BELFIUS BANK SA/NV

(Incorporated with limited liability under the laws of Belgium)

Issuer and Calculation Agent

WARRANT ISSUANCE PROGRAMME

Under the Warrant Issuance Programme (the "**Programme**") described in this base prospectus (this "**Base Prospectus**") Belfius Bank SA/NV (with legal entity identifier ("**LEI**") A5GWLFH3KM7YV2SFQL84) (also named Belfius Banque SA/Belfius Bank NV, "**Belfius Bank**" or "**Belfius**")(the "**Issuer**"), may from time to time, issue two categories of warrants (together the "**Warrants**" and individually as a "**Warrant**"):

- "**Employee Warrants**", which are Warrants linked to **Class C shares of the compartment Belfius Equities Europe Conviction within Belfius Equities sicav**, a UCITS duly registered under the laws of Belgium under the Crossroad Bank for enterprises' number 0444.229.910 (Code ISIN/Code Trading: BE0945524651; Code Bloomberg: DEXBEUR BB)(the "**Underlying Fund Shares**"). Employee Warrants may be offered to any kind of employer who wants to use the Employee Warrants as employee benefit. The Issuer and its subsidiaries may also subscribe to Employee Warrants in their capacity as employer.
- "**Employer Warrants**", which are Warrants linked to the **MSCI Europe Net Total Return Index (M7EU)** (the "**Underlying Index**"). The Employer Warrants may be offered to any kind of employer who wants to use the Employer Warrants for its own purposes (such as hedging) in connection with employee benefit schemes set up by such employer for its employees and/or independent officers. **Employer Warrants should not be offered to employees.**

The Warrants issued under this Programme do not constitute warrants as referred to in the Belgian Companies and Associations Code (*Wetboek van Vennootschappen en Verenigingen/Code des Sociétés et des Associations*) and the holders of the Warrants ("**Warrant Holders**") will not have the rights of holders of warrants provided in the Belgian Companies and Associations Code. The Warrants do not give the right to subscribe to shares in the Issuer or to attend or vote at the general shareholders' meeting of the Issuer.

Each Tranche of Warrants will be documented by final terms (the "**Final Terms**"). This Base Prospectus should be read and construed in conjunction with each relevant Final Terms. The relevant Final Terms and this Base Prospectus together constitute the prospectus (the "**Prospectus**") for each Tranche.

The Warrants shall be derivative securities in the meaning of 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 (herein referred to as "Commission delegated regulation (EU) 2019/980"). Derivative securities are financial instruments for which the Warrant Holders could lose all or substantial portion of the principal invested.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this Base Prospectus and make their own assessment as to the suitability of investing in the Warrants, including in particular the risk factors as described below in Section 2 (Risk Factors).

For a description of the risk factors, please revert to the full Section 2 of this Base Prospectus.

This Base Prospectus was approved by the Belgian Financial Services and Markets Authority (*Autorité des services et marchés financiers/Autoriteit voor Financiële Diensten en Markten*) ("**FSMA**") on 25 October 2022 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 (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 Bank dated 26 October 2021. The obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when this Base Prospectus would no longer be valid.

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

Where this Base Prospectus contains hyperlinks to websites, the information on the websites does not form part of 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.

This Base Prospectus and the Final Terms (including the summary thereto) of each Tranche of Warrants that is not made within an exemption from the requirement to publish a prospectus under the Prospectus Regulation and any supplement, are available on the website www.belfius.be (under the heading "Incentives & Motivation Solutions" https://www.belfius.be/corporate/FR/ProduitsServices/EmployeeBenefits/IncentivesMotivationSolutions/index.aspx?firstWA=no) and a copy can be obtained free of charge in the offices of Belfius Bank.

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

MIFID II product governance / target market – Belfius Bank acts as sole manufacturer and distributor (each as defined in 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 from time to time and most recently by Regulation (EU) 2019/2115 of the European Parliament and of the Council of 27 November 2019 (as amended, "**MiFID II**")) of the Warrants. The Final Terms in respect of any Warrants may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Warrants and which channels for distribution of the Warrants are appropriate.

PRIIPs / EEA retail investors – The Warrants may be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast) (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, a key information document required by Regulation (EU) No 1286/2014 (as amended the "**PRIIPs Regulation**") for offering or selling the Warrants or otherwise making them available to retail investors in the EEA will be prepared.

Prohibition of sale of Employer Warrants to consumers in Belgium – The Employer Warrants are not intended to be offered, sold or otherwise made available, and should not be offered, sold or otherwise made available, in Belgium to "consumers" (*consommateurs/consumenten*) within the meaning of the Belgian Code of Economic Law (*Code de droit économique / Wetboek van economisch recht*).

This Base Prospectus has been approved by the FSMA on 25 October 2022 as competent authority under the Prospectus Regulation in accordance with Article 20 of the Prospectus Regulation. This approval does not entail any appraisal of the appropriateness or the merits of any issue under the programme nor of the situation of the Issuer. The FSMA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Issuer that is the subject of this Base Prospectus.

TABLE OF CONTENTS

Contents

TABLE OF CONTENTS 4
1. GENERAL DESCRIPTION OF THE PROGRAMME AND THE WARRANTS 7
2. RISK FACTORS 12
2.1. Risks linked to Belfius Bank 12
2.2. Risks related to the Warrants 24
3. CHOICES MADE BY THE ISSUER 29
4. RESPONSIBILITY STATEMENT 30
5. DOCUMENTS INCORPORATED BY REFERENCE 31
6. BELFIUS BANK SA/NV 34
6.1. Belfius Bank profile 34
6.2. Main commercial subsidiaries 35
6.3. Financial results 36
6.4. Minimum CET 1 requirements (SREP) 38
6.5. Activities 40
6.6. Non-adjusting post-balance sheet events 44
6.7. Risk Management 44
6.8. Ratings 62
6.9. Other information 62
6.10. Litigation 63
6.11. Management and Supervision of Belfius Bank 65
6.12. Selected Financial Information 75
BALANCE SHEET ..... **Error! Bookmark not defined.**
PROFIT AND LOSS ACCOUNT ..... **Error! Bookmark not defined.**
7. TERMS AND CONDITIONS OF THE EMPLOYER WARRANTS 79
7.1. Form, Issue Price and Title 79
7.2. Governing law and jurisdiction 80
7.3. Currency 80
7.4. Definitions 80
7.5. Exercise Procedure 84
7.6. Further information relating to the Employer Warrants 86
7.7. Cancellation 88
7.8. Payment 88
7.9. Description of market disruption event or settlement disruption that affects the Underlying Index 88
7.10. Adjustments to the Underlying Index 89
7.11. Rounding 90
7.12. Status of Employer Warrants 90
7.13. Responsibility of the Calculation Agent 90
7.14. Notices 90

7.15. Taxation 90
8. TERMS AND CONDITIONS OF THE EMPLOYEE WARRANTS 94
8.1. Form, Issue Price and Title 95
8.2. Governing law and jurisdiction 95
8.3. Currency 95
8.4. Definitions 96
8.5. Exercise Procedure 99
8.6. Further information relating to the Employee Warrants 100
8.7. Cancellation 102
8.8. Payment 103
8.9. Description of market disruption event or settlement disruption that affects the Underlying Fund Shares 103
8.10. Adjustments to the Underlying Fund Shares 103
8.11. Rounding 104
8.12. Status of Employee Warrants 104
8.13. Responsibility of the Calculation Agent 104
8.14. Notices 105
8.15. Taxation 105
9. TERMS AND CONDITIONS OF THE OFFER 110
10. ADMISSION TO TRADING AND DEALING ARRANGEMENTS 111
11. USE OF PROCEEDS 112
12. THE UNDERLYING FUND SHARES OF THE EMPLOYEE WARRANTS 113
12.1. Description of the Underlying Fund Shares 113
12.2. Description of the Issuer of the Underlying Fund Shares (if member of the same group) 116
13. THE UNDERLYING INDEX OF EMPLOYER WARRANTS 117
14. THIRD PARTY INFORMATION, EXPERT STATEMENTS AND DECLARATIONS 119
15. DOCUMENTS ON DISPLAY 120
ANNEX 1: Template for Final Terms 121
ANNEX 2: Prospectus of the Underlying Fund Shares of the Employee Warrants 125

IMPORTANT REMARKS

Potential investors in the Warrants and potential investors interested in this Offer are explicitly reminded that any investment involves financial risks. They are therefore advised to read this Base Prospectus, including the relevant Final Terms, carefully and in its entirety.

It is recommended that they consult about the Offer and the Warrants, and the risks related to any investment therein, with their legal, tax, investment and accounting advisors prior to making any investment decision.

Neither this Base Prospectus nor any other information supplied in connection with this Base Prospectus (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer that any recipient of this Base Prospectus or any other information supplied in connection with this Base Prospectus should purchase any Warrants. Each investor contemplating purchasing any Warrants should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with this Base Prospectus constitutes an offer or an invitation by or on behalf of the Issuer or any other person to subscribe for or to purchase any Warrants.

The delivery of this Base Prospectus does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with this Base Prospectus is correct as of any time subsequent to the date indicated in the document containing the same. Investors should review, inter alia, the most recently published annual and interim financial statements of the Issuer, when deciding whether or not to purchase any Warrants.

Every significant new factor, material mistake or material inaccuracy relating to the information included in this Base Prospectus which may affect the assessment of the Warrants and which arises or is noted between the time when this Base Prospectus is approved and the closing of the offer period or the time when trading on a regulated market begins, whichever occurs later, shall be mentioned in a supplement to this Base Prospectus without undue delay, in accordance with Article 23 of the Prospectus Regulation. Accordingly, this Base Prospectus should be read and construed with any supplement hereto and with any other document or information incorporated by reference herein (if any).

No person is authorized to give any information or to make any representation not contained in or not consistent with this document or any other information supplied in connection with this Base Prospectus and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer.

This document is to be read and construed in conjunction with any amendment or supplement hereto, with any Final Terms and with all documents which are deemed to be incorporated herein by reference.

The Warrants create options exercisable by the relevant holder. There is no obligation upon any holder to exercise his Warrant nor, in the absence of such exercise, any obligation on the Issuer to pay any amount to any holder of a Warrant, unless provided otherwise. The Warrants will be exercisable in the manner set forth herein and in the relevant Final Terms.

The Warrants of each issue may be sold by the Issuer at such time and at such prices as the Issuer may select. There is no obligation upon the Issuer to sell all of the Warrants of any issue. The Warrants of any issue may be offered or sold from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer.

The Issuer shall have complete discretion as to what type of warrants it issues and when.

1. GENERAL DESCRIPTION OF THE PROGRAMME AND THE WARRANTS

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the Conditions of any particular Tranche of Warrants, the applicable Final Terms. This overview must be read as an introduction in conjunction with the other parts of the Base Prospectus (including any documents incorporated therein). Any decision to invest in the Warrants should be based on a consideration by the investor of the Base Prospectus as a whole.

This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980. Words and expressions defined in the "Terms and Conditions" shall have the same meanings in this overview, taking into account that certain definitions have a different meaning with respect to the Employer Warrants and the Employee Warrants.

INFORMATION APPLYING TO ALL WARRANTS

Issuer:	Belfius Bank SA/NV
Calculation Agent:	Belfius Bank SA/NV. The Calculation Agent will make calculations and determinations in relation to the Warrants as set out in the Conditions, including the calculation of the Cash Settlement Amount.
Depositary:	Belfius Bank SA/NV will act as depositary of the Warrants. Each (prospective) holder of Warrants must maintain a securities account and a cash account with the Depositary for purposes of holding and transferring its Warrants and exercising its rights under its Warrants.
Listing and Admission to Trading:	The Issuer has not made an application for the Warrants to be listed and/or admitted to trading on a regulated market and the Issuer currently does not intend to make such application in the future.
Series and Tranches:	Warrants will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Warrants of each Series will all be subject to identical terms, except that the issue date and the issue price thereof may be different in respect of different Tranches.
Final Terms:	Each Tranche of Warrants will be the subject of the Final Terms which, for the purposes of that Tranche only, completes the Conditions of the Warrants. The Final Terms must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Warrants are the Conditions of the Warrants as completed by the applicable Final Terms.
Form of Warrants:	A Warrant constitutes a contractual claim (*schuldvordering/créance*) against the Issuer. The Warrants will be represented exclusively by book-entry in the records of the Depositary. The Warrants cannot be physically delivered or transferred to another depositary.

Category of Warrants:	Two categories of Warrants are issued under this Programme: Employee Warrants and Employer Warrants. The category of each Tranche of Warrants will be specified in the Final Terms of the relevant Tranche. The terms and conditions applying to both categories are set out in Section 7 and 8 and are in principle identical for both categories of Warrants, unless specified otherwise in the applicable terms and conditions (e.g. the Underlying Value, market risk, taxation, settlement procedure, exercise period and procedure, purpose and ultimate beneficiary differs between both categories of Warrants) See "*Information applying to Employee Warrants only*" and "*Information applying to Employer Warrants only*" below for a general description of specific features of each category of Warrants.
Underlying Value:	The Underlying Value of Employee Warrants are Underlying Fund Shares (see "*Information applying to Employee Warrants only — Underlying Fund Shares of Employee Warrants*"). The Underlying Value of Employer Warrants is the Underlying Index (see "*Information applying to Employer Warrants only — Underlying Index of Employer Warrants*").
Settlement:	Employee Warrants are physically settled (see "*Information applying to Employee Warrants only — Settlement of Employee Warrants*" below). Employer Warrants are settled in cash (see "*Information applying to Employer Warrants only — Settlement of Employer Warrants*" below).
Type of Warrants:	The Warrants are “American Style Warrants”, which means that they can be exercised on any Business Day during the relevant Exercise Period (subject to the Conditions).
Exercise Procedure:	Warrants can be exercised during their Exercise Period in accordance with the applicable exercise procedure. See "*Information applying to Employee Warrants only — Exercise Procedure of Employee Warrants*" and "*Information applying to Employer Warrants only — Exercise Procedure of Employer Warrants*" below.
Exercise Period:	The Exercise Period of a Warrant is each Business Day from (and including) the date as specified in the relevant Final Terms until (but excluding) the Maturity Date as specified in the relevant Final Terms. If a holder of Warrants does not exercise its Warrants before the Maturity Date (as specified in the relevant Final Terms), those Warrants will become void and expire worthless, without any indemnification, reimbursement or other payment due to the holder of those Warrants.
Currency:	Payments in respect of the Warrants will be made in Euro.
Status of the Warrants:	Direct, unconditional and unsecured obligations of the Issuer and rank without any preference among themselves, *pari passu* with all other obligations of the Issuer of the same category. This category can be seen as the “ordinary creditors” and may be qualified as “Preferred Senior creditors”, being the creditors related under article 389/1, 1° of the banking law. Such creditors have a higher priority ranking than the so-called non-preferred senior creditors defined under article 389/1, 2° of the banking law.
Issue Price:	The Issuer will determine the Issue Price in the applicable Final Terms.

Cancellation upon change of law:	The Issuer will cancel the Warrants upon the occurrence of a change of law rendering illegal the execution by it of its obligations arising out of this Base Prospectus, the Warrants, the Conditions and/or the relevant Final Terms. In such case, the Issuer will pay the Fair Market Value (as determined by the Calculation Agent) to the holder of the relevant Warrants.
Taxation:	The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Warrant and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.
Governing law:	The Warrants and any non-contractual obligations arising out of or in connection with the Warrants are governed by and shall be construed in accordance with the laws of Belgium.
Selling Restrictions:	See Section "Subscription and Sale" below.

INFORMATION APPLYING TO EMPLOYEE WARRANTS ONLY

Employee Warrants:	Employee Warrants are warrants in respect of which the Final Terms specify that the category of Warrants is "Employee Warrants".
Purpose of the offer of Employee Warrants:	The Issuer may offer Employee Warrants from time to time to any kind of employer who wants to use the Employee Warrants as employee benefit. The Issuer and its subsidiaries may also subscribe to Employee Warrants in their capacity as employer.
Underlying Fund Shares of the Employee Warrants:	Class C shares of the compartment Belfius Equities Europe Conviction within Belfius Equities sicav, a UCITS duly registered under the laws of Belgium under the Crossroad Bank for enterprises' number 0444.229.910 (Code ISIN/Code Trading: BE0945524651; Code Bloomberg: DEXBEUR BB). See section "*The Underlying Fund Shares of the Employee Warrants*" for a description of the Underlying Fund Shares.
Settlement of Employee Warrants:	Upon exercise, Employee Warrants are physically settled. This means that, upon exercise of Employee Warrants, the Issuer will deliver a certain number of Underlying Fund Shares to the holder of the Employee Warrant against payment of the Strike Price by the Warrant holder to the Issuer. If the number of Underlying Fund Shares to be delivered upon exercise of Employee Warrants is lower than one (i.e. because the number of Employee Warrants of the same Series exercised by the same holder on the same day is below the Parity of those Employee Warrants), the Issuer will settle Employee Warrants in cash by transfer to the cash account indicated by the holder of the relevant Employee Warrants, and no Underlying Fund Shares will be delivered to that holder. More information can be found in Condition 8.5 (*Exercise Procedure*) in the Section "*Terms and Conditions of the Employee Warrants*".
Exercise Procedure of Employee Warrants:	A holder of Employee Warrants may exercise an Employee Warrant on each Business Day during the Exercise Period, by giving an Exercise Notice to

	the Issuer exclusively via an electronic platform managed by Belfius Bank and accessible by every holder of Employee Warrants.
Exercise Costs of Employee Warrants:	There are no costs related to the exercise of Employee Warrants other than the ordinary charges related to the acquisition of the Underlying Fund Shares as may exist at such time. As of the date of this Base Prospectus, such costs do not exceed 2.5% of the amount so acquired, with a minimum of 100 EUR per transaction.

INFORMATION APPLYING TO EMPLOYER WARRANTS ONLY

Employer Warrants:	Employer Warrants are warrants in respect of which the Final Terms specify that the category of Warrants is "Employer Warrants".
Purpose of the offer of Employer Warrants:	The Issuer may offer Employer Warrants from time to time to any kind of employer who wants to use the Employer Warrants for its own purposes (such as hedging) in connection with employee benefit schemes set up by such employer for its employees and/or independent officers. Employer Warrants should not be offered to employees.
Underlying Index of the Employer Warrants:	MSCI Europe Net Total Return Index (M7EU). See section "*The Underlying Index of the Employer Warrants*" for a description of the Underlying Index.
Settlement of the Employer Warrants:	Upon exercise, Employer Warrants are settled in cash by payment of the Cash Settlement Amount (if any) by the Issuer to the holder of the Warrant. More information can be found in Condition 7.5 (*Exercise Procedure*) in the Section "*Terms and Conditions of the Employer Warrants*".
Cash Settlement Amount of the Employer Warrants:	The Cash Settlement Amount of Employer Warrants will be determined by the Calculation Agent on the basis of a comparison of the relevant Strike Price (as defined in the relevant Final Terms) and the level of the Underlying Index on or around the Actual Exercise Date (or, in case of "Averaging", the average level of the Underlying Index on the Averaging Dates specified in the relevant Final Terms), increased with the Guaranteed Cash Amount, if applicable. The Cash Settlement Amount can be lower than the Issue Price or even zero. See Condition 7.5.2 for the full calculation method.
Guaranteed Cash Amount of the Employer Warrants:	The Guaranteed Cash Amount, if applicable, of each Tranche of Employee Warrants will be specified in the relevant Final Terms. The Cash Settlement Amount will always be at least equal to the Guaranteed Cash Amount, if applicable (which can be zero).
Exercise procedure of Employer Warrants:	To exercise an Employer Warrant, the holder must submit an Exercise Notice to the Issuer during the Exercise Period in accordance with Condition 7.5 (*Exercise Procedure for Employer Warrants*) of Section 7 (*Terms and Conditions of the Employer Warrants*).
Exercise Costs of Employer Warrants:	There are no costs related to the exercise of Employer Warrants.

2. RISK FACTORS

(Annex 6.3 and 14.2 of Commission delegated regulation (EU) 2019/980)

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

An investment in the Warrants 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) before making any investment decision in respect of the Warrants. The risks described below are risks which the Issuer believes may have a material adverse effect on the Issuer's financial condition and the results of its operations, the value of the Warrants or the Issuer's ability to fulfil its obligations under the Warrants. Additional risk and uncertainties, including those of which the Issuer is not currently aware or deems immaterial, may also potentially have an adverse effect on the Issuer's business, results of operations, financial condition or future prospects or may result in other events that could cause investors to lose all or part of their investment.

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Warrants issued under the Programme are also described below. The Issuer has assessed the most material risks, taking into account the negative impact (including any relevant mitigation measures) of such risks on the Issuer and the probability of their occurrence ("**Global Criticality**"). Each risk factor relating to the Issuer is followed by the Issuer's assessment of whether such Global Criticality can be assessed as high, medium or low.*

The Issuer believes that the factors described below represent the principal risks inherent in investing in Warrants issued under the Programme, but the inability of the Issuer to pay principal or other amounts on or in connection with any Warrants may occur for other reasons which are not known to the Issuer or which the Issuer 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 Warrants 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 Warrants, the appropriate tools to analyse that investment, and the suitability of that investment in each investor's particular circumstances. No investor should purchase the Warrants 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 Warrants. The market value of the Warrants can be expected to fluctuate significantly and investors should be prepared to assume the market risks associated with these Warrants.

2.1. Risks linked to Belfius Bank

2.1.1. Risks related to the Financial Situation and Business Activity

2.1.1.1 COVID-19 and risk management (Global Criticality: High)

Since the start of the COVID-19 pandemic in 2020, major concerns grew with respect to its impact on macroeconomic situation that could lead to a substantial increase of the credit risk level in Belfius' loan portfolios. Along the crisis, Belfius kept supporting the Belgian society relying on actions taken internally together with measures taken at Belgian and European Central Bank ("**ECB**") levels.

These extraordinary policy measures included monetary measures, fiscal stimulus and ad-hoc regulatory packages to support credit markets and banks' lending to households and corporates. During 2020, the moratoria mechanism for companies and households was extensively used, but with the re-opening of most of the economy activities towards the end of 2020, extensions were far less requested in the first half of 2021. At the end of 2021, a more normalised level of payment deferral was again attained. Furthermore, at the start of 2022, the macroeconomic perspectives improved in view of a faster post-pandemic recovery than previously expected. As discussed in the next section, this betterment process was slowed down as from February of the same year due to further developments in the Russia/Ukraine conflict. Nevertheless, in terms of sanitary situation, COVID-19 pandemic had been temporally contained, as shown by the positive evolution of the number of contaminations, hospital admissions, intensive care interventions over the last months. Nevertheless, vigilance for the occurrence of new COVID-19 variants, and a return to a certain level of protective measures in the future, is still taken into account.

The credit risk management ("**CRM**") team, in close cooperation with the business teams, set up several operational processes and mitigation actions to manage COVID-19 impacts, including granular portfolio screening process, credit reviews, credit lines' reduction, request for additional collaterals, refined guidance for analyst rating assignment and many other monitoring measures covering refined early warning systems, detailed transaction analyses, enhanced dashboardings. Also, the COVID-19 buffer conservatively taken in 2020 following the application of the granular provisioning logic was partially released in 2021 in light of the improved macroeconomic conditions, the decrease of credit risk observed following a detailed re-assessment of portfolios and the moderate allowance for defaulted loans. In this context, out of the 2021 COVID-19 buffer which amounted to EUR 331 million, releases took place in 2021 and in H1 2022 based on granular analyses at macroeconomic, portfolio, segment and forward-looking levels. On the remaining EUR 216 million of the buffer at 31 December 2021, a release of EUR 56 million took place at end of the first semester of 2022 accounting for COVID-19 pandemic recovery and new economic evolutions and developments such as energy and inflation costs and the Russia/Ukraine conflict.

In order to manage its liquidity risk during this crisis, Belfius increased its participation to the targeted longer-term refinancing operations ("**TLTRO**") III in 2021. Belfius' total TLTRO III participation amounts to EUR 15.65 billion as of 30 June 2022 (stable compared to end 2021).

The coverage ratio amounted to 60.7% at end of H1 2022, compared to 60.4% end 2021 for a stable amount of impaired loans.

In terms of financial market risk, although the financial markets were quite volatile in H1 2022, but mainly driven by the war in Ukraine, rising interest rates, lower equity markets, higher spreads and inflation shocks, the P&L of Belfius financial market activities was very resilient.

"The second rounds effect of Covid-19 crisis[1] on the insurance have no material impact on the solvency ratio. As of H2 2022, the consolidated Solvency II ratio of Belfius Insurance SA/NV ("**Belfius Insurance**") ends up with a strong 215% after the foreseen dividend and within Belfius Insurance's risk appetite (>160%) thanks to the positive evolution of the interest rates and spreads. Furthermore and across recent other than Covid-19 pressures, such as July 2021 flood, and the Russia/Ukraine conflict, Belfius Insurance continue to demonstrate its resilience, but remains vigilant as the economic and financial environment has changed considerably over the first part of the year 2022. Financial stability conditions in the euro area have worsened as the Russian invasion of Ukraine leads to higher energy and commodity prices and increases risks to euro area inflation and growth, the May 2022 Financial Stability Review published recently by the European Central Bank (ECB) concludes. They also conclude that vulnerabilities may increase due to the uncertain path of the Russia-Ukraine war and other potential global developments, such as a broader resurgence of the coronavirus (COVID-19) pandemic, weaknesses in key emerging market economies or a sharper slowdown in Chinese economic activity, could also affect risks to growth and inflation. Inflation is likely to remain a global concern for some time. Some refinements on models and assumptions on the liability side has been implemented to take into account this risk. A continuous monitoring is in place. »

Given the uncertainty surrounding the further evolution of the COVID-19 crisis, it is impossible at any given time to make a reliable estimate of what the consequences will be for the global economy and, more specifically, for Belfius. The risks linked to the COVID-19 crisis can still have an influence on the risks described hereafter, accounting for potential second round effects (e.g. effects on consumer demand, disruptions of trade flows and production chains require close monitoring, emergence of new variants in H2 2022).

[1] Including the impacts on customers in light of surge in energy prices, the effects of higher inflation, the scarcity of resources and labour capacity in several industries, the lifting of remaining support measures and the possible reinstatement of restriction measures in case of resurgence of the pandemic, etc.

The risks linked to the COVID-19 outbreak (Global criticality: High) can have an influence on the risks described hereafter.

2.1.1.2. Conflict between Russia and Ukraine (Global Criticality: High)

Geopolitical risks rose significantly with the Russia-Ukraine conflict that started at the end of February 2022. Belfius is closely monitoring the situation and its direct and indirect impacts. Ten years ago, Belfius made a commitment to “never again” conduct business that it is not in line with its strategy, being meaningful and inspiring for the Belgian society. Belfius therefore strongly refocused its activities on the Belgian market. The result thereof is an immaterial impact of the conflict in terms of exposures on Russian, Ukrainian or Belarus counterparts. Belfius' direct exposure (Russian, Ukrainian and Belarus counterparties) is below EUR 1 million.

The indirect impacts related to the Russia/Ukraine crisis also remain so far rather limited for the Enterprises and Entrepreneurs segment. The vulnerability of Enterprises and Entrepreneurs towards 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. Soaring inflation remains also an attention and monitoring point for the Individuals segment where the assessments of the Belfius loan portfolios did not yet reveal material critical risk observations so far.

Also, in terms of liquidity and solvency, no impacts are to be noted as liquidity remains ample and the solvency ratios remain solid. Nevertheless, close monitoring process and challenges as part of the Financial Planning and Stress Testing for instance are continuously ongoing..

In the context of this conflict in Ukraine, among other assessments at non-financial risk level, specific business continuity planning (BCP) scenarios have been worked out (power outage, human & information, security, etc.) for which Belfius' maturity is considered as adequate based on our low risk appetite. In the same context and facing an increased activity through cyber-attacks, information security has been strengthened with additional measures. The situation is actively managed and under control.

2.1.1.3. Credit Risk (Global Criticality: High)

Credit risks are inherent to a wide range of Belfius Bank’s businesses. 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, SME’s, 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**")[2].

Belfius Bank’s solvency is resilient. At the end of June 2022, regulatory risk exposure of Belfius amounted to EUR 63,160 million, a decrease with - EUR 1,935 million compared to EUR 65,095 million at the end of 2021:

- The credit RWA decreased by - EUR 1,607 million to EUR 48,391 million. The strong commercial growth in Franchise activities (and particularly in the Corporate segment) has been more than offset by the release of the Belgian macro-prudential add-on on mortgages (which is replaced by a sectoral systemic risk buffer in capital requirements) and a strong decrease on Group Center RWA resulting from

[2] The CCF factor accounts for the expected evolution of the off-balance part of the exposure and is used to model the Exposure At Default.

a positive market risk parameters evolution[3] and management actions leading to further de-risking of run-off positions;

- The RWA for the Danish Compromise decreased by - EUR 983 million to EUR 8,640 million mainly due to the negative OCI evolution of Belfius Insurance;
- The CVA RWA decreased by - EUR 281 million due to increasing interest rates that have reduced some significant long term uncollateralized derivatives exposures;
- The Market risk RWA increased with + EUR 936 million due to the impact on the internal model of the volatile and rapidly rising interest rates.

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 (PIT).

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 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 2020, the application of the above-mentioned provisioning logic resulted in a CoR of EUR 453 million, of which a COVID-19 driven Overlay of EUR 331 million was the most significant contributor, to cover for potential credit risk impacts, especially in the business and corporate segments. In 2021, the CoR had a positive impact on the results of Belfius in an amount of EUR 1 million. The main drivers were the release of the COVID-19 buffer for an amount of EUR 115 million (mainly reflecting improving macroeconomic conditions (+EUR 68 million) and a re-assessment of the potential COVID-19 effects on the loan portfolio (+ EUR 47 million)) and a still moderate allowance for defaulted loans of EUR 77 million.

Since the end of 2021 several changes occurred in the world, having an impact on society, on the global economy and on the geopolitical stability. The sanitary situation of the COVID-19 pandemic came gradually under control, lifting most of the societal and economic restrictions at international level. The Russia/Ukraine conflict and the second-round effects of the COVID-19 crisis had an accelerating impact, leading to supply chain disruptions and widespread inflationary effects, in particular on energy prices.

The uncertainty about the orientation and the rhythm of the economic recovery was reflected in the CoR for the first half year. The macroeconomic factors were adjusted to the evolving risk environment and the overlay for vulnerable exposures was transformed in line with the underlying risk trends:

- 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.

[3] The Group Center Credit exposure decreased materially due to the UK Real Rate evolution impacting our inflation linked bonds while rising interest rates had an impact on some significant long term uncollateralized derivative exposures (via counterparty credit risk). The UK real interest rate is calculated by the difference between the nominal interest rate and inflation rate.

Overall, this results in a positive CoR at the end of June 2022:

- Pillar 1: update of the macroeconomic factors results in a CoR contribution of - EUR 7 million;
- Pillar 2 and 3: the reassessment of the more vulnerable risk pockets in the loan portfolio leads to a net provision release of + EUR 63 million;
- Pillar 4: contains impairments for counterparts in default (stage 3) and represents CoR of - EUR 30 million, which remains at a normal, even rather low level.

