one year after the issuance of the first Green Notes and until maturity, a limited assurance report of the allocation of the amounts equal to the net proceeds of the Green Notes to its Green Portfolio, provided by an independent external auditor. Any limited assurance report will not form part of, and will not be incorporated by reference into, the Base Prospectus.

## *12.7. General*

Prior to any investment in Green Notes, investors should have regard to the factors described under the section headed “Risk Factors” in the Base Prospectus, in particular the risk factor entitled “*Risks related to Notes which qualify as “Green Notes” which have a particular use of proceeds identified in the applicable Final Terms*”.

Notwithstanding any use of the net proceeds of the Green Notes identified in the applicable Final Terms, investors should note that, in respect of Belfius Bank Notes, (i) such Green Notes will be fully subject to the CRR eligibility criteria and BRRD requirements for own funds and eligible liabilities instruments, as applicable, (ii) the Green Notes can be subject to bail-in and write-down or conversion powers and (iii) this will not affect the particular status of such Green Notes as identified in the applicable Final Terms, including, as applicable, in terms of subordination, loss absorbency features and regulatory treatment.



# 13. THIRD PARTY INFORMATION, EXPERT STATEMENTS AND DECLARATIONS

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(Annex 6.14 of Commission Delegated Regulation (EU) 2019/980)

There has not been any statement or report attributed to a person as an expert which is included in this Base Prospectus.

## 14. DOCUMENTS ON DISPLAY

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(Annex 6.14 of Commission Delegated Regulation (EU) 2019/980)

Copies of (i) the annual reports dated 31 December 2021 and 31 December 2022 for the Issuers and, as applicable, the Guarantor and of all subsequent annual reports to be published and (ii) copies of the articles of association of the Issuers and, as applicable, the Guarantor are available free of charge at the office of Belfius Bank and will be available during the entire lifetime of the Notes.

Additionally, the annual reports of Belfius Bank are available on its website <https://www.belfius.be/about-us/en/investors/results-reports/reports>, and the annual reports of Belfius Financing Company are available in Annex 5 of this Base Prospectus.

# Annex 1: Template for Final Terms

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## APPLICABLE FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.*

**[MiFID II PRODUCT GOVERNANCE – Solely for the purposes of the product approval process of [the/each] Manufacturer (i.e., each person deemed a manufacturer for purposes of the EU Delegated Directive 2017/593, hereinafter referred to as a “Manufacturer”), the target market assessment in respect of the Notes as of the date hereof has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients [and retail clients] each as defined in Directive 2014/65/EU (as amended, “MiFID II”); [and] (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate; [and (iii) the following channels for distribution of the Notes to retail clients are appropriate – investment advice, portfolio management, non-advised sales and pure execution services – subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable]. [Consider any negative target market.] Any person subsequently offering, selling or recommending the Notes (a “Distributor”) should take into consideration [the/each] Manufacturer[‘s/s’] target market assessment. A distributor subject to MiFID II is, however, responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining [the/each] Manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]**

**Final Terms dated [●]**

**[Belfius Financing Company S.A.] [Belfius Bank SA/NV]**

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

**Belfius Financing Company S.A.**

**and**

**Belfius Bank SA/NV**

**Notes Issuance Programme**

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in this Base Prospectus dated 23 May 2023, which constitutes a base prospectus for the purposes of the Prospectus Regulation (Regulation (EU) 2017/1129) (the “**Prospectus Regulation**”). **This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with such Base Prospectus and any supplement thereto.** These Final Terms and this Base Prospectus together constitute the Programme for the Tranche. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for inspection at [the office of the Guarantor,] the office of the Issuer and the website [www.belfius.be](http://www.belfius.be). A summary of the offer of the Notes is provided in an annex to the Final Terms.

[This Base Prospectus will be valid until the date of approval by the FSMA of the updated base prospectus that will replace and supersede it, no later than 23 May 2024 inclusive. The updated base prospectus will be available for inspection at [the office of the Guarantor,] the office of the Issuer and the website [www.belfius.be](http://www.belfius.be).]

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

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

1	(i) Issuer:	[Belfius Bank SA/NV][Belfius Financing Company S.A.]
	(ii) Guarantor:	[N/A][Belfius Bank SA/NV]
	(iii) Calculation Agent:	Belfius Bank SA/NV
2	(i) Series Number:	[●]
	[(ii) Tranche Number:	[●]
		<i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).</i>
3	Specified Currency or Currencies:	[●]
4	Maximum Amount:	
	[(i) ]Series:	[●]
	[(ii) Tranche:	[●]]
5	Minimum Amount:	
	[(i) ]Series:	[●]
	[(ii) Tranche:	[●]]
6	Offering Period:	[●] (except in case of early closing)
7	Issue Price:	[●] per cent. [plus accrued interest from <i>[insert date]</i> (in the case of fungible issues only, if applicable)]
8	Denominations:	[●]
9	[(i)] Issue Date:	[●]
	[[ (ii)] Interest Commencement Date:	[●]]
10	[Scheduled] Maturity Date:	[●]
11	Interest Basis:	[[●] per cent. Fixed Rate] [Floating Rate] [Zero Coupon] [Variable Linked Rate] [Not Applicable] (further particulars specified below)
12	Redemption/Payment Basis:	[Redemption at par] [Variable Linked Redemption] (further particulars specified below)
13	Change of Interest or Redemption/Payment Basis:	[Not Applicable/(Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis, including the (mandatory) scheduled dates for any Change of Interest in the case of Fixed to Floating Rate Notes or Floating to Fixed Rate Notes)]
14	Call Options:	[Applicable/Not Applicable] [(further particulars specified below)]
15	Mandatory Early Redemption:	[Applicable/Not Applicable] [(further particulars specified below)]
16	Status of the Notes:	Senior preferred notes

- 17 [Date [Board] approval for issuance of Notes obtained: [[●] 2023]/[●]  
(N.B Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes)]
- 18 Form of Notes: [Bearer Notes/Dematerialised Notes]
- 19 New Global Note: Not Applicable

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 20 Fixed Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Fixed Rate: [●] per cent. per annum
- (ii) Interest Payment Date(s): [annually/semi-annually/quarterly on ●]
- (iii) Business Days: [●]
- (iv) Business Day Convention: [●]
- [(v) Fixed Interest Amount: [●]]
- [(v)/(vi) Day Count Fraction: [●]]
- [(v)/(vi)/(vii) Interest Period End Date(s): [Adjusted/No Adjustment/Other]]
- [(v)/(vi)/(vii)/(viii) Calculation Amount: [●]]
- [Other terms relating to the method of calculating interest for Fixed Rate Notes: [●](N.B. Give details)]
- 21 Floating Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Publication Source: [EUR-EURIBOR-Reuters (ISDA)/Other]
- (ii) Designated Maturity: [●]
- (iii) Spread: [●]
- (iv) Interest Payment Date(s): [annually/semi-annually/quarterly on ●]
- (v) Day Count Fraction: [●]
- (vi) Interest Determination Date: [●]
- (vii) Business Days: [●]
- (viii) Business Day Convention: [●]
- (ix) Interest Period End Date(s) [●] [Adjusted/No Adjustment/Other]
- [(x) Maximum Rate: [●]]
- [(x)/(xi) Minimum Rate: [●]]
- 22 Zero Coupon Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Amortisation Yield: [●] per cent. per annum
- Business Days: [●]
- Business Day Convention: [●]
- Any other formula/basis of determining amount payable: [●]
- 23 Variable Linked Rate Note Provisions [Applicable/Not Applicable]

- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Underlying: [Market Rate/Share/Basket of Shares/Share Index/Basket of Share Indices/Fund/Basket of Funds/Commodity/Basket of Commodities/Commodity Index/Basket of Commodity Indices/Inflation Index]
- (ii) Variable Linked Rate: [●] *(Provide the formula or other method of determination)*
- (iii) Interest Payment Date(s): [●]
- (iv) Business Days: [●]
- (v) Business Day Convention: [●]

## PROVISIONS RELATING TO REDEMPTION

- 24 Call Option [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Optional Redemption Date(s): [●]
- Optional Redemption Period: [●]
- Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Note of [●] Denomination
- [If redeemable in part:] [Applicable/Not Applicable]
- [Minimum Redemption Amount: [●]]
- [Maximum Redemption Amount: [●]]
- Notice period: [●] *(being a minimum of 5 Business Days)*
- 25 Mandatory Early Redemption [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Trigger Event(s): [●]
- (ii) Mandatory Early Redemption Date(s): [The Interest Payment Date immediately following the occurrence of the Trigger Event(s) as determined by the Calculation Agent. Should the Trigger Event(s) occur on an Interest Payment Date, then the Mandatory Early Redemption Date shall be postponed until the next Interest Payment Date/[●]]
- (iii) Mandatory Early Redemption Amount: [●] per Note of [●] Denomination
- 26 Redemption Amount(s) of each Note [[●] per Note of [●] Denomination] *(delete in case of Variable Linked Redemption)*

*(Include below provisions in case of a Variable Linked Redemption)*

### Variable Linked Redemption

- (i) Underlying: [Market Rate/Share/Basket of Shares/Share Index/Basket of Share Indices/Fund/Basket of Funds/Commodity/Basket of Commodities/Commodity Index/Basket of Commodity Indices/Inflation Index]
- (ii) Variable Linked Redemption Amount: [●] *(Provide the formula or other method of determination)*

- (iii) Business Days: [●]
- (iv) Business Day Convention: [●]
- (v) Initial Averaging: [Not Applicable / Applicable]
- (vi) Averaging: [Not Applicable / Applicable]
- [(vi) Initial Averaging Dates: [●]]
- [(vi) Averaging Dates: [●]]
- 27 Partial Redemption: [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Partial Redemption Date(s) [●]
- (ii) Partial Redemption Amounts: [●]

## VARIABLE LINKED PROVISIONS

(Include the relevant provisions below, if the Underlying is one or more **Market Rates**)

- (i) Publication Source: [●]
- (ii) Designated Maturity: [●]
- (iii) Spread: [●]
- (iv) Interest Determination Date: [●]
- [(v) Day count Fraction: [●]]

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

- (i) Share: [●] (Insert full title of the Share, its ISIN code and the name of the issuer)
- (ii) Exchange: [●]
- (iii) Related Exchange: [[●]/All Exchanges]
- (iv) Valuation Date(s): [●]
- [(v) Initial Valuation Date: [●]]
- [(v) Initial Price: [●]]

(Include the relevant provisions below, if the Underlying is **Share Basket**)

- (i) Share Basket:

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

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

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

- (i) Index: [●]

- (ii) Exchange: [[●]/Multiple Exchange]
- (iii) Related Exchange: [[●]/All Exchanges]
- (iv) Valuation Date(s): [●]
- [(v) Initial Valuation Date: [●]]
- [(v) Initial Price: [●]]

