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Belfius announces an inaugural Additional Tier 1 in near future subject to market conditions and provides an update on its targeted capital structure.

Belfius Bank SA / NV (rated A2 by Moody's, A- by S&P, A- by Fitch) has mandated BofA Merrill Lynch, Belfius Bank, Citigroup, J.P. Morgan, Nomura and UBS Investment Bank to arrange a series of European investor meetings commencing Monday 22nd January 2018.

A EUR 500 mio Perpetual Non Call April 2025 Reg S Additional Tier 1 Capital transaction with 5.125 per cent. solo and consolidated CET1 triggers may follow, subject to market conditions. FCA/ICMA stabilisation applies. The identified target market for the Securities (for the purposes of the product governance obligations in MiFID II) is eligible counterparties and professional clients only.

Ahead of this potential Additional Tier 1 transaction, Belfius provides an update on its targeted capital structure.

ECB requires Belfius to maintain, for 2018, on a consolidated and solo level, a total SREP capital requirement (TSCR) of 10.25 per cent. The TSCR of 10.25 per cent. includes:

- (i) the minimum own funds requirement of 8 per cent. to be maintained at all times in accordance with Article 92(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council; and
- (ii) an own funds requirement of 2.25 per cent. required to be held in excess of the minimum own funds requirement and to be maintained at all times in accordance with Article 16(2)(a) of Regulation (EU) No 1024/2013, to be made up entirely of Common Equity Tier 1 capital.

Belfius is also subject to the overall capital requirement as defined in section 1.2 of Guidelines EBA/GL/2014/13, which includes, the combined buffer requirement as defined in point (6) of Article 128 of Directive 2013/36/EU of the European Parliament and of the Council, to the extent it is legally applicable.

On a fully loaded basis (i.e. from 2019 onwards due to phasing in of the capital conservation buffer and all other elements remaining equal), the minimum CET1 ratio requirement, the minimum Tier 1 ratio requirement and the total capital requirement for Belfius are 10.75 per cent., 12.25 per cent. and 14.25 per cent. respectively. As long as Belfius has no Additional Tier 1 instruments outstanding the shortfall in this Additional Tier 1 bucket brings the effective minimum CET1 ratio requirement to 12.25 per cent. on a fully loaded basis.

These minimum CET1 ratio and Tier 1 ratio requirements are composed of:

- a Pillar 1 Requirement (P1R) of 4.5 per cent.,
- a Pillar 2 Requirement (P2R) of 2.25 per cent.,
- a capital conservation buffer (CCB) of 2.50 per cent. (i.e. on a fully loaded basis),
- a buffer for (other) domestic systemically important institutions (O-SII buffer) of 1.50 per cent., and
- an AT1 shortfall of 1.50 per cent. (currently filled with CET1)

Together, they represent the MDA (Maximum Distributable Amount) restriction levels for 2018 for Belfius, on a fully loaded basis.

Assuming the issue of Additional Tier 1 instruments for an aggregate principal amount of EUR 500 Mio, the effective minimum CET1 ratio and minimum Tier 1 ratio requirements would amount to approximately 11.25 per cent. and 12.25 per cent. respectively, on a fully loaded basis.

The ECB has also formally notified Belfius of a Pillar 2 Guidance (P2G) of 1 per cent. for 2018 that must be met with CET1, to incorporate into capital planning, risk management and recovery planning frameworks, as an early warning-type signal. The P2G is not part of the MDA restriction levels.

Further to these regulatory requirements, in current market circumstances and under current regulations, Belfius has defined a minimum operational CET1 ratio of 13.5%, on solo and consolidated levels. This ratio is intended

to maintain Belfius' distribution assessment and decision autonomy under stressed financial environments. In addition, Belfius will for the time being manage with a target CET1 ratio that will be 2% higher than this minimum operational level to take into account additional unforeseeable elements. Belfius intends to manage its solvency in line with this target ratio in normal times and on a steady state basis, unless the above mentioned buffer is (partially or entirely) used, and as long as regulations on statutory and/or consolidated capital ratios would not materially change.

Accordingly, if the realised solvency ratios would allow for it in view of the requirements set out above, Belfius could potentially consider proposing an extraordinary dividend.

As at 30 June 2017, Belfius' consolidated phased in CET1 ratio stood at 16.3 per cent and phased in total capital ratio at 19.1 per cent. On a solo basis phased in CET1 ratio stood at 16.2 per cent. and phased in total capital ratio at 19.0 per cent.

As at 30 June 2017, its fully loaded CET1 ratio stood at 16.1 per cent. and fully loaded total capital ratio at 18.5 per cent. on a consolidated basis. On a solo basis the fully loaded CET 1 ratio was 16.0 per cent., the fully loaded total capital ratio 18.6 per cent.

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This announcement is released by Belfius Bank SA/NV and contains information that qualified, or may have qualified, as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.