Combined with the normal portfolio evolutions (growth of the loan book and rating changes, evolutions in the bond portfolios) for an amount of - EUR 13 million, the approach leads to a positive consolidated CoR of + EUR 13 million in the first half year of 2022. Note that profit before tax of EUR 545m (vs EUR 542m 1H 2021) continues to be supported by repeated positive cost of risk, benefiting from a partial reversal of the 2020 ex-ante credit risk provisions. As such 1H 2022 cost of risk amounts to EUR +13m compared to 1H 2021 cost of risk of EUR +31m

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, …). 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 its 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 whose 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 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), that is subject to a yearly assessment. *The credit risk management relies on closely following up risk metrics as defined by the RAF on three distinct levels of granularity (the third level corresponds to operational limits) linked to defined acceptable risk limits*.Within the Risk Appetite Framework 2022, new credit risk indicators were introduced and others refined, in order to safeguard the current sound credit quality and portfolio diversification. An indicator on leveraged transactions was added to the framework, the tolerance level for lower rated transactions was reduced and additional limits on risk concentrations in commercial real estate were applied.

While risk across borrower classes currently remains relatively low, certain categories of loans are subject to higher scrutiny. In particular, the National Bank of Belgium (the "**NBB**") has expressed concern with regard to the lending standards of mortgage loans on the buy-to-let and ‘younger first-time buyers’ segments for which close monitoring is performed[4]. All in all, the Belgian residential real estate market (outstanding exposure on mortgage loans as at end of June 2022 stood at a FEAD[5] of EUR 41 billion), represented around 29% of the outstanding loans (expressed in FEAD) to customers within Belfius Bank. Belfius put in place the necessary steps to meet the regulatory expectations.

[4] Based on the NBB circular NBB_219_27 describing the expectations on internal management of Belgian mortgage credit standards, limits are set based on loan-to-value segments for different types of counterparties. Belfius meets the NBB expectations with 2 exceptions that are systematically motivated to the regulators (e.g.linked to high net worth borrowers) and closely monitored.

[5] Full Exposure At Default.

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 June 2022 of 0.13%) and continues to maintain its very low risk profile, although local authorities remain faced with long term challenges, such as the expected growth of the pension costs related to their statutory staff, the demographic evolution, social cohesion and the impact of the tax shift.

For the Public and Social Banking clients, the capacity to absorb the inflationary and increased energy cost has been assessed through a macroeconomic approach for the different segments in which Belfius is active: hospitals, rest homes, education, intermunicipal companies, etc. Most of these entities have indexation mechanisms in place on a substantial part of their income. Although an important timing gap between the price increase (if applicable) and the adjustment - through indexation - can exist. The challenges for local authorities have increased under COVID-19 and the present inflation figures weighting on wage costs and energy expenditures. The financial situation of the Regions deteriorated in recent years. Increasing inflation and interest rates, slowing down of economic growth, could further put pressure on deficit levels and public debt, elements which are closely further monitored.

Finally, since 2011, Belfius Bank has been engaged in a tactical de-risking of the ex-legacy portfolios. As from 1 January 2017, the remainder of this ex-legacy portfolios 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 30 June 2022 stood at EUR 14 billion) is the large outstanding stock of derivatives (total notional of Belfius Bank's ex-legacy derivatives portfolio as per 30 June 2022 stood at EUR 10.7 billion) and bonds composed of long-term inflation linked bonds issued by highly regulated UK utilities and infrastructure companies (total notional as per 30 June 2022 stood at EUR 1.4 billion). These bonds are of satisfactory credit quality. Nevertheless, in the unlikely event of a default, the loss could be substantial but within the boundaries of the Belfius RAF. The inflation linked nature of these bonds makes them furthermore sensitive to UK real rates[6]. Together with the outstanding stock of derivatives, they could have an important additional capital charge in terms of Risk Weighted Assets ("**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.

With respect to the floods that occurred in Belgium in July 2021, Belfius considers that it took pro-active necessary actions. A joint workgroup between the businesses and the risk department, which also involved impacted subsidiaries such as Crefius and Belfius Insurance, has been set up, allowing for a close monitoring of the mortgage portfolios involving Crefius and Belfius Insurance. Out of these assessments, the impact in terms of credit risk appears to be limited, both in terms of credit exposure and in terms of number of affected clients.

2.1.1.4. 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. 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 in H1 2022 with a Return On Equity[7] at group level amounting to 9.2% (compared to 9.3% one year before).

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.

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[6] 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 Rates levels in GBP (*i.e*., swap rates) versus the expected Inflation Rates in UK RPI (*i.e*., inflation swap rates).

[7] RoE calculation method: sum of the net result of the last 4 quarters divided by the 4 quarter rolling average of the Shareholders Equity

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 were expected to rise smoothly at the start of this year, the unexpected escalation of the conflict triggered a sharp increase of inflation and interest rates exacerbated by a recent lockdown in key sectors and areas in China amplifying supply disruptions. The current crisis is 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 early 2022 with the progressive turnaround in the IRRBB8 management to protect net interest income to a maximum extent.

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.

By making interest rates negative and by massively buying government bonds, the ECB exerted in 2021 a negative pressure (with yield curve up to 10 years negative for most of the year) on Belfius' NIM. Moreover, the interest rates that Belfius Bank had to pay on its regulated deposits cannot go negative, accounting for the 0.11% floor. This constituted a cost for Belfius Bank, as retail deposits are an important source of funding. In this context, the net interest income has been further subject to downwards pressures. However, sound management of interest rate risks to protect the net income against low interest rate, a solid diversified growth in the loan book and additional measures taken by the monetary policy authority (TLTRO) have significantly mitigated these risks. The downward pressure of the ECB on interest rates decreased at the beginning of 2022 with the announcement that the quantitative easing would be phased out and that the key ECB interest rates would be increased. Combined with historically high inflation figures, this led to a drastic increase of long term interest rates with a steep curve as a result.

In July 2022, the ECB increased the deposit facility rate with 50 bp, causing an increase of short term interest rates and a flatter curve as a result. In the first half of 2022, Belfius Bank analysed through scenario analysis the potential impact of further rate changes. This led to a hedge strategy with a focus on protecting NII in case rates increase further. The higher interest rates, the hedging policy and a commercial strategy that manages potential balance sheet shifts in light of higher interest rates, resulted in an increased expected NII and a more balanced earnings at risk profile. Hence, the interest rates upwards evolution has provided Belfius' NII with upside potential as the loan book is already gradually rolled over at higher rates, the burden of negative rates on the liquidity buffer is disappearing while tariff on saving accounts are expected to remain low for some time. Nevertheless, should rates increase further, this dynamic of re-pricing between assets and liabilities will be closely monitored and challenged from and Asset & Liability management point of view as the "conventional/model based" repricing of Non-Maturing Deposits is anticipated to be slightly larger than the repricing of the loan book.

2.1.1.5. Market Risk (Global Criticality: High)

Market Risks are inherent to a range of Belfius Bank's businesses. Aside from the interest rate risk which is specified under Section "0. Profitability", 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 described above.

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 Value-at-Risk ("**VAR**")9 by activity as at 31 December 2021 and 30 June 2022:

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[8] Interest rate risk in the banking book.

[9] 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%.

Value-at-risk by activity

VaR (99%, 10 days) (1) (in millions of EUR)	31/12/2021				30/06/2022			
	IR (2) & FX (3)	Equity	Spread	Other risks (4)	IR (2) & FX (3)	Equity	Spread	Other risks (4)
By activity								
Average	5.4	4.7	0.6	0.3	7.6	4.4	0.8	0.4
End of Year	3.9	2.6	0.2	0.5	5.9	6.9	0.9	0.5
Maximum	14.4	9.7	1.5	0.6	14.5	12.0	1.6	0.5
Minimum	2.4	2.4	0.1	0.3	4.4	2.2	0.2	0.4

(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.

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, 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.

The market risk teams reacted promptly to the COVID-19 crisis by developing new detection and monitoring tools and by taking actions to protect the P&L and solvency. The COVID-19 crisis was particularly hard for market risk management (counterparty credit spreads (translated into Fair Value through P&L via Credit Value Adjustment (CVA[10])) and generated huge equity drops, equity volatility, interest rate and FX swings). Starting the first week of the COVID-19 crisis, actions were taken to further reduce the credit spread sensitivity. The other remaining risk sensitivities, although well within internal limits at the beginning of the crisis, were reduced to a maximum extent. Permanent monitoring between risk management and front office was put in place including intraday estimates of risks and results as well as a daily reporting to the Management Board. The actions taken throughout the year 2020 led to the implementation of new limits to align with the Management Board's risk appetite, significant improvement of sensitivity analysis (including cross-effects) and proposal for new hedges. These measures appeared very effective following market turmoil resulting from the Russian invasion in Ukraine, limiting the impact on Belfius' portfolio.

At the end of June 2022, the CVA RWA11 stood at EUR 398 million, a decrease by EUR 281 million compared to the end of 2021 when it stood at EUR 679 million thanks to active management of counterparty credit risk and mainly driven by the significant increase of the interest rates over the first half of 2022 reducing the fair value exposure of significant uncollateralized derivatives. At end of June 2022, the market RWA12 amounted to EUR 2.30 billion of which EUR 1.85 billion calculated in the Internal Model and EUR 0.45 billion following the Standardized Approach.

2.1.1.6. Operational – Non-Financial Risks (Global Criticality: High)

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

[10] CVA is an adjustment to the fair value (or price) of derivative instruments to account for counterparty credit risk (CCR). Thus, CVA is commonly viewed as the price of CCR. This price depends on counterparty credit spreads as well as on the market risk factors that drive derivatives' values and, therefore, exposure.

[11] 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.

[12] 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).

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 organization, including a regular review of this mapping and taxonomy to identify emerging risks;
- clear roles and responsibilities, as well as a well-defined way of working together for all the risks based on the three LoD (3 Lines of Defense) model (decentralized responsibility);
- a strong governance/committee structure involving the appropriate level of management;
- a Risk Appetite Framework (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 organization: i.e. the information generated by the business, the information belonging to our 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; 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 materialized in terms of customers' trust, finance, reputation, peer confidence (regulators, financial markets) and confidence of our 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, ensures 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. Of course, the ever-evolving security threat landscape requires the organization to be resilient and anticipate existing and future threats.

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

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

  The main areas of operational losses remain essentially due to incidents associated with external fraud 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 the 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 the respect of GDPR.

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

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

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

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

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 1 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 organized to enhance the transversal circulation of information and to ensure that the Anti-Fraud Steering Committee (A-FSC) receives the information necessary for defining & 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, counter-parties, 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 regulation.

The supporting process, the business continuity and crisis management, is applied in a uniform way at all Belfius entities and relies on a.o. threat analysis, business impact analysis, reallocation strategies (dual office, remote and homeworking, etc.), effective management reporting, business continuity plans as well as exercise and maintenance programs. 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 2021, 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.

If any of the above risks materialise, this may have an adverse impact on Belfius' business, results of operations, financial condition and prospects.

2.1.1.7. 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.

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 type 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 3-month horizon), the short and long-term liquidity risks are managed, respectively, by means of the regulatory Liquidity Coverage Ratio ("**LCR**") – 1-month horizon and the Net Stable Funding Ratio ("**NSFR**" – 1 year).

During 2021, 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. Belfius Bank participated in the ECB TLTRO III funding program for an amount of EUR 15.7 billion with the purpose to finance investment needs of SME's, social sector and retail clients (mortgage loans excluded). Given the economic uncertainty, Belfius Bank decided not to call part of the TLTRO and to keep it until maturity. Belfius Bank reached a 12-month average Liquidity Coverage Ratio (LCR) of 195% at the end of 2021 and 184% as of end of June 2022. The LCR of the bank has remained within its driving range during 2021 with a strong increase after the participation in the TLTRO. The NSFR, based on the binding CRR2 rules and calculated according to EBA templates, stood at 136% end of 2021 and 140% as of end of June 2022.

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. As the funds collected from retail and other clients constitute an important share of Belfius Bank's liabilities, adverse market events, such as unexpectedly strong and lasting increase in interest rates, may trigger changes in the behaviour of Belfius Bank's clients in such a way that liquidity risk actually materialises despite Belfius Bank's prudent liquidity management. Further to this, and related to the ex-legacy portfolio, collateral outflows linked to Belfius Bank's large outstanding stock of derivatives and bonds composed of long-term inflation linked bonds issued by highly regulated UK utilities and infrastructure companies may arise, depending on the movement of the UK real interest rate. This risk is closely monitored by Belfius Bank.

Belfius Bank manages its liquidity with a view to comply with internal and regulatory liquidity ratios. In addition, limits are defined for the balance sheet amount that can be funded over the short term and on the interbank market. These limits are integrated in the RAF approved by the Board of Directors and reported on a quarterly basis. Available liquidity reserves also play a key role regarding liquidity: at any time, Belfius Bank ensures it has sufficient quality assets to cover any temporary liquidity shortfalls, both in normal markets and under stress scenarios. Belfius Bank defined specific guidelines for the management of LCR eligible bonds and non-LCR eligible bonds, both approved by the Management Board. Given its solid liquidity position, Belfius' funding plan is more than ever driven by MREL requirements rather than by an expected liquidity shortfall. In this context, in 2021 Belfius issued EUR 0.5 billion senior preferred bonds, EUR 0.5 billion senior non-preferred bonds and EUR 0.5 billion Tier 2 instruments. Aside from the liquidity benefit, these issuances will enable Belfius to further contribute to the MREL requirements.

2.1.1.8. 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.

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, 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 ST exercise, results of transversal EBA benchmarking assessment, etc.).

2.2. Risks related to the Warrants

2.2.1. Risks related to the Nature of the Warrants

2.2.1.1. Liquidity Risk

There is no assurance that an active trading market for the Warrants will develop. Neither is it possible to predict the price at which Warrants will trade in the secondary market or whether such market will be liquid or illiquid.

The Issuer may, but is not obliged to, list Warrants on an Exchange or MTF. No application is made to list the Warrants on an Exchange.

The Warrants can be freely transferred to any third party, except that (i) Warrants may not be offered, sold or delivered within the United States of America, including its territories and possessions, or to U.S. persons and (ii) Employer Warrants may also not be offered, sold or delivered in Belgium to "consumers" (*consommateurs/consumenten*) within the meaning of the Belgian Code of Economic Law (*Code de droit économique / Wetboek van economisch recht*).

2.2.1.2. Bail-in of senior debt and other eligible liabilities, including the Warrants

Given the entry into force of the bail-in regime, the Warrant Holders may lose some or all of their investment as a result of the exercise by the Resolution Authority of the "bail-in" resolution tool.

Following the transposition of the BRRD bail-in regime into Belgian law as of 1 January 2016, the Resolution Authority has the power to bail-in (i.e. write down or convert) more subordinated debt, if any, and senior debt (including contingent liabilities such as the Warrants), after having written down or converted Tier 1 capital instruments and Tier 2 capital instruments. The bail-in power will enable the Resolution Authority to recapitalise a failing institution by allocating losses to its shareholders and unsecured creditors (including the Warrant Holders) 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), it is expected that the Resolution Authority will be able to exercise its bail-in powers if the following (cumulative) conditions are met:

- the determination that Belfius Bank is failing or is likely to fail has been made by the relevant regulator, which means that one or more of the following circumstances are present:
  - 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;
  - 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;
  - 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;

  - Belfius Bank requests extraordinary public financial support,

- 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
- 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.

2.2.1.3. Warrants may not be a suitable investment for all investors

The occurrence of fluctuations or the non-occurrence of anticipated fluctuations in the price of the Underlying Value will disproportionately affect the value of the Warrants and may lead to the Warrants expiring worthless.

Purchasers of Warrants risk losing their entire investment if the Underlying Value does not perform as anticipated. A Warrant is an asset which, other factors held constant, tends to decline in value over time and which may become worthless when it expires.

The risk of the loss of some or all of the purchase price of a Warrant upon expiration means that, in order to recover and realize a return upon his or her investment, a purchaser of a Warrant must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the Underlying Value. Assuming all other factors are held constant, the more a Warrant is ‘out-of-the-money’ (i.e. a call option with a strike price that is higher than the market price of the underlying asset) and the shorter its remaining term to expiration, the greater the risk that purchasers of such Warrants will lose all or part of their investment.

The Warrants do not entitle the Warrant Holders to receive a coupon payment or dividend yield and therefore do not constitute a regular source of income. Possible losses in connection with an investment in the Warrants can therefore not be compensated by other income from the Warrants.

The Warrant has a leverage effect. This means that any variation in the price of the Underlying Value is in theory amplified. Therefore, the Warrants involve a high degree of risk. The leverage effect, means that the investment of an amount in Warrants compared to a direct investment of the same amount in the Underlying Value may result in significantly higher gains but also in significantly higher losses. The (non-)occurrence of anticipated fluctuations in the price of the Underlying Value may disproportionately affect the value of Warrants. Warrants may expire worthless if the Underlying Value does not perform as anticipated. If not exercised in accordance with the Terms and Conditions during the Exercise Period, a Warrant will become void and expire worthless. In order to recover and realize a return upon its investment, a Warrant Holder must be correct about the direction, timing and magnitude of an anticipated change in the value of the Underlying Value. If not exercised optimally, Warrant Holders may occur a loss (by example, if when exercising the Warrant on a date prior to its Maturity Date, the amount received upon exercise is smaller than the remaining value of the Warrant after that date). Warrant Holders should also consider that the return on the investment in Warrants is reduced by the costs in connection with the purchase, exercise and/or sale of the Warrants. The loss born by the Warrant Holder is limited to the original premium paid to acquire the Warrants.

A Warrant’s leverage effect is determined by applying the following formula:

(Leverage = $\partial P/\partial S$ x S/P)

where:

S = the price of the Underlying Value

P = the value of the Warrant

The ratio $\partial P/\partial S$, which is called the Delta of the Warrant, is the degree to which the Warrant changes value divided by the degree to which the Underlying Value changes value. $\partial P/\partial S$ is not a constant, and the ratio changes throughout the term of the Warrant.

As and when the leverage effect approaches 1, a Warrant behaves more and more like the Underlying Index and the risk associated with the Warrant is therefore almost the same as the risk associated with holding the Warrant's Underlying Value.

The leverage moves towards 1 as and when, among other things, the Underlying Value rises far away from the exercise price.

For this Programme, the initial leverage is significantly higher than 1. This is expected to remain so for a large part of the lifetime, or even the entire lifetime, of the Warrant (cfr *8.6.2. Information relating to the behaviour of the Employee Warrants*).

In addition, more than one Warrant may be necessary to obtain the closing value of the Underlying Value at the payment of the Strike Price. The number of Warrants necessary to obtain the closing value of the Underlying Value at the payment of the Strike Price (the "Parity") will be specified as such in the applicable Final Terms.

2.2.1.4. The influence of trading or hedging transactions of the Issuer on the Warrants

The Issuer may in the course of its normal business activity engage in trading in the Underlying Value. In addition, the Issuer may conclude transactions in order to hedge itself partially or completely against the risks associated with the issue of the Warrants. These activities of the Issuer may have an influence on the market price of the Warrants. A possibly negative impact of the conclusion or dissolution of these transactions on the value of the Warrants cannot be excluded.

2.2.1.5. Change of law

The Terms and Conditions of the Warrants are, save to the extent referred to therein, based on Belgian law in effect as at the date of issue of the relevant Warrants. No assurance can be given as to the impact of any judicial decision or changes to the laws in Belgium, other jurisdictions (such as FATCA under US law) or on a supranational level (e.g. EU Financial Transaction Tax) or administrative practice after the date of issue of the relevant Warrants. 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.

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 Warrants may change at any time (including during any subscription period or the Exercise Period of the Warrants). Any such change may have an adverse effect on a Warrant Holder, including that (i) the Warrants may be cancelled before their Maturity Date due to whatsoever change of law resulting in the Issuer no longer being legally entitled to execute its obligations arising from this Base Prospectus and the relevant Final Terms, (ii) the liquidity of the Warrants may decrease, and/or (iii) the tax treatment of amounts payable or receivable by or to an affected Warrant Holder may be less than otherwise expected by such Warrant Holder.

2.2.1.6. Potential conflicts of interest

The Issuer and the Calculation Agent may also engage in trading activities (including hedging activities) related to any Underlying Value (or, in case of the Underlying Fund Shares, the Underlying Fund Shares' holdings or, in case of the Underlying Index, the Underlying Index' components) and other instruments or derivative products based on or related to any Underlying Value (or its holdings or components) for its proprietary account or for other account under its management. The Issuer and the Calculation Agent may also issue other derivative instruments in respect of any Underlying Value (or its holdings or components). The Issuer and the Calculation Agent may also act as underwriter in connection with future offerings of securities relating to any Underlying Value (or its holdings or components) or may act as financial adviser to certain issuers of securities that are part of the Underlying Value or in a commercial banking capacity for certain issuers of securities that are part of the Underlying Value. Such activities could present certain conflicts of interest, could influence the levels of the Underlying Value or securities referring to the Underlying Value and could adversely affect the value of such

Warrants. In case the Calculation Agent should make determinations and calculations in respect of the Warrants, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner, but not necessarily in the interest of the Warrant Holder.

2.2.2. Risks related to the Market Risk and Underlying Value

Due to fluctuating supply and demand for the Warrants, there is no assurance that their value will correlate with movements of the Underlying Value. Prospective purchasers intending to use the Warrants to hedge against the market risk associated with other investments should recognize the complexities of utilizing Warrants in this manner. For example, the value of the Warrants may not exactly correlate with the value of the Underlying Value or with such other instrument for which a holder uses the Warrants as a hedge.

An investment in Warrants entails significant risks that are not associated with similar investments in a conventional financial instrument. Potential investors should be aware that:

(a) the market price of such Warrants may be volatile;

(b) in relation to the **Employer Warrants**, the Underlying Index:

- (i) may be subject to significant changes, whether due to the composition of the index itself, or because of fluctuations in value of the indexed assets;
- (ii) may cease to exist entirely or may cease to be published, in which case it may be substituted with a replacement index or recalculated by the Calculation Agent. This substitution or recalculation may not reflect the exact original index. In the case where no substitute index exists or the Calculation Agent is unable to recalculate the Underlying Index, the cancellation of the Underlying or the cessation of publication of the Underlying Index may lead to cancellation of the relevant Warrant.

(c) in relation to the **Employee Warrants**, the Underlying Fund Shares:

- (i) may be subject to significant changes, whether due to the composition of the Underlying Fund Shares, or because of fluctuations in value of the holdings underlying the Underlying Fund Shares;
- (ii) may cease to exist entirely, in which case it may be substituted with a replacement fund in the gamma of the Issuer which most closely resemble the Underlying Fund Shares as determined by the Calculation Agent. In the case where no substitute fund can be found, the cancellation of the Underlying may lead to cancellation of the relevant Employee Warrant.

(d) the holder of Warrants could lose all or a substantial portion of its investment in the Warrants (whether payable at maturity or upon redemption or repayment);

(e) if a multiplier greater than one or some other leverage factor is applied to the Warrants, the effect of changes in the Underlying Value on the value of the Warrant and the return realised by exercising the Warrants will be magnified;

(f) the risks of investing in a Warrant encompass both risks relating to the Underlying Value and risks that are linked to the Warrant itself;

(g) it may not be possible for investors to hedge their exposure to these various risks relating to Warrants.

Please note that the minimum market risk of the **Employee Warrants** spans at least one day because the holders of Employee Warrants can transfer the Employee Warrants at any time. In theory, the same is true for the **Employer Warrants**. However, due to the purpose for which the Employer Warrants will most often be bought, *i.e.* hedging of an employee benefit scheme set up by such holder of the Employer Warrants for its employees and/or independent officers, most holders of the Employer Warrants will hold onto the Employer Warrants for at least one year. Consequently, the market risk of Employer Warrants is relatively greater than that of Employee Warrants.

The secondary market, if any, for Warrants will be affected by a number of factors, independent of the creditworthiness of each Issuer and the value of the relevant Underlying Value, including the volatility of the applicable Underlying Value and the time remaining to the expiration of the Warrant. The value of the applicable Underlying Value depends on a number of interrelated factors, including economic, financial and political events, over which the Issuer has no control.

Additionally, in relation to **Employer Warrants**, if the formula used to determine the Cash Settlement Amount of Employer Warrants contains a multiplier or leverage factor, the effect of any change in the applicable Underlying Index will be increased. The historical experience of the relevant Underlying Index should not be taken as an indication of future performance of such Underlying Index during the term of any Employer Warrant.

Transactions between Belfius Bank and third parties could impact the performance of any Warrant, which could lead to conflicts of interest between Belfius Bank and the holders of its Warrants.

Belfius Bank is active in the international securities and currency markets on a daily basis. It may thus, for its own account or for the account of customers, engage in transactions directly or indirectly involving assets that are (holding or component of the) Underlying Value of the Warrants and may make decisions regarding these transactions in the same manner as it would if the Warrants had not been issued.

The Issuer and its affiliates may on the issue date of the Warrants or at any time thereafter be in possession of information in relation to any reference assets that may be material to holders of any Warrant and that may not be publicly available or known to (potential) investors in such Warrants. There is no obligation on the part of the Issuer in the Terms and Conditions of the Warrants to disclose any such business or information to (potential) investors in such Warrants.

3. CHOICES MADE BY THE ISSUER

According to Article 8 of the Prospectus Regulation, the Issuer has chosen to issue Warrants under a base prospectus. The specific terms of each Tranche will be set forth in the applicable Final Terms. In addition, the Issuer chooses as its home Member State the Kingdom of Belgium.

The Issuer has 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, Annex 14 and Annex 17 of Commission delegated regulation (EU) 2019/980. In order to enable the Warrant Holder to identify in the presentation below the corresponding provisions 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 Commission delegated regulation (EU) 2019/980, are not included in the presentation when the Issuer so determines.

4. RESPONSIBILITY STATEMENT

(Annex 6.1 and 14.1 of Commission delegated regulation (EU) 2019/980)

Belfius Bank, with registered office at 1210 Brussels, Place Charles Rogier 11, Belgium, as Issuer, accepts responsibility for the information given in this Base Prospectus. Having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

5. DOCUMENTS INCORPORATED BY REFERENCE

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

- the audited consolidated accounts of Belfius Bank for the years ended 31 December 2020[13] and 31 December 2021[14], including the reports of the statutory auditors in respect thereof;
- the disclosure document on "Alternative Performance Measures" (the "**APM**") for the years ended 31 December 2020[15] and 31 December 2021[16];
- the half-yearly report ended 30 June 2022 (the "**Half-Yearly Report 2022**")[17];
- the disclosure document on the APM for the half-year ended 30 June 2022[18];

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.

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 Warrants from the previous base prospectus relating to the Programme which was approved by the FSMA on 26 October 2021 (and which is replaced and superseded by this Base Prospectus) with respect to any Warrant 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 the Issuer and on the website of the Issuer at www.belfius.be. Potential investors should be aware that any website referred to in this Base Prospectus does not form part of this Base Prospectus and has not been scrutinised nor approved by the FSMA.

The tables below set out the relevant page references for:

- • 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 and the APM of 2020 and 2021; and

13 bel_RA2020_eng.pdf (belfius.be)

14 2021 Annual Report.pdf (belfius.be)

15 bel_APM_2020.pdf (belfius.be)

16 2021 Alternative Performance Measures (belfius.be)

17 1H 2022 Half-yearly report (belfius.be)

18 1H 2022 Half-yearly report (belfius.be)

- the (i) unaudited consolidated balance sheet, (ii) unaudited consolidated statement of income, (iii) unaudited consolidated statement of comprehensive income, (iv) unaudited consolidated statement of change in equity, (v) unaudited consolidated cash flow statement, (vi) audit limited review report on the consolidated accounts and (vii) notes to the consolidated interim financial statements of Belfius Bank for the period ended 30 June 2022 and the APM for the half-year ended 30 June 2022.

Solely the information listed in the table below in respect of the annual reports for the years ended 31 December 2020 and 2021 and the Half-Yearly Report 2022 is incorporated by reference in the Base Prospectus. The other parts of the annual reports are not incorporated by reference; they are either deemed not relevant for the investor or are already covered elsewhere in the Base Prospectus. The consolidated balance sheet and consolidated statement of income of Belfius Bank for the years 2020 and 2021 can also be found in the section headed "*Description of the Issuer*" on pages **Error! Bookmark not defined.** to **Error! Bookmark not defined.** of this Base Prospectus.

	Belfius Bank SA/NV		
	Annual Report 2020 (English version) **audited**	**Annual Report 2021 (English version)** **audited**	**Half-Yearly Report 2022 (English version) unaudited – condensed**
consolidated balance sheet	194	238	94
consolidated statement of income	196	240	96
consolidated statement of comprehensive income	198	241	98
consolidated statement of change in equity	200	243	100
consolidated cash flow statement	205	248	105
notes to the consolidated financial statements	208	252	107
audit report on the consolidated accounts	344	395	170
non-consolidated balance sheet	352	404	N/A
non-consolidated statement of income	355	407	N/A

audit report on the non-consolidated accounts	357[19]	409[20]	N/A

APM for the financial years ended 31 december 2020, 31 December 2021 and 30 June 2022

	Belfius Bank SA/NV		
	Alternative performance measures 2020	**Alternative performance measures 2021**	**Alternative performance measures 1H 2022**
common equity tier 1 ratio	1	1	1
tier 1 ratio	1	1	1
total capital ratio	1	1	1
leverage ratio	2	2	2
solvency II ratio	2	2	2
net interest margin	3	3	3
cost-income ratio	3	3	3
asset quality ratio	3	4	4
coverage ratio	4	4	4
liquidity coverage ratio	2	2	2
net stable funding ratio	2	2	2
return on equity	4	4	4
total savings and investments	5	5	5
total loans to customers	6	6	6
ALM liquidity bond portfolio	6	6	6
ALM yield bond portfolio	6	6	7
credit guarantee portfolio	6	7	7
funding diversification	7	7	7
adjusted results	9	10	10

[19] The statutory report on the non-consolidated account is not included in the English version, but reference in such version is made to the French and the Dutch versions, available on this website: bel_RA2020_fr.pdf (belfius.be) (French version - on page 412) and bel_RA2020_nl.pdf (belfius.be) (Dutch version - on page 416).

[20] The statutory report on the non-consolidated account is not included in the English version, but reference in such version is made to the French and the Dutch versions, available on this website: 2021 Rapport Annuel.pdf (belfius.be) (French version - on page 420) and 2021 Jaarverslag.pdf (belfius.be) (Dutch version - on page 426).