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

- (i) Index Basket:

<i>i</i>	$w_{(j=1)}$	$w_{(j=2)}$	...	Index	Exchange	Related Exchange
1	[●]%	[●]%	[●]%	[●]	[●]/Multiple Exchange	[●]/All Exchanges
2	[●]%	[●]%	[●]%	[●]	[●]/Multiple Exchange	[●]/All Exchanges
...	[●]%	[●]%	[●]%	[●]	[●]/Multiple Exchange	[●]/All Exchanges

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

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

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

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

- (i) Fund Basket:

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

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

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

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



- (v) Valuation Date(s): [●]  
 [(vi) Initial Valuation Date: [●]]  
 [(vi) Initial Price: [●]]

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

- (i) Commodity Basket:

<i>i</i>	$w_{(j=1)}$	$w_{(j=2)}$	...	Commodity	Exchange	Price Source	Valuation
1	[●]%	[●]%	[●]%	[●]	[●]	[●]	[●]
2	[●]%	[●]%	[●]%	[●]	[●]	[●]	[●]
...	[●]%	[●]%	[●]%	[●]	[●]	[●]	[●]

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

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

- (i) Commodity Index: [●]  
 (ii) Valuation Time: [●]  
 (iii) Valuation Date(s): [●]  
 [(iv) Initial Valuation Date: [●]]  
 [(iv) Initial Price: [●]]

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

- (i) Commodity Index Basket:

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

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

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

- (i) Index: [●]  
 [The first publication or announcement of a level of such index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations.]  
 (ii) Initial Index: [●]  
 (iii) Final Index: [●]  
 (iv) Index Sponsor: [●]  
 (v) Reference Month: [●]  
*(include, if applicable, relevant disclaimer with respect to the index sponsor)* [●]

## REASONS FOR THE OFFER

Reasons for the offer:

[●]

[The Notes constitute Green Notes and the Issuer will apply an amount equivalent to the net proceeds exclusively to finance and/or refinance Eligible Green Assets as described in the Green Bond Framework of Belfius. Investors should have regard to the factors described under the section headed “Risk Factors” in the Base Prospectus, in particular the risk factor entitled “Risks related to Notes which qualify as “Green Notes” which have a particular use of proceeds identified in the applicable Final Terms”.]

(See “Use of Proceeds” wording in Base Prospectus – if reasons for offer different from general corporate purposes of the Issuer, will need to include those reasons here.)

## DISTRIBUTION

Dealer(s):

[Belfius Bank SA/NV/ [●]]

Offer period:

[Specify date] until [specify date]

General consent:

[Not Applicable] [Applicable]

Other Authorised Offeror terms:

[Not Applicable] [Add here any other Authorised Offeror Terms].

(Authorised Offeror Terms should only be included here where General Consent is Applicable)

[Total commission and concession:

**1. Fees and other costs included in the Issue Price,** linked to the structuration and management of the Notes and borne by the investors:

- **Upfront fee:** [Not Applicable] [[Maximum] [●]]% of the subscribed nominal amount of Notes;
- **One-off product costs:** [Not Applicable] [[Maximum] [●]]% of the subscribed nominal amount of Notes;
- **Recurring annual product costs:** [Not Applicable] [[Maximum] [●]]% of the subscribed nominal amount of Notes, *i.e.* a maximum of [●] % if the Notes are held until the scheduled Maturity Date.]

[The above-mentioned fees are indicative only. These fees may fluctuate either upwards or downwards depending on the market conditions during the Offer Period.]

**2. Fees and other costs not included in the Issue Price, and borne by the investors:**

**Brokerage fee:** [Not Applicable] [[●]]% of the subscribed nominal amount of Notes, payable upfront];

**[Foreign exchange costs:** a foreign exchange rate commission of maximum [●]% could be charged to the investors.]

[Additional selling restrictions: [●]]

## OPERATIONAL INFORMATION

ISIN Code:	[●]
Common Code:	[●]
Clearing System(s):	[●]
Principal Paying Agent:	[Belfius Bank SA/NV][Banque Internationale à Luxembourg, SA]
Paying Agent:	[Not Applicable][Belfius Bank SA/NV]
[Relevant Benchmark[s]:]	[Not Applicable]/[[specify benchmark] is provided by [administrator legal name]. As at the date hereof, [administrator legal name][appears]/[does not appear] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 ( <i>Register of administrators and benchmarks</i> ) of the Benchmark Regulation.]/[As far as the Issuer is aware, as at the date hereof, [specify benchmark] does not fall within the scope of the Benchmark Regulation.]

## SECONDARY MARKET *(Include this provision if Secondary Market is provided)*

[Applicable]	
Maximum Spread:	[●]
Maximum Commission:	[●]
Maximum Exit Penalty:	[●]

## RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By: .....

Duly authorised

[Signed on behalf of the Guarantor:

By: .....

Duly authorised]

# Annex 2: Guarantee

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A form of the Guarantee is reproduced here below:

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

23 May 2023

WHEREAS the Board of Directors of Belfius Financing Company S.A. (the “**Issuer**” or “**Belfius Financing Company**”) has decided on 8 March 2023 to update the Notes Issuance Programme (the “**Programme**”) under which it may from time to time issue Notes (the “**Belfius Financing Company Notes**”), which may be linked to various underlyings (the “**Underlying**”), that rank as senior preferred obligations of the Issuer according to the terms and conditions enumerated in such decision. Belfius Financing Company Notes will be guaranteed by Belfius Bank SA/NV (also named Belfius Banque SA/Belfius Bank NV) (the “**Guarantor**” or “**Belfius Bank**”) pursuant to this senior preferred guarantee (the “**Guarantee**”);

WHEREAS the Management Board of Belfius Bank has approved to guarantee the issuance by Belfius Financing Company of Belfius Financing Company Notes under the Programme by its decision of 19 April 2023;

WHEREAS the Management Board of Belfius Bank in its decision of 19 April 2023 has delegated all powers to execute such Guarantee to, among others, Mr. D. Gyselinck, member of the Management Board.

The Guarantor hereby unconditionally and irrevocably guarantees as and for its own debt to each holder of each Belfius Financing Company Note (each a “**Noteholder**” and together the “**Noteholders**”) to pay or procure to pay such amounts to the Noteholders who have not obtained due payment from the Issuer if and when such amounts fall due under the Terms and Conditions. The Terms and Conditions are those enumerated in the Base Prospectus dated 23 May 2023 in relation to the Programme and the relevant Final Terms of the Belfius Financing Company Notes, and which are included by reference in the present Guarantee. This Guarantee is enforceable against the Guarantor upon first demand sent by the holder by registered mail to the statutory seat of the Guarantor.

The Base Prospectus dated 23 May 2023 in relation to the Programme has been approved by the Financial Services and Markets Authority in its decision of 23 May 2023.

It is understood that any payments to be made under this Guarantee shall be made in the currency of the underlying Notes.

This Guarantee is a continuing guarantee and nothing but payment in full of the amounts due by the Issuer in application of the Notes hereby guaranteed shall discharge the Guarantor of its obligations hereunder in respect of such Notes.

This Guarantee shall be governed by, and interpreted in accordance with, the laws of Belgium.

This Guarantee may be executed in any number of counterparts.

All actions arising out of or based upon this Guarantee are to be brought before the competent Courts in Brussels.

In witness whereof, the Guarantor has authorised and caused this Guarantee to be duly executed and delivered as of 23 May 2023.

On behalf of Belfius Bank SA/NV

Dirk Gyselinck

# Annex 3: Articles of Association

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## A. Belfius Bank

Copies of the articles of Association (in English, French and Dutch) of Belfius Bank may be obtained without charge from the offices of Belfius Bank and are also available on the website of Belfius Bank (<https://www.belfius.be>) in the Company profile, section “Corporate governance” (link <https://www.belfius.be/about-us/en/corporate-governance/governance/articles-of-association>).

## B. Belfius Financing Company

### BELFIUS FINANCING COMPANY S.A.

Société anonyme  
R.C.S. Luxembourg B 156.767

## Articles of Association Dated 7 May 2014

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

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

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

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

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

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

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

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

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

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

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

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

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

The shares are in registered form.

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

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

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

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

### **Title III. – Management**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

Each share entitles one vote. Each shareholder may participate to the meetings of the shareholders by appointing in writing, by telecopy, email or any other similar means of communication, another person as his proxy-holder. If all shareholders are present or represented at a meeting of the shareholders, and if they declare knowing the agenda, the meeting may be held without convening notice or prior publication.

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

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

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

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

The balance is at the disposal of the general meeting.

**Title VII. - Dissolution, Liquidation**

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

**Title VIII. - General provisions**

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

# Annex 4: Agency Agreement

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**BELFIUS FINANCING COMPANY S.A.**

**as Issuer**

**and**

**BELFIUS BANK SA/NV**

**as Guarantor of Notes issued by Belfius Financing Company S.A., Paying Agent and  
Calculation Agent**

**BANQUE INTERNATIONALE A LUXEMBOURG SA**

**as Fiscal Agent and Principal Paying Agent**

## **AGENCY AGREEMENT**

**Relating to the Notes issued in bearer form by Belfius Financing Company  
S.A. (hereafter the “Bearer Notes”)**

**under the**

**BELFIUS FINANCING COMPANY S.A.**

**AND**

**BELFIUS BANK SA/NV**

**NOTES ISSUANCE PROGRAMME**

23 May 2023

**This Agency Agreement** (the “**Agreement**”) is made as of 23 May 2023 and amends and restates the Agency Agreement dated 24 May 2022 as modified from time to time **BETWEEN**:

- (1) **Belfius Financing Company S.A.** with its registered office located at 20, rue de l’Industrie, L-8399 Koerich, Grand Duchy of Luxembourg (“**Belfius Financing Company**”, the “**Issuer**”);
- (2) **Belfius Bank SA/NV**, with its registered office at Place Charles Rogier 11, B-1210 Brussels, Belgium (“**Belfius Bank**” in its capacity as guarantor of the Notes the “**Guarantor**”, in its capacity as paying agent, the “**Paying Agent**” and its capacity as calculation agent, the “**Calculation Agent**” in the case of Notes issued by Belfius Financing Company under the Notes Issuance Programme); and
- (3) **BANQUE INTERNATIONALE A LUXEMBOURG, SOCIETE ANONYME** with its register office at 69, route d’Esch, L-2953, Luxembourg, Grand Duchy of Luxembourg (“**BIL**”, in its capacity as fiscal agent the “**Fiscal Agent**” and its capacity as principal paying agent the “**Principal Paying Agent**”).