6. BELFIUS BANK SA/NV

(Annex 6.4 of Commission delegated regulation (EU) 2019/980)

6.1. Belfius Bank profile

Belfius Bank SA/NV (the "**Issuer**" or "**Belfius Bank**") is a limited liability company (*naamloze vennootschap/société anonyme*) established on 23 October 1962 for an unlimited duration and incorporated under Belgian law which collects savings from the public. The Issuer is licensed as a credit institution in accordance with the Banking Law. It is registered with the Crossroads Bank for Enterprises under business identification number 0403.201.185 and has its registered office at 1210 Brussels, Place Charles Rogier 11, Belgium, telephone +32 22 22 11 11 and website https://www.belfius.be. Belfius Bank's LEI code is A5GWLFH3KM7YV2SFQL84. The commercial name of the Issuer is Belfius Bank in English, Belfius Bank in Dutch and Belfius Banque in French.

The share capital of Belfius Bank as at 30 June 2022 was three billion, four hundred and fifty-eight million, sixty-six thousand, two hundred and twenty-seven euro and forty-one cents (EUR 3,458,066,227.41) and is represented by 359,412,616 registered shares. The shareholding of Belfius Bank is as follows: 359,407,616 registered shares are held by the public limited company of public interest Federal Holding and Investment Company ("**FHIC**"), in its own name but on behalf of the Belgian State, and 5,000 registered shares are held by the public limited company Certi-Fed. Certi-Fed is a fully-owned subsidiary of FHIC. Belfius Bank shares are not listed.

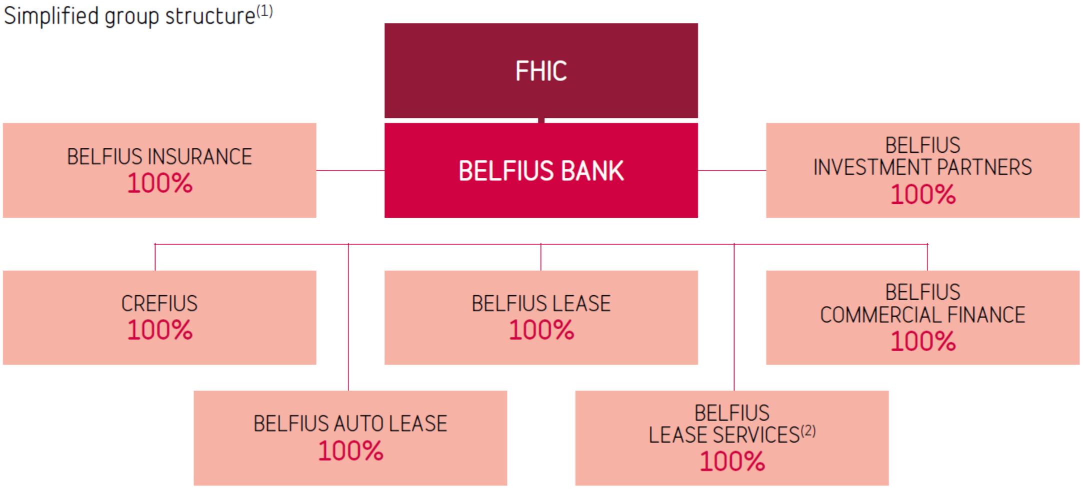
At the end of June 2022, total consolidated balance sheet of the Issuer amounted to EUR 200 billion.

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 SRL, 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 SRL 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 ten years now and to be "meaningful and inspiring for the 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.

Simplified Group structure as at the date of this Base Prospectus



[(1)] For more details, see the list of subsidiaries of the consolidated financial statements in the annual report of 2021.

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

6.2. Main commercial subsidiaries

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 2021, the total consolidated balance sheet of Belfius Insurance amounted to EUR 22 billion[(1)].

Crefius

Company servicing and managing mortgage loans. At the end of 2021, the total balance sheet of Crefius amounted to EUR 23 million[(2)].

Belfius Auto Lease

Company for operational vehicle leasing and car fleet management, maintenance and claims management services. At the end of 2021, the total balance sheet of Belfius Auto Lease amounted to EUR 447 million[(2)].

Belfius Lease

Company for financial leasing and renting of professional capital goods. At the end of 2021, the total balance sheet of Belfius Lease amounted to EUR 1,043 million[(2)].

Belfius Lease Services

Financial leasing and renting of professional capital goods to the self-employed, companies and liberal professions. At the end of 2021, the total balance sheet of Belfius Lease Services amounted to EUR 2,193 million[(2)].

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 2021, the total balance sheet of Belfius Commercial Finance amounted to EUR 1,045 million[(2)].

Belfius Investment Partners

Company for administration and management of investment funds. At the end of 2021, the total balance sheet of Belfius Investment Partners amounted to EUR 160 million and assets under management amounted to EUR 22.5 billion.

(1) Total consolidated balance sheet of Belfius Insurance.

(2) Total IFRS balance sheet before consolidation adjustments.

6.3. Financial results

6.3.1. Results 2021

Belfius' consolidated net income reached EUR 935 million in 2021, driven by strong commercial dynamics in combination with a positive stock market year and a prosperous risk environment.
Total income amounted to EUR 2,703 million in 2021, up 3% compared to 2020 (EUR 2,614 million) thanks to:

- an increase of net interest income by 2% (EUR 1,623 million in 2021 compared to EUR 1,590 million in 2020) mainly thanks to:
    - the excellent commercial loans dynamics in all segments of the Belgian economy, leading to a continued diversification of the loan portfolio at Belfius;
    - the disciplined pricing thereof, as such compensating for the pressure on interest margins on non-maturing deposits stemming from the historically low interest rate environment; and
    - the increased interest income support from the TLTRO;
- excellent growth in net fee and commission income of Belfius Bank, up by 18% (EUR 732 million in 2021 compared to EUR 622 million in 2020) thanks to increased revenues from asset management and payment services;
- higher life insurance income up by 11% (EUR 302 million in 2021 compared to EUR 273 million in 2020), thanks to further increasing recurring income on life guaranteed products despite a decreasing portfolio;
- lower non-life insurance income, down by 14% (EUR 210 million in 2021 compared to EUR 244 million in 2020), notably due to the strong positive lockdown impact in 2020 for car insurance, a higher average claims cost, the impact of the floods of July 2021 and provision for damages caused by drought;
- other income amounted to EUR -165 million in 2021, more negative than in 2020 (EUR -116 million). The year-on-year delta mainly stems from higher bank levies (EUR 256 million in 2021 compared to EUR 222 million in 2020) and smaller net income on investments.

Costs remained well contained at EUR 1,477 million in 2021, a limited 1% increase against EUR 1,465 million in 2020, driven by an increase in staff expenses, general expenses and network costs, and despite the fact that Belfius continued to invest structurally in IT and digitalisation. This led to a noticeable improvement in the cost-income ratio of 54.6% in 2021 compared to 56.0% in 2020.
All in all, the combination of strong income dynamics, favourable financial markets and the lower-for-longer interest rate environment, together with contained operating expenses, notwithstanding continuing investments in commercial activities, ESG, IT and digitalisation, led to an increase of 7% in pre-provision income, to EUR 1,226 million in 2021 (compared to EUR 1,149 million in 2020).
Belfius made a detailed review of its credit risk portfolio and prudentially managed its IFRS 9 provisions in line with the improving economic environment, leading to a partial net reversal of the 2020 COVID-19 related provisioning and as such a light net reversal of cost of risk of EUR +1 million in 2021 compared to a net allowance of EUR -453 million in 2020.
As a result, net income before taxes amounted to EUR 1,226 million in 2021 compared to EUR 679 million in 2020.
Tax expenses amounted to EUR 290 million in 2021 compared to EUR 147 million in 2020, mainly due to higher taxable profit. The consolidated effective tax rate (ETR) stood at 24%, slightly below the statutory tax rate (25% in 2021).

As a consequence, consolidated net income reached EUR 935 million in 2021 compared to EUR 532 million in 2020.
In terms of financial solidity, Belfius continues to display sound solvency, liquidity and risk metrics:

- the CET 1 ratio stood at 16.37% at the end of 2021, 0.74% down compared to December 2020, mainly as a result of the increasing capacity of profit (+158 bps CET 1 ratio), the negative impact of the strong commercial balance sheet growth (-87 bps CET 1 ratio), a foreseeable pay-out ratio (-62 bps on the CET 1 ratio) and the still on-going stricter regulatory impacts[21] (-71 bps);

- this strong and solid CET 1 level is net of a 40% dividend pay-out ratio, hence a potential full year 2021 dividend of EUR 368.5 million, thanks to which Belfius continued to support its commercial franchise development;

- the total capital ratio stood at 19.8% at the end of 2021 compared to 20.4% at the end of 2020;

- the leverage ratio increased to 7.1% at the end of 2021, up 28 bps compared to the end of 2020;

- insurance activities also posted continued solid solvency metrics, with a Solvency II ratio of 190% end at the end of December 2021;

- at the end of 2021, Belfius also showed an excellent liquidity and funding profile with a LCR of 195%[22] and a NSFR of 136%;

total shareholders' equity (Net Asset Value) further improved to EUR 11.0 billion at the end of December 2021 (against EUR 10.2 billion at the end of 2020).

6.3.2 Results 1H 2022

Belfius' consolidated net income in 1H 2022 stood at EUR 428 million, driven by strong commercial dynamics and increasing income, and despite inflationary pressures on the cost side.
Total income amounted to EUR 1,309 million in 1H 2022, up +6% or EUR +77 million compared to 1H 2021 (EUR 1,232 million) thanks to:

- increase of the net interest income bank by +1% (EUR 808 million in 1H 2022 vs EUR 797 million in 1H 2021) driven by (a) higher outstanding loans at stabilizing average margin, (b) the early signs of improving interest margins on non-maturing deposits since Q2 2022 and (c) the continued positive impact from the TLTRO III and ECB deposit tiering, despite (d) pressure on new loan margins from general market delay between loan pricings and sharp increases of market interest rates and (e) continued strong competition in the Belgian loan market;

- continued growing net fee and commission income bank by +5% (EUR 377 million in 1H 2022 vs EUR 360 million in 1H 2021) thanks to higher fees from asset management (in line with our 'Bank for Investors' strategy) as well as from distributing Life and Non-Life Insurance;

- rather stable insurance contribution to income, with strong life insurance income (EUR 173 million in 1H 2022 vs EUR 144 million in 1H 2021), also thanks to a sound ALM management of life reserves allowing – in higher interest rates environment – for a partial release of excess life insurance reserves, neutralized by lower non-life insurance income (EUR 93 million in 1H 2022 vs EUR 122 million in 1H 2021), mainly due to the storms in February 2022, higher claims frequency in Car compared to 1H 2021 that was still more impacted by Covid-19 lockdowns and higher average claims costs due to inflation;

- improving other income to EUR -142 million in 1H 2022 compared to EUR -191 million in 1H 2021 despite higher bank & other levies (EUR -264 million in 1H 2022 vs EUR -258 million in 1H 2021),

[21] This refers to TRIM decisions (ECB Targeted Review of Internal Models) affecting the large corporates and banks models and the implementation of the CRR 2 regulation.

[22] Twelve-month average.

mainly thanks to a higher positive contribution from the dealing room activities and positive impacts from higher interest rates and credit spread hedges.

Belfius continued to develop its strong footprint, in operational, commercial and financial terms, by investing in brand, human talent and digital capital. The first six months of 2022 have been marked by very strong investments in our Belfius' brand positioning, with amongst others successful campaigns towards Entrepreneurs and Corporates, and the Private and Wealth segments in Belgium. Costs went up by +8% at EUR 776 million in 1H 2022 vs EUR 720 million in 1H 2021 due to inflationary pressures and these strong growth investments. However, thanks to the solid income evolution year on year, Belfius' cost-income ratio remained rather stable at 59% in 1H 2022 compared to 58% in 1H 2021. The cost-income ratio, adjusted for linearization of sector levies both at bank and insurance side, remained also stable at 54% in 1H 2022, compared to 53% in 1H 2021.

All in all, the combination of strong income dynamics, despite unfavourable financial markets and growing operating expenses as well as continuing investments in commercial activities, ESG, IT and digitalization, led to an increase in pre-provision income by +4%, to EUR 532 million in 1H 2022 (vs EUR 512 million in 1H 2021).

In 1H 2022, Belfius made again a detailed review of its credit risk portfolio and continued to calibrate its IFRS 9 provisions:

- the Russian-Ukrainian war and the geopolitical, economic and financial turmoil aggravated by that,
- additional Covid-19 related lockdowns in China, and
- historically very high inflation readings worldwide.

This led in 1H 2022 again to a slightly positive cost of risk of EUR +13 million (net reversal) - compared to EUR +31 million or a net reversal in 1H 2021 - benefiting from a partial reversal of the Covid-19 induced ex-ante credit risk provisions set aside from 2020 onwards.

As a result, the net income before taxes amounted to EUR 545 million in 1H 2022 compared to EUR 542 million in 1H 2021.

The tax expenses amounted to EUR 116 million in 1H 2022 compared to EUR 136 million in 1H 2021, showing an effective tax rate (21%) slightly below the statutory tax rate (25%), 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 our innovation investments.

As a consequence, consolidated net income 1H 2022 reached EUR 428 million compared to EUR 406 million in 1H 2021. This is Belfius' highest 1H net income since its origins, back in 2011.

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

- the CET1 ratio stood at 16.67%, 0.30% up compared to December 2021, mainly as a result of a decrease in risk weighted assets to EUR 63.2 billion (mainly thanks to the change in regulatory treatment of Belgian mortgage loans), partially offset by a decrease in prudential CET 1 capital;
- the total capital ratio stood at 20.1% compared to 19.8% end 2021;
- the leverage ratio decreased to 5.5%, compared to 7.1% end December 2021, due to lower regulatory Tier 1 capital, the elimination of the Covid-19 related relaxations measures allowing banks to partially exclude certain Central Bank exposures from the total leverage exposure measure as well as higher balance sheet total;
- insurance activities also displayed continued solid solvency metrics, with a Solvency II ratio of 215% end of June 2022;
- end of June 2022, Belfius continued to show an excellent liquidity and funding profile with a LCR of 184% and a NSFR of 140%;

total shareholders' equity (Net Asset Value) declined slightly to EUR 10.8 billion in the first half of 2022 (vs EUR 11.0 billion end 2021), as a result of negative OCI evolution (due to price decreases in financial markets) partially compensated by increasing equity net of dividend pay-out.

6.4. Minimum CET 1 requirements (SREP)

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

(a) the minimum capital requirements ("Pillar 1 requirements") as defined by Article 92 of Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 (CRR 2);

(b) the capital requirements that are imposed by the decision following the SREP pursuant to Article 16(2)(a) of Regulation (EU) No 1024/2013 and which go beyond the Pillar 1 requirements ("Pillar 2 requirements");

(c) the combined buffer requirement as defined in Article 128(6) of Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU (CRD 5).

Minimum CET 1 ratio Requirement

(In %)	2021	1H 2022
Pillar I minimum	4.50%	4.50%
Pillar II requirement	1.125%	1.198%
Capital conservation buffer	2.50%	2.50%
Buffer for (other) domestic systemically important institutions	1.50%	1.50%
Countercyclical buffer	0.01%	0.01%
Sectoral systemic risk buffer	0.00%	0.27%
MINIMUM CET 1 - RATIO REQUIREMENT	**9.635%**	**9.973%**
Pillar II guidance	1.00%	0.75%
MINIMUM CET 1 - RATIO GUIDANCE	**10.635%**	**10.723%**

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 CET1 ratio for 1H 2022 of 9.973% (before Pillar 2 Guidance):

(a) a Pillar 1 minimum of 4.5%;

(b) a Pillar 2 Requirement (P2R) of 1.198% (after split of 2.13% P2R);

(c) a capital conservation buffer (CCB) of 2.5%;

(d) a buffer for (other) domestic systemically important institutions (O-SII buffer) of 1.5% (imposed by the National Bank of Belgium);

(e) a sectoral systemic risk buffer of 0.27%; and

(f) a countercyclical capital buffer (CCyB) of 0.01%.

Note that 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 ratio. As a result, Belfius has to comply with a minimum CET1 ratio of 10.723% for 2022 (to compare with 10.635% in 2021, based on a P2G buffer of 1% back then).

The consolidated CET 1 ratio of Belfius at the end of June 2022 stood at 16.67%, well above the 2022 applicable CET 1 capital requirement of 9.973%.

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 – a policy defined before the COVID-19 pandemic. Even during the Covid-19 pandemic, Belfius continued its support of the Belgian economy, in line with the request of the regulators. As a result, a temporary exemption was validated by the Board of Directors in 1H 2020, to reduce the minimum operational CET 1 ratio to a zone of 12.5% - 13.5%.

The reduction in the CET 1 ratio should exclusively cover any credit risk deterioration and loss provisioning, if needed, in order to keep on supporting the Belgian economy. Seeing the recovery of the Belgian economy and lower effective defaults than anticipated at the start of the COVID-19 crisis, at end 2021 – early 2022, Belfius has put its capital framework back at the levels that were applicable before the start of the COVID-19 crisis, back to the minimum operational level of 13.5% CET 1 ratio (i.e. no more temporary relaxation of this level to a minimum operational zone of 12.5% to 13.5% CET 1 ratio, as was decided at the start of the COVID-19 crisis). Belfius is of course continuously monitoring the macro-economic situation in order to assess duly and diligently this capital policy.

6.5. Activities

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

- **Individuals (IND)**, managing the commercial relationships with individual customers both at bank and insurance level. Within the Individuals segment, we distinguish 4 subsegments: Savers, Investors, Private and Wealth.
- **Entrepreneurs, Enterprises and Public entities (E&E&P)**, managing the commercial relationships with public and social sector, business and corporate clients both at bank and insurance level.

Group Center (GC), containing the residual results not allocated to the two commercial segments. This mainly consists of results from central ALM (interest rate and liquidity) and Bond and Derivative portfolio management.

6.5.1. Individuals (IND)

6.5.1.1. Results in 1H 2022

At 30 June 2022, total savings and investments amounted to EUR 115.7 billion, a decrease of -2.3% compared with the end of 2021. The organic growth in 2022 amounted to EUR 3.4 billion, stemming mainly from the large increase in Non Maturing Deposits (savings and payment accounts) and by good inflows in Asset Management (Mutual Funds, My Portfolio & Mandates).

Non Maturing Deposits totalled EUR 64.4 billion at 30 June 2022, up +4.3% from the end of 2021. The payment and savings accounts outstanding reached EUR 14.4 billion (+7.6%) and EUR 50.1 billion (+3.4%) respectively at the end of June 2022.

Asset Management, Bonds and Equity investments (including Branch 23) decreased strongly by -9.3% compared to the end of 2021, to EUR 44.9 billion. Especially the volumes of Asset Management Services are falling with a decrease of -10.0% in 2022. This strong decrease stems from the strong decrease of equity markets and rapid increase of interest rates since the start of the year while organic growth remains positive, specially in our Funds of the Future.

Other Savings and Investments, including mainly Insurance capital guaranteed products amounted to EUR 6.3 billion, down -10.7% compared to the end of 2021. Investments in Branch 21 life insurance guaranteed products continue to decrease in the still historically speaking low interest rate environment.

Total loans to customers rose strongly (+4.8%) to EUR 47.3 billion at 30 June 2022. The increase stems from mortgage loans (+4.7%). Mortgage loans, which account for 91% of all loans to Individuals, amounted to EUR 42.8 billion at 30 June 2022, while consumer loans and other loans to Individuals stood at EUR 1.7 billion and EUR 2.8 billion respectively.

New long-term loans granted to Individual clients during 1H 2022 amounted to EUR 5.1 billion compared to EUR 4.3 billion in 1H 2021. The new production of mortgage loans has been very strong in 1H 2022 and amounted to EUR 4.5 billion. During the same period, EUR 0.4 billion in consumer loans and EUR 0.2 billion in new long-term professional loans were granted.

The total insurance production from customers in the Individuals segment amounted to EUR 1,389 million in 1H 2022, compared with EUR 1,127 million in 1H 2021, an increase of +23.2%.

Life insurance production stood at EUR 1,074 million in 1H 2022 (1), up +29.7% compared to 1H 2021 (2). Unit-linked (Branch 23) production went up (+36.3%) thanks to higher production on our key Br23 product Kite. Traditional Life (Branch 21/26) production increased (+6.6%).

(1) Of which EUR 345 million Gross Written Premiums and EUR 730 million TCA. TCA in life insurance products relates to transfers (Transfers from Br21 to another contract), Conversions (transfers between funds of Br23 contracts) and Arbitrages (transfers between Br 21 and Br23 towards Br 44 and between two Br23 contracts).

(2) Of which EUR 386 million Gross Written Premiums and EUR 443 million Transfers/Conversion/Arbitrage.

Non-Life insurance production in 1H 2022 stood at EUR 314 million, up +5.3% compared to 1H 2021 thanks to all distribution channels. The Bank distribution channel continued its solid growth (EUR 137 million, +7.0% compared to 1H 2021). The premium collection by DVV amounted to EUR 141 million, (+3.0% compared to 1H 2021) and by Corona, Belfius' direct insurer, to nearly EUR 37 million, up +8.8% compared to 1H 2021.

The mortgage loan cross-sell ratio for credit balance insurance slightly increased to 129% (measured as capital insured/mortgage amount) at the end of 1H 2022. The mortgage loan cross-sell ratio for property insurance slightly decreased to 87%.

Total insurance reserves, in the Individuals segment, amounted to EUR 11.2 billion. Life insurance reserves decreased (-3.8%) since end 2021 to EUR 10.2 billion at 1H 2022.Traditional capital guaranteed life reserves (Life Branch 21/26) further decreased by -3.4%. Unit-linked reserves (Branch 23) decreased by -4.3% suffering from negative impact (EUR -0.5 billion) from the decreasing financial markets. Non-life reserves stabilized at EUR 1 billion.

Individuals net income after tax increased by +0.7% from EUR 227 million in 1H 2021 to EUR 229 million in 1H 2022.

6.5.2. Entrepreneurs, Enterprises & Public (E&E&P)

6.5.2.1. Results in 1H 2022

As of 30 June 2022, total savings and investments amounted to EUR 61.2 billion, equal to the volume of end 2021. While the Non Maturing Deposits (savings and payment accounts) increased by EUR 1.0 billion (+2.5%) to EUR 41.4 billion, the Asset Management, Bonds and Equity investments (including Branch 23) volume decreased by EUR 1.4 billion (-11.0%) to EUR 10.9 billion due to negative market effect despite positive organic growth.

Total outstanding loans increased to EUR 59.9 billion (+5.1% vs end 2021). Outstanding loans to Business customers have grown by EUR 0.4 billion (+2.8%). Outstanding loans Corporate have grown by EUR 2.5 billion (+12.9%). In Public & Social Banking, the outstanding loans have stabilized vs 2021.

In 1H 2022, Belfius granted EUR 7.3 billion (+16.1% vs 1H 2021) in new long-term loans in the Belgian economy to Business, Corporate and Public and Social sector clients.

EUR 2.0 billion in new long-term to Business clients were granted while the produc-tion of long-term loans for Corporate customers amounted to EUR 4.0 billion (+45.3%). Befius' market share in terms of Corporate loans is confirmed at 18.5% (figure per end 2021).

In 1H 2022, Belfius granted EUR 1.3 billion (+18.0% vs 1H 2021) 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, at Belfius financing conditions. Belfius manages the cash flow of virtually all local authorities and was awarded 56% (in volumes) of the public sector financing files put out to tender in 2022.

Belfius also continued to strengthen its leading position in the Debt Capital Markets (DCM) for (semi-) public and private companies. In 1H 2022, the Bank issued EUR 6.6 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 increased in terms of underwriting volumes, in particular for:

- Non-Life Gross Written Premium E&E&P: small increase compared to 1H 2021 (+0.7%) to EUR 108 million thanks to the growth in the Business segment of both Bancassurance and DVV compensating for a 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 showed a small decrease compared to 1H 2021 (-2.0%) to EUR 186 million, mainly due to the termination of an important segregated fund almost fully compensated by higher production in first and second pillars.

Net income after tax amounted to EUR 253 million in 1H 2022.

6.5.3. Group Center (GC)

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

These portfolios and activities are further described below.

6.5.3.1. Bond Portfolio

ALM Liquidity bond portfolio

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

At the end of 1H 2022, the ALM Liquidity bond portfolio stood at EUR 6.9 billion(1), up EUR 0.1 billion, or 1%, compared with December 2021. At the end of 1H 2022, the portfolio was composed of sovereign and public sector bonds (64%), covered bonds (29%), corporate bonds (7%) and asset-backed securities (<1%). Belgian and Italian government bonds in the ALM Liquidity bond portfolio both amounted to EUR 1.5 billion(1) and EUR 0.9 billion(1) respectively.

At the end of 1H 2022, the ALM Liquidity bond portfolio had an average life of 7.9 years, and an average rating of A- (100% of the portfolio being investment grade) compared with A- at year-end 2021.

[(1)] 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 1H 2022, the ALM Yield bond portfolio stood at EUR 3.3 billion[(1)], down 5%, compared with December 2021, and was composed of corporates (76%), sovereign and public sector (12%), asset-backed securities (8%), 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 1H 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-. 96% of the portfolio was investment grade.

[(1)] Nominal amount.

6.5.3.2. Derivatives portfolio

Derivatives with Dexia entities and foreign counterparties

During the period it was part of the Dexia Group, the former Dexia Bank Belgium SA/NV ("**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 8.7 billion[(1)] at the end of 1H 2022, down EUR 0.7 billion, or -8%, compared with EUR 9.4 billion at the end of December 2021.

Derivatives with Dexia entities decreased by 9% (or EUR -0.6 billion) to EUR 6.6 billion at the end of 1H 2022. This decrease is due mainly to amortisations. Derivatives with international counterparties decreased by EUR 0.1 billion (or -5%) to EUR 2.0 billion at the end of 1H 2022.

The fair value of Dexia and international counterparty derivatives amounted to EUR 1.2 billion at the end of 1H 2022. After collateralisation, the Exposure At Default ("**EAD**") amounted to EUR 0.9 billion.

At the end of 1H 2022, the average rating of the total portfolio stood at BBB and the average residual life of the portfolio stood at 11.5 years[(2)].

[(1)] Nominal amount.

[(2)] Calculated on EAD.

Credit guarantees

At the end of 1H 2022, the credit guarantees portfolio amounted to EUR 2.0 billion[(1)], down EUR 0.5 billion or -18% 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 incor-porated in the bond itself and the protections purchased by Belfius, mainly from various monoline insurers (US re-insurance companies, essentially Assured Guaranty) resulted in a portfolio that is 96% investment grade in terms of credit risk profile.

At the end of 1H 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 12.2 years.

(1) Nominal amount.

6.5.3.3. Other Group Center activities

The activities allocated to Group Center include:

(a) 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;

(b) 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;

(c) 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;

(d) treasury activities (money market activities); and

(e) 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 -52 million in 1H 2022, compared to EUR -84 million in 1H 2021.

6.6. Non-adjusting post-balance sheet events

Extension credit protection contracts on certain utility and infrastructure bonds

In order to keep the Total Risk Exposure Amount and hence credit risk on certain utility and infrastructure bonds (part of Belfius Run-Off ALM Yield Portfolio) within Belfius risk appetite limits, Belfius hedges part of the loss at default exposure thereof with dedicated credit protections. New protection contracts, extending the formerly existing credit protection mechanisms to final maturity date of the relevant underlying bonds, have been finalized in July 2022. As these protections are designed to lower the potential loss at default on the relevant underlying bonds during full life-time of those underlying bonds, in Q3 2022 Belfius will have to reassess its 1H 2022 stock of "impairments on financial instruments and provisions for credit commitments" relative to the relevant underlying bonds. If those new protection contracts would have been finalized before the end of June 2022, this would have resulted in a lower full life-time Total Risk Exposure Amount on these exposures and a positive contribution to cost of risk 1H 2022 of EUR +48 million. The effective cost of risk impact in Q3 2022 and FY 2022 accounts will depend, amongst others, on the evolution of the rating of the issuer of the credit protection as well as on the further evolution of the parameters that drive the amount of the impairment on a global basis.

6.7. Risk Management

6.7.1. Fundamentals of credit risk in 1H 2022

At the start of 2022, the macro-economic perspectives improved in view of a faster post-pandemic recovery. The global economy however faced some new headwinds due to second round Covid-19 effects and geopolitical & military tensions. A strong rebound in demand affected the supply chains of investment and consumer goods. On international energy markets, the tensions between demand and supply led to huge price increases. The latter

negatively affecting the growth outlook, not just through rising costs for companies, but also via their impact on household purchasing power.
The Russian invasion of Ukraine in February impacted the overall economic situation profoundly, led to new disruptions in supply chains and pushed up even more energy, especially natural gas, and commodity prices. Imposed sanctions further re-enforced supply chain disruptions. These new deteriorations not only weigh on activity growth but mainly fueled upward price pressure in an already high-inflation environment and resulted in multi-decade records in inflation rates. The inflationary impacts are being passed on to final prices for goods and services. Increasing inflation diminishes consumers' purchasing power as the indexation mechanisms have a certain lag and do not offer immediate complete protection against rising prices. Under the inflationary pressure, central banks had to start adapting their monetary policy, gradually ending the quantitative easing and starting to raise interest rates for the first time in a decade.
As a consequence, the economic recovery slowed down since February 2022, with economic expectations under pressure. The geopolitical situation remained very fragile at the end of H1 2022. The further developments in the Russia/Ukraine conflict are highly uncertain and could have a substantial impact on the outlook for the European economy. Also the political situation within Europe has to be monitored e.g. the unstable situation in Italy. Furthermore, the stringent COVID-19 containment measures have recently been relaxed in China, but some new variations of COVID-19 start circulating.
There are some tentative indications that supply chain problems are no longer worsening and price levels for some commodities are recently stabilizing. All in all, we are in an uncertain macro-economic and financial context.
In order to factor the COVID-19 impacts into the credit risk measurement process and the cost of risk calculation, Belfius applied in 2020 a 4-pillar approach, in which the pillars 1-2-3 formed an Overlay to cover for increased risk due to potential Covid-19 impacts. In the multi-dimensional uncertain economic and financial context faced in 1H 2022, Belfius determined the cost of risk approach still in line with this 4 pillars model:

- Pillar 1 reflects the macroeconomic conditions and perspectives. In Q1 and Q2 2022, the economic scenarios have been adjusted, in light of the encumbered economic expectations. It is clear that the evolution of pillar 1 credit provisions encompasses multiple economic trends and events, that reach beyond the 2020 initiated COVID-19 pandemic. Overall, this led to an increase of this pillar from EUR -56 million to EUR -63 million, resulting in a 1H 2022 cost of risk of EUR -7 million;

- Pillars 2 and 3 are designed to cover for risk evolutions linked to specific risk pockets (mainly in terms of economic sectors and industries) and to individual counterparty risk level. In line with the approach in the COVID-19 context, Belfius assessed its full loan portfolio in light of the:

  - COVID-19 pandemic recovery: exposures for which the formerly anticipated increased credit risk has disappeared, have been removed from the scope of these Overlays. Exposures for which a residual credit risk linked to COVID-19 is still present, and that are now also potentially and anticipatively hit by other than COVID-19 economic turmoil events, continue to be subject to the scope of these Overlays, although at lower ECL levels;

  - New economic evolutions and impacts: exposures that show a new potential increased credit risk linked to second round COVID-19 economic turmoil events related to the energy and inflation costs and the Russia/Ukraine conflict are added to the scope of these expert Overlays.

  These adjustments of pillars 2 and 3 led to a net provision release of EUR +63 million.

  The aggregate of pillar 1, 2 and 3 is referred to as the Overlay.

- Pillar 4 contains impairments for counterparts in default (stage 3). Belfius continues to apply its standard impairment process for non-performing exposures. Pillar 4 represents a 1H 2022 cost of risk of EUR -30 million.

Combined with the standard portfolio effects (growing loan portfolio, portfolio shifts in and out…) for an amount of -13 million, the 4 pillar approach leads to a positive cost of risk of EUR 13 million in the first half year of 2022, reflecting the economic and societal recovery from the Covid-19 era, but also, keeping consideration for the future uncertainties about the orientation, resilience and rhythm of this economic recovery.
Following the adjustments in 1H 2022, the Overlay, that is constituted by the pillars 1, 2 and 3, has been reduced by EUR 56 million.

The indirect impacts from the Russia/Ukraine crisis remain so far limited for the segment of Enterprises and Entrepreneurs within the Belfius loan portfolio as trade flows and/or local presence only represent a fraction of their activity.
The vulnerability of Enterprises and Entrepreneurs towards rising costs for raw materials, salaries and energy as well as the commodity scarcity has been subject to monitoring at different levels over the last months and will remain an area of attention in the coming months.
Spiking inflation and depressing consumption more broadly, remains a point of attention and monitoring, especially for the Individuals for which energy constitutes a higher-than-average share of their available income.
The assessments of the Belfius loan portfolios did not reveal material critical risk observations so far, the portfolio continued to show a strong resilience with only few signs of deteriorating credit quality, stable credit ratings and limited inflows of defaults and bankruptcies.

6.7.1.1. New challenges for the economy have emerged in 2022

The COVID-19 pandemic had been temporally contained, as shown by the positive evolution of the number of contaminations, hospital admissions, intensive care interventions over the last months. Nevertheless, vigilance for the occurrence of new COVID-19 variants, and a return to a certain level of protective measures in the future, is still required.
After several years of geopolitical tension between Ukraine and Russia, the conflict evolved into a Russian invasion and a large-scale war on the Ukrainian territory. This evolution has created a massive uncertainty in the worldwide political and economic environment, with immediate effects on financial markets, interest, exchange rates and price increases. Economic activity was further hampered by different economic sanctions. Especially for the European market, the impact on commodities, food and energy prices is very significant.
Although the long-term political and financial outcome of these events cannot be fully evaluated, they have amplified the second-round effects of the COVID-19 pandemic on the sustainability of the economic recovery: disruptions of the supply chains causing shortages and production delays, scarcity of resources, raw materials and labour capacity are putting pressure on the activity level in several industries. Increasing prices of intermediate products and materials, and booming energy prices have led to a peaking inflation, that translated in Belgium into wage inflation, due to the automatic indexation mechanisms. In this context, the competitive positioning of Belgian companies could suffer, certainly in the short run.

Retail (Mortgages, Consumer Credits)

In the first half year, Belfius focused on monitoring the impact of the rising energy costs within the Mortgage loan portfolio, by analysing transactional client data combined with the monitoring of specific early warnings (energy cost to available income, evolution of net available income) and with the classic early warning indicators (such as use of credit lines & credit cards, appearance of short-term arrears, etc.).

For the time being, none of the credit risk indicators show a significant deteriorating trend, albeit some indicators are starting to evolve towards pre-COVID-19 levels: during the COVID-19 period, credit risk indicators showed a positive evolution due to the governmental support measures, combined with the societal role the banking sector has played throughout the pandemic and with the impact of the lockdowns on the consumer spending pattern.

To face the effects of inflation, governments installed mitigating measures by the extension of the application scope of the social energy rates, a temporary VAT-reduction (from 21% to 6%), a one-off energy premium and a reduction of excises on petrol. These measures will temper the short-term impact on consumers but in case energy prices remain high and for energy contracts maturing from Q3 onwards, an additional stress could appear.

Overall, the risk drivers, underlying the 2022 credit risk monitoring and cost of risk, have evolved from the impact of a (temporary) income loss due to COVID-19 conditions towards a higher expenditure on energy, consumption and investments, that is only partially, and with some time lag, mitigated through wage indexation.

Entrepreneurs & Enterprises

A thorough screening of clients directly or indirectly impacted by the Ukraine/Russia conflict has been conducted. Belfius screened potentially affected clients and a.o. analysed the historic client transaction flows with Russia, Ukraine and Belarus. In general, trade flows of Belgian Enterprises with these countries are at a very low level and only represent a fraction of turnover in line with the overall Belgian import and export figures. The exercise on the Belfius portfolio also revealed a limited impact: the companies active in these countries, present a sales figure or import level below 5% of their activities.

In the context of the energy price increases and the inflation peak, Belfius has set-up a transversal top-down screening of the entire Entrepreneurs and Enterprises portfolio in order to detect proactively highly impacted counterparts and to assess the potential impacts. A close monitoring is performed of the clients with a higher-than-average ratio energy cost/turnover in combination with the appearance of early warnings. In a bottom-up approach, specific focus on energy and labour cost evolution is put by the credit analysts in case of credit requests and periodic credit reviews, with special attention for the ability to absorb price increases.

Where COVID-19 impacted a specific series of sectors especially affected by the mandatory closure or social-distancing measures (hotel, restaurants, cafés, travel, event, retail stores, etc.) an other range of economic sectors represent a higher risk sensitivity, such as manufacturing, the building industry and the transport sector… These sectors experience more outspoken the financial burden of higher energy costs, rising commodity prices and other inflationary effects. In the same sectors a limited number of clients were detected with a direct or indirect impact, for a rather modest part of their activities, by the Russia/Ukraine war.

Notwithstanding these elements, it is to be observed that the inflow of new defaults remains at a relatively low level: although the number of bankruptcies in the Belgian market and the Belfius portfolio is rising compared to 2020 and 2021 - years that have benefitted from the public and private support measures - the level remains below the pre-COVID-19 levels.

Public & Social Banking

For the Public and Social Banking clients, the capacity to absorb the inflationary and increased energy cost has been assessed through a macro-economic approach for the different segments in which Belfius is active: hospitals, rest homes, education, intermunicipal companies, etc. Most of these entities have indexation mechanisms in place on a substantial part of their income. Although an important timing gap between the price increase (if applicable) and the adjustment - through indexation - can exist. Whereas for rest homes an important part of the increase is to be supported by their residents.

Compared to previous COVID-19 years, local authorities will have to deal with an even greater financial impact in 2022. High inflation figures cause wage costs to rise sharply, energy bills weigh more heavily and the prices of building materials prices are increasing sharply. In the current context, the financial shock will mainly be felt in 2022, as the impact on tax revenues will follow with a delay. Finally, the financial situation of the Regions has also deteriorated in recent years. Increasing inflation and interest rates, slowing down of economic growth could further put pressure on deficit levels and public debt, which are closely further monitored.

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.

Exposure to credit risk

Breakdown of credit risk by counterparty:

(FEAD, in EUR billion)	31 December 2021	30 June 2022
Central governments	42.4	55.8
Public sector entities	42.2	42.2
Corporate	47.9	48.6
Project finance	3.0	2.6
Retail	58.2	60.6
Financial institutions	13.7	13.5
Other[(1)]	6.3	4.7
Total	**213.8**	**228.0**

(1) 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.

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

- for balance sheet assets (except for derivatives): the gross carrying amounts (before credit risk adjustments);
- for derivatives: the exposure at default calculated under the standardised approach for counterparty credit risk (SA-CCR);
- for Securities Financing Transactions: the carrying amount as well as the excess collateral provided for repurchase agreements;
- for off-balance sheet commitments: either the undrawn part of credit facilities or the maximum commitment of Belfius for guarantees granted to third parties.

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

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

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

As of 30 June 2022, the total credit risk exposure within Belfius reached EUR 228.0 billion, an increase of EUR 14.1 billion or 6.6 % compared to the end of 2021, primarily stemming from FEAD increase to EU Central Bank.

At bank level the credit risk exposure increased with 7.8% to EUR 212.7 billion. At the level of Belfius Insurance, the credit risk exposure declined by 7.6% to EUR 15.3 billion on 30 June 2022.

The increase by EUR 13.4 billion observed on the segment central governments is mostly due to the additional liquidity reserve taken up by Belfius and deposited at the NBB/ECB. Nearly half (46%) of the government bonds portfolio is invested in Belgian government bonds at the Group level. While at bank level the Belgian government bonds represents 42% of the total government bond portfolio, the relative proportion at Belfius Insurance stands at 49%.

The credit risk exposure on individuals, self-employed and SMEs (27% of the total) increased by EUR 2.4 billion reflecting Belfius' strategy to support the Belgian economy.

The credit risk exposure on corporates (21% of the total) increased by EUR 0.6 billion where the growth on franchise activities (EUR 2.7 billion) was partially offset by the decline in exposure to UK utilities bonds and further de-risking on ex-legacy portfolios.

The credit risk exposure on public sector entities and institutions that receive guarantees of these public sector entities remained stable over the period.

The credit risk exposure on financial institutions declined by EUR 0.2 billion during the first half of 2022.

Belfius' positions are mainly concentrated in the European Union: 94% or EUR 200.4 billion at bank level and 97% or EUR 14.8 billion for Belfius Insurance. The total relative credit risk exposure on counterparties situated in Belgium is 67%, 3% in the United Kingdom and in France, 1.1% in the United States and Canada, 0.9% in Luxemburg, 0.8% in Germany, 0.7% in Italy and Spain.

The credit risk exposure to counterparties in the United Kingdom amounted to EUR 6.1 billion. About 60% of this credit risk exposure relates to bonds belonging to the ALM-yield portfolio.

On 30 June 2022, 80% of the total credit risk exposure had an internal credit rating of investment grade (IG).

6.7.2. Cost of risk in 1H 2022

6.7.2.1. IFRS 9 impairment methodology at Belfius

Asset quality – Expected credit losses

Reference is made to Belfius' Risk Report 2019 for a full description of the Belfius process to compute IFRS 9 expected credit losses (ECL). The basic principles of the process to compute IFRS 9 expected credit losses (ECL) are as follows:

- Belfius Bank and its subsidiaries recognize loss allowances for ECL on financial instruments at amortized cost or at fair value through OCI;
- ECL are measured through a loss allowance that depends on the financial instrument's status:
    - for performing exposures (i.e. instruments that have not incurred a significant increase in credit risk since origination), referred to as stage 1, a 12-month ECL is computed;
    - for underperforming exposures (i.e. instruments that have incurred a significant increase in credit risk since origination), referred to as stage 2, Lifetime ECL are computed;
    - non-performing exposures (i.e. exposures that become credit-impaired), are classified in stage 3 and the ECL reflect the remaining exposure after a best-estimate of future recoveries;
- ECL are probability-weighted estimates of credit losses. This is expressed as the present value of cash shortfalls i.e. the difference between the cash flows that are due to the entity in accordance with the contract and the cash flows that the entity expects to receive;
- ECL calculations use probability of default (PD) and loss given default (LGD) parameters. Point-in-time PD's are used that inter alia incorporate forward-looking macroeconomic information through the use of four different macro-economic scenarios. These scenarios are built upon internal information made available by the Belfius Research Department, who uses external and internal information to generate a forward-looking "neutral" scenario of relevant economic variables along with a representative range of other possible scenarios. The external information includes economic data and forecasts published by governmental bodies and monetary authorities;
- Belfius assigns probabilities to the four forecast scenarios (neutral, optimistic, pessimistic and stress) and makes the link between the following:
    - macro-economic variables; and

- o credit risk and credit losses through identified and documented relationships between key drivers of credit risk and credit losses for each portfolio of financial instruments on the one hand and statistical analysis of historical data on the other hand;

Given that ECL estimates are complex and to a certain extent judgmental, the afore-mentioned mechanical approach is completed by management judgment through "management call" layers. These layers can be positive or negative and aim to include any elements entering in the ECL computation which have not been taken into account by the mechanical computation on an individual level or a (sub)portfolio level.

6.7.2.2. Adjustments to the impairment methodology: further insights related to COVID-19 and the emerging risks related to energy and inflation and the Russia/Ukraine conflict

In the context of COVID-19, Belfius' basic principles for ECL computations have remained fundamentally unchanged, however some adjustments to the aforementioned approach were required in order to maintain an adequate coverage for potential risks. In 2022, these adjustments remain in place and they integrate the COVID-19 risks (including potential resurgence, like in China), the risks related to the increased inflation, rising energy prices and the war in Ukraine:

- expected credit loss calculations are based on a long-term average (2009-2023) for the relevant macroeconomic factors, with a backward and a forward-looking part. In 2022, a further shift of the calculations weights to 2022-23 was applied;
- to calculate ECL, Belfius still defines four probability weighted forward-looking scenarios each with their own macroeconomic parameters to build optimistic, neutral, pessimistic and stress cases. The scenarios have been adapted to the prevailing circumstances;
- the results of the portfolio analysis and monitoring processes gained importance: in order to account for the heterogenous nature of COVID-19 and recently to integrate the risks related to the increased inflation, rising energy prices and the war in Ukraine.

6.7.2.3. Drivers of the cost of risk in 1H 2022

Since the start of COVID-19, the cost of risk is built according to a waterfall principle:

- the provisions for stage 1 and 2 are calculated in a mechanical mode, based on a view on the macro-economic conditions (past and future) (pillar 1);
- if Belfius 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), both in stage 1 and 2;
- in addition, expert analysis may point to counterparts with a potentially increased credit risk (counterparts that were not detected by the mechanical approach and not yet classified "as unlikely to pay"), for which the provisions constituted may be insufficient. For these cases, an individual management adjustment on the expected credit loss in stage 2 is added (pillar 3);
- for counterparties in a default status (stage 3), the normal impairment process is carried out and specific provisions are calculated and booked accordingly (pillar 4). Provision levels are based on an individual assessment of exposure and collateral.

The positive cost of risk 1H 2022 of EUR 13 million is composed of a reversal of ECL in stages 1 and 2 for a net amount of EUR 43 million and a net add-on of provisions for defaulted loans of EUR 30 million in stage 3.

Pillar 1: macroeconomic factors used in 1H 2022

- Where in the beginning of 2022 the macroeconomic perspectives had significantly improved in view of the favorable evolution of the COVID-19 pandemic, economic conditions at micro and macro level meanwhile encumbered, reinforced by the Russian/Ukrainian conflict and the subsequent high inflation, purchasing power and investment spending were put on pressure during the first half year. GDP-expectations were accordingly adjusted downwards. Belfius' neutral scenario includes a Belgian

GDP growth of 2.2% for 2022, followed by a 1.6% growth rate in 2023. Under this neutral scenario tension on the energy markets are expected to continue remains expected in 2022 and 2023.

- Inflation levels have been on a rollercoaster since the end of 2021, not only driven by energy inflation, but also by inflation on a wide range of goods. Inflation is currently expected to remain high in 2022. The neutral scenario implies a year-on-year CPI increase by 8% for 2022, dropping to 2.3% in 2023.
- In terms of unemployment, the neutral scenario implies a stability of the Belgian unemployment rate for 2022 and 2023 at the level observed in 2021 i.e. 7.9%. The unemployment figures include the exceptional temporary unemployment observed that is expected to be, to a certain extent, converted into structural unemployment. When abstraction is made of this inclusion a limited recovery to 5.9% for 2022 and 6.1% for 2023 is forecasted.
- The neutral case is complemented with an optimistic, a pessimistic and a stress scenario. The table above illustrates the Belgian GDP growth assumptions, as of 2Q 2022, under the four scenarios.

GDP BE (% YoY)

Scenarios	As of end 2021		As of 2Q 2022	
For year	2021	2022	2022	2023
Optimistic	6.5	4.0	3.0	1.8
Neutral	5.9	3.2	2.2	1.6
Pessimistic	4.2	1.3	1.2	1.2
Stress	2.0	1.4	(0.1)	(2.7)

- A 55% weight has been assigned to the neutral scenario. The weights have been modified at the end of 2021, with the weight of the more negative scenarios decreased due to the observed recovery. Weights have been unchanged in the last half year.
- These adjustments of the macroeconomic factors, led to an increase of provision of EUR 7 million.

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

The table below provides an overview of the stage 1 & 2 impairments sensitivity to the weight of macroeconomic scenarios. The most relevant macroeconomic factors are GDP and Unemployment. Note that sensitivity is not linear, cannot simply be extrapolated and these sensitivities assume that the current IFRS 9 method applied for ECL calculations is maintained.

(In millions of EUR)	What if 85% optimistic(1)	Weighted average scenario 2Q22	What if 85% pessimistic(1)	What if 85% stress(1)
Impairment stock stage 1&2	747	850	925	1.062
% change vs weighted average scenario	-12%	0%	9%	25%
		Optimistic 10% Neutral 55% Pessimistic 30% Stress 5%		

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

Pillar 2 and 3: Overlays to cover for certain risk pockets

The pillar 1 mechanical calculations are completed with expert Overlays. These Overlays are designed to result, overall, in best estimate total coverage of ECL in some specifically identified risk pockets of vulnerable exposures (defined in terms of sectors, groups of companies or individual exposures) when the credit risk is estimated (potentially) insufficiently covered by the mechanical provisions.

Concretely, one or more IFRS 9 parameters have been stressed when computing the ECL. For mortgages a stressed LGD value has been applied, while for vulnerable companies an add-on has been applied on the mechanically computed expected credit loss, reflecting the specific features of the risk pocket.

This approach feeds the formal quarterly impairment process and results into shifts of individual files or risk pockets from stage 1 to 2 and into the application of the Expected Credit Loss levels that are deemed adequate to cover the increased credit risk.

During 1H 2022 and in line with evolving risks, Belfius thoroughly reviewed and rebalanced these Overlays by integrating the emerging risks related to energy and inflation and the Russia/Ukraine conflict, while reducing the importance of the COVID-19 adjustments:

- the exposures on customers not presenting further increased risks due to COVID-19 have been removed;
- the exposures representing a residual impact linked to the COVID-19 pandemic and that are additionally hit by the new crisis effects are maintained;
- the exposures to customers that show a potential vulnerability to the new-crisis effects are added to Overlay:
    - o for the segment of Individuals (Mortgages/Consumer loans), the scope is extended to clients that are potentially vulnerable to rising energy costs. These are defined as
        - clients with a high ratio of energy costs compared to their net available income, in combination with a low savings buffer and
        - clients/loans with a high current LTV, combined with a lower net available income, a high DSTI and a low savings buffer;
    - o for the segment of Entrepreneurs & Enterprises, inclusion of sectors and/or companies that are identified as potentially sensitive to rising costs of raw materials, salaries and energy (with focus on companies with a high ratio energy/total cost and high leverage) and/or clients sensitive to the Russia/Ukraine conflict (impact on activity/supply chain disruptions).

For Overlays linked to individual names identified as having a potential low resilience, a line-by-line review was performed. This analysis allowed to remove files associated with positive evolutions such as recovery of financial results, strengthened shareholder support to the company or obtaining additional collateral which reduces risks.

Overall, the re-assessment of the Overlay for vulnerable exposures induces a net release of EUR 63 million in 1H 2022, composed as an allowance of EUR 32 million for new impacted sectors and risk pockets and a reversal of EUR 95 million on COVID-19 related exposures.

Belfius' exposure towards these sectors is limited to 2.5% of the total portfolio.

6.7.3. *Asset quality - Asset quality ratio*

At the end of June 2022, the amount of impaired loans added up to EUR 2,018 million, rather stable (up by +0.3%) compared to year-end 2021. During the same period, the gross outstanding loans to customers increased by +4.7% and amounted to EUR 108,172 million. As a consequence, the asset quality ratio improved slightly to 1.87% at the end of June 2022. The stage 3 impairments slightly increased by +0.9%. The coverage ratio on impaired loans amounted to 60.7%, compared to 60.4% end 2021.

At the end of June 2022, the stage 1 impairments amounted to EUR 141 million (up EUR +13 million compared to December 2021), and the stage 2 impairments amounted to EUR 367 million (a EUR -55 million reduction).

6.7.4. *Market risk – non-financial markets activities*

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

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

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

Although markets were very volatile in 1H 2022, with the war in Ukraine, rising interest rates, lower equity markets, higher spreads and inflation shocks, the P&L of financial market activities was very resilient. While some trading desks hit trigger limits (against important P&L losses) during 1H 2022, this was resolved by the end of 1H 2022. Existing hedges on CVA/FVA, in place since 1H 2020, perform well, keeping the P&L volatility to a minimum. These have been formalized by new limits on credit spreads, making this a structural hedge. The limit framework has also been extended to other risk factors like XVA's IR / FX volatility. Only a limited number of non-hedgeable risks remain like own funding spread, where the positive evolution of interest rates has made the XVA's less sensitive to Belfius' own funding spread.

Market risk RWA increased markedly since end 2021 (EUR +936 million) because of the impact of rising interest rates on the HVaR calculations (due to usage of returns having a partially relative behaviour).

6.7.5. *Structural & ALM Risk*

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

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

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

Banks' ALM objective was during the last years tilted to protect the net interest income for downward pressures in historically low interest rate environment, while respecting the limits on variation of economic value. Since the beginning of 2022, there is a change of paradigm in a context of exceptionally high inflation. Long-term interest rates went up and the ECB has decided its first rate hike since long time in July 2022.

Economic value indicators capture the long-term effect of the interest rate changes on the economic value of the Bank. Interest rate sensitivity of economic value measures the net change in the ALM balance sheet's economic value (at run off balance sheet assumption) if interest rates move by 10 bps across the entire curve. The long-term sensitivity of the ALM perimeter was EUR -69 million per 10 bps on 30 June 2022 (compared to EUR -55 million per 10 bps on 31 December 2021), excluding interest rate positions of Belfius Insurance and of the pension funds of Belfius Bank.

The Earnings at Risk indicators capture the more shorter-term effect of the interest rate changes on the earnings of the Bank (under a stable balance sheet assumption). Therefore, indirectly through profitability, interest rate changes can also have a shorter-term solvency impact. A 50 bps increase of interest rates has an estimated impact on net interest income (before tax) of EUR -19 million of the next book year and an estimated cumulative impact of EUR -55 million over a three year period, whereas a 50 bps decrease would lead to an estimated impact of EUR -9 million over the next book year and an estimated cumulative impact of EUR +12 million over a three year period (compared to EUR +31 million, resp. EUR +192 million for a similar rate shock of +50 bps and EUR -9 million, resp. EUR -103 million for a rate shock of -35 bps end of last year).

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

The strong increase in interest rates over the first half of 2022 has an overall positive impact on the Bank's standard transformation model. On the one hand, the interest to receive on new production of commercial loans starts to increase and the interest paid to depositors still remains close to zero for the time being. On the other hand, re-financings and prepaying mortgages have become less interesting for the customers. Furthermore, this increase in rates is decreasing the net collate-ral cost for derivative contracts used to hedge the Bank's exposure to interest rate risk and in our ex-legacy books.

Interest rate risk of the insurance activities

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

The long-term sensitivity of the Net Asset Value of Belfius Insurance to interest rates was EUR 0.02 million per 10 bps as of 30 June 2022 (against EUR 8.3 million as of Q4 21). The decrease is due to the high increase of the rates during the year 2022. The earnings have a low sensitivity to interest rates for the next years, thanks to good matching in terms of duration.

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

6.7.6. Trading market risk

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

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

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

6.7.7. Liquidity risk

Liquidity risk at Belfius Bank

Liquidity management framework

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

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

ALM organises a regular Assets and Liabilities Forum (ALF), in presence of the Risk department, the Treasury department and representatives of the commercial business lines. This forum coordinates the implementation of the funding plan validated by ALCo.

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

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

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

Exposure to liquidity risk

The liquidity risk at Belfius Bank is mainly stemming from:

- the variability of the amounts of commercial funding collected from retail and private customers, small, medium-sized and large companies, public entities and similar customers and allocation of these funds to customers through loans;
- the volatility of the collateral that is to be deposited at counterparties as part of the CSA framework for derivatives and repo transactions (so called cash & securities collateral);
- the value of the liquid reserves which allow Belfius Bank to collect funding on the repo market and/or from the ECB;
- the capacity to obtain interbank and institutional funding.

Consolidation of the liquidity profile

During the first half of 2022, Belfius preserved its diversified liquidity profile by:

- maintaining a substantial 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 15.65 billion with the purpose to finance investment needs of SME's, social sector and retail clients (mortgage loans excluded).

Belfius Bank reached end of June 2022 a 12-month average Liquidity Coverage Ratio (LCR) of 184%.The LCR of the Bank has known a strong increase after the participation in the TLTRO. Without the additional TLTRO at more advantageous conditions to compensate for the pressure on the Bank's standard transformation model, the LCR remained within our driving range during 2022.

The Net Stable Funding Ratio (NSFR), based on the binding CRR2 rules and calcula-ted according to EBA templates, stood at 140% end of June 2022, an increase explained by the participation in the TLTRO but also due to the decrease of the collateral related with derivative contracts used to hedge the Bank's exposure to interest rate risk.

Funding diversification at Belfius Bank[23]

The total funding of Belfius Bank amounted to EUR 161.2 billion as at 30 June 2022 compared to EUR 145.1 billion as at end December 2021.

Belfius Bank has a historical stable volume of commercial funding that comes from its individuals and E&E&P customers. Individual and E&E&P funding amounts in total to EUR 117.5 billion. The increase of EUR 3.6 billion commercial funding compared to end of 2021 is mainly used to finance the growth in commercial loans.

The loan-to-deposit ratio, which indicates the proportion between assets and liabilities of the commercial balance sheet, slightly increased from 85% at the end of December 2021 towards 86% at the end of June 2022.

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[23] Unaudited.

Belfius Bank also receives medium-to-long-term wholesale funding, including EUR 6.0 billion from covered bonds, EUR 2.8 billion from Senior Unsecured, and EUR 15.7 billion in TLTRO funding from ECB as at 30 June 2022.

The Non-Preferred Senior Bonds of EUR 2.7 billion enable Belfius to respect the regulatory requirement of MREL Subordinated.

The remainder of the Bank's funding sources comes from institutional short-term deposits (Treasury) mainly by issuing Certificates of Deposit and Commercial Paper.

As a result of derivative contracts to cover interest rate risk of its activities, Belfius Bank has an outstanding position in derivatives for which collateral must be posted and is being received (cash & securities collateral). Against the background of historical still low interest rates, in net terms, Belfius Bank posts more collateral than it receives. With the strong increase in interest rates over the past 6 months, however, this net cash collateral position has strongly decreased from EUR 10.7 billion end of December 2021 to EUR 7.3 billion end of June 2022.

Liquidity reserves[24]

At the end of June 2022, Belfius Bank had readily realisable liquidity reserves of EUR 55.3 billion, a material increase from end 2021 levels (EUR 42.3 billion) mainly due to increase of commercial funding and short-term wholesale funding. These reserves consisted of EUR 45.3 billion in cash, EUR 8.0 billion in ECB eligible bonds (of which EUR 6.4 billion are CCP-eligible), EUR 1.0 billion in other assets also eligible at the ECB and EUR 1.0 billion in other liquid bonds.

These liquidity reserves represent 3.9 times the Bank's institutional funding outstanding end of June 2022 and having a remaining maturity of less than one year. The decrease of this asset coverage ratio since December 2021 (19.9 times) is mainly due to a strong increase in short-term wholesale funding. As Belfius obtained an upgrade in its short-term rating (A-1/P-1), investors' appetite for Belfius increased at very advantageous funding conditions.

Please note the ALM portfolio for liquidity management, with highly liquid assets, is included in the historical bond portfolio of Belfius Bank.

Encumbered assets

According to the EBA guideline based on the median values of the encumbrance reportings of the last four quarters, the encumbered assets at Belfius Bank level amount to EUR 43.3 billion in June 2022 and represent 23.5% of total bank balance sheet and collateral received under securities format. This represents a decrease of the encumbrance ratio of -2.5% compared to end 2021, this decrease being mainly explained by the maturing of covered bonds and the decrease in derivatives.

Belfius is active on the covered bond market since the set-up of the first covered bond program in 2012. End June 2022 (point in time), the total amount issued was EUR 6 billion, and the assets encumbered for this funding source are mainly composed of commercial loans (public sector and mortgage loans) and amount to EUR 7.6 billion.

The Bank is also collecting funding through repo markets and other collateralized deposits. End June 2022, the total amount of assets used as collateral for this activity amounts to EUR 22.3 billion, of which EUR 21.3 billion linked to the ECB funding. The exceptional drawing on the TLTRO III, allowing Belfius to generate additional P&L and capital to sustain the Belgian Economy, has led to a higher than normal Asset Encumbrance Ratio.

The balance of encumbered assets is also linked to collateral pledged (gross of collateral received) for the derivatives exposures for EUR 6.0 billion point in time (decrease of EUR 4.7 billion compared to end 2021), under the form of cash or securities. A significant part of collateral pledged is financed through collateral received from other counterparties with whom the Bank concluded derivatives in the opposite direction.

Liquidity risk at Belfius Insurance

As an insurance company in terms of liquidity management, Belfius Insurance engages mainly in life insurance liabilities at relatively long term that are largely stable and predictable. Consequently, funding requirement is quite limited. The premiums paid by policyholders are placed in long-term investments in order to guarantee the insured

[24] Unaudited.

capital and committed interests at the contract's maturity date. Our liquidity indicators demonstrate that Belfius Insurance constantly holds enough liquid assets to cover its commitments on the liability side of the balance sheet.

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

- investment guidelines that limit investments in illiquid assets;
- Asset Liability Management, ensuring that investment decisions take into account the specific features of the liabilities;
- policies and procedures put in place to assess the liquidity of new investments;
- follow up of the short-term treasury needs.

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

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

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

On 3 March 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 22.73% of Total Risk Exposure Amount (TREA) and 7.87% 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 16.61% of TREA and 7.87% 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 4.28% 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.

On 15 March 2022, Belfius received new proforma LRE targets in view of the discontinuation of the relief measure on leverage which will be used by the SRB to monitor Belfius' build-up of MREL resources towards the 1 January 2024 compliance date: 6.76% LRE for both the notional MREL and the notional requirement to be met using subordinated debts.

Belfius already meets its expected BRRD2 MREL requirements end 1H 2022. Indeed, expressed in TREA, Belfius MREL realised of EUR 18.6 billion amounts 29.50% to be compared with 27.01% of the 2024 final binding target (including CBR).

In the same way, Belfius MREL subordination of EUR 14.9 billion amounts 23.52% of TREA to be compared with EUR 20.61% of the binding target (8% TLOF which includes CBR). Expressed in LRE, Belfius MREL subordination of 7.45% stands in excess of 6.76% MREL requirement.

Impact of upcoming regulatory reforms

Basel III finalisation

Note that Belfius continues to monitor and prepare for upcoming regulatory developments stemming from the so-called "Basel III finalisation", referring to regulation CRR3 and directive CRD6 (applicable from 1 January 2025), and the EU Banking reform, including the revised market risk framework (Fundamental Review of the Trading Book) as well as the revised credit, operational and CVA risk approaches.