#### **WHEREAS**

- (A) Belfius Financing Company, in accordance with the resolutions of the Board of Directors of Belfius Financing Company, passed on 8 March 2023, may from time to time issue Bearer Notes (the “**Belfius Financing Company Notes**”) under the updated Notes Issuance Programme to be dated on or around 23 May 2023 (the “**Programme**”), which may be linked to various underlyings (the “**Underlying**”), that rank as senior obligations of the Issuer (the “**Notes**”). The Notes will be guaranteed by the Guarantor pursuant to a senior guarantee (the “**Guarantee**”) in accordance with the resolutions of the Management Board of the Guarantor passed on 19 April 2023.
- (B) The Programme is described in the prospectus (the “**Prospectus**”) dated 23 May 2023 that replaces and supersedes, as of such date, the Prospectus dated 24 May 2022.
- (C) For the purposes of the Programme the parties (or their predecessors) to this Agency Agreement entered into an agency agreement dated 24 May 2022 (the “**Original Agency Agreement**”) to be amended, restated and superseded by this Agency Agreement.
- (D) Any Bearer Notes issued on or after the date of this Agency Agreement shall be issued under the Programme pursuant to this Agency Agreement. The amendments to the Original Agency Agreement made by this Agency Agreement shall not apply in respect of any further Belfius Financing Company Notes issued pursuant to the Original Agency Agreement on or after the date hereof that are consolidated and form a single series with any Notes issued prior to the date hereof.

#### **IT HAS BEEN AGREED AS FOLLOWS:**

#### **Article 1**

The Issuer hereby warrants as follows:

- (i) That it is duly incorporated and validly existing under the laws of its country of incorporation and that it has corporate power and authority to conduct its business and to execute, deliver and comply with the provisions of this Agreement and the Notes, as the case may be;
- (ii) that all necessary consents, authorizations, notifications, registrations and filings have been obtained or made (and are in full force and effect) in connection with the compliance by the Issuer with the respective terms of this Agreement and the Notes including all payments to be made by the Issuer thereunder or in connection therewith;
- (iii) that this Agreement constitutes, and upon due execution, issue and/or delivery as aforesaid the Notes will constitute, valid and legally binding obligations of the Issuer in accordance with their respective terms;
- (iv) that the Prospectus is accurate in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading;
- (v) that the financial statements and other financial information in the Programme present fairly its financial position and since the date of the most recent financial statements therein contained there has been no material adverse change, financial or otherwise in the condition, general affairs, results of operation or prospects other than as referred to in the Prospectus;
- (vi) that no events exist which, had any Notes been issued, would (or, with the giving of notice or lapse of time or both, could) constitute an event of default under the Notes;

- (vii) that no litigation, arbitration or administrative proceedings are presently current or pending or, to the knowledge of the Issuer threatening which would or might have a material adverse effect on the Issuer or on the ability of the Issuer to perform its obligations under this Agreement and the Notes;
- (viii) that under presently applicable rules, all payments to be made by the Issuer under this Agreement and the Notes are exempt from any taxes, by way of deduction or withholding, and the Issuer is not required by law to make any deduction or withholding therefrom;
- (ix) that the Issuer will pay all and any stamp and other similar taxes and duties payable in its country of incorporation in connection with the authorization, execution and delivery of the Notes, the initial delivery of the Notes and the execution and delivery of this Agreement.

## Article 2

The Bearer Notes are issued in bearer form in the Denominations specified in the relevant Final Terms. They will be represented by a Permanent Global Note, deposited with the common depositary for Euroclear Bank SA/NV and Clearstream Banking S.A. and will not be exchangeable for definitive notes.

The Bearer Notes will not be physically delivered. They will be held in a securities account.

## Article 3

The Issuer appoints BIL as Principal Paying Agent and Fiscal Agent and Belfius Bank as Calculation Agent and Paying Agent (together referred to as the “**Agents**”) in respect of any Tranche of Bearer Notes issued under the Programme upon the terms and subject to the conditions herein set forth, unless otherwise specified in the relevant Final Terms.

## Article 4

The Issuer or the Guarantor authorises and directs the Fiscal Agent, from the funds provided to it, to make payments of principal and interest on the Bearer Notes on the relevant due dates.

(1) The Issuer will, before 10.00 a.m. (Central European Time), on each date on which any payment in respect of any Bearer Notes becomes due under the Conditions, transfer to an account specified by the Fiscal and Principal Paying Agent from time to time such amount in the relevant currency as shall be sufficient for the purposes of such payment in funds settled through such payment system as the Fiscal and Principal Paying Agent and the Issuer may from time to time agree.

(2) Any funds paid by or by arrangement with the Issuer to the Fiscal and Principal Paying Agent pursuant to subclause (1) shall be held by the relevant Agent for payment to the Noteholders, until any payments under the Bearer Notes become prescribed under the Conditions.

(3) The Issuer will ensure that no later than 10.00 a.m. (Central European Time) on the second Business Day (as defined below) immediately preceding the date on which any payment is to be made to the relevant Agent pursuant to subclause (1), the Fiscal and Principal Paying Agent shall receive an irrevocable payment confirmation by authenticated SWIFT from the paying bank of the Issuer. For the purposes of this subclause, “**Business Day**” means any day on which T2 (the real time gross settlement system operated by the Eurosystem, or any successor system) is open and any other day so specified in the relevant Final Terms.

(4) The Fiscal and Principal Paying Agent shall notify by facsimile or by e-mail the Issuer forthwith:

- (a) if it has not by the relevant date specified in subclause (1) received unconditionally the full amount in the Specified Currency required for the payment; and
- (b) if it received unconditionally the full amount of any sum payable in respect of the Bearer Notes after such date.

(5) If for any reason the Fiscal and Principal Paying Agent considers in its sole discretion that the amounts to be received by it pursuant to subclause (1) will be, or the amounts actually received by it pursuant thereto are, insufficient to satisfy all claims in respect of all payments then falling due in respect of the Bearer Notes, the Agents shall not be obliged to pay any such claims until the Fiscal and Principal Paying Agent have received the full amount of all such payments.

(6) Without prejudice to subclause (5), if the Fiscal and Principal Paying Agent pays any amounts to the holders of Bearer Notes or to any other Paying Agent at a time when it has not received payment in full in respect of the relevant Bearer Notes in accordance with subclause (1) (the excess of the amounts so paid over the amount so received being the “**Shortfall**”), the Issuer will, in addition to paying amounts due under subclause (1), pay to

the Fiscal and Principal Paying Agent on demand interest (at a rate which represents the Fiscal and Principal Paying Agent's cost of funding the Shortfall) on the Shortfall (or the unreimbursed portion thereof) until receipt in full by the Fiscal and Principal Paying Agent of the Shortfall.

(7) The Fiscal and Principal Paying Agent shall on demand promptly reimburse each other Paying Agent for payments in respect of Bearer Notes properly made by such Paying Agent in accordance with this Agreement and the Conditions unless the relevant Agent has notified the relevant Paying Agent that the Fiscal and Principal Paying Agent does not expect to receive on the due date of a payment in respect of the Bearer Notes sufficient funds to make payment of all amounts falling due in respect of such Bearer Notes.

(8) Whilst any Bearer Notes are represented by a Permanent Global Note, all payments due in respect of such Notes shall be made to, or to the order of, the holder of the Permanent Global Note, subject to and in accordance with the provisions of the Permanent Global Note. On the occasion of any such payment, the Paying Agent to which any Permanent Global Note was presented for the purpose of making such payment shall cause the appropriate Schedule to the relevant Permanent Global Note to be annotated in order to evidence the amounts and dates of such payments of principal and/or interest as applicable.

(9) If the amount or principal and/or interest then due for payment is not paid in full (otherwise than by reason of a deduction required by law to be made therefrom or a certification required by the terms of a Note not being received), the Paying Agent to which a Note is presented for the purpose of making such payment shall make a record of such shortfall on the relevant Note and such record shall, in the absence of manifest error, be *prima facie* evidence that the payment in question has not to that extent been made.

## **Article 5**

The Calculation Agent shall in respect of the Notes:

- (a) obtain such quotes and rates and/or make such determinations, calculations, adjustments, notifications and publications as may be required to be made by it by the chapter Terms and Conditions of the Notes in the Prospectus (the "**Terms and Conditions**") at the times and otherwise in accordance with the Terms and Conditions;
- (b) maintain a record of all quotations obtained by it and of all amounts, rates and other items determined or calculated by it and make such record available for inspection at all reasonable times by the Issuer, the Guarantor and the Paying Agents;
- (c) promptly notify (and confirm in writing to) the Issuer, the other Paying Agents of each Interest Amount, Interest Rate and Interest Payment Date and all other amounts, rates and dates which it is obliged to determine or calculate under the Conditions as soon as practicable after their determination and of any subsequent amendments to them under the Conditions; and
- (d) use its best endeavours to cause each Interest Amount, Interest Rate and Interest Payment Date and all other amounts, rates and dates which it is obliged to determine or calculate under the Conditions to be published as required in accordance with the Conditions as soon as possible after their determination or calculation.

## **Article 6**

The Issuer, or failing whom the Guarantor, will indemnify the Fiscal Agent against any loss, liability and reasonable expenses which may be incurred by it by reason of, or in connection with the exercise of its duties as Fiscal Agent, except such as may result from the Fiscal Agent's own negligence or intentional fault. The Fiscal Agent shall not be liable to pay interest on any moneys deposited with it by the Issuer and/or the Guarantor for the purpose of its functions as Fiscal Agent.

The indemnities contained in this Article 6 shall survive the termination or expiry of this Agreement.

## **Article 7**

The Issuer, failing whom the Guarantor, shall pay the fees and expenses in respect of the Agents' services in relation to any Tranche of Notes to the Fiscal Agent as separately agreed with the Fiscal Agent.

The Issuer will also reimburse the Fiscal Agent all reasonable out-of-pocket expenses (including, *inter alia*, publication, cable and telex costs and postage) incurred by it in connection with the services rendered hereunder, upon its written request.

The Fiscal Agent shall be responsible for the remuneration of the Agents and for the reimbursement of the expenses incurred by them.

## **Article 8**

(1) Each Agent shall be entitled to deal with money paid to it by the Issuer for the purpose of this Agreement in the same manner as other money paid to a banker by its customers except:

(a) that it shall not exercise any right of set-off, lien or similar claim in respect thereof except in the case of money due to the Issuer, and any amounts that are due but unpaid or are to be reimbursed by the Issuer under this Agreement; and

(b) that it shall not be liable to account to the Issuer for any interest thereon.

No monies held by any Agent need be segregated except as required by law.