Based on our end 2021 balance sheet, and seeing those recently updated regulations, for some still in draft format, Belfius recently finetuned its impact assessment, and currently estimates to have no material CET 1 ratio impact anymore from the Basel III finalisation package, as the regulatory wise more favourable treatment on the Danish compromise would compensate for the sum of the less favourable impacts due to other CRR 3 elements (estimated at an increase of RWA by approximately EUR 4 billion on end 2021 balance sheet, mainly from regulatory changes for market and operational risk). Looking forward, taking into account the expected evolution in Belfius' overall regulatory approaches and anticipated management mitigation actions, and considering an overall growing balance sheet from further development of our commercial franchise, the impact of CRR 3 at first time application (2025) on CET 1 ratio is currently estimated to be neutral to slightly positive. Customary disclaimers to forward looking aspects thereof and ever changing market and regulatory environment apply, of course.

Operational risk – Non-Financial Risk (NFR)

General principles

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

The NFR management framework determines the principles that ensure an effective management of the non financial risks. The principles are further elaborated in specific Policies/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 Lines of Defence (3 LoD) model (decentralised responsibility);
- a strong governance/committee structure involving the appropriate level of management;
- a Risk Appetite Framework (RAF) definition and monitoring;
- transversal risk processes and related policies, such as: Change Risk Management, Integrated Risk Management and Operational Resilience (see further); and
- a focus on specific risks, such as Information Security and Data Privacy.

Risk appetite

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

The RAF for NFR contains quantitative elements (target values or ratios) and qualitative elements (statements) and is articulated around three concepts on which limits are defined:

- "Risks": What are the risks? How to appreciate the risk level (past and forward looking)?
- "Risk management capacity": What is the capacity to manage the risks?
- "Loss tolerance": What are the potential P&L and future RWA impacts Belfius tolerates? What is the maximum level of reputation risk Belfius tolerates?

Transversal risk processes

Change Risk Management

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

New Product Approval Process

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

Project Risk Management

The capacity to deliver projects with high quality standards within the foreseen timeframe is a key success factor. In that context, a new Project Risk Management (PRM) framework is being developed in order to correctly and timely identify the risks and put in place the necessary controls. Based on this new framework, the reporting and monitoring system will also be further enhanced.

Integrated Risk Management

Incident Management

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

The reporting mechanisms ensure that incidents are quickly reported when the 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 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 mana-gement. 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 the Bank’s retail business.

Self-Assessment of Risks and Internal Controls

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

Managing insurance policies

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

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. Continuous investments are realised to protect clients against potential impacts from phishing or other techniques.

Moreover, an anti-fraud expert panel is regularly organized to enhance information exchange on fraud trends, fraud detection tools and best practices in order to enhance fraud detection and mitigation within Belfius Group and to ensure that the Anti-Fraud Steering Committee (A-FSC) receives the information necessary for defining & monitoring the anti-fraud risk management.

Outsourcing risk

The management of outsourcing risks is an important pilar of NFR management in view of the reliance on a number of key partners to ensure the continuity of Belfius’ operations. The framework is well defined, with a dedicated RAF, clear roles and responsibilities, guidelines and policies in line with the EBA Guideline on Outsourcing Arrangements. A dedicated operational Committee is responsible for the management of outsourcing partners and 3rd parties in order to ensure the safeguard the risk profile within the RAF.

Operational Resilience

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 regulation.

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

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.

Focus on specific risks

Information Security

For Belfius, the purpose of information security is to protect Belfius' information having a value for the organization: i.e. the information generated by the business, the information belonging to our 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; 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 materialized in terms of customers' trust, finance, reputation, peer confi-dence (regulators, financial markets) and confidence of our 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, mana-ged by the Chief Information Security Officer (CISO) and chaired by the Chief Risk Officer, ensures 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 road-map which typically spans the course of two years. Of course, the ever-evolving security threat landscape requires the organization to be resilient and anticipate existing and future threats.

Data privacy - Respect for privacy and customer satisfaction

The respect for privacy and the protection of personal data is a key commitment at Belfius, which is translated into a sound internal governance and principles to be followed in the respect of GDPR. In order to continuously guarantee data privacy within Belfius, the Privacy Committee related to GDPR regularly meets. Belfius' Management and several committees are informed about GDPR on a recurrent basis at Belfius.

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

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

GDPR conformity, including a risk assessment for the rights and freedom of the owners whose personal data is treated, is integrated into every process to offer (existing, adapted, and new) products, innovative digital tools, services, and information sharing to its clients. 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 1 business day.

ESG risk[25]

After laying out the foundations, designing a roadmap and creating an ESG Risk Competence Center, Belfius is now actively working on the implementation of its ESG action plan.

The main progress achieved during H1 2022 relates primarily to actions aimed at assessing and managing its vulnerabilities to and resilience against climate-related risks in the field of credit risk and more specifically risk identification and assessment as well as quantification of potential impact.

Risk identification and assessment

Belfius is combining two approaches:

- A top-down approach where climate-related risks (and opportunities) are assessed at portfolio level and potentially vulnerable counterparties are identified through risk clustering.
- A bottom-up approach where climate-related risks are assessed at counter-party and/or asset level and scores are assigned to debtors, properties and/or loans in function of their individual characteristics.

The current focus lays on the mortgage portfolio, on one hand, and the corporate portfolio, on the other hand.

Different top-down methodologies are being developed to carry out materiality assessments:

- For the mortgage portfolio: Belfius is building a tool that will enable the measurement of the sensitivity of collateral, debtors and exposures to specific risk drivers and transmission channels, covering both transition and physical risks. The first tested scenarios relate to the required improvement of the energy performance of buildings (transition risk) and the occurrence of floods (physical risk). Several climate scenarios will be analyzed and various variables and para-meters (including, for instance, current and target energy performance, charac teristics of properties and loans, evolution of debtors' cash flows, changes in the macro-environment, mitigants…) will be factored in.
- For the corporate portfolio: Belfius is working per sector and drafting heat maps based on most relevant risk drivers and transmission channels per sector. The goal is to evaluate the potential impact of these risks on credit risk parameters (considering the likelihood of risk materialization and the severity of potential financial impacts in case of event/scenario occurrence) across different time horizons.

A bottom-up scoring process is also being implemented:

- For residential mortgage loans: the purpose is to assess the climate vulnerability of the assets (level of exposure to physical and transition risks), quantifying potential gross and net financial impacts for debtors in case of risk materialization and assessing the impact thereof on various credit risk parameters. We expect to raise awareness amongst customers with the most climate - sensitive assets and support them in reducing their vulnerability.
- For corporates: the purpose is to know the global ESG profile of counterparties (taking into account their current performance and practices, historical trends, future plans...) and support their transition to a low carbon economy in order to get a win-win situation in which the customer improves its profile and Belfius reduces its risks.

Both the materiality assessments and the scores will feed our reflections in terms of business model, commercial strategy, and risk appetite.

Quantification of potential financial impact

Belfius was one of 104 European banks who participated to the EBA climate stress test. The ECB has published an overview of financial institutions' stress testing capabilities, as well as insights regarding potential

[25] Unaudited.

vulnerabilities of the financial sector to climate-related risks (mainly: evolution of carbon prices, floods and droughts) and expected resilience under several (short and long term) scenarios.

Belfius' sensitivity to the aforementioned risks and scena-rios should remain fairly limited as it relies on the overall good composition and risk profile of its balance sheet (not many exposures in the most carbon intensive sectors such as agriculture, mining...) to mitigate credit and market impacts (mainly: expected credit losses increase and (collateral) asset value decrease).

However, in line with the ECB's general conclusions of the exercise (not Belfius specific), the quantitative results should be interpreted with caution since, among others, only limited scopes of banks' portfolios were tested, the implemented scenarios for the bottom-up projections are considered mild, the granular counter-party/asset level data required to properly gauge climate-related risks are often missing and most banks' credit models are currently not able to fully capture these risks.

6.8. Ratings

Between 1 January 2022 and 4 August 2022, the 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 Bank, confirming its long-term rating of Belfius Bank at A 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

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6.9. 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

Belfius is closely monitoring the geopolitical risks related to the Russia-Ukraine conflict that started at the end of February 2022.

10 years ago, Belfius made a commitment to "never again" conduct business that it is not in line with its strategy, being meaningful and inspiring for the Belgian society. Belfius therefore strongly refocused its activities on the Belgian market. The result thereof is an immaterial impact of the conflict in terms of direct exposures on Russian, Ukrainian or Belarus counterparts. Belfius direct exposure (Russian, Ukrainian and Belarus counterparties) is below EUR 1 million.

The indirect impacts related to the Russia/Ukraine crisis also remain so far rather limited for the Enterprises and Entrepreneurs segment. The vulnerability of Enterprises and Entrepreneurs towards 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. Soaring inflation remains also an attention and monitoring point for the Indivi-duals segment where the assessments of the Belfius loan portfolios did not yet reveal material critical risk observations so far.

Also, in terms of liquidity and solvency, no impacts are to be noted as liquidity remains ample and the solvency ratios remain solid.

In the context of this conflict in Ukraine, specific business continuity planning (BCP) scenarios have been worked out (power outage, human & information, security, etc.) for which Belfius' maturity is considered as adequate. In the same context and facing an increased activity through cyber-attacks, information security.

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

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

1. Housing Fund of the Brussels Capital Region

On 9 October 2012, the Housing Fund of the Brussels Capital Region (Woningfonds van het Brussels Hoofd-stedelijk 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 4 treasury notes issued by Municipal Holding (Gemeentelijke Holding/Holding Communal), placed by Belfius acting as dealer under the Municipal Holding commercial paper program, between July and September 2011 (Commercial Paper program). 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 demanded 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 rejected the demand from the Housing Fund.

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.

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

2. Arco - Cooperative shareholders

Various parties, including Belfius Bank, have been summoned by Arco - Cooperative shareholders in two separate procedures, i.e. one procedure before the Dutch speaking Commercial Court of Brussels and another procedure before the Court of First Instance of Brussels:

On 30 September 2014, 737 shareholders from 3 companies of the Arco Group (Arcopar, Arcoplus and Arcofin) initiated (with support of Deminor) proceedings against the Arco entities and Belfius Bank before the Dutch speaking Commercial Court of Brussels (the "Deminor Proceedings"). On 19 December 2014, 1,027 additional shareholders of the Arco entities joined in the Deminor Proceedings. On 15 January 2016, 405 additional shareholders of the Arco entities joined the Deminor Proceedings, resulting in a total of 2,169 plaintiffs. On 16 November 2020, a further "Deminor" procedure was initiated, in which all plaintiffs except one joined, to anticipate a possible nullity of the original summons. The content of the two proceedings is identical. As a result, they are treated together.

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

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

The historical financial contribution of the 2,169 plaintiffs to the Arco Group entities, for which reimbursement is claimed, amounted to approximately EUR 6.5 million (principal amount). The plaintiffs' claims in the Deminor Proceedings are based on allegations of fraud and/or error on the part of the Arco entities and Belfius Bank. In the alternative, the plaintiffs have argued that Belfius Bank breached its general duty of care as a normal and prudent banker. In relation to Belfius Bank, the plaintiffs have referred to certain letters and brochures alleged-ly 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. In January 2022, Deminor has announced in the press that the plaintiffs will introduce an appeal against the judgment and that additional judicial proceedings, for new and more plaintiffs, shareholders of Arco entities, may be initiated. In June 2022, DRS Belgium, VZW Arcoclaim and a plaintiff have introduced appeal before the Court of Appeal in Brussels.

On 7 February 2018, 2 cooperative shareholders summo-ned 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 guaran-tee scheme for shareholders of financial cooperative companies (like the Arco cooperative shareholders) which has been considered illicit state aid by the European Commission. These 2 plaintiffs also summoned Belfius Bank on 8 February 2018 to intervene in this procedure and claim compensation from Belfius Bank because they consider that Belfius Bank erred in the sale of the Arco shares. Groups of Arco-shareholders organi-zed themselves via social media to mobilize other Arco shareholders to become claimant in this procedure, and to the knowledge of Belfius, so far approximately 5,380 Arco shareholders did so. The VZW Arcoclaim also intervenes in this litigation procedure. In this procedure, on 31 March 2022, VZW Arcoclaim has requested the initiation of a mediation procedure before the court. In such case, all parties must be summoned and heard by the court that then will decide on the appropriateness of a mediation. That hearing is on the date of this Base Prospectus scheduled for November 2022. There is not yet a pleading calendar in this case.

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

Belfius Bank is facing some legal actions regarding the issue of indemnities charged for funding losses incurred by the Bank. The latter are charged to professional clients in the case of early repayment of professional credits. These indemnities are calculated in line with the current legal dispositions and the contractual framework of such credits to reflect the financial losses that are actually incurred by the Bank in the case of early repayment of a professional credit. Belfius booked provisions to cover the potential adverse outcome of litigation proceedings. These provisions are reassessed on an ongoing basis, taking into account the evolution of Belgian case law and the relevant outstanding credits.

4. Investigations into Panama Papers

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

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

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

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

6.11. Management and Supervision of Belfius Bank

6.11.1. Composition of the Management Board and the Board of Directors

A. Management Board

The Management Board currently has five members who have all acquired experience in the banking and financial sector. The members of the Management Board form a college.

As from 1 January 2019, the Management Board has consisted of the following five members:

Name	Position	Significant other functions performed outside Belfius Bank
Marc Raisière...	Chairman	none
Marianne Collin………………………………….	Member	none
Dirk Gyselinck..	Member	none
Olivier Onclin..	Member	none
Johan Vankelecom	Member	none

In addition, effective 1 January 2019, the Management Board in consultation with the Board of Directors appointed three associated members, Mr. Patrick Devis, IT manager, Mrs. Camille Gillon, HR & Building Management manager and Mr. Geert Van Mol, Data & Digital manager. The associated members attend the meetings of the Management Board in an advisory capacity.

A Group Committee was also established from 1 January 2019 onwards. This Committee is made up of the five members of the Management Board of Belfius Bank and the chairman of the Management Board and the CFO of

Belfius Insurance and the three associated members of the Management Board in an advisory capacity. The Group Committee deals with various group strategic matters and important issues for a bank insurance group. Within the Management Board of Belfius Bank, the financial conglomerate dimensions receive a focused attention. To this end the agenda of the Management Board includes since 2020, at this least on a quarterly basis, a Group Financial Conglomerate Review (GFCR). This GFCR aims at contributing to enable an optimal integration across the Belfius Group.

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 other provisions in the Belgian Companies and Associations Code 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 recommendations to the Board of Directors with a view to define or improve 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, including supervisory measures, to ensure that Belfius Bank has a robust and sustainable organisation 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 and supervises the strategy and objectives of the bank as well as the risk management, including the level of risk appetite, on proposal or recommendation of the Management Board.

In the context of this responsibility, the Board of Directors is actively involved in general policy, in particular with regard to supervision of the risk policy, organisation and financial stability of the bank and its governance, including the definition of the bank's objectives and values. As Belfius Bank is head of the Belfius Financial Conglomerate, the Board of Directors is also responsible for the general policy, risk appetite and strategy of the Belfius group and the compliance of the subsidiaries herewith.

The Board of Directors approves the 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 from 28 April 2021, the Board of Directors consists of sixteen members, five of whom sit on the Management Board.

The appointment of two new independent directors, Mr. Bruno Brusselmans and Mr. Peter Hinssen have been submitted to and accepted by the Ordinary General Meeting of Shareholders of 2021.

Mr. Jozef Clijsters and Mr. Jean-Pierre Delwart resigned as Independent Director and chairman of the Board of Directors and Independent Director respectively on 28 April 2021 following the Ordinary General Meeting of Shareholders of 2021. Mr. Chris Sunt was appointed as Chairman of the Board of Directors from 28 April 2021 following the Ordinary General Meeting of Shareholders of 2021 in replacement of Mr. Jozef Clijsters.

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

Name	**Position**	**Significant other functions performed outside Belfius Bank**
Chris Sunt	Chairman of the Board of Directors of Belfius Bank Independent Director	none
Marc Raisière.......................	Chairman of the Management Board Responsible for IT, Digital & Data, Human Resources Management, Communication, Audit, Corporate Office & Secretary General	none
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	none
Olivier Onclin	Member of the Management Board Responsible for Private Business & Retail Banking	none

Name	Position	Significant other functions performed outside Belfius Bank
Johan Vankelecom	Member of the Management Board Chief Financial & Strategic Officer, Responsible for Corporate Strategy, M&A/Partnerships/ Participations, Capital Management, Financial Conglomerate Steering and Investor Relations, ALM, Legal & Tax, Accounting, Strategic Planning and Performance Management (SPPM), Strategic Research & Belfius' Asset Management	none
Paul Bodart	Member of the Board of Directors of Belfius Bank (Independent Director)	Director of companies and non-profit organisations
Bruno Brusselmans………..	Member of the Board of Directors of Belfius Bank (Independent Director)	Chief Information Officer at Luminus-EDF Group
Martine De Rouck	Member of the Board of Directors of Belfius Bank (Independent Director)	Director of companies
Carine Doutrelepont	Member of the Board of Directors of Belfius Bank (Independent Director)	Lawyer and full Professor at the Université Libre de Bruxelles (ULB)
Peter Hinssen………………	Member of the Board of Directors of Belfius Bank (Independent Director)	Director of companies
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)	Non-Executive Director at King's college London University
Diane Zygas-Rosen………..	Member of the Board of Directors of Belfius Bank (Independent Director)	Independent Director at Belgian Red Cross
Lutgart Van Den Berghe	Member of the Board of Directors of Belfius Bank (Independent Director)	Emeritus extraordinary Professor at the University of Ghent (UG) and emeritus part-time Professor at the Vlerick Business School

Name	Position	Significant other functions performed outside Belfius Bank
Rudi Vander Vennet	Member of the Board of Directors of Belfius Bank (Independent Director)	Full Professor in Financial Economics and Banking at the University of Ghent (UG) and lecturer Banking and Insurance at Solvay Business School (ULB)

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

6.11.2. 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. In line with the EBA guidelines, the majority of the members of the advisory committees are independent directors. These directors are members of a maximum of three of these advisory committees. A Mediation Committee and a Technology Committee have also been installed within the governance of the Belfius group.

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

A. Nomination Committee

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

Name	Position
Lutgart Van Den Berghe	Chairman – Director of Belfius Bank
Chris Sunt	Member – Chairman of the Board of Directors of Belfius Bank
Diane Zygas-Rosen..	Member – Director of Belfius Bank

The members of the Nomination Committee have the required skills, on the basis of their education and 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 approval of the Shareholders Meeting or of the Board of Directors as the case may be, suitable candidates to fill in 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 sets the 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 capacity of a director or a candidate director to meet the criteria set forth for being considered as an independent director;
- examines issues related to 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 implementation of corporate governance rules;
- 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; and
- at least annually discusses and analyses the quantitative statement and qualitative analysis of communications regarding stress, burn-out and inappropriate behaviour at work and remediation actions.

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

The Nomination Committee may use any type of resources that it considers to be appropriate to the performance of its task, 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:

Name	**Position**
Lutgart Van Den Berghe	Chairman – Director of Belfius Bank
Chris Sunt	Member – Chairman of the Board of Directors of Belfius Bank
Diane Zygas-Rosen..	Member – Director of Belfius Bank

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

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

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

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

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 under the Board of Directors. The Board of Directors submits these remuneration proposals to the General Meeting 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 the Belfius Bank 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 the Belfius Bank Management Board.
- advising the Board of Directors in relation to the remuneration policy for employees whose activity has a material impact on the risk profile of the Belfius group (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 such people.
- 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:

Name	Position
Georges Hübner...	Chairman Director of Belfius Bank
Paul Bodart..	Member Director of Belfius Bank
Martine De Rouck…………………………..	Member Director of Belfius Bank
Diane Zygas-Rosen…………………………	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 three joint meetings in 2020, in particular when the insurance company's annual financial statements for 2019 and the half-yearly financial statements at 30 June 2020 were presented.

D. Risk Committee

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

Name	Position
Rudi Vander Vennet	Chairman Director of Belfius Bank
Georges Hübner	Member Director of Belfius Bank
Martine De Rouck…………………………..	Member Director of Belfius Bank

The members of the Risk Committee have the individual expertise and professional experience required to define the strategy regarding risk and the level of risk appetite of Belfius Bank.

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, 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;
- the guarantee 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 faced by Belfius Bank; and
- monitoring the Internal Capital Adequacy Assessment Process (ICAAP), the Internal Liquidity Adequacy Assessment Process (ILAAP) and the Recovery Plan.

The Risk Committee of Belfius Bank operates independently of the Risk and Underwriting Committee of Belfius Insurance. At 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, subject to the tasks of the Nomination Committee and the Remuneration Committee, the Risk Committee examines whether incentives in the remuneration system properly take into consideration 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 may take the form of a joint meeting.

E. Mediation Committee

A Mediation Committee has been established within the Belfius group.

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

Chairman....................	Chris Sunt Chairman of the Board of Directors of Belfius Bank
Members......................	Martine De Rouck Member Independent Director of Belfius Bank Carine Doutrelepont Member Independent Director of Belfius Bank Jean-Michel Kupper Member Independent Director of Belfius Insurance Cécile Coune Member Independent Director of Belfius Insurance

The Mediation Committee is responsible for passing opinions relating to material transactions or operations between, on the one hand, Belfius Bank and its subsidiaries and, on the other hand, Belfius Insurance and its subsidiaries, or between their respective subsidiaries, which may give rise to potential conflicts of interest. Such opinions are sent to the Board of Directors of the companies concerned, which will then take a definitive decision on the planned transaction or operation.

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:

Chairman....................	Paul Bodart Independent Director of Belfius Bank
Members......................	Bruno Brusselmans Member Independent Director of Belfius Bank Carine Doutrelepont Member Independent Director of Belfius Bank Peter Hinssen Member Independent Director of Belfius Bank Jean-Michel Kupper

Member
Independent Director of Belfius Insurance

Isabel Neumann
Member
Independent Director of Belfius Bank

Stijn Bijnens
Member
IT Counsel Belfius Bank

The tasks of the Technology Committee can be divided into three domains:

- The first domain relates to: Information Technology in the broad sense, including but not limited to cloud- and other platforms, IT security, software development; hereinafter called the ‘IT’ domain;
- The second domain relates to: Digital, impact on and transformation of the customer experience; hereinafter called the ‘Digital’ domain; and
- The third domain relates to data and artificial intelligence: hereinafter called the "Data domain".

Technology is understood to include, but not be limited to the IT, Digital and Data domains.

The Technology Committee has the responsibility to:

1. Advise the Board of Directors on, and prepare the decisions of the Board of Directors with respect to, technology strategy and material technology investment choices.
2. Monitor, evaluate and advise 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.
3. Assess, measure and advise 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.
4. Monitor and report 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 a.o. monitoring and challenging the status of the move for the cloud infrastructure (timing, pace, risk mitigation, hybrid models, talents), foundations and platforms.
5. Review and discuss reports from management on technology related activities, strategies and metrics, including enterprise data project performance, and report to the Board of Directors on same.

Responsibility for the oversight of risks associated with Technology, including risk assessment and risk management, shall remain with the Risk Committee and Audit Committee of the Board of Directors.

The following recurrent topics, inter alia, will be dealt with at the joint Risk and Audit Committee of Belfius Bank or at the Joint RUC and Audit Committee of Belfius Insurance:

- Quarterly report of IT risks, included Core Banking Renewal risks and Core Insurance renewal risks;
- Status IT security roadmap, including IT incidents;
- Digital security: incidents, IT part of the NFR – RAF;
- Audit missions regarding IT, Data & Digital risks.

The Technology Committee will receive the above-mentioned topics discussed at joint Risk and Audit Committee of Belfius Bank or at the Joint RUC and Audit Committee of Belfius Insurance for information purpose.

6.12. Selected Financial Information

The following tables summarise the consolidated balance sheet and, income statement of Belfius Bank for the period ending 31 December 2020 and 31 December 2021.

1. Consolidated Balance Sheet

	Notes	31 December 2020 IFRS 9	31 December 2021 IFRS 9
Assets		*(in thousands of EUR)*	
Cash and balances with central banks	5.2	**25,433,781**	**31,640,347**
Loans and advances due from credit institutions	5.3	**11,911,684**	**10,411,237**
Measured at amortised cost		11,911,684	10,411,237
Measured at fair value through other comprehensive income		0	0
Measured at fair value through profit or loss		0	0
Loans and advances	5.4	**98,108,050**	**102,678,814**
Measured at amortised cost		96,811,908	101,540,978
Measured at fair value through other comprehensive income		0	99,119
Measured at fair value through profit or loss		1,296,142	1,038,717
Debt securities & equity instruments	5.5	**28,848,865**	**27,195,351**
Measured at amortised cost		22,039,067	20,839,937
Measured at fair value through other comprehensive income		5,170,430	4,959,373
Measured at fair value through profit or loss		1,639,368	1,396,041
Unit linked products insurance activities		**3,813,059**	**4,245,672**
Derivatives	5.6	**12,188,113**	**8,909,039**
Gain/loss on the hedged item in portfolio hedge of interest rate risk	5.6	**4,631,922**	**3,651,783**
Investments in equity method companies	5.7	**98,880**	**96,107**
Tangible fixed assets	5.8	**1,189,898**	**1,614,068**
Intangible assets	5.9	**195,833**	**214,928**
Goodwill	5.10	**103,966**	**103,966**
Tax assets	5.11	**403,390**	**355,777**
Current tax assets		33,622	27,073
Deferred tax assets		369,769	328,704
Technical insurance provisions - part of the reinsurer	6.5	**107,075**	**130,890**

	Notes	31 December 2020 IFRS 9	31 December 2021 IFRS 9
Assets		*(in thousands of EUR)*	
Other assets	5.12	**931,216**	**876,060**
Non current assets (disposal group) held for sale and discontinued operations	5.13	**25,700**	**26,505**
Total assets		**187,991,433**	**192,150,543**

	Notes	31 December 2020 IFRS 9	31 December 2021 IFRS 9
Liabilities		*(in thousands of EUR)*	
Cash and balances from central banks	6.1	**14,173,519**	**15,418,072**
Credit institutions borrowings and deposits	6.2	**5,008,193**	**3,591,036**
Measured at amortised cost		5,008,193	3,591,036
Measured at fair value through profit or loss		0	0
Borrowings and deposits	6.3	**95,337,975**	**104,404,013**
Measured at amortised cost		95,286,940	104,355,267
Measured at fair value through profit or loss		51,036	48,746
Debt securities issued and other financial liabilities	6.4	**24,402,198**	**23,145,353**
Measured at amortised cost		16,068,804	15,116,744
Measured at fair value through profit or loss		8,333,394	8,028,609
Unit linked products insurance activities		**3,813,059**	**4,245,672**
Derivatives	5.6	**18,310,156**	**14,018,729**
Gain/loss on the hedged item in portfolio hedge of interest rate risk	5.6	**373,447**	**45,766**
Provisions for insurance activities	6.5	**12,659,377**	**12,191,017**
Provisions and contingent liabilities	6.6	**624,107**	**529,173**
Subordinated debts	6.7	**1,150,681**	**1,642,749**
Measured at amortised cost		1,150,681	1,642,749
Measured at fair value through profit or loss		**0**	**0**
Tax liabilities	5.11	**84,660**	**49,183**
Current tax liabilities		68,470	41,682
Deferred tax liabilities		16,190	7,502
Other liabilities	6.8	**1,320,664**	**1,377,031**
Liabilities included in disposal group and discontinued operations		**0**	**0**
Total liabilities		**177,258,036**	**180,657,795**

	Notes	31 December 2020 IFRS 9	31 December 2021 IFRS 9
Equity		*(in thousands of EUR)*	
Subscribed capital		3,458,066	3,458,066
Additional paid-in capital		209,232	209,232
Treasury shares		0	0
Reserves and retained earnings		5,616,576	5,957,910
Net income for the period		531,615	934,964
Shareholders' core equity		**9,815,490**	**10,560,172**
Fair value changes of debt instruments measured at fair value through other comprehensive income		213,853	108,559
Fair value changes of equity instruments measured at fair value through other comprehensive income		121,161	179,153
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		(68,761)	(98,352)
Remeasurement pension plans		69,161	132,290
Discretionary participation features of insurance contracts	6.5	57,552	81,096
Other reserves		208	208
Gains and losses not recognised in the statement of income		**393,173**	**402,953**
Total shareholders' equity		**10,208,663**	**10,963,126**
Additional Tier-1 instruments included in equity		497,083	497,083
Non-controlling interests		27,651	32,539
Total Equity		**10,733,397**	**11,492,748**
Total Liabilities and Equity		**187,991,433**	**192,150,543**

2. Consolidated Statement of Income

	Notes	31 December 2020 IFRS 9	31 December 2021 IFRS 9
		(in thousands of EUR)	
Interest income	7.1	3,352,799	3,357,376
Interest expense	7.1	(1,361,293)	(1,356,009)

	Notes	31 December 2020 IFRS 9	31 December 2021 IFRS 9
		(in thousands of EUR)	
Dividend income	7.2	50,265	72,853
Net income from equity method companies	7.3	4,848	2,449
Net income from financial instruments at fair value through profit or loss	7.4	24,086	24,973
Net income on investments and liabilities	7.5	54,517	14,842
Fee and commission income	7.6	810,261	942,249
Fee and commission expenses	7.6	(169,319)	(184,745)
Technical result from insurance activities	7.7	67,851	72,916
Gross earned premiums		1,475,214	1,506,818
Other technical income and charges		(1,407,363)	(1,433,902)
Other income	7.8	217,989	240,869
Other expense	7.9	(438,356)	(484,499)
Income		**2,613,649**	**2,703,276**
Staff expense	7.10	(630,182)	(641,064)
General and administrative expenses	7.11	(471,136)	(482,642)
Network costs		(211,417)	(220,587)
Depreciation and amortisation of fixed assets	7.12	(152,184)	(132,833)
Expenses		**(1,464,919)**	**(1,477,125)**
Net income before tax and impairments		**1,148,730**	**1,226,151**
Impairments on financial instruments and provisions for credit commitments	7.13	(453,133)	1,361
Impairments on tangible and intangible assets	7.14	(16,614)	(1,797)
Impairments on goodwill	7.15	0	0
Net income before tax		**678,984**	**1,225,714**
Current tax (expense) income	7.16	(228,428)	(234,998)
Deferred tax (expense) income	7.16	81,069	(55,100)
Total Tax (expense) income		**(147,360)**	**(290,098)**
Net income after tax		**531,624**	**935,617**
Discontinued operations (net of tax)		0	0
Net income		**531,624**	**935,617**
Attributable to non-controlling interests		9	653
Attributable to equity holders of the parent		531,615	934,964

7. TERMS AND CONDITIONS OF THE EMPLOYER WARRANTS

(Annex 14.4 of Commission delegated regulation (EU) 2019/980)

The following is the text of the terms and conditions of the Employer Warrants (the "**Terms and Conditions of the Employer Warrants**" and together with the Terms and Conditions of the Employee Warrants, the "**Terms and Conditions**", each chapter or subchapter individually referred to as "**Condition**"), 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 Employer Warrants are to the Employer Warrants of one Series only, not to all Employer Warrants that may be issued under the Programme.

The Employer Warrants 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 Strike), the Employer Warrants of each Series being intended to be interchangeable with all other Employer Warrants 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 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.

The Conditions that grant or may grant the Issuer and/or the Calculation Agent a unilateral right to modify certain features of the Employer Warrants are:

(a) Condition 7.7.1. Cancellation upon change of law or an Index Adjustment Event

(b) Condition 7.9. Description of market disruption event or settlement disruption that affects the Underlying Index

(c) Condition 7.10.1. Adjustments in case of the occurrence of an Index Replacement or an Index Adjustment Event

The Conditions that grant or may grant the Issuer and/or the Calculation Agent a right to terminate and cancel the Employer Warrants under certain circumstances are:

(a) Condition 7.7.1. Cancellation upon change of law or an Index Adjustment Event

(b) Condition 7.10.1. Adjustments in case of the occurrence of an Index Replacement or an Index Adjustment Event

7.1. Form, Issue Price and Title

7.1.1. Form

An Employer Warrant constitutes a contractual claim (*schuldvordering/créance*) against the Issuer, subject to these Conditions, subject to completion and as supplemented in accordance with the provisions of the applicable Final Terms.

The Employer Warrants will be represented exclusively by book-entry in the records of Belfius Bank SA/NV as depositary of the Warrants (the Depositary) in accordance with Article 17 of Royal Decree No. 62 of 10 November 1967 concerning the custody and clearing of fungible financial instruments (as coordinated) (Royal Decree No. 62).

The Employer Warrants will not be physically delivered and cannot be transferred to another depositary.

Each (prospective) holder of Employer Warrants must maintain a securities account and a cash account with the Depositary for purposes of holding and transferring its Employer Warrants and exercising its rights under its Employer Warrants. There are no costs for holding the Employer Warrants on the securities account. There is a quarterly management fee of the cash account of 9.08 EUR (incl. VAT) and negative interest payments are due if certain barriers are broken.

The issue of the Employer Warrants has been authorized by resolutions of the Issuer, as will be specified in the relevant Final Terms.

7.1.2. Title and Transfer

The person who from time to time shows in the records of the Depositary as the holder of an Employer Warrant will be considered as the "holder" of that Employer Warrant for all purposes. A certificate issued by the Depositary as to the amount of Employer Warrants standing to the credit of any person shall be conclusive and binding for all purposes save in case of manifest error.

Title to the Employer Warrants will pass by account transfer within the accounts system of the Depositary, in accordance with the applicable terms and conditions of the Depositary.

All transactions (including permitted transfers) in relation to the Warrants must be effected through the Depositary, subject to and in accordance with the applicable rules and procedures of the Depositary.

Once an Employer Warrant has been exercised (as referred to in Condition 7.5 (*Exercise Procedure*) below), it can no longer be transferred to another person.

Employer Warrants may not be offered, sold or delivered (i) within the United States of America, including its territories and possessions, or to U.S. persons or (ii) in Belgium, to "consumers" (consommateurs/consumenten) within the meaning of the Belgian Code of Economic Law (*Code de droit économique / Wetboek van economisch recht*).

7.2. Governing law and jurisdiction

The Employer Warrants are governed by the laws of Belgium. All disputes arising out of or in connection with the Warrants shall be exclusively submitted to the jurisdiction of the competent courts in Brussels.

7.3. Currency

The Employer Warrants are issued in EUR and their value will always be expressed in EUR.

7.4. Definitions

The terms used in this Base Prospectus shall have the meaning as expressed hereunder, unless defined otherwise in this Base Prospectus. The definitions do not apply to terms used in the extracts and press releases that, as the case may be, are mentioned in this Base Prospectus.

Actual Exercise Date	:	Means, in respect of any Employer Warrant, the date on which a duly completed Exercise Notice is delivered (or deemed to be delivered pursuant to Condition 7.5.1) in accordance with Condition 7.5.1 (*Exercise Notice*).
Business Day		A day on which commercial banks and foreign exchange markets settle payments and are open for general business in Belgium.
Calculation Agent	:	Belfius Bank NV/SA (abbreviated as "**Belfius Bank**"), unless specified otherwise in the relevant Final Terms.
Commission	:	The commission included in the Issue Price, as specified under the relevant Final Terms.

Companies and Associations Code	:	The Belgian companies code, introduced by the Law of 7 May 1999 (as amended) or, to the extent applicable, the Belgian code of companies and associations, introduced by the Law of 23 March 2019 (as amended).
Component Security	:	Each component security or other asset included in the Underlying Index.
Depositary:	:	Belfius Bank SA/NV.
Disrupted Day	:	Any scheduled trading day on which (i) the Index Sponsor fails to publish the level of the Underlying Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event occurs.
Early Closure	:	The closure on any Exchange Business Day of the Exchange in respect of any Component Security (in relation to Employer Warrants) or the 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) (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 Scheduled Closing Time or Valuation Time on such Exchange Business Day.
Early Termination Amount	:	Means, with regards to Employer Warrants, that, if the Employer Warrants are cancelled upon the occurrence of (x) a change of law rendering illegal the execution by it of its obligations arising out of this Base Prospectus or (y) an Index Adjustment Event and the Calculation Agent is unable to determine a substitute index or calculate the level of the Underlying Index in accordance with Condition 7.10, the Issuer will pay an amount to each of Employer Warrant Holder in respect of each Employer Warrant held by such Employer Warrant Holder which amount shall be the Fair Market Value of an Employer Warrant.
Employer Warrant Holder	:	A person holding Employer Warrants through a participant or, in the case a participant acts on its own account, that participant.
Exchange	:	Means, with regards to Employer Warrants, in respect of each Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent.
Exchange Business Day	:	Means, with regards to the Underlying Index, any Scheduled Trading Day on which , the Index Sponsor publishes the level of the Underlying Index and 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.
Exchange Disruption	:	Means, with regards to the Underlying Index, 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 any Component Security on any relevant Related Exchange.

Exercise Notice : Has the meaning given to such term in Condition 7.5 (*Exercise Procedure*).

Exercise Period : Each Business Day from (and including) the date as specified in the relevant Final Terms until (but excluding) the Maturity Date.

Fair Market Value : The valuation determined by the Calculation Agent using (i) the most relevant available market data, or, (ii) if no such relevant data may be found at the relevant time, a valuation mathematical model generally accepted in the financial sector that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. The value of the Warrants is determined, as with options, by valuation models for options (for example, the 'Black & Scholes' model, trinomial model,…). Reference is made to the valuation principles laid down in Condition 7.6.1 below.

Final Terms : The document containing the specific final terms relating to a specific series of the Warrants.

Guaranteed Cash Amount : The guaranteed cash amount , if applicable, specified as such in the relevant Final Terms.

IFRS : International Financial Reporting Standards.

In-the-money : A call option with a Strike Price that is below the market price of the Underlying Index.

Issue Date : The issue date specified as such in the relevant Final Terms.

Issue Price : The issue price specified as such in the relevant Final Terms.

Issuer : Belfius Bank SA/NV.

Market Disruption Event : (a) (i) in respect of any Component Security, the occurrence or existence of:

(A) 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;

(B) 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

(C) an Early Closure in respect of such Component Security; and

(ii) the portion of the level of the Underlying Index attributable to 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 Underlying Index, in each case on the basis of the official opening weightings as published by the Index Sponsor as part of the market "opening data"; or

(b) the occurrence or existence in respect of futures or options contracts relating to the Underlying Index of:

(i) a Trading Disruption 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 Related Exchange;

(ii) an Exchange Disruption 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 Related Exchange; or

(iii) an Early Closure, in each case in respect of such futures or options contracts.

Maturity Date : The maturity date specified as such in the relevant Final Terms.

Offer : Any offer on the basis of and, in accordance with, this Base Prospectus and the relevant Final Terms.

Offering Period : The offering period specified as such in the relevant Final Terms.

Parity : The parity specified as such in the relevant Final Terms.

Underlying Index : MSCI Europe Net Total Return Index (M7EU). See section 13 (*The Underlying Index of Employer Warrants*) for a description of the Underlying Index.

Related Exchange : Means, with regards to the Employer Warrants and the Underlying Index, EUX-Eurex, 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 the Underlying 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 the Underlying Index on such temporary substitute exchange or quotation system as on the original Related Exchange).

Scheduled Closing Time : 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.

Scheduled Settlement Date	:	The second Business Day following the Actual Exercise Date, unless specified otherwise in the applicable Final Terms.
Scheduled Trading Day	:	In relation to the Underlying Index, any day on which: (i) the Index Sponsor is scheduled to publish the level of the Underlying Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session.
Strike Price	:	The Strike Price of Employer Warrants is equal to 112.31% of the Initial Price of the Underlying Index, specified as such in the relevant Final Terms.
Trading Disruption	:	Means, with regards to Employer Warrants, 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, relating to any Component Security on the Exchange in respect of such Component Security, or in futures or options contracts relating to the Underlying Index on the Related Exchange.
Valuation Date	:	Means, in respect of any exercised Employer Warrant, the date specified as such in the applicable Final Terms or if such date is not a Scheduled Trading Day in respect of the Underlying Index, the Final Price of the Underlying Index shall be determined on the basis of the level of the Underlying Index as calculated on the immediately following Scheduled Trading Day or, if Averaging is specified as applicable in the Final Terms, means the final Averaging Date (in each case subject to Condition 7.9 (*Description of market disruption event or settlement disruption that affects the Underlying Index*)).
Valuation Time	:	(a) for the purposes of determining whether a Market Disruption Event has occurred: (i) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (ii) in respect of any options contracts or future contracts on the Underlying Index, the close of trading on the Related Exchange; and (b) in all other circumstances, the time at which the official level of the Underlying Index is calculated and published by the Index Sponsor.

7.5. Exercise Procedure

7.5.1. Exercise Notice

The day on which the Employer Warrants are exercised is called the Actual Exercise Date and falls within the Exercise Period. Employer Warrants may only be exercised by the delivery of a duly completed exercise notice (an **Exercise Notice**), sent by e-mail to the address BO-Derivatives-Manual-Settlement@belfius.be or to the relationship manager of Belfius Bank using the template form made available by the Depositary. An Exercise Notice is only duly completed if it specifies:

(i) the Series of the Employer Warrants and the number of Employer Warrants being exercised; and

(ii) the Employer Warrant Holder's securities account at the Depositary to be debited with the Employer Warrants.

An Exercise Notice delivered in accordance with the paragraph above is binding and irrevocable. After the delivery of an Exercise Notice in respect of any Employer Warrants, the holder of such Employer Warrants may not transfer such Employer Warrants

If not exercised in accordance with the Terms and Conditions during the Exercise Period, an Employer Warrant will become void and expire worthless, without any indemnification, reimbursement or other payment due to the holder of such Employer Warrant.

The Employer Warrant Holder shall pay the applicable subscription fees in the Underlying Index, as may exist at such time, and any applicable taxes in accordance with Condition 7.15 (*Taxation*) below.

An Employer Warrant Holder may also sell Employer Warrants to the Issuer on the secondary market. In such case the selling price of an Employer Warrant will be determined in good faith by the Issuer in accordance with the principles laid down in Condition 7.6.1 below.

7.5.2. Settlement

Upon exercise, the Issuer will pay the Cash Settlement Amount (if any) to the holder of the Employer Warrant. The Cash Settlement Amount will be determined by the Calculation Agent in accordance with this Conditions on the basis of a comparison of the relevant Strike Price (as specified in the relevant Final Terms) and the level of the Underlying Index on or around the Actual Exercise Date (or, in case of "Averaging", the average level of the Underlying Index on the Averaging Dates specified in the Final Terms).

7.5.2.1 Settlement Date

The **Settlement Date** means the later of:

(a) the Scheduled Settlement Date; or

(b) if the Valuation Date is postponed due to the occurrence of a Disrupted Day, the Valuation Date.

On the relevant Settlement Date, the Issuer shall pay the Cash Settlement Amount (if any) to the holder of each duly exercised Employer Warrant.

Cash Settlement Amount means, in relation to any Employer Warrant being exercised, the amount determined by the Calculation Agent equal to:

(a) if the Final Price is higher than the Strike Price:

(Final Price – Strike Price) × Parity + Guaranteed Cash Amount, if applicable

(b) otherwise:

Guaranteed Cash Amount, if applicable, otherwise zero.

The Cash Settlement Amount can be lower than the Issue Price or even zero.

7.5.2.2 Determination of the Final Price

On the Valuation Date, the Calculation Agent shall determine the **Final Price** as follows:

(i) if Averaging is not specified in the applicable Final Terms: the level of the Underlying Index at the Valuation Time on the relevant Valuation Date; or

(ii) if Averaging is specified in the applicable Final Terms: the arithmetic mean of the levels of the Underlying Index as of the Valuation Time on each Averaging Date.

7.5.3. Consequence of the Exercise

An Exercise Notice delivered in accordance with Condition 7.5.1 above is binding and irrevocable. After the delivery of an Exercise Notice in respect of any Employer Warrants, the holder of such Employer Warrants may not transfer such Employer Warrants.

7.5.4. Exercise period

These Employer Warrants can be exercised during the Exercise Period. Consequently, the only means through which the Employer Warrant Holder can realize value from the Employer Warrant prior to the Actual Exercise Date is to sell it through the secondary market.

The Exercise Period is defined in the relevant Final Terms.

7.6. Further information relating to the Employer Warrants

7.6.1. Information relating to the pricing of the Employer Warrants

The value of the Employer Warrants is determined, as with options, by valuation models for options (for example, the 'Black & Scholes' model, trinomial model,…). This value is determined by different variables. The impact of some of these variables can be described as follows:

- The Underlying Index: the value of an Employer Warrant increases if the Underlying Index's value increases in respect to the Strike Price.
- The volatility: the value of the Employer Warrant varies according to the expected volatility of the Underlying Index until Maturity Date. The volatility is the change in the value of the Underlying Index calculated over a fixed time interval. The probability of an Employer Warrant being more in-the-money is higher if the Underlying Index is highly volatile (i.e. if it has a large number of substantial price movements), than when the Underlying Index is little volatile. Accordingly, the value of an Employer Warrant will increase if the volatility of the Underlying Index increases.
- The remaining maturity: the longer the remaining maturity (until Maturity Date) of an Employer Warrant, the greater the probability of the Employer Warrant being in-the-money at a certain point in time during this remaining maturity. Therefore under normal circumstances, the value of the Employer Warrant with a longer remaining maturity will be greater than the value of an Employer Warrant with a shorter remaining maturity. In short, the value of the Employer Warrant decreases if the remaining maturity diminishes.
- The market interest rate for the remaining maturity: the value of the Employer Warrant increases if the market interest rate until Maturity Date increases.

Investors may find information about the historical returns of the Underlying Index on the website https://www.msci.com/real-time-index-data-search or, if such information cannot be consulted on the website, through a written request at the corporate seat of the Issuer.

Investors should take into consideration that all variables mentioned above may each influence the value of the Employer Warrant independently. In practice, any of these variables can vary at the same time. Consequently, the change in the value of the Employer Warrant can only be determined by taking into consideration the combined effect of the changes in value of each of these variables separately.

7.6.2. Information relating to the behaviour of the Employer Warrants

Generally, the (non-)occurrence of anticipated fluctuations in the value of the Underlying Index may disproportionately affect the value of Employer Warrants. Employer Warrants may expire worthless if the Underlying Index does not perform as anticipated. If not exercised in accordance with the Terms and Conditions during the Exercise Period, an Employer Warrant will become void and expire worthless. In order to recover and realize a return upon its investment, an Employer Warrant Holder must be correct about the direction, timing and magnitude of an anticipated change in the value of the Underlying Index. Employer Warrant Holders should also consider that the return on the investment in Employer Warrants is reduced by the costs in connection with the purchase, exercise and/or sale of the Employer Warrants. A general description of these costs is provided in Condition 7.6.3 below.

More in particular, investing in an Employer Warrant allows the Employer Warrant Holder to exercise its option(s) in case the Underlying Index value fixes above the Strike Price during the Exercise Period (i.e. in-the-money). The Employer Warrant Holder benefits in this case of the increase of the Underlying Index. Should the fixing occur below the Strike Price during the Exercise Period (i.e. out-the-money), the loss is then limited to the original premium paid to acquire the options. The Employer Warrant Holder may also benefit (suffer) from a positive (negative) evolution of the price of the Employer Warrant during its lifetime.

The Employer Warrant has a leverage effect. This means that any variation in the price of the Underlying Index is in theory amplified.

An Employer Warrant's leverage effect is determined by applying the following formula:

(Leverage = $\partial P/\partial S$ x S/P)

where:

S = the value of the Underlying Index

P = the value of the Employer Warrant

The ratio $\partial P/\partial S$, which is called the Delta of the Employer Warrant, is the degree to which the Employer Warrant changes value divided by the degree to which the Underlying Index changes value. $\partial P/\partial S$ is not a constant, and the ratio changes throughout the term of the Employer Warrant.

As and when the leverage effect approaches 1, an Employer Warrant behaves more and more like the Underlying Index, and the risk associated with the Employer Warrant is therefore almost the same as the risk associated with retaining that Underlying Index. The above formula reveals that the leverage tends towards 1 if the Delta of the Employer Warrant, $\partial P/\partial S$, and S/P tend towards 1. Both ratios move towards 1 as and when, among other things, the Employer Warrant's term gets longer and therefore the Employer Warrant's initial time value rises.

The Employer Warrants issued by Belfius Bank have a long term. The unavoidable consequence of this is that the initial leverage effect of the Employer Warrant is significantly higher than 1. That also remains so for a large part of the lifetime of the Employer Warrant.

In addition, more than one Employer Warrant may be necessary to obtain the closing value of the Underlying Index at the payment of the Strike Price. The number of Employer Warrants necessary to obtain the closing value of the Underlying Index at the payment of the Strike Price will be specified as such in the applicable Final Terms (the Parity).

7.6.3. Costs in connection with the purchase, exercise and/or sale of the Employer Warrants

Purchase

Subscribers to Employer Warrants shall pay the Issue Price as specified in the relevant Final Terms. The Issue Price is paid by the holder.

There are no additional costs of subscription with regards to the acquisition of the **Employer Warrants**, except for applicable subscription fees in the Underlying Index as may exist at such time and applicable taxes are due.

Exercise

In respect of the exercise of an Employer Warrant during the Exercise Period, the Employer Warrant Holder has to pay the Strike Price specified in the relevant Final Terms. The Strike Price is equal to a percentage of the net asset value of the Underlying Index, which will be posted on www.belfius.be denominated in EUR, specified as such in the relevant Final Terms. In addition, the Employer Warrant Holder shall pay the applicable subscription fees in the Underlying Index, as may exist at such time.

Employer Warrants are cash settled in accordance with Condition 7.5.2.

Sale

A holder of an Employer Warrant may sell Employer Warrants to the Issuer on the secondary market. In such case the selling price of an Employer Warrant will be determined in good faith by the Issuer in accordance with the principles laid down in Condition 7.6.1 above. There are no additional costs related to such a sale. In addition, the holder of an Employer Warrant shall pay the applicable taxes related to such a sale, as specified in Condition 7.15 below.

7.7. Cancellation

The early termination features of the Employer Warrants specified below are only possible upon (i) events of force majeure or other events which significantly modify the economy of the Employer Warrant and for which the Issuer is not responsible (ii), except in the case of force majeure, the Issuer is required to indemnify the Employer Warrant Holder for the loss suffered by the Employer Warrant Holder because of the early termination; (iii) the condition that no costs are charged to the Employer Warrant Holder and (iv) a pro rata refund of the commissions already borne by the investor (in the proportion (total initial term minus elapsed period)/total initial term), must be provided for.

7.7.1. Cancellation upon change of law or an Index Adjustment Event

The Issuer will cancel the Employer Warrants upon the occurrence of a change of law rendering illegal the execution by it of its obligations arising out of this Base Prospectus, the Employer Warrants and/or the relevant Final Terms or upon the occurrence of an Index Adjustment Event and the Calculation Agent is unable to substitute the Underlying Index or calculate the Underlying Index in accordance with Condition 7.10 below. The principles enumerated in the preamble to this Condition 7.7 shall apply.

7.7.2. Discharge upon cancellation

Any Employer Warrants so cancelled in accordance with this Condition may not be reissued or resold and the obligations of the Issuer in respect of any such Employer Warrants shall be *de iure* fully discharged upon payment of the Early Termination Amount and of the loss (*i.e.* costs incurred by the Employer Warrant Holder that are not covered by the Early Termination Amount) incurred by the Employer Warrant Holders. The principles enumerated in the preamble to this Condition 7.7 shall apply.

7.8. Payment

Subscribers to Employer Warrants shall pay the Issue Price on the subscribed Employer Warrants in cash.

Any amounts payable by the Issuer in respect of the Employer Warrants, shall be made by transfer to the cash account indicated by the Employer Warrant Holders, subject to all applicable laws and regulations.

If the date for payment due to the Employer Warrant Holders is a day, which is not a business day in the place of payment, the Employer Warrant Holders shall not be entitled to payment until the next business day, unless otherwise specified in the relevant Final Terms.

7.9. Description of market disruption event or settlement disruption that affects the Underlying Index

If any Valuation Date is a Disrupted Day, then 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 Underlying Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Underlying 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 Underlying 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). The principles enumerated in the first paragraph of Condition 7.10 shall apply.

7.10. Adjustments to the Underlying Index

The adjustments features of the Employer Warrants specified below are only possible, for essential features of the product, if such modification would allow the rights and obligations under the Employer Warrants to be exercised and performed by the Employer Warrant Holders in view of realising a return to the extent possible in accordance with the initially agreed terms and contractual equilibrium, and provided the following 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; (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 Employer Warrant Holders. The Issuer must take all measures and make every effort to continue the product under similar circumstances; (iii) no costs are charged to the Employer Warrant Holders, and (iv) the contract term must be drawn up in a plain and intelligible manner.

If the Underlying 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 the Underlying Index, then that index (the "**Successor Index"**) will be deemed to be the Underlying Index (an "**Index Replacement**").

If on or prior to any Valuation Date in respect of the Underlying Index, the Index Sponsor announces that it will:

(i) make a material change in the formula for or the method of calculating the Underlying Index or in any other way materially modifies the Underlying Index (other than a modification prescribed in that formula or method to maintain the Underlying Index in the event of changes in constituent stock and capitalization and other routine events) (an "**Index Modification"**);

(ii) permanently cancel the Underlying Index and no Successor Index exists (an "**Index Cancellation"**), or

(iii) fails to calculate or announce the Underlying Index ("**Index Disruption"**),

(each an "**Index Adjustment Event**") the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Employer Warrants and if so,

(a) substitute the Underlying Index with a replacement index using, in the determination of the Calculation Agent, the same or a substantially similar method of calculation as used in the calculation of the Underlying Index and the Calculation Agent shall determine the adjustments, if any, to be made to these Conditions and/or the applicable Final Terms to account for such substitution;

(b) if the Calculation Agent is unable to substitute the Underlying Index in accordance with paragraph (a) above, calculate the level of the Underlying Index using, in lieu of a published level for the Underlying Index, the level for the Underlying Index as at that Valuation Date as determined by the Calculation Agent in accordance with the formula for and the method of calculating the Underlying 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.

If the Calculation Agent is unable to either select a substitute index in accordance with paragraph (a) above or calculate the level of the Underlying Index in accordance with paragraph (b) above or determine the adjustments, if any to be made to these Conditions and/or the applicable Final Terms to account for such substitution, or is able to do so but determines, in its discretion, (i) that such substitution or adjustment would not achieve a commercially reasonable result for either the Issuer or the holders of the Employer Warrants or (ii) is or would be unlawful at any time under any applicable law or regulation or would contravene any applicable licensing requirements for the Issuer, the Calculation Agent or any other entity to perform the calculations required in respect of the Employer Warrants (or it would be unlawful or would contravene those licensing requirements were a calculation to be made at such time), then the Issuer may give notice to the holders of the Employer Warrants in accordance with Condition 7.14 (*Notices*) and cancel in accordance with Condition 7.7 (*Cancellation*) all, but not some only, of the Employer Warrants. If the Issuer cancels the Employer Warrants, then the Issuer will pay the Early Termination Amount to each holder of an Employer Warrant in respect of each Employer Warrant.

The Issuer shall not have any duty to monitor, enquire or satisfy itself as to whether any Index Adjustment Event has occurred. If the holders of the Employer Warrants provide the Issuer with details of the circumstances which could constitute an Index Adjustment Event, the Issuer will consider such notice, but will not be obliged to determine that an Index Adjustment Event has occurred solely as a result of receipt of such notice.

7.11. 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.

7.12. Status of Employer Warrants

The Employer Warrants and the payments 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 the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors' rights. This category can be seen as the "ordinary creditors" and may be qualified as "Preferred Senior creditors", being the creditors related under Article 389/1, 1° of the banking law. Such creditors have a higher priority ranking than the so-called non-preferred senior creditors defined under Article 389/1, 2° of the banking law.

7.13. Responsibility of the Calculation Agent

In relation to each issue of Employer Warrants, the Calculation Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Employer Warrant Holders. All calculations and determinations made in respect of the Employer Warrants by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Employer Warrant Holder. The foregoing, does not prejudice nor limit any remedy the Employer Warrant Holder may have under applicable law against the Issuer regarding acts or omissions of the Calculation Agent.

7.14. Notices

All notices from the Issuer, the Calculation Agent or the Depositary to the Employer Warrant Holders shall be validly given by a direct notification on an electronic platform managed by Belfius Bank and accessible by every Employer Warrant Holder, each time as the Issuer in his discretionary opinion shall deem necessary to give fair and reasonable notice to the Employer Warrant Holders. The Employer Warrant Holder will be notified of his or her existing position at least once a year.

Any such notice shall be deemed to have been given on the date immediately following the date of notification from Belfius Bank.

7.15. Taxation

BELGIAN TAXATION ON THE EMPLOYER WARRANTS

The following is a general description of the principal Belgian tax consequences for investors receiving, holding or disposing of, the Employer Warrants issued by Belfius Bank and is of a general nature based on the Issuer's understanding of current law and practice. This general description is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date. Investors should appreciate that, as a result of changing law or practice, the tax consequences may be otherwise than as stated below. Investors should consult their professional advisers on the possible tax consequences of subscribing for, purchasing, holding, selling or converting the Employer Warrants issued by Belfius Bank 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 Employer Warrants.

7.15.1. Belgian income tax

7.15.1.1. Belgian resident companies

If the company (subject to the ordinary Belgian Corporate Income Tax regime) would realise a capital gain on the Employer Warrants, that capital gain would be fully subject to corporate tax. A capital loss recorded or realised on the Employer Warrants would be tax deductible.

The Cash Settlement Amount received upon exercise of the Employer Warrants is fully taxable.

7.15.1.2. Belgian non-residents

Employer Warrant Holders who are not resident of Belgium for Belgian tax purposes, who have acquired the Employer Warrants otherwise than as a benefit in kind and who are not holding the Employer Warrants through their permanent establishment in Belgium, will not become liable for any Belgian tax on income or capital gains by reason only of the acquisition, holding or disposal of the Employer Warrants.

7.15.2. Other taxes

Tax on stock exchange transactions

The acquisition of Warrants upon their issuance (primary market) is not subject to the tax on stock exchange transactions ("*taxe sur les opérations de bourse"/"beurstaks*").

In all other situations, a tax on stock exchange transactions ("*taxe sur les opérations de bourse"/"beurstaks*") will be levied on the purchase and sale in Belgium of the Employer Warrants on a secondary market if such transaction is either entered into or carried out in Belgium through a professional intermediary. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is 0.35% with a maximum amount of EUR 1,600 per transaction and per party and collected by the professional intermediary. The tax is due separately from each party to any such transaction, i.e. the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary.

Following the Law of 25 December 2016, the scope of application of the tax on the stock exchange transactions has been extended as of 1 January 2017 to secondary market transactions of which the order is directly or indirectly made to a professional intermediary established outside of Belgium by (i) a private individual with habitual residence in Belgium or (ii) a legal entity for the account of its seat or establishment in Belgium (both referred to as a "**Belgian Investor**"). In such a scenario, the tax on the stock exchange transactions is due by the Belgian Investor. The Belgian Investor must file a tax return and pay the tax due within two months after the transaction unless the foreign professional intermediary reported and paid the tax itself. In the latter case, the foreign professional intermediary also has to provide each client (which gives such intermediary an order) with a qualifying order statement (*bordereau/borderel*), at the latest on the business day after the day the transaction concerned was realised. The qualifying order statements must be numbered in series and a duplicate must be retained by the financial intermediary. The duplicate can be replaced by a qualifying agent day-today listing, numbered in series. Alternatively, professional intermediaries established outside of Belgium could appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities ("**Stock Exchange Tax Representative**"). Such Stock Exchange Tax Representative will then be liable toward the Belgian Treasury for the tax on stock exchange transactions on behalf of clients that fall within one of the aforementioned categories (provided that these clients do not qualify as exempt persons for stock exchange tax purposes – see below) and for complying with the reporting obligations and the obligations relating to the order statement *(bordereau/borderel*) in that respect. If such a Stock Exchange Tax Representative would have paid the tax on stock exchange transactions due, the Belgian Investor will, as per the above, no longer be the debtor of the tax on stock exchange transactions.

The tax referred to above will not be payable by exempt persons acting for their own account including investors who are not Belgian residents, provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors as defined in Article 126.1 2° of the code of various duties and taxes ("*Code des droits et taxes divers*"/"*wetboek diverse rechten en taksen*") for the tax on stock exchange transactions.

Financial Transaction Tax

On 14 February 2013, the EU Commission adopted a proposal for a Council Directive (the "Draft Directive") on a common financial transaction tax ("FTT"). Pursuant to the Draft Directive, the FTT shall be implemented and enter into effect in ten EU Member States (Austria, Belgium, France, Germany, Greece, Italy, Portugal, Slovak Republic, Slovenia and Spain; the "Participating Member States"). In March 2016, Estonia, initially one of the Participating Member States, withdrew from the FTT project.

The Commission's Proposal currently stipulates that once the FTT enters into force, the Participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force.

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

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. According to the Draft Directive, the FTT shall be payable on financial transactions provided that at least one party to the financial transaction is established (or deemed established) in a Participating Member State and that there is a financial institution established (or deemed established) in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State. The FTT shall, however, not apply to among others primary market transactions referred to in Article 5 (c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The rates of the FTT shall be fixed by each Participating Member State but for transactions involving financial instruments other than derivatives they shall amount to at least 0.1% of the taxable amount. The taxable amount for such transactions shall in general be determined by reference to the consideration paid or owed in return for the transfer or the market price (whichever is higher). The FTT shall be payable by each financial institution established (or deemed established) in a Participating Member State which is a party to the financial transaction, which is acting in the name of a party to the transaction or where the transaction has been carried out on its account. Where the FTT due has not been paid within the applicable time limits, each party to the relevant financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the FTT due.