(2) In acting hereunder and in connection with the Bearer Notes, each Agent shall act solely as an agent of the Issuer and will not thereby assume any obligations towards or relationship of agency or trust for or with any of the owners or holders of the Bearer Notes.

(3) Each Agent hereby undertakes to the Issuer to perform such obligations and duties, and shall be obliged to perform such duties and only such duties, as are herein specified and in the Conditions, and no implied duties or obligations shall be read into any such document against any Agent, other than the duty to act honestly and in good faith and to exercise the diligence of a reasonably prudent agent in comparable circumstances.

(4) The Fiscal and Principal Paying Agent may consult with legal and other professional advisers and the opinion of such advisers shall be full and complete protection in respect of any action taken, omitted or suffered hereunder in good faith and in accordance with the opinion of such advisers.

(5) Each Agent may rely upon and shall be protected and shall incur no liability for or in respect of any action taken, omitted or suffered in reliance upon any instruction, request or order from the Issuer or any notice, resolution, direction, consent, certificate, affidavit, statement, cable, facsimile, telex or other paper or document which it reasonably believes to be genuine and to have been delivered, signed or sent by the proper party or parties or upon written instructions from the Issuer.

(6) Any Agent and its officers, directors and employees may become the owner of and/or acquire any interest in, any Notes with the same rights that it or they would have had if the Paying Agent concerned were not appointed hereunder, and may engage or be interested in any financial or other transaction with the Issuer and may act on, or as depositary, trustee or agent for, any committee or body of holders of Notes or in connection with any other obligations of the Issuer as freely as if the Agent were not appointed hereunder.

(7) The Issuer shall provide the Fiscal and Principal Paying Agent with a certified copy of the list of persons authorised to execute documents and take action on its behalf in connection with this Agreement and shall notify the Fiscal and Principal Paying Agent immediately in writing if any of such persons ceases to be so authorised or if any additional person becomes so authorised together, in the case of any additional authorised person, with evidence satisfactory to the Agent that such person has been so authorised.

(8) Except as ordered by a court of competent jurisdiction or as required by law or applicable regulations, the Issuer and each of the Agents shall be entitled to treat the bearer of any Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof).

## **Article 9**

This Agreement may be amended by the parties hereto without the consent of the Noteholders, for the purpose of curing any ambiguity or in any manner which the parties may mutually deem necessary or desirable.

## **Article 10**

The Issuer agrees that there shall at all times be a Fiscal Agent, until all the Notes shall have been redeemed and/or purchased and cancelled or shall have become void under the provisions of the prescription clause in the Terms and Conditions.

Each of the Agents may be removed at any time by the filing with it of at least 90 days written notice to that effect signed by or on behalf of the Issuer, specifying the date on which such removal shall become effective, and each of the Agents may at any time resign by giving at least 90 days written notice (unless the Issuer agrees to accept less notice) to that effect to the Issuer, specifying the date on which such resignation shall become effective, provided however that no such notice shall take effect less than 45 days prior to and 45 days after a payment date under the Notes in any year and that no such resignation or removal shall take effect until a new Fiscal Agent, Principal Paying Agent, Paying Agent or Calculation Agent has been appointed by the Issuer and such appointment

has been accepted by the Issuer. Upon its removal or resignation becoming effective, the successor Fiscal Agent shall be entitled to receive all funds and documents on deposit with or held by its predecessor as Fiscal Agent.

### **Article 11**

The Issuer and the Guarantor undertake to deliver to the Principal Paying Agent during the term of the Notes, upon its request, copies of its annual report and interim report, if any.

### **Article 12**

The Issuer and the Guarantor may at any time convene a meeting of Noteholders. The provisions for convening a meeting of Noteholders are detailed in the Programme.

### **Article 13**

Any notice hereunder shall be addressed

if to Belfius Financing Company:

to: Belfius Financing Company S.A.  
20 rue de l'Industrie  
L-8399 Koerich  
Grand Duchy of Luxembourg  
Attn.: Laurent Lassine  
Fax: +352 27 32 95 20  
Tel: +352 27 32 95 1  
mailto: cp@belfius-fc.lu

if to Belfius Bank:

to: Belfius Bank SA/NV  
Place Charles Rogier 11  
B-1210 Bruxelles  
Belgium  
P/A RT 06/22  
Attn: Financial Markets Transaction Services  
Fax: +32 2 285 10 87  
Phone: + 32 2 222 14 08  
Swift: GKCCBEBB  
mailto: [CMcustodymgt@belfius.be](mailto:CMcustodymgt@belfius.be)  
[CMtransrelease@belfius.be](mailto:CMtransrelease@belfius.be)

if to BIL:

to: Banque Internationale à Luxembourg, société anonyme  
69, route d'Esch  
L-2953 Luxembourg  
Grand Duchy of Luxembourg  
Attn.: Agency Services  
Phone: +352 4590 1  
Fax: +352 4590 3473  
Swift: BILLLULL  
mailto: paying.agency@bil.com and Agency.Services@bil.com

All such notices shall be sent by registered mail. Such notices shall be effective upon receipt of the registered mail.

### **Article 14**

(1) No Paying Agent shall be responsible or accountable to anyone with respect to the validity of this Agreement or the Notes or for any act or mission by it in connection with this Agreement or any Note except for its own gross negligence, intentional fault or bad faith, including that of its officers, directors and employees.

(2) No Paying Agent shall have any duty or responsibility in case of any default by the Issuer in the performance of its obligations under the Terms and Conditions or, in the case of receipt of a written demand from a Noteholder, with respect to such default, provided however that forthwith upon receipt by the Agent of a notice given by a Noteholder in accordance with Condition "*Events of Default*", the Agent will notify the Issuer and the

Guarantor thereof and furnish them with a copy of such notice.

Whenever in the performance of its duties under this Agreement a Paying Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Issuer prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by an authorised officer of the Issuer and delivered to such Paying Agent and such certificate shall be full authorisation to such Paying Agent, in its capacity as such, for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

### **Article 15**

This Agreement is governed by and construed in accordance with the laws of the Grand Duchy of Luxembourg. All disputes arising in connection herewith between the Issuer, the Guarantor, the Fiscal Agent, the Principal Paying Agent, the Calculation Agent shall be subject to the non-exclusive jurisdiction of the courts of Luxembourg.



THUS DONE AND SIGNED ON 23 May 2023

Belfius Financing Company S.A.  
as Issuer

By:

Belfius Bank SA/NV  
as Guarantor of Notes issued by Belfius Financing Company SA, Paying Agent and Calculation Agent

By:

BANQUE INTERNATIONALE A LUXEMBOURG société anonyme  
as Fiscal Agent and Principal Paying Agent

By:

## ANNEX 1: TEMPLATE FOR PERMANENT GLOBAL NOTE

### **BELFIUS FINANCING COMPANY S.A.**

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

**Issuer**

### **BELFIUS BANK SA/NV**

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

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

**BANQUE INTERNATIONALE A LUXEMBOURG,**

**SOCIETE ANONYME**

**Fiscal Agent and Principal Paying Agent**

## **NOTES ISSUANCE PROGRAMME**

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

# **PERMANENT GLOBAL NOTE**

**Permanent Global Note Series No: [●]**

**Nominal Amount of the Tranche: [●]**

**ISIN Code of the Notes: [●]**

This Permanent Global Note is issued in respect of the Bearer Notes (the “**Notes**”) of the Tranche(s) and Series specified in Part A of the Schedule hereto of Belfius Financing Company S.A. (the “**Issuer**”) and guaranteed by Belfius Bank SA/NV (the “**Guarantor**”) pursuant to the Guarantee dated 23 May 2023, as amended and supplemented from time to time.

### **Interpretation and Definitions**

References in this Permanent Global Note to the “**Conditions**” are to the Terms and Conditions of the Notes (which are in the form set out in Annex 2 to the Agency Agreement dated 23 May 2023 between Belfius Financing Company S.A. as the Issuer, Belfius Bank SA/NV as the Guarantor of Notes issued by Belfius Financing Company S.A., Calculation Agent and Paying Agent and Banque Internationale à Luxembourg, société anonyme as the Fiscal Agent and Principal Paying Agent, as such form is supplemented and/or modified and/or superseded by the provisions of this Permanent Global Note (including the supplemental definitions and any modifications or additions set out in Part A of the Schedule hereto). Other capitalised terms used in this Permanent Global Note shall have the meanings given to them in the Conditions or in the Agency Agreement. No provisions of this Permanent Global Note shall alter or impair the obligation of the Issuer and the Guarantor to pay the principal of and interest on the Notes when due in accordance with the Conditions and the relevant Guarantee.

Subject as provided in this Permanent Global Note, the Issuer (failing whom the Guarantor), promises to pay the Noteholder on Maturity Date and/or on such earlier date(s) as all or any of the Notes represented by this Permanent Global Note may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of the Notes represented by this Global Note on each such date and to pay interest (if any) on the nominal amount of the Notes from time to time represented by this Permanent Global Note.

This Permanent Global Note shall not be valid or become obligatory for any purpose until authenticated by or on behalf of the Fiscal Agent.

This Permanent Global Note shall be governed by and construed in accordance with Belgian law.

**IN WITNESS** whereof the Issuer has caused this Permanent Global Note to be duly signed on its behalf.

[Dated as of the Issue Date]

**Belfius Financing Company S.A.**

By:

### **CERTIFICATE OF AUTHENTICATION**

This Permanent Global Note is authenticated by or on behalf of the Fiscal Agent.

**BANQUE INTERNATIONALE A LUXEMBOURG, société anonyme**

as Fiscal Agent

By:

Authorised Signatory  
For the purposes of authentication only.

## **SCHEDULE: FINAL TERMS**

[Insert the relevant Final Terms that relate to the Permanent Global Note]

## **ANNEX 2: TERMS AND CONDITIONS**

See prospectus Section 8 TERMS AND CONDITIONS

# Annex 5: Reports Belfius Financing Company

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## **A. Audited accounts of Belfius Financing Company as at 31 December 2021**

See below.

## **B. Audited accounts of Belfius Financing Company as at 31 December 2022**

See below.

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

Annual accounts and Report of the Réviseur  
d'Entreprises agréé

as at December 31, 2021

20, rue de l'Industrie  
L-8399 Windhof

**R.C.S. Luxembourg: B 156767**

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

## REPORT OF THE REVISEUR D'ENTREPRISES AGREE

### *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 31 December 2021, 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 31 December 2021 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 23 July 2016 on the audit profession ("Law of 23 July 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 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "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 Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for 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*

##### *Description*

Short-term and long-term debt issuances amounting to KEUR 9,044,663 are presented under creditors in the annual accounts. These issuances are backed by bonds recognized under investments in the annual accounts for an amount of KEUR 9,045,383.