The FTT proposal remains subject to negotiation between the Participating Member States, and the scope of any such tax is uncertain. Additional EU Member States may decide to participate and/or other Participating Member States may decide to withdraw.

Prospective holders of the Employer Warrants should consult their own tax advisers in relation to the consequences of the FTT associated with the subscription, purchase, holding or disposal of the Employer Warrants.

Tax on Securities Accounts

The Law of 17 February 2021 introduced an indirect tax on securities accounts (the **Tax on Securities Accounts**) which applies to securities accounts held by resident individuals, companies and legal entities, irrespective as to whether these accounts are held, with a financial intermediary which is established or located in Belgium or abroad. The tax also applies to securities accounts held by non-resident individuals, companies and legal entities with a financial intermediary established or located in Belgium, and to non-residents which hold one or more securities accounts through a Belgian establishment.

Belgian resident and non-resident individuals, companies and legal entities are taxed at a rate of 0.15 per cent. on the average value of qualifying financial instruments held on one or more securities accounts during a reference period of twelve consecutive months (in principle) starting on 1 October and ending on 30 September of the subsequent year. No Tax on Securities Accounts is due provided that the average value of the qualifying financial instruments on the account amounts to less than EUR 1,000,000 during the specific reference period. If, however, the average value of the qualifying financial instruments on the account amounts to EUR 1,000,000 or more, the Tax on Securities Accounts is due on the entire average value of the qualifying financial instruments on the account during the specific reference period (and, hence, not only on the part which exceeds the EUR 1,000,000 threshold). However, the amount of the Tax on Securities Accounts is limited to 10 per cent. of the difference between the average value of the qualifying financial instruments on the account and EUR 1,000,000.

The financial instruments envisaged include not only cash, shares, bonds and notes, but also derivatives (e.g., options, futures, warrants, etc.). Each securities account is assessed separately. When multiple holders hold a securities account, each holder shall be jointly and severally liable for the payment of the tax and each holder may fulfill the declaration requirements for all holders.

A financial intermediary is defined as (i) the National Bank of Belgium, the European Central Bank and foreign central banks performing similar functions, (ii) a central securities depository included in Article 198/1, §6, 12° of the BITC, (iii) a credit institution or a stockbroking firm as defined by Article 1, §3 of the Law of 25 April 2014 on the status and supervision of credit institutions and stockbroking firms and (vi) the investment companies as defined by Article 3, §1 of the Law of 25 October 2016 on access to the activity of investment services and on the legal status and supervision of portfolio management and investment advice companies, which are, pursuant to national law, admitted to hold financial instruments for the account of customers.

The law on the Tax on Securities Accounts also provides for certain anti-abuse provisions, retroactively applying as from 30 October 2020: a rebuttable general anti-abuse provision and two irrebuttable specific anti-abuse provisions. The latter cover~~s~~ the splitting of a securities account into multiple securities accounts held with the same intermediary and the conversion of taxable financial instruments held on a securities account into registered financial instruments.

Currently multiple annulment appeals on the law introducing the Tax on Securities Accounts are pending before the Constitutional Court. Depending on the decisions of the Constitutional Court about these claims, some provisions of the Law introducing the tax on securities accounts may be subject to change when annulled. It is currently uncertain when the Constitutional Court issue a ruling in this respect.

There are various exemptions, such as securities accounts held by specific types of regulated entities for their own account. For example, excluded from the scope of application are the securities accounts held directly or indirectly, and exclusively for their own account, by non-residents, who do not use these securities accounts within a Belgian establishment, at a central securities depository or at a depository bank authorized by the National Bank of Belgium.

Prospective investors are strongly advised to follow up and to seek their own professional advice in relation to the annual Tax on Securities Accounts and the possible impact thereof on their own personal tax position.

8. TERMS AND CONDITIONS OF THE EMPLOYEE WARRANTS

(Annex 14.4 of Commission delegated regulation (EU) 2019/980)

The following is the text of the terms and conditions of the Employee Warrants (the "**Terms and Conditions of the Employee Warrants**" and together with the Terms and Conditions of the Employer Warrants, the "**Terms and Conditions**", each chapter or subchapter individually referred to as "**Condition**"), 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 Employee Warrants are to the Employee Warrants of one Series only, not to all Employee Warrants that may be issued under the Programme.

The Employee Warrants 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 Strike), the Employee Warrants of each Series being intended to be interchangeable with all other Employee Warrants 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 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.

In accordance with Articles I.8.22° and VI.82 to VI.84 of the CEL, the Issuer may not make a unilateral modification of a product if it concerns an essential feature of the product, unless to make modifications to the Employee Warrants that would allow the rights and obligations under the Employee Warrants to be exercised and performed by the Employee Warrant Holders in view of realising a return to the extent possible in accordance with the initially agreed terms and contractual equilibrium, and provided the following 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;

(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 Employee Warrant Holders. The Issuer must take all measures and make every effort to continue the product under similar circumstances;

(iii) no costs are charged to the Employee Warrant Holders; and

(iv) the contract term must be drawn up in a plain and intelligible manner.

To the extent applicable, the Issuer and the Calculation Agent undertakes to comply with Book VI of the Belgian Code of Economic Law (Code de droit économique / Wetboek van economisch recht) ("CEL") in respect of Employee Warrants issued under the Programme and placed in the framework of an offer of securities to the public in Belgium. For this purpose, an offer of securities to the public has the meaning set forth in Article 2(d) of the Prospectus Regulation.

The Conditions that grant or may grant the Issuer and/or the Calculation Agent a unilateral right to modify certain features of the Employee Warrants are:

(a) Condition 8.7.1. Cancellation upon change of law

(b) Condition 8.7.2. Cancellation option upon change of Investment Strategy

(c) Condition 8.9. Description of market disruption event or settlement disruption that affects the Underlying Fund Shares

(d) Condition 8.10.1. Adjustments in case of the occurrence of a Potential Adjustment Event

(e) Condition 8.10.2. Adjustments in case of the occurrence of a change in Investment Strategy, De-listing, Insolvency, Merger Event or Nationalization

When the early termination features of the Employee Warrants provided by this Chapter 7 occur, 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 Employee Warrant.

The Conditions that grant or may grant the Issuer and/or the Calculation Agent a right to terminate and cancel the Employee Warrants under certain circumstances are:

(a) Condition 8.7.1. Cancellation upon change of law

(b) Condition 8.7.2. Cancellation option upon change of Investment Strategy

(c) Condition 8.10.2. Adjustments in case of the occurrence of a change in Investment Strategy, De-listing, Insolvency, Merger Event or Nationalization

8.1. Form, Issue Price and Title

8.1.1. Form

An Employee Warrant constitutes a contractual claim (*schuldvordering/créance*) against the Issuer, subject to these Conditions, subject to completion and as supplemented in accordance with the provisions of the applicable Final Terms.

The Employee Warrants will not be physically delivered and cannot be transferred to another Depositary.

The Employee Warrants will be held on a global securities account with Belfius Bank, and only respectively assigned to the relevant holder via an electronic platform managed by Belfius Bank and accessible by every holder of Employee Warrants. Belfius Bank will not charge any fees for Employee Warrants held in the aforementioned global securities account.

The issue of the Employee Warrants has been authorized by resolutions of the Issuer, as will be specified in the relevant Final Terms.

8.1.2. Title and Transfer

The person who from time to time shows in the records of the Depositary as the holder of an Employee Warrant will be considered as the "holder" of that Employee Warrant for all purposes. A certificate issued by the Depositary as to the amount of Employee Warrants standing to the credit of any person shall be conclusive and binding for all purposes save in case of manifest error.

Title to the Employee Warrants will pass by account transfer within the accounts system of the Depositary, in accordance with the applicable terms and conditions of the Depositary.

All transactions (including permitted transfers) in relation to the Employee Warrants must be effected through the Depositary, subject to and in accordance with the applicable rules and procedures of the Depositary.

Once an Employee Warrant has been exercised (as referred to in Condition 8.5 (*Exercise Procedure*) below), it can no longer be transferred to another person.

Employee Warrants may not be offered, sold or delivered within the United States of America, including its territories and possessions, or to U.S. persons.

8.2. Governing law and jurisdiction

The Employee Warrants are governed by the laws of Belgium. All disputes arising out of or in connection with the Employee Warrants shall be exclusively submitted to the jurisdiction of the competent courts in Brussels.

8.3. Currency

The Employee Warrants are issued in EUR and their value will always be expressed in EUR.

8.4. Definitions

The terms used in this Base Prospectus shall have the meaning as expressed hereunder, unless defined otherwise in this Base Prospectus. The definitions do not apply to terms used in the extracts and press releases that, as the case may be, are mentioned in this Base Prospectus.

Actual Exercise Date	:	Means, in respect of any Employee Warrant, the date on which a duly completed Exercise Notice is delivered (or deemed to be delivered pursuant to Condition 8.5.1) in accordance with Condition 8.5.1 (*Exercise Notice*).
Business Day		A day on which commercial banks and foreign exchange markets settle payments and are open for general business in Belgium.
Calculation Agent	:	Belfius Bank NV/SA (abbreviated as "**Belfius Bank**"), unless specified otherwise in the relevant Final Terms.
Commission	:	The commission included in the Issue Price, as specified under the relevant Final Terms.
Companies and Associations Code	:	The Belgian companies code, introduced by the Law of 7 May 1999 (as amended) or, to the extent applicable, the Belgian code of companies and associations, introduced by the Law of 23 March 2019 (as amended).
De-listing	:	The Underlying Fund Shares cease to be listed on the Related Exchange for any reason.
Depositary:	:	Belfius Bank SA/NV.
Disrupted Day	:	Any scheduled trading day on which a relevant Exchange or the Related Exchange fails to open for trading during its regular trading session; or on which a Market Disruption Event occurs.
Early Closure	:	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 Scheduled Closing Time on such Exchange Business Day.
Early Termination Amount	:	Means, with regards to Employee Warrants that, if the Employee Warrants are cancelled, the Issuer will pay an amount to each holder of an Employee Warrant in respect of each Employee Warrant held by such Employee Warrant Holder which amount shall be the Fair Market Value of an Employee Warrant. The Issuer will also take into account the Merger Event, De-listing, Nationalization or Insolvency, the value of the Underlying Fund Shares, the volatility of the Underlying Fund Shares, the time remaining to the Maturity Date, the characteristics of the Underlying Fund Shares, the dividends of the Underlying Fund Shares, any changes of interest rates, any change in currency exchange rates, the

		liquidity of the Underlying Fund Shares as the case may be and as applicable.
Exchange	:	Means, with regards to Employee Warrants, each exchange or quotation system, any successor or any substitute exchange or quotation system, including for the avoidance of doubt but without limitation, any regulated market.
Exchange Business Day	:	Any Scheduled Trading Day on which, with regards to the Underlying Fund Shares, the Exchange is open for business.
Exchange Disruption	:	Any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for Shares on the Exchange; or (ii) in futures or options contracts relating to the Share on any relevant Related Exchange.
Exercise Notice	:	Has the meaning given to such term in Condition 8.5 (*Exercise Procedure*).
Exercise Period	:	Each Business Day from (and including) the date as specified in the relevant Final Terms until (but excluding) the Maturity Date.
Fair Market Value	:	The valuation determined by the Calculation Agent using (i) the most relevant available market data, or, (ii) if no such relevant data may be found at the relevant time, a valuation mathematical model generally accepted in the financial sector that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. The value of the Employee Warrants is determined, as with options, by valuation models for options (for example, the 'Black & Scholes' model, trinomial model,…). Reference is made to the valuation principles laid down in Condition 8.6.1 below.
Final Terms	:	The document containing the specific final terms relating to a specific series of the Employee Warrants.
IFRS	:	International Financial Reporting Standards.
Insolvency	:	Means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting the SICAV (i) all the Shares are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares become legally prohibited from transferring them.
In-the-money	:	A call option with a Strike Price that is below the market price of the Underlying Fund Shares.
Issue Date	:	The issue date specified as such in the relevant Final Terms.
Issue Price	:	The issue price specified as such in the relevant Final Terms.
Issuer	:	Belfius Bank SA/NV.

Market Disruption Event	:	In respect of any Share, the occurrence or existence of: (i) a Trading Disruption in respect of the Share; (ii) any Exchange Disruption in respect of the Share which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Scheduled Closing Time; or (iii) an Early Closure in respect of the Share.
Maturity Date	:	The maturity date specified as such in the relevant Final Terms.
Merger Date	:	Means, in respect of a Merger Event, the date upon which all holders of Shares (other than, in the case of a takeover offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.
Merger Event	:	Means any (i) reclassification or change of Shares that results in a transfer of or an irrevocable commitment to transfer all Shares outstanding, (ii) consolidation, amalgamation or merger of the SICAV with or into another entity (other than a consolidation, amalgamation or merger in which the SICAV is the continuing entity and which does not result in any such reclassification or change of all Shares outstanding) or (iii) other takeover offer for Shares that results in a transfer of or an irrevocable commitment to transfer all Shares (other than Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date in respect of the relevant Employee Warrant.
Nationalization	:	Means that all the shares or all the assets or substantially all the assets of the SICAV are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.
Offer	:	Any offer on the basis of and, in accordance with, this Base Prospectus and the relevant Final Terms.
Offering Period	:	The offering period specified as such in the relevant Final Terms.
Parity	:	The parity specified as such in the relevant Final Terms.
Potential Adjustment Event	:	Means any of the following: (i) a subdivision, consolidation or reclassification of Shares (unless a Merger Event) or a free distribution or dividend of Shares to existing holders by way of bonus, capitalization or similar issue; (ii) a distribution or dividend to existing holders of Shares of (a) Shares or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the SICAV equally or proportionately with such payments to holders of Shares or (c) any other type of securities, rights or price as determined by the Calculation Agent; (iii) an extraordinary dividend (provided that any ordinary dividend, whether or not in the form of cash, will not be considered as a Potential Adjustment Event);

		(iv) a repurchase by the SICAV of Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (v) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the Shares.;
Underlying Fund Shares	:	Class C shares of the compartment Belfius Equities Europe Conviction within Belfius Equities sicav, a UCITS duly registered under the laws of Belgium under the Crossroad Bank for enterprises' number 0444.229.910 (Code ISIN/Code Trading: BE0945524651; Code Bloomberg: DEXBEUR BB)
Related Exchange	:	Means, with regards to Employee Warrants and the Underlying Fund Shares, 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 Employee Warrant.
Scheduled Closing Time	:	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.
Scheduled Trading Day	:	In relation to the Underlying Fund Shares, any day on which the Related Exchange is scheduled to be open for trading for its regular trading session.
Strike Price	:	The Strike Price of Employee Warrants is equal to the net asset value of the Underlying Fund Shares, specified as such in the relevant Final Terms.
Trading Disruption	:	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, with regards to Employee Warrants, relating to the Underlying Fund Share on the relevant Exchange, or in futures or options contracts relating to the Underlying Fund Share on any relevant Related Exchange.
Valuation Date	:	Means, in respect of any exercised Employee Warrant, the Maturity Date in respect of such Employee Warrant.
Employee Warrant Holder	:	A person holding Employee Warrants through a participant or, in the case a participant acts on its own account, that participant.

8.5. Exercise Procedure

8.5.1. Exercise Notice

The day on which the Employee Warrants are exercised is called the Actual Exercise Date and falls within the Exercise Period. In order to exercise the Employee Warrants the holder of the Employee Warrant shall, at the earliest at the start of the Exercise Period and at the latest on the day before the Maturity Date, notify its decision to the Issuer exclusively via an electronic platform managed by Belfius Bank and accessible by every holder of the Employee Warrant (an "**Exercise Notice**").

There are no costs related to the Exercise other than the ordinary charges related to the acquisition of the Underlying Fund Shares, as may exist at such time. As of the date of this Base Prospectus, such costs do not exceed 2.5% of the amount so acquired, with a minimum of 100 EUR per transaction.

If not exercised in accordance with the Terms and Conditions during the Exercise Period, an Employee Warrant will become void and expire worthless.

Besides the Exercise, a holder of the Employee Warrant may also sell Employee Warrants to the Issuer on the secondary market. In such case the selling price of an Employee Warrant will be determined in good faith by the Issuer in accordance with the principles laid down in Condition 8.6.1 below. There are no additional costs related to such sale.

8.5.2. Settlement

Belfius Bank will deliver the Underlying Fund Shares to a securities account chosen by the holder of the Employee Warrant or which must be opened by the investor for this purpose. In case the amount of Employee Warrants exercised is inferior to the parity, Belfius Bank will proceed to a settlement in cash by transfer to the cash account indicated by the holder of the Employee Warrant.

8.5.3. Consequence of the Exercise

The Exercise is irrevocable.

8.5.4. Exercise period

The Exercise Period is defined in the relevant Final Terms.

8.6. Further information relating to the Employee Warrants

8.6.1. Information relating to the pricing of the Employee Warrants

The value of the Employee Warrants is determined, as with options, by valuation models for options (for example, the 'Black & Scholes' model, trinomial model,…). This value is determined by different variables. The impact of some of these variables can be described as follows:

- The Underlying Fund Shares: The value of an Employee Warrant increases if the value of the Underlying Fund Shares increases in respect to the Strike Price.
- The volatility: the value of the Employee Warrant varies according to the expected volatility of the Underlying Fund Shares until Maturity Date. The volatility is the change in the value of the Underlying Fund Shares calculated over a fixed time interval. The probability of an Employee Warrant being more in-the-money is higher if the Underlying Fund Shares are highly volatile (i.e. if it has a large number of substantial price movements), than when the Underlying Fund Shares are little volatile. Accordingly, the value of an Employee Warrant will increase if the volatility of the Underlying Fund Shares increases.
- The remaining maturity: the longer the remaining maturity (until Maturity Date) of an Employee Warrant, the greater the probability of the Employee Warrant being in-the-money at a certain point in time during this remaining maturity. Therefore under normal circumstances, the value of the Employee Warrant with a longer remaining maturity will be greater than the value of an Employee Warrant with a shorter remaining maturity. In short, the value of the Employee Warrant decreases if the remaining maturity diminishes.
- The market interest rate for the remaining maturity: the value of the Employee Warrant increases if the market interest rate until Maturity Date increases.

Investors may find information about the historical returns of the Underlying Index on the website https://www.msci.com/real-time-index-data-search and about the historical returns of the Underlying Fund Shares on the website of the Luxembourg Stock Exchange (https://www.bourse.lu/security/LU0461106337/249540) or, if such information cannot be consulted on the website, through a written request at the corporate seat of the Issuer. More information about the Underlying Fund Shares can be found in the key investor information document on the website https://www.belfius.be/imagingservlet/GetDocument?src=mifid&id=BE0945524651KIID_NL.

Investors should take into consideration that all variables mentioned above may each influence the value of the Employee Warrant independently. In practice, any of these variables can vary at the same time. Consequently, the change in the value of the Employee Warrant can only be determined by taking into consideration the combined effect of the changes in value of each of these variables separately.

8.6.2. Information relating to the behaviour of the Employee Warrants

Generally, the (non-)occurrence of anticipated fluctuations in the value of the Underlying Fund Shares may disproportionately affect the value of Employee Warrants. Employee Warrants may expire worthless if the Underlying Fund Shares do not perform as anticipated. If not exercised in accordance with the Terms and Conditions during the Exercise Period, an Employee Warrant will become void and expire worthless. In order to recover and realize a return upon its investment, an Employee Warrant Holder must be correct about the direction, timing and magnitude of an anticipated change in the value of the Underlying Fund Shares. Employee Warrant Holders should also consider that the return on the investment in Employee Warrants is reduced by the costs in connection with the purchase, exercise and/or sale of the Employee Warrants. A general description of these costs is provided in Condition 8.6.3 below.

More in particular, investing in an Employee Warrant allows the Employee Warrant Holder to exercise its option(s) in case the Underlying Fund Shares price fixes above the Strike Price during the Exercise Period (i.e. in-the-money). The Employee Warrant Holder benefits in this case of the increase of the value of the Underlying Fund Shares. Should the fixing occur below the Strike Price during the Exercise Period (i.e. out-the-money), the loss is then limited to the original premium paid to acquire the options. The Employee Warrant Holder may also benefit (suffer) from a positive (negative) evolution of the price of the Employee Warrant during its lifetime.

The Employee Warrant has a leverage effect. This means that any variation in the price of the Underlying Fund Shares is in theory amplified.

An Employee Warrant's leverage effect is determined by applying the following formula:

$$(\text{Leverage} = \partial P/\partial S \times S/P)$$

where:

S = the price of the Underlying Fund Shares

P = the value of the Employee Warrant

The ratio $\partial P/\partial S$, which is called the Delta of the Employee Warrant, is the degree to which the Employee Warrant changes value divided by the degree to which the Underlying Fund Shares changes value. $\partial P/\partial S$ is not a constant, and the ratio changes throughout the term of the Employee Warrant.

As and when the leverage effect approaches 1, an Employee Warrant behaves more and more like the Underlying Fund Shares, and the risk associated with the Employee Warrant is therefore almost the same as the risk associated with retaining the Underlying Fund Shares. The above formula reveals that the leverage tends towards 1 if the Delta of the Employee Warrant, $\partial P/\partial S$, and S/P tend towards 1. Both ratios move towards 1 as and when, among other things, the Employee Warrant's term gets longer and therefore the Employee Warrant's initial time value rises.

The Employee Warrants issued by Belfius Bank have a long term. The unavoidable consequence of this is that the initial leverage effect of the Employee Warrant is significantly higher than 1. That also remains so for a large part of the lifetime of the Employee Warrant.

In addition, more than one Employee Warrant may be necessary to obtain the closing value of the Underlying Fund Shares at the payment of the Strike Price. The number of Employee Warrants necessary to buy Underlying Fund Shares at the payment of the Strike Price will be specified as such in the applicable Final Terms (the Parity).

8.6.3. Costs in connection with the purchase, exercise and/or sale of the Employee Warrants

Purchase

Subscribers to Employee Warrants shall pay the Issue Price as specified in the relevant Final Terms. The Issue Price is paid by the employer of the employee who has accepted the offer, with respect to Employee Warrants.

With regards to Employee Warrants, the costs and taxes associated with the acquisition of Underlying Fund Shares at the date of this Base Prospectus are set at a maximum of 2,5%.

Exercise

In respect of the exercise of an Employee Warrant during the Exercise Period, the Employee Warrant Holder has to pay the Strike Price specified in the relevant Final Terms. The Strike Price is equal to the net asset value of the Underlying Fund Shares, specified as such in the relevant Final Terms.

By exercising Employee Warrants, the holder of Employee Warrants purchases the Underlying Fund Shares at the Strike Price for an amount of Employee Warrants corresponding to the Parity as specified in the relevant Final Terms.

Sale

A holder of an Employee Warrant may also sell such Employee Warrants to the Issuer during the entire term of the Employee Warrants irrespective of the applicable Exercise Period. In such case the selling price of an Employee Warrant will be determined in good faith by the Issuer in accordance with the principles laid down in Condition 8.6.1 above. There are no additional costs related to such a sale. In addition, the holder of an Employee Warrant shall pay the applicable taxes related to such a sale, as specified in Condition 8.15 below.

8.7. Cancellation

The early termination features of the Employee Warrants specified below are only possible upon (i) events of force majeure or other events which significantly modify the economy of the Employee Warrant and for which the Issuer is not responsible (ii), except in the case of force majeure, the Issuer is required to indemnify the Employee Warrant Holder for the loss suffered by the Employee Warrant Holder because of the early termination; (iii) the condition that no costs are charged to the Employee Warrant Holder and (iv) a pro rata refund of the commissions already borne by the investor (in the proportion (total initial term minus elapsed period)/total initial term), must be provided for.

8.7.1. Cancellation upon change of law

The Issuer will cancel the Employee Warrants upon the occurrence of a change of law rendering illegal the execution by it of its obligations arising out of this Base Prospectus and/or the relevant Final Terms in accordance with Condition 8.10 below. The principles enumerated in the preamble to this Condition 8.7 shall apply.

8.7.2. Cancellation option upon change of Investment Strategy

Upon the occurrence of a change of investment strategy enacted by the management bodies of the Underlying Fund Shares (the "**Investment Strategy**"), the Issuer may cancel **Employee Warrants** in accordance with Condition 8.10 below. The principles enumerated in the preamble to this Condition 8.7 shall apply.

8.7.3. Discharge upon cancellation

Any Employee Warrants so cancelled in accordance with this Condition may not be reissued or resold and the obligations of the Issuer in respect of any such Employee Warrants shall be *de iure* fully discharged upon payment of the Early Termination Amount and of the loss (*i.e.* costs incurred by the Employee Warrant Holder that are not covered by the Early Termination Amount) incurred by the Employee Warrant Holders. The principles enumerated in the preamble to this Condition 8.7 shall apply.

8.8. Payment

Subscribers to Employee Warrants shall pay the Issue Price on the subscribed Employee Warrants in cash.

Any amounts payable by the Issuer in respect of the Employee Warrants, shall be made by transfer to the cash account indicated by the Employee Warrant Holders, subject to all applicable laws and regulations.

If the date for payment due to the Employee Warrant Holders is a day, which is not a business day in the place of payment, the Employee Warrant Holders shall not be entitled to payment until the next business day, unless otherwise specified in the relevant Final Terms.

8.9. Description of market disruption event or settlement disruption that affects the Underlying Fund Shares

If any Valuation Date is a Disrupted Day, then 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 Scheduled Closing Time on that eight Scheduled Trading Day. For the avoidance of doubt, the Valuation Date for the Share not affected by the occurrence of a Disrupted Day shall be the original Valuation Date. The principles enumerated in Condition 8.10 shall apply.

8.10. Adjustments to the Underlying Fund Shares

The adjustments features of the Employee Warrants specified below are only possible, for essential features of the product, if such modification would allow the rights and obligations under the Employee Warrants to be exercised and performed by the Employee Warrant Holders in view of realising a return to the extent possible in accordance with the initially agreed terms and contractual equilibrium, and provided the following 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; (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 Employee Warrant Holders. The Issuer must take all measures and make every effort to continue the product under similar circumstances; (iii) no costs are charged to the Employee Warrant Holders, and (iv) the contract term must be drawn up in a plain and intelligible manner.

8.10.1. Adjustments in case of the occurrence of a Potential Adjustment Event

Following the declaration by the SICAV of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Strike Price and/or any of the other terms of these terms and conditions and/or the applicable Final Terms as the Calculation Agent determines appropriate to account for that diluting or concentrative effect and (ii) determine the effective date of that adjustment (provided that no adjustment will be made as a result of any payment of an ordinary dividend, whether or not in the form of cash). The principles enumerated in the preamble to this Condition 8.10 shall apply.

Upon the making of any such adjustment by the Calculation Agent, the Calculation Agent shall give notice as soon as practicable to the holders of the Employee Warrants, stating the adjustment to the Strike Price and/or any of the other terms of these terms and conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event.

8.10.2. Adjustments in case of the occurrence of a change in Investment Strategy, De-listing, Insolvency, Merger Event or Nationalization

If a change in the Investment Strategy as defined under Condition 8.7.2. (*Cancellation option upon change of investment strategy*), a De-listing, Insolvency, Merger Event or Nationalization occurs in relation to the Underlying Fund Shares, the Issuer may take the action described in (i) or (ii) below:

(i) require the Calculation Agent to determine the unilateral modification, if any, of the Terms and Conditions and/or the applicable Final Terms to account for the change in Investment Strategy, Merger Event, De-listing, Nationalization or Insolvency, as the case may be, and determine the effective date of that unilateral modification PROVIDED HOWEVER that in doing so the Calculation Agent may only make a unilateral modification if three cumulative conditions are met:

> (x) Change in Investment Strategy, Merger Event, De-listing, Nationalization or Insolvency, as the case may be, significantly modifies the economy of the Employee Warrant and for which the Issuer is not responsible;
>
> (y) the unilateral 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 holders of the Employee Warrants. The Issuer must take all measures and make every effort to continue the Employee Warrant under similar circumstances; and
>
> (z) no costs are charged to the holders of the Employee Warrants; or

(ii) cancel the Employee Warrants by giving notice if no adjustment could be made under (i) above. If the Employee Warrants are so cancelled the Issuer will pay the Early Termination Amount. If the Early Termination Amount is zero or negative, no payment will be due. Payments will be made in such manner as shall be notified to the holders of the Employee Warrants. The principles enumerated in the preamble to this Condition 8.10 as well as in Condition 8.7 shall apply.

Upon the occurrence of a change in Investment Strategy, Merger Event, De-listing, Nationalization or Insolvency, the Issuer shall give notice as soon as practicable to the holders of the Employee Warrants stating the occurrence of a change in Investment Strategy, the Merger Event, De-listing, Nationalization or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

8.11. 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.

8.12. Status of Employee Warrants

The Employee Warrants and the payments 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 the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors' rights. This category can be seen as the "ordinary creditors" and may be qualified as "Preferred Senior creditors", being the creditors related under Article 389/1, 1° of the banking law. Such creditors have a higher priority ranking than the so-called non-preferred senior creditors defined under Article 389/1, 2° of the banking law.

8.13. Responsibility of the Calculation Agent

In relation to each issue of Employee Warrants, the Calculation Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Employee Warrant Holders. All calculations and determinations made in respect of the Employee Warrants by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Employee Warrant Holder. The foregoing, does not prejudice nor limit any remedy the Employee Warrant Holder may have under applicable law against the Issuer regarding acts or omissions of the Calculation Agent.

8.14. Notices

All notices from the Issuer, the Calculation Agent or the Depositary to the Employee Warrant Holders shall be validly given by a direct notification on an electronic platform managed by Belfius Bank and accessible by every Employee Warrant Holder, each time as the Issuer in his discretionary opinion shall deem necessary to give fair and reasonable notice to the Employee Warrant Holders. The Employee Warrant Holder will be notified of his or her existing position at least once a year.

Any such notice shall be deemed to have been given on the date immediately following the date of notification from Belfius Bank.

8.15. Taxation

BELGIAN TAXATION ON THE EMPLOYEE WARRANTS

The following is a general description of the principal Belgian tax consequences for investors receiving, holding or disposing of, the Employee Warrants issued by Belfius Bank and is of a general nature based on the Issuer's understanding of current law and practice. This general description is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date. Investors should appreciate that, as a result of changing law or practice, the tax consequences may be otherwise than as stated below. Investors should consult their professional advisers on the possible tax consequences of subscribing for, purchasing, holding, selling or converting the Employee Warrants issued by Belfius Bank 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 Employee Warrants.

For a description of the tax regime of the Shares to be received upon exercise of the Employee Warrants, we refer to the prospectus pertaining to the Shares.

8.15.1. Belgian income tax

8.15.1.1. Belgian resident individuals

Individuals who are Belgian residents for tax purposes, i.e., who are subject to the Belgian personal income tax ("*Personenbelasting/"Impôt des personnes physiques*") and who hold the Employee Warrants as a private investment, are subject to the following tax treatment with respect to the Employee Warrants. Other tax rules apply to Belgian resident individuals who do not hold the Employee Warrants as a private investment.