These transactions form the core activity of the Company and are the most material items of its financial position, investments representing 99% of total assets and creditors 99% of total liabilities.

Therefore, we have considered the completeness and accuracy of the creditors, the existence of the investments as key audit matters for the purpose of our audit.

##### *How our audit addressed the area of focus*

Our procedures included, but were not limited to the following:

- We performed substantive procedures over the Investments and Creditors by obtaining external confirmations and reconciling year-end positions.

## Other interest income and similar income and interest payable and similar expenses

### *Description*

The result of the Company is significantly driven by interest income on investments and interest expenses on creditors. As of 31 December 2021, other interest income and similar income amounted to KEUR 162,247 and interest payable and similar expenses amounted to KEUR 160,797.

Therefore, we have considered the accuracy of interest revenue recognition and completeness of interest expenses as key audit matters for the purpose of our audit.

### *How our audit addressed the area of focus*

Our procedures included, but were not limited to the following:

- Assess the design and implementation of key control activities which the Company performs in relation to debt instrument issuances and bond investments.
- Perform test of operating effectiveness of the identified relevant controls.
- Perform substantive analytical procedures and tests of details on the interests generated from Investments and Creditors.

### *Other information*

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report 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 the 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.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

### *Responsibilities of the réviseur d’entreprises agréé for the audit of the annual accounts*

The objectives of our audit are to obtain 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 “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 23 July 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 23 July 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 the 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, actions taken to eliminate threats or safeguards applied.

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 Shareholders on 03 June 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is one year.

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 No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Luxembourg, 10 March 2022

KPMG Luxembourg  
Société coopérative  
Cabinet de révision agréé

S. Smets

Partner

BELFIUS FINANCING COMPANY S.A.

Société Anonyme

**BALANCE SHEET**

As at December 31, 2021

(expressed in EUR)

## Annual Accounts Helpdesk :

Tel. : (+352) 247 88 494  
Email : centralebilans@statec.etat.lu

RCSL Nr.: B156767

Matricule : 2010 2227 922

eCDF entry date :

**BALANCE SHEET**

Financial year from 01/01/2021 to 31/12/2021 /in € EUR )

Belfius Financing Company  
20, Rue de l'Industrie  
L-8399 Windhof

**ASSETS**

	Reference(s)	Current year	Previous year
<b>A. Subscribed capital unpaid</b>	1301 6	101 981.000,00	100 981.000,00
I. Subscribed capital not called	1305	105 981.000,00	104 981.000,00
II. Subscribed capital called but unpaid	1302	102	106
<b>B. Formation expenses</b>	1307	107	108
<b>C. Fixed assets</b>	1309 3	109 11.109,35	110 14.141,31
I. Intangible assets	1311	111	112
1. Costs of development	1312	112	113
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1313	113	114
a) acquired for valuable consideration and need not be shown under C.I.3	1317	117	118
b) created by the undertaking itself	1319	119	120
3. Goodwill, to the extent that it was acquired for valuable consideration	1321	121	122
4. Payments on account and intangible assets under development	1323	123	124
II. Tangible assets	1325	125 11.109,35	126 14.141,31
1. Land and buildings	1327	127	128
2. Plant and machinery	1329	129	130

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Matricule : 2010 2227 922

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1121	11.109,35	14.141,31
4. Payments on account and tangible assets in the course of construction	1123		
III. Financial assets	1125		
1. Shares in affiliated undertakings	1127		
2. Loans to affiliated undertakings	1129		
3. Participating interests	1131		
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1133		
5. Investments held as fixed assets	1135		
6. Other loans	1137		
<b>D. Current assets</b>	1139	9.048.259.134,02	9.274.112.857,54
I. Stocks	1141		
1. Raw materials and consumables	1143		
2. Work in progress	1145		
3. Finished goods and goods for resale	1147		
4. Payments on account	1149		
II. Debtors	1151	164.510,00	223.058,00
1. Trade debtors	1153		
a) becoming due and payable within one year	1155		
b) becoming due and payable after more than one year	1157		
2. Amounts owed by affiliated undertakings	1159		
a) becoming due and payable within one year	1161		
b) becoming due and payable after more than one year	1163		
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1165		
a) becoming due and payable within one year	1167		
b) becoming due and payable after more than one year	1169		
4. Other debtors	1171	164.510,00	223.058,00
a) becoming due and payable within one year	1173	164.510,00	223.058,00
b) becoming due and payable after more than one year	1175		

RCSL Nr.: 8156767

Matriculo: 2010 2227 922

	Reference(s)	Current year	Previous year
III. Investments	1 109 5	109 9.045.382.693,59	190 9.270.868.049,12
1. Shares in affiliated undertakings	1 101	101	192
2. Own shares	1 209	209	210
3. Other investments	1 106	106 9.045.382.693,59	196 9.270.868.049,12
IV. Cash at bank and in hand	1 107	107 2.711.930,43	198 3.021.750,42
E. Prepayments	1 109	109 11.449,19	200 9.196,92
<b>TOTAL (ASSETS)</b>		201 9.049.262.692,56	202 9.275.117.195,77

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**CAPITAL, RESERVES AND LIABILITIES**

	Reference(s)	Current year	Previous year
<b>A. Capital and reserves</b>	1101 <u>6</u>	4.198.512,35	4.616.612,98
I. Subscribed capital	1102	3.094.004,00	3.094.004,00
II. Share premium account	1105		
III. Revaluation reserve	1107		
IV. Reserves	1109	779.300,17	1.007.286,17
1. Legal reserve	1111	309.400,17	299.586,17
2. Reserve for own shares	1113		
3. Reserves provided for by the articles of association	1115		
4. Other reserves, including the fair value reserve	1129	469.900,00	707.700,00
a) other available reserves	1131		
b) other non available reserves	1133	469.900,00	707.700,00
V. Profit or loss brought forward	1119	13.308,82	88.131,16
VI. Profit or loss for the financial year	1121	281.899,36	426.888,65
VII. Interim dividends	1123		
VIII. Capital investment subsidies	1125		
<b>B. Provisions</b>	1121		
1. Provisions for pensions and similar obligations	1122		
2. Provisions for taxation	1123		
3. Other provisions	1127		
<b>C. Creditors</b>	1134 <u>7</u>	9.044.870.202,96	9.270.362.035,86
1. Debenture loans	1137		
a) Convertible loans	1139		
i) becoming due and payable within one year	1141		
ii) becoming due and payable after more than one year	1143		
b) Non convertible loans	1145		
i) becoming due and payable within one year	1147		
ii) becoming due and payable after more than one year	1149		
2. Amounts owed to credit institutions	1155		
a) becoming due and payable within one year	1157		
b) becoming due and payable after more than one year	1159		



RCSL Nr.: B156767

Matricule : 2010 2227 922

	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1301 _____	301 _____	302 _____
a) becoming due and payable within one year	1303 _____	303 _____	304 _____
b) becoming due and payable after more than one year	1305 _____	305 _____	306 _____
4. Trade creditors	1307 _____	307 <u>10.870,54</u>	308 _____
a) becoming due and payable within one year	1309 _____	309 <u>10.870,54</u>	310 _____
b) becoming due and payable after more than one year	1311 _____	311 _____	312 _____
5. Bills of exchange payable	1313 _____	313 _____	314 _____
a) becoming due and payable within one year	1315 _____	315 _____	316 _____
b) becoming due and payable after more than one year	1317 _____	317 _____	318 _____
6. Amounts owed to affiliated undertakings	1319 _____	319 _____	320 _____
a) becoming due and payable within one year	1321 _____	321 _____	322 _____
b) becoming due and payable after more than one year	1323 _____	323 _____	324 _____
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1325 _____	325 _____	326 _____
a) becoming due and payable within one year	1327 _____	327 _____	328 _____
b) becoming due and payable after more than one year	1329 _____	329 _____	330 _____
8. Other creditors	1401 _____	401 <u>9.044.859.332,42</u>	402 <u>9.270.362.035,86</u>
a) Tax authorities	1393 _____	393 <u>184.759,99</u>	394 <u>240.212,91</u>
b) Social security authorities	1395 _____	395 <u>11.386,15</u>	396 <u>10.530,11</u>
c) Other creditors	1397 _____	397 <u>9.044.663.186,28</u>	398 <u>9.270.111.292,84</u>
i) becoming due and payable within one year	1399 _____	399 <u>1.753.381.395,55</u>	400 <u>1.473.905.265,14</u>
ii) becoming due and payable after more than one year	1401 _____	401 <u>7.291.281.790,73</u>	402 <u>7.796.206.027,70</u>
D. Deferred income	1403 _____	403 <u>193.977,25</u>	404 <u>138.546,93</u>
<b>TOTAL (CAPITAL, RESERVES AND LIABILITIES)</b>		405 <u>9.049.262.692,56</u>	406 <u>9.275.117.105,77</u>

BELFIUS FINANCING COMPANY S.A.

Société Anonyme

**PROFIT AND LOSS ACCOUNT**

For the year ended December 31, 2021

(expressed in EUR)

**Annual Accounts Helpdesk :**

**Tel. :** (+352) 247 88 494  
**Email :** centralebilans@statec.etat.lu

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RCSL Nr.: 8156767

Matricule: 2010 2227 922

eCDF entry date:

**PROFIT AND LOSS ACCOUNT**

Financial year from 01/01/2021 to 31/12/2021 in EUR )

Belfius Financing Company

20, Rue de l'Industrie  
 L-8399 Windhof

	Reference(s)	Current year	Previous year
<b>1. Net turnover</b>	1201	701	702
<b>2. Variation in stocks of finished goods and in work in progress</b>	1202	703	704
<b>3. Work performed by the undertaking for its own purposes and capitalised</b>	1205	705	706
<b>4. Other operating income</b>	1212	712 2.935,29	714 13.612,13
<b>5. Raw materials and consumables and other external expenses</b>	1671 8	671 -690.953,86	672 -683.681,82
a) Raw materials and consumables	1601	601	602
b) Other external expenses	1602	603 -690.953,86	604 -683.681,82
<b>6. Staff costs</b>	1605 9	605 352.387,08	606 -286.250,33
a) Wages and salaries	1607	607 -296.982,11	608 -244.616,42
b) Social security costs	1609	609 -37.110,66	610 -30.638,42
i) relating to pensions	1613	613 -23.442,79	614 -20.069,66
ii) other social security costs	1614	614 -13.667,87	615 -10.568,76
c) Other staff costs	1612	612 -18.295,21	616 -10.995,49
<b>7. Value adjustments</b>	1617	617 -3.031,96	618 -2.742,49
a) in respect of formation expenses and of tangible and intangible fixed assets	1619	619 -3.031,96	620 -2.742,49
b) in respect of current assets	1601	601	602
<b>8. Other operating expenses</b>	1621 10	621 -19.530,68	622 -19.532,60

RCSL Nr.: B156767

Matricule : 2010 2227 922

	Reference(s)	Current year	Previous year
<b>9. Income from participating interests</b>	714 _____	714 _____	714 _____
a) derived from affiliated undertakings	711 _____	711 _____	711 _____
b) other income from participating interests	719 _____	719 _____	720 _____
<b>10. Income from other investments and loans forming part of the fixed assets</b>	721 _____	721 _____	722 _____
a) derived from affiliated undertakings	723 _____	723 _____	724 _____
b) other income not included under a)	726 _____	726 _____	726 _____
<b>11. Other interest receivable and similar income</b>	727 _____ <b>11</b>	727 <u>162.251.790,46</u>	728 <u>136.391.443,90</u>
a) derived from affiliated undertakings	728 _____	728 <u>162.246.893,83</u>	729 <u>136.390.773,01</u>
b) other interest and similar income	731 _____	731 <u>4.896,63</u>	732 <u>670,89</u>
<b>12. Share of profit or loss of undertakings accounted for under the equity method</b>	603 _____	603 _____	604 _____
<b>13. Value adjustments in respect of financial assets and of investments held as current assets</b>	803 _____	803 _____	805 _____
<b>14. Interest payable and similar expenses</b>	627 _____ <b>12</b>	627 <u>-160.796.528,99</u>	628 <u>-134.821.415,87</u>
a) concerning affiliated undertakings	626 _____	626 _____	629 _____
b) other interest and similar expenses	631 _____	631 <u>-160.796.528,99</u>	632 <u>-134.821.415,87</u>
<b>15. Tax on profit or loss</b>	635 _____ <b>13</b>	635 <u>-110.392,92</u>	636 <u>-164.541,27</u>
<b>16. Profit or loss after taxation</b>	661 _____	661 <u>281.899,36</u>	662 <u>426.888,65</u>
<b>17. Other taxes not shown under items 1 to 16</b>	667 _____	667 _____	668 _____
<b>18. Profit or loss for the financial year</b>	669 _____	669 <u>281.899,36</u>	670 <u>426.888,65</u>

BELFIUS FINANCING COMPANY S.A.

Société Anonyme

**NOTES TO THE ACCOUNTS**

As at December 31, 2021

(expressed in thousands of EUR)

## NOTE 1 - GENERAL

Belfius Financing Company S.A. (the “Company”) was incorporated in Luxembourg on 29 October 2010 and is organized as “Société Anonyme” for an unlimited period. The Company is a wholly-owned subsidiary of Belfius Bank SA/NV.

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 SA/NV. 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 SA/NV and have a minimum maturity of one day and a maximum maturity of 364 days.

Although issues under the two current programs are not listed, there is still an older issue listed on the Luxembourg Stock Exchange, which will mature in 2022.

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

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

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

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

The Company is registered with the Luxembourg Register of Commerce and Companies under number B 156 767.

## NOTE 1 – GENERAL (CONTINUED)

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

The Company is not required to draw 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 SA/NV, incorporated under the Law of Belgium. These can be obtained from Belfius Bank SA/NV, Place Charles Rogier 11, B-1210 Brussels, Belgium.

## **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 and on a going concern basis.

#### 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.

#### Tangible 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.

IT materials are amortized linearly on a period of 5 years.

#### Debtors

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.

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

They are subject to value adjustments where their recovery is compromised or in case of durable depreciation in value according to the opinion of the Board of Directors.

## **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### 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 related to events which occurred before period end.

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.

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 – TANGIBLE ASSETS**

This caption includes costs in relation with the acquisition of Office Equipment and IT materials. Office Equipment are depreciated over a period of nine years and on a reducing balance basis while IT materials are depreciated linearly on a period of five years.

	<b>Cost</b>	<b>Amortization</b>	<b>Net book value</b>
	<b>EUR '000</b>	<b>EUR '000</b>	<b>EUR '000</b>
Office Equipment	10	5	5
IT Materials	8	2	6
	<b>18</b>	<b>7</b>	<b>11</b>

### **NOTE 4 - DEBTORS**

As at December 31, 2021, debtors consist of prepayments made to the Tax Authorities.

The carrying value of the debtors is as follows:

	<b>2021</b>	<b>2020</b>
	<b>EUR '000</b>	<b>EUR '000</b>
Within one year	165	223
After one year and within five years	0	0
More than five years	0	0



<b>TOTAL</b>	<b>165</b>	<b>223</b>
--------------	------------	------------

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

#### NOTE 5 - INVESTMENTS

As at December 31, 2021, investments consist of bonds issued by Belfius Bank SA/NV which are repayable at nominal value.

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

	<b>2021</b>	<b>2020</b>
	<b>EUR '000</b>	<b>EUR '000</b>
Within one year	1.753.523	1.474.031
After one year and within five years	4.403.804	4.683.556
More than five years	2.888.056	3.113.281
<b>TOTAL</b>	<b>9.045.383</b>	<b>9.270.868</b>

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

#### NOTE 6 - CAPITAL AND RESERVES

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

	<b>Subscribed capital</b>	<b>Legal reserve</b>	<b>Other reserves</b>	<b>Profit brought forward</b>	<b>Profit for the financial year</b>
	<b>EUR '000</b>	<b>EUR '000</b>	<b>EUR '000</b>	<b>EUR '000</b>	<b>EUR '000</b>
Balance as at January 1, 2021	<b>3.094</b>	<b>300</b>	<b>708</b>	<b>88</b>	<b>427</b>
Allocation of prior year result	0	9	(238)	655	(427)
Dividend paid	0	0	0	(700)	0
Result for the year	0	0	0	0	282
<b>Balance as at December 31, 2021</b>	<b>3.094</b>	<b>309</b>	<b>470</b>	<b>43</b>	<b>282</b>

#### Subscribed capital and results brought forward

As at December 31, 2021, 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 SA/NV.

#### 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 and this threshold was reached in 2021. The legal reserve is not available for distribution to the Sole Shareholder.

## NOTE 6 - CAPITAL AND RESERVES (CONTINUED)

### Other reserves

For the year ended December 31, 2021, 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.

As at December 31, 2021, the company has allocated the amount of EUR 91.150 to the net wealth tax reserve and released an amount of EUR 328.950.

## NOTE 7 - CREDITORS

As at December 31, 2021, 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 SA/NV. Reference is made to note 12 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 207.017 (2020: EUR 250.743).

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

	2021 EUR ‘000	2020 EUR ‘000
Within one year	1.753.588	1.474.156
After one year and within five years	4.403.462	4.683.167
More than five years	2.887.820	3.113.039
<b>TOTAL</b>	<b>9.044.870</b>	<b>9.270.362</b>

The movements on debts occurring during the year ended December 31, 2021 are attributable to new issues made under the ECP and NIP programmes net of repayments during the year.

## NOTE 8 – OTHER EXTERNAL EXPENSES

As at December 31, 2021, other external expenses are composed as follows:

	2021 EUR ‘000	2020 EUR ‘000
Occupancy fees	26	27
Service providers		
Accounting / administrative fees	248	270
Technology & system fees	127	137
Legal & tax fees	73	56
External statutory audit fees	34	29
Rating agencies fees	104	101
Professional associations costs	17	18

Training fees	6	2
Bank fees & assimilated	44	35
Other fees	12	9
<b>TOTAL</b>	<b>691</b>	<b>683</b>

#### NOTE 9 - EMPLOYEES

The Company has employed 4 people during the financial year (2020: 4 people).

#### NOTE 10 - EMOLUMENTS, ADVANCES AND LOANS GRANTED TO THE MEMBERS OF THE ADMINISTRATIVE MANAGERIAL AND SUPERVISORY BODIES

The Company granted Directors' fees of EUR 19.530 (2020: EUR 19.530) in total to the independent members of the Board of Directors for the services rendered during the year.

#### NOTE 11 - OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

Other interest receivable and similar income are composed as follows:

	<b>2021</b>	<b>2020</b>
	<b>EUR '000</b>	<b>EUR '000</b>
Interest income and similar income concerning affiliated undertakings	-223	926
<i>(bonds in relation with ECP programme)</i>		
Interest income and similar income concerning affiliated undertakings	162.470	135 465
<i>(loans and bonds in relation with NIP programme)</i>		
Other financial income	5	1
<b>TOTAL</b>	<b>162.252</b>	<b>136.392</b>

EUR denominated Commercial Papers issues have been done with a premium (instead of a discount for USD & GBP currencies) due to negative yields.

This implicates that interest incomes/charges for EUR Denominated Commercial Papers must be booked with a negative sign (minus).

#### NOTE 12 - INTEREST PAYABLE AND SIMILAR EXPENSES

Interest payable and similar expenses are composed as follows:

	<b>2021</b>	<b>2020</b>
	<b>EUR '000</b>	<b>EUR '000</b>
Interest payable and similar expenses on notes payable	-295	830

<i>(ECP programme)</i>		
Interest payable and similar expenses on notes payable	161.092	133.985
<i>(NIP programme)</i>		
Other financial expenses	0	6
<b>TOTAL</b>	<b>160.797</b>	<b>134.821</b>

EUR denominated Commercial Papers issues have been done with a premium (instead of a discount for USD & GBP currencies) due to negative yields.

## **NOTE 12 - INTEREST PAYABLE AND SIMILAR EXPENSES (CONTINUED)**

This implicates that interest incomes/charges for EUR Denominated Commercial Papers must be booked with a negative sign (minus).

## **NOTE 13 - TAXATION**

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

## **NOTE 14 - FEES TO THE RÉVISEUR D'ENTREPRISES AGRÉÉ**

The fees to the *Réviser d'Entreprises Agréé* accounted for the year ended December 31, 2021 are equal to the amount to EUR 34.030 inclusive of VAT (2020: EUR 33.170), 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.

## **NOTE 15 - COVID-19 - IMPACT**

The exceptional and successive lockdown and health measures had a far-reaching impact on the global economy during the last 2 years.

The Luxembourg authorities have regularly adapted the measures and restrictions, depending on the evolution of the situation. The most recent health measures<sup>37</sup> taken on 15 January 2022 by the Luxembourg Government concern the obligation to implement the Covid-Safe check by both the public and private sectors.

The Company has implemented the required safety measures in order to safeguard the health of our staff and follows the instructions and guidelines issued by the Government of the Grand Duchy of Luxembourg and the World Health Organization.

On the closing date of the Company's accounts by the Board of Directors, the latter was not aware of any significant uncertainties which call into question the Company's ability to continue operating. Regarding the Company's annual accounts at December 31, 2021, there is no impact linked to this health crisis.

Covid-19 is not expected to have a significant effect on the Company and ability to continue as a going concern. The Board of Directors closely follows the situation as it evolves.

<sup>37</sup> Law of 17 July 2020 including a series of measures to combat the Covid-19 pandemic.

**NOTE 16 – SUBSEQUENT EVENTS**

There have been no material subsequent events which would require disclosure in the Company's annual accounts as at December 31, 2021.

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

Annual accounts and Report of the Réviseur  
d'Entreprises Agréé

as at December 31, 2022

20, rue de l'Industrie

L-8399 Windhof

**R.C.S. Luxembourg: B 156767**

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To the Shareholders of  
Belfius Financing Company S.A.  
20, rue de l'industrie  
L-8399 Windhof  
Luxembourg

## **REPORT OF THE REVISEUR D'ENTREPRISES AGREE**

### ***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 31 December 2022, 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 31 December 2022 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 Law of 23 July 2016 on the audit profession ("Law of 23 July 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 Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "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 Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for 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.

#### ***Other information***

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including 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 for the annual accounts***

The Board of Directors is responsible for the preparation and fair presentation of the 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 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 Law of 23 July 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 Law of 23 July 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 the 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.

### *Report on other legal and regulatory requirements*

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

Luxembourg, 15 March 2023

KPMG Audit S.à r.l.  
Cabinet de révision agréé

S. Smets

Partner

BELFIUS FINANCING COMPANY S.A.

Société Anonyme

**BALANCE SHEET**

As at December 31, 2022

(expressed in EUR)

**Annual Accounts Helpdesk :****Tel. :** (+352) 247 88 494**Email :** centralebilans@statec.etat.lu

RCSL Nr.: B156767

Matricule: 2010 2227 922

eCDF entry date:

**BALANCE SHEET**Financial year from <sup>01</sup> 01/01/2022 to <sup>02</sup> 31/12/2022 /in <sup>03</sup> EUR )

Belfius Financing Company

20, Rue de l'Industrie  
L-8399 Windhof**ASSETS**

	Reference(s)	Current year	Previous year
<b>A. Subscribed capital unpaid</b>			
I. Subscribed capital not called	1101 6	981.000,00	981.000,00
II. Subscribed capital called but unpaid	1103	981.000,00	981.000,00
	1105		
<b>B. Formation expenses</b>	1107		
<b>C. Fixed assets</b>			
I. Intangible assets	1109 3	8.387,75	11.109,35
1. Costs of development	1111		
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1113		
a) acquired for valuable consideration and need not be shown under C.I.3	1115		
b) created by the undertaking itself	1117		
3. Goodwill, to the extent that it was acquired for valuable consideration	1119		
4. Payments on account and intangible assets under development	1121		
II. Tangible assets	1123		
1. Land and buildings	1125	8.387,75	11.109,35
2. Plant and machinery	1127		
	1129		

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B156767

Matricule : 2010 2227 922

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131	8.387,75	11.109,35
4. Payments on account and tangible assets in the course of construction	1133		
III. Financial assets	1135		
1. Shares in affiliated undertakings	1137		
2. Loans to affiliated undertakings	1139		
3. Participating interests	1141		
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143		
5. Investments held as fixed assets	1145		
6. Other loans	1147		
<b>D. Current assets</b>	1151	<b>10.863.912.968,91</b>	<b>9.048.259.134,02</b>
I. Stocks	1153		
1. Raw materials and consumables	1155		
2. Work in progress	1157		
3. Finished goods and goods for resale	1159		
4. Payments on account	1161		
II. Debtors	1163	<b>4 6.971.324,97</b>	<b>164.510,00</b>
1. Trade debtors	1165		
a) becoming due and payable within one year	1167		
b) becoming due and payable after more than one year	1169		
2. Amounts owed by affiliated undertakings	1171	<b>6.860.938,97</b>	
a) becoming due and payable within one year	1173	<b>6.860.938,97</b>	
b) becoming due and payable after more than one year	1175		
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177		
a) becoming due and payable within one year	1179		
b) becoming due and payable after more than one year	1181		
4. Other debtors	1183	<b>110.386,00</b>	<b>164.510,00</b>
a) becoming due and payable within one year	1185	<b>110.386,00</b>	<b>164.510,00</b>
b) becoming due and payable after more than one year	1187		

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B156767

Matricule: 2010 2227 922

	Reference(s)	Current year	Previous year
III. Investments	1189 5	10.854.044.707,72	9.045.382.693,59
1. Shares in affiliated undertakings	1191		
2. Own shares	1209		
3. Other investments	1195	10.854.044.707,72	9.045.382.693,59
IV. Cash at bank and in hand	1197	2.896.936,22	2.711.930,43
E. Prepayments	1199	10.551,13	11.449,19
<b>TOTAL (ASSETS)</b>		201 10.864.912.907,79	202 9.049.262.692,56

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B156767

Matricule : 2010 2227 922

**CAPITAL, RESERVES AND LIABILITIES**

	Reference(s)	Current year	Previous year
<b>A. Capital and reserves</b>			
I. Subscribed capital	1301 6	4.433.347,78	4.198.512,35
II. Share premium account	1303	3.094.004,00	3.094.004,00
III. Revaluation reserve	1305		
IV. Reserves	1307		
1. Legal reserve	1309	748.850,17	779.300,17
2. Reserve for own shares	1311	309.400,17	309.400,17
3. Reserves provided for by the articles of association	1313		
4. Other reserves, including the fair value reserve	1315		
a) other available reserves	1429	439.450,00	469.900,00
b) other non available reserves	1431		
V. Profit or loss brought forward	1433	439.450,00	469.900,00
VI. Profit or loss for the financial year	1319	355.658,18	43.308,82
VII. Interim dividends	1321	234.835,43	281.899,36
VIII. Capital investment subsidies	1323		
<b>B. Provisions</b>	1325		
1. Provisions for pensions and similar obligations	1331		
2. Provisions for taxation	1333		
3. Other provisions	1335		
<b>C. Creditors</b>	1337		
1. Debenture loans	1435 7	10.860.318.088,01	9.044.870.202,96
a) Convertible loans	1437		
i) becoming due and payable within one year	1439		
ii) becoming due and payable after more than one year	1441		
b) Non convertible loans	1443		
i) becoming due and payable within one year	1445		
ii) becoming due and payable after more than one year	1447		
2. Amounts owed to credit institutions	1449		
a) becoming due and payable within one year	1355		
b) becoming due and payable after more than one year	1357		
	1359		

The notes in the annex form an integral part of the annual accounts



RCSL Nr. : B156767

Matricule : 2010 2227 922

	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361 _____	361 _____	362 _____
a) becoming due and payable within one year	1363 _____	363 _____	364 _____
b) becoming due and payable after more than one year	1365 _____	365 _____	366 _____
4. Trade creditors	1367 _____	367 <u>6.542,41</u>	368 <u>10.870,54</u>
a) becoming due and payable within one year	1369 _____	369 <u>6.542,41</u>	370 <u>10.870,54</u>
b) becoming due and payable after more than one year	1371 _____	371 _____	372 _____
5. Bills of exchange payable	1373 _____	373 _____	374 _____
a) becoming due and payable within one year	1375 _____	375 _____	376 _____
b) becoming due and payable after more than one year	1377 _____	377 _____	378 _____
6. Amounts owed to affiliated undertakings	1379 _____	379 _____	380 _____
a) becoming due and payable within one year	1381 _____	381 _____	382 _____
b) becoming due and payable after more than one year	1383 _____	383 _____	384 _____
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385 _____	385 _____	386 _____
a) becoming due and payable within one year	1387 _____	387 _____	388 _____
b) becoming due and payable after more than one year	1389 _____	389 _____	390 _____
8. Other creditors	1451 _____	451 <u>10.860.311.545,60</u>	452 <u>9.044.859.332,42</u>
a) Tax authorities	1393 _____	393 <u>175.560,29</u>	394 <u>184.759,99</u>
b) Social security authorities	1395 _____	395 <u>12.921,42</u>	396 <u>11.386,15</u>
c) Other creditors	1397 _____	397 <u>10.860.123.063,89</u>	398 <u>9.044.663.186,28</u>
i) becoming due and payable within one year	1399 _____	399 <u>2.268.462.705,11</u>	400 <u>1.769.761.234,65</u>
ii) becoming due and payable after more than one year	1401 _____	401 <u>8.591.660.358,78</u>	402 <u>7.274.901.951,63</u>
<b>D. Deferred income</b>	1403 _____	403 <u>161.472,00</u>	404 <u>193.977,25</u>
<b>TOTAL (CAPITAL, RESERVES AND LIABILITIES)</b>		405 <u>10.864.912.907,79</u>	406 <u>9.049.262.692,56</u>

The notes in the annex form an integral part of the annual accounts

With respect to the creditors and especially the breakdown between other creditors becoming due and payable within one year and after more than one year, please refer to note 2 to the accounts.

BELFIUS FINANCING COMPANY S.A.

Société Anonyme

**PROFIT AND LOSS ACCOUNT**

For the year ended December 31, 2022

(expressed in EUR)



**Annual Accounts Helpdesk :**

Tel. : (+352) 247 88 494  
Email : centralebilans@statec.etat.lu

RCSL Nr. : B156767

Matricule : 2010 2227 922

eCDF entry date :

**PROFIT AND LOSS ACCOUNT**

Financial year from 01/01/2022 to 31/12/2022 (in EUR )

Belfius Financing Company

20, Rue de l'Industrie  
L-8399 Windhof

	Reference(s)	Current year	Previous year
<b>1. Net turnover</b>	1701	701	702
<b>2. Variation in stocks of finished goods and in work in progress</b>	1703	703	706
<b>3. Work performed by the undertaking for its own purposes and capitalised</b>	1705	705	706
<b>4. Other operating income</b>	1713	713 2.527,58	714 2.935,29
<b>5. Raw materials and consumables and other external expenses</b>	1671	8 671 -720.212,60	672 -690.953,86
a) Raw materials and consumables	1601	601	602
b) Other external expenses	1603	603 -720.212,60	606 -690.953,86
<b>6. Staff costs</b>	1605	9 605 -374.487,00	606 -352.387,98
a) Wages and salaries	1607	607 -316.270,40	608 -296.982,11
b) Social security costs	1609	609 -40.641,23	610 -37.110,66
i) relating to pensions	1653	653 -24.515,33	654 -23.442,79
ii) other social security costs	1655	655 -16.125,90	656 -13.667,87
c) Other staff costs	1613	613 -17.575,37	614 -18.295,21
<b>7. Value adjustments</b>	1657	657 -2.721,60	658 -3.031,96
a) in respect of formation expenses and of tangible and intangible fixed assets	1659	659 -2.721,60	660 -3.031,96
b) in respect of current assets	1661	661	662
<b>8. Other operating expenses</b>	1621	10 621 -18.530,87	622 -19.530,68

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B156767

Matricule : 2010 2227 922

	Reference(s)	Current year	Previous year
<b>9. Income from participating interests</b>	1715	715	716
a) derived from affiliated undertakings	1717	717	718
b) other income from participating interests	1719	719	720
<b>10. Income from other investments and loans forming part of the fixed assets</b>	1721	721	722
a) derived from affiliated undertakings	1723	723	724
b) other income not included under a)	1725	725	726
<b>11. Other interest receivable and similar income</b>	1727	727	728
a) derived from affiliated undertakings	1729	729	730
b) other interest and similar income	1731	731	732
<b>12. Share of profit or loss of undertakings accounted for under the equity method</b>	1663	663	664
<b>13. Value adjustments in respect of financial assets and of investments held as current assets</b>	1665	665	666
<b>14. Interest payable and similar expenses</b>	1627	627	628
a) concerning affiliated undertakings	1629	629	630
b) other interest and similar expenses	1631	631	632
<b>15. Tax on profit or loss</b>	1635	635	636
<b>16. Profit or loss after taxation</b>	1667	667	668
<b>17. Other taxes not shown under items 1 to 16</b>	1637	637	638
<b>18. Profit or loss for the financial year</b>	1669	669	670

The notes in the annex form an integral part of the annual accounts

BELFIUS FINANCING COMPANY S.A.

Société Anonyme

**NOTES TO THE ACCOUNTS**

As at December 31, 2022

(expressed in EUR)

## NOTE 1 - GENERAL

Belfius Financing Company S.A. (the “Company”) was incorporated in Luxembourg on 29 October 2010 and is organized as “Société Anonyme” for an unlimited period. 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 commercial companies under the law of 10 August 1915 as well as the Companies Register Act.

As the Company no longer has any transferable listed security admitted to trading on a regulated market in the Union and especially on the Luxembourg Stock Exchange since November 2022, the Company no longer falls within the scope of the law of January 11<sup>th</sup>, 2008, on transparency requirements for issuers (the "Transparency Act") and the provisions of this law do not apply to the Company anymore.

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.

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

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

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

## NOTE 1 – GENERAL (CONTINUED)

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

The Company is registered with the Luxembourg Register of Commerce and Companies under number B 156 767.

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

The Company is not required to draw 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.

## **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 and on a going concern basis.

As at December 31, 2022, the annual accounts and notes to the accounts are presented under a maturity breakdown of other creditors as well as investments regarding accrued interest. In order to ensure adequate comparability across financial years, the breakdown of other creditors and investments of the financial year ended December 31, 2021 have been adapted consequently.

### 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.

### Tangible 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.

IT materials are amortized linearly on a period of 5 years.

## **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### Debtors

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.

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

They are subject to value adjustments where their recovery is compromised or 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 related to events which occurred before period end.

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.

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 - TANGIBLE ASSETS

This caption includes costs in relation with the acquisition of Office Equipment and IT materials. Office Equipment are depreciated over a period of nine years and on a reducing balance basis while IT materials are depreciated linearly on a period of five years.

	<b>Cost</b>	<b>Amortization</b>	<b>Net book value</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Office Equipment	10.345	5.759	4.586
IT Materials	7.918	4.117	3.801
	<b>18.263</b>	<b>9.876</b>	<b>8.387</b>

## NOTE 4 - DEBTORS

As at December 31, 2022, the debtors are mainly composed of a debtor with Belfius Bank in relation to prescribed bearer securities (EUR 5.877.464) and for which Belfius Bank has the role of Paying Agent. Debtors also include a receivable for matured coupons receivable in relation with the NIP programme (EUR 983.475) and prepayments made to the Tax Authorities (EUR 110.386).

The carrying value of the debtors is as follows:

	<b>2022</b>	<b>2021</b>
	<b>EUR</b>	<b>EUR</b>
Within one year	6.971.325	164.510
After one year and within five years	-	-
More than five years	-	-
<b>TOTAL</b>	<b>6.971.325</b>	<b>164.510</b>

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

## NOTE 5 - INVESTMENTS

As at December 31, 2022, 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:

	<b>2022</b>	<b>2021</b>
	<b>EUR</b>	<b>EUR</b>
Within one year	2.300.126.403	1.800.095.899
After one year and within five years	6.457.795.305	4.369.167.907
More than five years	2.096.123.000	2.876.118.887
<b>TOTAL</b>	<b>10.854.044.708</b>	<b>9.045.382.693</b>

In connection with the above breakdown of investments, refer to note 2 to the accounts.

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

## NOTE 6 - CAPITAL AND RESERVES

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

	<b>Subscribed capital</b>	<b>Legal reserve</b>	<b>Other reserves</b>	<b>Profit brought forward</b>	<b>Profit for the financial year</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Balance as at January 1, 2022	<b>3.094.004</b>	<b>309.400</b>	<b>469.900</b>	<b>43.309</b>	<b>281.899</b>
Allocation of prior year result	-	-	(30.450)	312.349	(281.899)
Dividend paid	-	-	-	-	-
Result for the year	-	-	-	-	234.835
<b>Balance as at December 31, 2022</b>	<b>3.094.004</b>	<b>309.400</b>	<b>439.450</b>	<b>355.658</b>	<b>234.835</b>

### Subscribed capital and results brought forward

As at December 31, 2022, 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 and this threshold was reached in 2021. The legal reserve is not available for distribution to the Sole Shareholder.



## NOTE 6 - CAPITAL AND RESERVES (CONTINUED)

### Other reserves

For the year ended December 31, 2022, 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.

As at December 31, 2022, the Company has allocated the amount of EUR 80.425 to the net wealth tax reserve and released an amount of EUR 110.875.

## NOTE 7 - CREDITORS

As at December 31, 2022, creditors are mainly 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 12 in relation to the interest payable and similar expenses.

The Creditors, due and payable within one year, also include prescribed bearer securities (EUR 5.877.464), trade creditors (EUR 6.542) and tax and social security debts (EUR 188.482).

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

	<b>2022</b>	<b>2021</b>
	<b>EUR</b>	<b>EUR</b>
Within one year	2.268.657.729	1.769.968.251
After one year and within five years	6.486.134.919	4.392.501.046
More than five years	2.105.525.440	2.882.400.906
<b>TOTAL</b>	<b>10.860.318.088</b>	<b>9.044.870.203</b>

In connection with the above breakdown of other creditors, refer to note 2 to the accounts.

The movements on debts occurring during the year ended December 31, 2022 are mainly attributable to new issues made under the ECP and NIP programmes net of repayments during the year.

## NOTE 8 – OTHER EXTERNAL EXPENSES

As at December 31, 2022, other external expenses are composed as follows:

	<b>2022</b>	<b>2021</b>
	<b>EUR</b>	<b>EUR</b>
Occupancy fees	28.527	26.448
Financial leasing	21.212	-
Service providers		
Accounting / administrative fees	195.376	247.940
Technology & system fees	161.215	126.670
Legal & tax fees	93.708	72.601
External statutory audit fees	34.382	34.030
Rating agencies fees	110.448	103.779
Professional associations costs	19.345	17.432
Training fees	3.810	6.205
Bank fees & assimilated	34.324	44.183
Other fees	17.866	11.666
<b>TOTAL</b>	<b>720.213</b>	<b>690.954</b>

## NOTE 9 - EMPLOYEES

The Company has employed 4 people during the financial year (2021: 4 people).

## NOTE 10 - EMOLUMENTS, ADVANCES AND LOANS GRANTED TO THE MEMBERS OF THE ADMINISTRATIVE MANAGERIAL AND SUPERVISORY BODIES

The Company granted Directors' fees of EUR 18.530 (2021: EUR 19.530) in total to the independent members of the Board of Directors for the services rendered during the year.

## NOTE 11 - OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

Other interest receivable and similar income are composed as follows:

	2022	2021
	EUR	EUR
Interest income and similar income concerning affiliated undertakings	4.249.871	(222.862)
<i>(bonds in relation with ECP programme)</i>		
Interest income and similar income concerning affiliated undertakings	103.264.420	162.469.756
<i>(loans and bonds in relation with NIP programme)</i>		
Other financial income	409	4.896
<b>TOTAL</b>	<b>107.514.700</b>	<b>162.251.790</b>

In 2021, EUR denominated Commercial Papers issues have been done with a premium (instead of a discount for USD & GBP currencies) due to negative yields.

This implicates that interest incomes/charges for EUR Denominated Commercial Papers must be booked with a negative sign (minus).

## NOTE 12 - INTEREST PAYABLE AND SIMILAR EXPENSES

Interest payable and similar expenses are composed as follows:

	2022	2021
	EUR	EUR
Interest payable and similar expenses on notes payable		
<i>(ECP program)</i>	4.149.569	(295.302)
Interest payable and similar expenses on notes payable		
<i>(NIP program)</i>	101.922.616	161.091.831
Exchange losses	1.821	-
<b>TOTAL</b>	<b>106.074.006</b>	<b>160.796.529</b>

In 2021, EUR denominated Commercial Papers issues have been done with a premium (instead of a discount for USD & GBP currencies) due to negative yields.

## **NOTE 12 - INTEREST PAYABLE AND SIMILAR EXPENSES (CONTINUED)**

This implicates that interest incomes/charges for EUR Denominated Commercial Papers must be booked with a negative sign (minus).

## **NOTE 13 - TAXATION**

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

## **NOTE 14 - FEES TO THE RÉVISEUR D'ENTREPRISES AGRÉÉ**

The fees to the *Réviseur d'Entreprises Agréé* accounted for the year ended December 31, 2022 are equal to the amount to EUR 34.382 inclusive of VAT (2021: EUR 34.030), all of which relate to the audit of the statutory annual accounts. The fees to the *Réviseur d'Entreprises Agréé* are included within the other operating expenses in the Profit and Loss Account.

## **NOTE 15 - CONFLICT BETWEEN RUSSIA AND UKRAINE**

The Geopolitical risks rose significantly with the Russia-Ukraine conflict that started at the end of February 2022. The Company is closely monitoring the situation and its direct and indirect impacts and to date there is no direct or indirect exposure to Russian, Ukrainian and Belarus counterparties. As at the date of the annual accounts, no material increase of credit risk has been observed, but it cannot be excluded that this will change in the future. Also, it is impossible to fully estimate the impact of the conflict on the Company. The ongoing uncertainty has and may continue to adversely affect the economy and Company's business, results of operations, financial, condition and prospects.

## **NOTE 16 - SUBSEQUENT EVENTS**

There have been no material subsequent events which would require disclosure in the Company's annual accounts as at December 31, 2022.

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