The acquisition of the Employee Warrants by an employee from its employer for no consideration constitutes a benefit in kind for the employee. Provided the employer has made a written and dated offer of the Employee Warrants to the employee and the employee has accepted this offer in writing at the latest the 60th day (in practice: the 10th day) following the day of the offer, the taxable benefit in kind is determined according to the Belgian Act of 26 March 1999. If the offer is not accepted at the latest the 60th day following the offer, the Belgian Act of 26 March 1999 will not apply. According to the Belgian Act of 26 March 1999, the taxable benefit has to be determined on the basis of the rule applicable to options quoted on a stock-exchange. Indeed, a "stock exchange" is defined, for the purposes of the Act of 26 March 1999, as "any regulated market or any other public, regularly functioning market" (Article 41, 5° of the Act of 26 March 1999). The employees who wish to sell the Employee Warrants can sell the Employee Warrants to Belfius Bank. Belfius Bank publishes, on a daily basis, a purchase price for the Employee Warrants. This purchase price is based on a generally recognised economic valuation method (such as the Black-Scholes formula). This has to be considered as a "regularly functioning market" for the application of the Act of 26 March 1999 (as confirmed by the Belgian ruling commission in the case at hand). As a consequence, the amount of the taxable benefit is the last price published by Belfius Bank on its website on the day before the offer. (by application of Article 43 § 2 of the Act of 26 March 1999). This price will be equal to the market value of the Employee Warrants, determined on the basis of the standard procedure. The benefit in kind is taxable on the date of attribution, which is irrefutably deemed to be the 60th day following the date of the offer of the Employee Warrants. The benefit in kind is taxable as professional income, at the full personal income tax rate.

A capital gain realised upon disposal or upon exercise of the Employee Warrants, is not taxable as professional income, nor as miscellaneous income provided the capital gain results from the normal management of a private estate (Article 90, 1° and 9° Belgian Income Tax Code). A loss realised upon disposal of the Employee Warrants is not tax deductible.

The Belgian Revenue may however take the position that the Act of 26 March 1999 is not applicable, in case:

- the Employee Warrants replace a remuneration in violation of the hierarchy of sources of entitlements, as defined in Article 51 of the Act of 5 December 1968;
- the Employee Warrants replace a remuneration to which the beneficiary was entitled, and to which the beneficiary has renounced when the remuneration was already earned;
- the Employee Warrants replace a the monthly (fixed or variable) basic wage, the holiday allowance, or the year-end bonus up to the 13th month;
- the Employee Warrants are granted to a person to which the employer has notified a dismissal (except in certain specific circumstances, set forth in ruling 2021.0245 of 27 April 2021);
- for new labour contracts, the Employee Warrants replace a the monthly (fixed or variable) basic wage, the holiday allowance, or the year-end bonus up to the 13th month that is usually granted in the enterprise for the concerned category of employees;
- the granting of Warrants is disproportionate (due to its amount or frequency) compared to the usually attributed remuneration. The Belgian Revenue considers that the granting of Employee Warrants is disproportionate, when the amount thereof exceeds 20 % of the 12,92 times the gross monthly wage (including holiday allowance), plus the 13^{th} month and the gross variable wage.

In these cases, the tax treatment may be different than described above.

8.15.1.2. Belgian resident companies

In case a company grants Employee Warrants as a form of remuneration (benefit in kind) to its employees, the company can in principle deduct the acquisition costs of the Employee Warrants as paid wages. The employer granting the Employee Warrants to its employees has to mention the benefit in kind resulting of the grant of the Employee Warrants, on the individual payment slips (281.10 and records 325.10), otherwise the benefit in kind could be subject to the special assessment on secret commissions in the hands of the employer (at the rate of in principle 100%). Moreover, the employer has to pay to the Revenue the professional withholding tax on the benefit in kind. If the employee does not reimburse the amount of the professional withholding tax to the employer, the professional withholding tax may have to be grossed-up.

If the company does not grant the Employee Warrants as a form of remuneration to its employee, but would sell them and realise a capital gain, that capital gain would be fully subject to corporate tax. A capital loss recorded or realised on the Employee Warrants would be in principle tax deductible.

8.16.1.3. Belgian non-residents

Employee Warrant Holders who are not resident of Belgium for Belgian tax purposes, who have acquired the Employee Warrants otherwise than as a benefit in kind and who are not holding the Employee Warrants through their permanent establishment in Belgium, will not become liable for any Belgian tax on income or capital gains by reason only of the acquisition, holding or disposal of the Employee Warrants.

8.15.2. Other taxes

Tax on stock exchange transactions

The acquisition of Employee Warrants upon their issuance (primary market) is not subject to the tax on stock exchange transactions ("*taxe sur les opérations de bourse"/"beurstaks*").

The sale of **Employee Warrants** to Belfius Bank is not subject to the tax on stock exchange transactions, since the repurchased Employee Warrants will be immediately cancelled by Belfius Bank as issuer.

In all other situations, a tax on stock exchange transactions ("*taxe sur les opérations de bourse"/"beurstaks*") will be levied on the purchase and sale in Belgium of the Employee Warrants on a secondary market if such transaction is either entered into or carried out in Belgium through a professional intermediary. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is 0.35% with a maximum amount of EUR 1,600 per transaction and per party and collected by the professional intermediary. The tax is due separately from each party to any such transaction, i.e. the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary.

Following the Law of 25 December 2016, the scope of application of the tax on the stock exchange transactions has been extended as of 1 January 2017 to secondary market transactions of which the order is directly or indirectly made to a professional intermediary established outside of Belgium by (i) a private individual with habitual residence in Belgium or (ii) a legal entity for the account of its seat or establishment in Belgium (both referred to as a "**Belgian Investor**"). In such a scenario, the tax on the stock exchange transactions is due by the Belgian Investor. The Belgian Investor must file a tax return and pay the tax due within two months after the transaction unless the foreign professional intermediary reported and paid the tax itself. In the latter case, the foreign professional intermediary also has to provide each client (which gives such intermediary an order) with a qualifying order statement (*bordereau/borderel*), at the latest on the business day after the day the transaction concerned was realised. The qualifying order statements must be numbered in series and a duplicate must be retained by the financial intermediary. The duplicate can be replaced by a qualifying agent day-today listing, numbered in series. Alternatively, professional intermediaries established outside of Belgium could appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities ("**Stock Exchange Tax Representative**"). Such Stock Exchange Tax Representative will then be liable toward the Belgian Treasury for the tax on stock exchange transactions on behalf of clients that fall within one of the aforementioned categories (provided that these clients do not qualify as exempt persons for stock exchange tax purposes – see below) and for complying with the reporting obligations and the obligations relating to the order statement *(bordereau/borderel*) in that respect. If such a Stock Exchange Tax Representative would have paid the tax on stock exchange transactions due, the Belgian Investor will, as per the above, no longer be the debtor of the tax on stock exchange transactions.

The tax referred to above will not be payable by exempt persons acting for their own account including investors who are not Belgian residents, provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors as defined in Article 126.1 2° of the code of various duties and taxes ("*Code des droits et taxes divers*"/"*wetboek diverse rechten en taksen*") for the tax on stock exchange transactions.

Financial Transaction Tax

On 14 February 2013, the EU Commission adopted a proposal for a Council Directive (the "Draft Directive") on a common financial transaction tax ("FTT"). Pursuant to the Draft Directive, the FTT shall be implemented and enter into effect in ten EU Member States (Austria, Belgium, France, Germany, Greece, Italy, Portugal, Slovak Republic, Slovenia and Spain; the "Participating Member States"). In March 2016, Estonia, initially one of the Participating Member States, withdrew from the FTT project.

The Commission's Proposal currently stipulates that once the FTT enters into force, the Participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force.

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

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. According to the Draft Directive, the FTT shall be payable on financial transactions provided that at least one party to the financial transaction is established (or deemed established) in a Participating Member State and that there is a financial institution established (or deemed established) in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State. The FTT shall, however, not apply to among others primary market transactions referred to in Article 5 (c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The rates of the FTT shall be fixed by each Participating Member State but for transactions involving financial instruments other than derivatives they shall amount to at least 0.1% of the taxable amount. The taxable amount for such transactions shall in general be determined by reference to the consideration paid or owed in return for the transfer or the market price (whichever is higher). The FTT shall be payable by each financial institution established (or deemed established) in a Participating Member State which is a party to the financial transaction, which is acting in the name of a party to the transaction or where the transaction has been carried out on its account. Where the FTT due has not been paid within the applicable time limits, each party to the relevant financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the FTT due.

The FTT proposal remains subject to negotiation between the Participating Member States, and the scope of any such tax is uncertain. Additional EU Member States may decide to participate and/or other Participating Member States may decide to withdraw.

Prospective Holders of the Employee Warrants should consult their own tax advisers in relation to the consequences of the FTT associated with the subscription, purchase, holding or disposal of the Employee Warrants.

Tax on Securities Accounts

The Law of 17 February 2021 introduced an indirect tax on securities accounts (the **Tax on Securities Accounts**) which applies to securities accounts held by resident individuals, companies and legal entities, irrespective as to whether these accounts are held, with a financial intermediary which is established or located in Belgium or abroad. The tax also applies to securities accounts held by non-resident individuals, companies and legal entities with a financial intermediary established or located in Belgium, and to non-residents which hold one or more securities accounts through a Belgian establishment.

Belgian resident and non-resident individuals, companies and legal entities are taxed at a rate of 0.15 per cent. on the average value of qualifying financial instruments held on one or more securities accounts during a reference period of twelve consecutive months (in principle) starting on 1 October and ending on 30 September of the subsequent year. No Tax on Securities Accounts is due provided that the average value of the qualifying financial instruments on the account amounts to less than EUR 1,000,000 during the specific reference period. If, however, the average value of the qualifying financial instruments on the account amounts to EUR 1,000,000 or more, the Tax on Securities Accounts is due on the entire average value of the qualifying financial instruments on the account during the specific reference period (and, hence, not only on the part which exceeds the EUR 1,000,000 threshold). However, the amount of the Tax on Securities Accounts is limited to 10 per cent. of the difference between the average value of the qualifying financial instruments on the account and EUR 1,000,000.

The financial instruments envisaged include not only cash, shares, bonds and notes, but also derivatives (e.g., options, futures, warrants, etc.). Each securities account is assessed separately. When multiple holders hold a securities account, each holder shall be jointly and severally liable for the payment of the tax and each holder may fulfill the declaration requirements for all holders.

A financial intermediary is defined as (i) the National Bank of Belgium, the European Central Bank and foreign central banks performing similar functions, (ii) a central securities depository included in Article 198/1, §6, 12° of the BITC, (iii) a credit institution or a stockbroking firm as defined by Article 1, §3 of the Law of 25 April 2014 on the status and supervision of credit institutions and stockbroking firms and (vi) the investment companies as defined by Article 3, §1 of the Law of 25 October 2016 on access to the activity of investment services and on the legal status and supervision of portfolio management and investment advice companies, which are, pursuant to national law, admitted to hold financial instruments for the account of customers.

The law on the Tax on Securities Accounts also provides for certain anti-abuse provisions, retroactively applying as from 30 October 2020: a rebuttable general anti-abuse provision and two irrebuttable specific anti-abuse provisions. The latter covers the splitting of a securities account into multiple securities accounts held with the same intermediary and the conversion of taxable financial instruments held on a securities account into registered financial instruments.

Currently multiple annulment appeals on the law introducing the Tax on Securities Accounts are pending before the Constitutional Court. Depending on the decisions of the Constitutional Court about these claims, some provisions of the Law introducing the tax on securities accounts may be subject to change when annulled. It is currently uncertain when the Constitutional Court issue a ruling in this respect.

There are various exemptions, such as securities accounts held by specific types of regulated entities for their own account. For example, excluded from the scope of application are the securities accounts held directly or indirectly, and exclusively for their own account, by non-residents, who do not use these securities accounts within a Belgian establishment, at a central securities depository or at a depository bank authorized by the National Bank of Belgium.

Prospective investors are strongly advised to follow up and to seek their own professional advice in relation to the annual Tax on Securities Accounts and the possible impact thereof on their own personal tax position.

9. TERMS AND CONDITIONS OF THE OFFER

(Annex 14.5 of Commission delegated regulation (EU) 2019/980)

The Warrants will be offered for subscription as specified in the relevant Final Terms at the relevant Issue Price (Commission included). The Issuer has the right to anticipatively terminate the Offering Period if the maximum amount of the Warrants issue has been reached or if the market conditions adversely affect the interest of the Issuer, as the case may be.

The Warrants have not been offered or sold and will not be offered or sold directly or indirectly and this Base Prospectus and the relevant Final Terms has not been distributed and will not be distributed, except in such circumstances that will result in compliance with all applicable laws and regulations.

The Employer Warrants are not intended to be offered, sold or otherwise made available, and should not be offered, sold or otherwise made available, in Belgium to "consumers" (*consommateurs/consumenten*) within the meaning of the Belgian Code of Economic Law (*Code de droit économique / Wetboek van economisch recht*).

The Employer Warrants are deposited in a Belfius Bank securities account in the name of the holder of an Employer Warrant and Belfius Bank will not charge any fees for this service nor for the opening of such securities account by the holder of an Employer Warrant.

The Employee Warrants are deposited in a Belfius Bank global securities account and Belfius Bank will not charge any fees for this service.

The Issuer has the right to cancel any issue of Warrants 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 Warrants will be notified pursuant to Conditions 7.14 and 8.14 of such cancellation. The Issuer has the right to anticipatively terminate the Offering Period if the Maximum Amount of the relevant Warrants issue has been reached or if the market conditions adversely affect the interest of the Issuer, as the case may be.

The Warrants have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and are subject to U.S. tax law requirements and, subject to certain exceptions, Warrants may not be offered, sold or delivered within the United States of America, including its territories and possessions, or to U.S. persons.

The Warrants 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 Warrants are sold during the restricted period, will receive a confirmation or other notice setting forth the restrictions on offers and sales of the Warrants within the U.S. or to, or for the account or benefit of, U.S. persons.

The Warrants will be offered at the relevant Issue Price (Commission included). This price comprises all costs.

The financial service will be performed by Belfius Bank.

The Offer is governed by the laws of Belgium. All disputes arising out of or in connection with the Offer shall be exclusively submitted to the jurisdiction of the competent courts in Brussels.

10. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

(Annex 14.6 of Commission delegated regulation (EU) 2019/980)

The Employee Warrants and Employer Warrants offered will not be the object of an application for admission to trading on a stock exchange or a regulated market. There are no securities issued by Belfius of the same class as the Warrants to be offered that are already admitted to trading on a stock exchange.

Belfius Bank will offer the Warrant Holders of Employee Warrants a possibility to sell the Employee Warrants from the day following the Issue Date by providing liquidity through a single bid price per trading day. These bid prices are subject to a brokerage fee (excluding stock market tax) of 1% maximum. In addition, the bid prices of the Employee Warrants are subject to the market conditions (in practice, the conditions between 4.30 p.m. and 5.30 p.m. (Brussels time) concerning, amongst other things, interest rates, the Underlying Fund Shares' value or volatility. The price of each previously executed transaction with the Employee Warrants is available the day after the transaction occurred on an electronic platform managed by Belfius Bank and accessible by every Warrant Holder of Employee Warrants.

11. USE OF PROCEEDS

(Annex 14.3 of Commission delegated regulation (EU) 2019/980)

The net proceeds of the issue of the Warrants will be used for general corporate purposes of Belfius Bank and for covering the risks resulting of the issue of the Warrants. The Warrants issue will be subject to some out-of-pocket expenses and publicity fees estimated to be around EUR 25,000.

12. THE UNDERLYING FUND SHARES OF THE EMPLOYEE WARRANTS

(Annex 17 of Commission delegated regulation (EU) 2019/980)

The below information has been sourced from the prospectus of Belfius Equities sicav, Belgium, dated August 2020 (as incorporated in Annex 2 of this Base Prospectus).

This information has been accurately reproduced in this Base Prospectus and, as far as the Issuer is aware and is able to ascertain from the aforementioned prospectus of the SICAV, no facts has been omitted which would render the reproduced information inaccurate or misleading.

12.1. Description of the Underlying Fund Shares

12.1.1. Type and class of share

The Underlying Fund Shares is a Class C share (the "**Share**" or "**Shares**") of the compartment Belfius Equities Europe Conviction (the "**Compartment**") within Belfius Equities sicav, a UCITS duly registered under the laws of Belgium under the Crossroad Bank for enterprises' number 0444.229.910, with multiple compartments, incorporated for an indefinite duration (the "**SICAV**") ISIN Code: BE0945524651; Bloomberg Code: DEXBEUR BB.

Class C is offered both to legal entities and natural persons and capitalizes its profits.

The number of shares of the SICAV that may be issued is unlimited. Every share must be fully paid-up upon subscription.

12.1.2. Governing law

The Underlying Fund Shares is governed by the laws of Belgium. The SICAV is registered with the Belgium Crossroad bank for enterprises (*Banque Carrefour des entreprises/Kruispuntbank van ondernemingen)* under the number 0444.229.910.

12.1.3. Form

All shares of the SICAV are registered shares without nominal value. Ownership of a share is only represented, and enforceable *vis-à-vis* the SICAV, by endorsement in the SICAV's register of shares. Holders of shares in the SICAV will not receive any certificate representing their shares, except upon express request thereto.

12.1.4. Currency

The Shares are denominated in EUR.

12.1.5. Rights, limitations thereto and procedure of exercise

12.1.5.1. Dividend rights

The Shares are not vested with any dividend right, considering that the shares of Class C within the compartment Belfius Equities Europe Conviction capitalizes their profits.

The number of shares of the SICAV that may be issued is unlimited. All shares of the SICAV, including the Shares, are vested with equal rights to a share in liquidation surplus within their compartment, if any, *prorata* the amount of shares existing within the relevant compartment by date of its liquidation.

(a) Fixed date(s) on which the entitlement arises: not applicable.

(b) Time limit after which entitlement to dividend lapses and an indication of the person in whose favour the lapse operates: not applicable.

(c) Dividend restrictions and procedures for non-resident holders: not applicable.

(d) Rate of dividend or method of its calculation, periodicity and cumulative or non-cumulative nature of payments: not applicable.

12.1.5.2. Voting rights

All shares of the SICAV are vested with an equal voting right, each share representing one vote. The annual general shareholders' meeting of the SICAV is held each year on the last Thursday of September at 11:00 a.m. at the registered seat of the SICAV, or at any other date and place as notified beforehand by the SICAV to the holders of shares.

12.1.5.3. Pre-emption rights in offers for subscription of securities of the same class

No shares of the SICAV are vested with any pre-emption- or preference rights.

12.1.5.4. Right to share in the issuer's profits

All shares of the SICAV are vested with an equal right to a share in the profit.

12.1.5.5. Rights to share in any surplus in the event of liquidation

All shares of the SICAV, including the Shares, are vested with an equal right to a share in liquidation surplus, if any, *pro rata* the amount of shares issued by the SICAV by date of the liquidation.

12.1.5.6. Redemption provisions

Every holder of shares in the SICAV is entitled to have his shares redeemed by the SICAV at any time, in accordance with the notification procedure to the depositary bank described in the prospectus of the SICAV.

Redemption price will be lower or higher than the subscription price, depending on the evolution of the net inventory value of the SICAV between the subscription- and redemption dates.

12.1.5.7. Conversion provisions

Every holder of shares in the SICAV may request conversion of part of or all of the shares he holds in a compartment of the SICAV into shares of another compartment of the SICAV. Such a conversion of shares in, or into shares in, certain compartments and/or classes of shares of the SICAV can however be limited by conditions specific to each compartment at stake.

The procedure for notification to the depositary bank and exercise of the conversion is described in the prospectus of the SICAV.

Conversion rate will be determined by applying the following formula:

$$A = \frac{B \times C \times E}{D}$$

Where:

A: is the amount of shares of the new class or in the new compartment to be attributed

B: is the amount of shares of the current class or in the current compartment to be converted

C: is the net asset value per share of the current class or in the current compartment calculated on the valuation date at stake

D: is the net asset value per share of the new class or in the new compartment calculated on the valuation date at stake

E: is the FX rate on the valuation date at stake between the currency of the current class/compartment and the currency of the new class/compartment.

12.1.6. Resolution and authorization for new issue of share in the SICAV, issue date

Not applicable.

12.1.7. Admission to trading

The Shares are not admitted to trading on a regulated market.

12.1.8. Restrictions on transferability

None.

12.1.9. Mandatory takeover bids or squeeze-out and sell-out

Not applicable.

12.1.10. Public takeover bids during the last and/or current financial year

Not applicable.

12.1.11. Impact on the issuer of the Underlying Fund Shares of the exercise of the right and potential dilution effect for the shareholders

No impact.

12.1.12. Strategy and components

The SICAV aims to achieve capital growth through investment in the major traded assets and outperform the benchmark.

Within the limits set by the SICAV's objective and investment policy, the management team makes discretionary portfolio investment choices, taking into account its own analysis of the characteristics and development prospects of the assets traded. For this purpose the management team makes a carefully balanced selection of a limited number of shares issued by companies with varying market capitalisations and with fundamentals of good quality, upwardly revised earnings prospects and a low valuation.

The SICAV promotes, among other characteristics, environmental and/or social characteristics without pursuing a sustainable investment objective. The analysis of ESG aspects (environmental, social and governance) is integrated into the selection, analysis and general investment strategy of the companies. The SICAV also excludes investments in companies that do not comply with certain recognised international standards and principles (United Nations Global Compact) or which have significant exposure to certain controversial activities. In certain cases, the analysis and selection process can also be accompanied by active involvement, in particular through dialogue with the companies and, as a shareholder, through the vote at the general meeting.

The SICAV may use derivatives, both for investment and hedging purposes (to hedge against unfavourable financial events in the future).

More information about the Underlying Fund Shares can be found in the key investor information document on the website https://www.belfius.be/imagingservlet/GetDocument?src=mifid&id=BE0945524651KIID_NL.

12.2. Description of the Issuer of the Underlying Fund Shares (if member of the same group)

Not applicable.

13. THE UNDERLYING INDEX OF EMPLOYER WARRANTS

(Annex 17 of Commission delegated regulation (EU) 2019/980)

The Underlying Index is the MSCI Europe Net Total Return Index (M7EU). The Index Sponsor is MSCI. The Index Sponsor is registered as a benchmark administrator in the public register maintained by the European Securities and Markets Authority (ESMA) under Article 36 of Regulation (EU) 2016/1011 (the "**Benchmark Regulation**").

In case of an Index Adjustment Event, the Calculation Agent may decide to substitute the Underlying Index or the value of the Underlying Index with another reference rate. If the Calculation Agent is unable to substitute the Underlying Index, it may calculate the Initial Price by reference to other reference rates. Any such reference rate may constitute a benchmark for the purposes of the Benchmark Regulation. Not every reference rate will fall within the scope of the Benchmark Regulation. The registration statuses of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the relevant Final Terms to reflect any change in the registration status of the administrator.

The MSCI Europe Index represents the performance of large and mid-cap equities across 15 developed countries in Europe (Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the U.K.).

With 432 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe (July 2021). The index is built using MSCI's Global Investable Market Index (GIMI) methodology, which is designed to take into account variations reflecting conditions across regions, market-cap segments, sectors and styles.

More information about the Underlying Index, including past and the future performance and volatility, can be obtained by electronic means free of charge at https://www.msci.com/documents/10199/db217f4c-cc8c-4e21-9fac-60eb6a47faf0.

Disclaimer

The Index Sponsor and its licensors, research partners or data providers have no relationship with the Issuer, other than the licensing of the Issuer's right to insert the Underlying Index and the related trademarks for use in connection with the Warrants. "Index Sponsor" shall also refer to the entities belonging to the same corporate group as the Index Sponsor.

The Index Sponsors and its licensors, research partners or data providers do not (i) sponsor, endorse, sell or promote the Warrants, (ii) recommend that any person invest in the Warrants or any other securities, (iii) have any responsibility or liability for or make any decisions regarding the timing, amount or pricing of the Warrants, (iv) have any responsibility or liability for the administration, management or marketing of the Warrants, (v) consider the needs of the Warrants or the owners of the Warrants in determining, composing or calculation the Underlying Index or have an obligation to do so.

The Index Sponsor and its licensors, research partners or data providers give no warranty and exclude any liability (whether in negligence or otherwise) in connection with the Warrants and their performance.

The Index Sponsor does not assume any contractual relationship with the purchasers of the Warrants or any third parties. Specifically (i) the Index Sponsor and its licensors, research partners or data providers do not give any warranty, express or implied, and exclude, in particular, any liability about: (x) the results to be obtained by the Warrants, the owner of the Warrants or any other person in connection with the use of the Underlying Index and the data contained in the Underlying Index, (y) the accuracy, timeliness, and completeness of the Underlying Index and its data; (z) the merchantability and fitness for a particular purpose or use of the Underlying Index and its data; (xx) the performance of the Warrants generally.

The Index Sponsor and its licensors, research partners or data providers give no warranty and exclude any liability, for any errors, omissions or interruptions of in the Underlying Index or its data. Under no circumstances will the Index Sponsor or its licensors, research partners or data providers be liable (whether in negligence or otherwise) for any lost profits or indirect, punitive, special or consequential damages or losses, arising as a result of such errors, omissions or interruptions in the Underlying Index or its data or generally in relation to the Warrants, even in circumstances where the Index Sponsor or its licensors, research partners or data providers are aware that such loss or damage may occur.

The licensing agreement between the Issuer and the Index Sponsor is solely for their benefit and not for the owners of the Warrants or any third parties.

14. THIRD PARTY INFORMATION, EXPERT STATEMENTS AND DECLARATIONS

(Annex 6.1 and 17.3 of Commission delegated regulation (EU) 2019/980)

Except for the audited financial statements of the Issuer, there has not been any statement or report attributed to a person as an expert which is included in this Base Prospectus.

Further, and except for the audited financial statements of the Issuer, there is no information in this Base Prospectus which has been audited or reviewed by statutory auditors and no auditor has produced a report with respect to this Base Prospectus.

The Issuer does not intend to provide post-issuance information.

Where information in this Base Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

15. DOCUMENTS ON DISPLAY

(Annex 6.14 of Commission delegated regulation (EU) 2019/980)

Copies of the documents incorporated by reference (including the Issuer's articles of association) are available free of charge on the website www.belfius.be and at the office of Belfius Bank and will be available during the entire lifetime of the Warrants.

Additionally, the future annual reports of Belfius Bank will be published on its internet site https://www.belfius.be/about-us/en/investors/results-reports/reports.

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ANNEX 1: Template for Final Terms

FINAL TERMS

Set out below is the form of Final Terms which will be completed for each series of Warrants issued under the Programme.

[Date]

BELFIUS BANK SA/NV

Limited liability Company of unlimited duration incorporated under Belgian law

Issue of […] (Aggregate Nominal Amount of Series of Warrants)

[Title of relevant Series of Warrants]

under the

Warrant Issuance Programme

[**MIFID II product governance / Retail investors, professional investors and ECPs target market** – Belfius Bank SA/NV acts as sole manufacturer and distributor (each as defined in Directive 2014/65/EU (as amended, "**MiFID II**")) of the Warrants. Solely for the purposes of Belfius Bank SA/NV's product approval process, the target market assessment in respect of the Warrants has led to the conclusion that: (i) the target market for the Warrants is eligible counterparties, professional clients and retail clients, each as defined in MiFID II; (ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Warrants to retail clients are appropriate - investment advice, portfolio management and non-advised sales.]

[*include in case of Employer Warrants:* **PROHIBITION OF SALES TO CONSUMERS IN BELGIUM** – The Warrants are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any consumer (*consument/consommateur*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*).]

[**PRIIPs Regulation -** A key information document required by Regulation (EU) No 1286/2014 (as amended the "**PRIIPs Regulation**") for offering or selling the Warrants or otherwise making them available to retail investors in the EEA has been prepared and is available on [●].]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [25 October 2022] 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 Warrants described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with the Base Prospectus, including, for the avoidance of any doubt, any supplements to the Base Prospectus. Full information on the Issuer and the Offer of the Warrants is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at (i) the office of the Issuer and copies may be obtained from the Issuer at that address and (ii) the website [_______].

These Final Terms relate to the securities and must be read in conjunction with, and are subject to, the provisions contained in the Base Prospectus as so supplemented. These Final Terms, and the relevant provisions constitute the conditions of each series of the Warrants described herein. A summary of the Base Prospectus is attached to these Final Terms.

In case of any inconsistency between the Base Prospectus and the Final Terms, the Final Terms shall prevail.

The issue of the Warrants has been authorized by resolutions of the Issuer dated [●].

Series Number:	[●]
Tranche Number:	[●]
Warrant category:	[Employee Warrants]/[Employer Warrants]
Warrant type:	The Warrants can only be exercised during the Exercise Period;
Commission:	[●] EUR;
Costs:	There are no additional costs of subscription, no additional costs upon exercise (besides, in respect of the Employee Warrants only, the payment of the Strike Price) and no additional costs upon a sale to the Issuer. In relation to the Employee Warrants, only applicable subscription fees in the Underlying Index, as may exist at such time and applicable taxes are due.;
Exercise Period:	Each business day on which commercial banks in Belgium are open for business from (and including) [●] until (but excluding) the Maturity Date;
Cancellation:	In certain events, the Warrants may be cancelled (Please refer to Conditions 7.7 (*Cancellation*) and 8.7 (*Cancellation*));
Adjustments:	In certain events, the features of the Underlying Index may be adjusted (Please refer to Condition 7.10 (*Adjustments to the Underlying Index*) and 8.10 (*Adjustments to the Underlying Fund Shares*));
Form:	Book entry;
Currency:	EUR;
ISIN Code:	[●];

Issue Date:	[●];
Issue Price:	[10,50] EUR (being [10] EUR, increased with the Commission);
Issuer:	Belfius Bank, a limited liability company incorporated under the laws of Belgium (hereinafter "Belfius Bank") (see the Base Prospectus for information about the Issuer);
Maturity Date:	[●];
Offering Period:	The Warrants will be offered for subscription from [●] until and including [●] (4 p.m. Brussels time);
Minimum Amount of the Offer:	[100.000 EUR];
Maximum Amount of the Offer:	[No Maximum];
Parity:	The Parity is the number of Warrants necessary to buy an Underlying Value at the payment of the Strike Price. The Parity equals a percentage of the Initial Price of the Underlying Value at Issue Date divided by the Issue Price minus Commission;
Strike Price:	[[112.31]% of the Initial Price of the Underlying Index]/[the net asset value of the Underlying Fund Shares on [●] which will be posted on https://www.belfius.be/retail/nl/producten/sparen-beleggen/Beleggen/fondsen-beveks/fiche-fondsen/index.aspx?id=BE0945524651&component=ALLWH23&iwsuniverse=retail denominated in EUR];
Initial Price:	**[**The closing value of the Underlying Index will be posted on https://www.msci.com/end-of-day-history?chart=regional&priceLevel=41&scope=R&currency=119&indexId=110&size=36)] / [Not applicable]
Averaging:	[Applicable]/[Not Applicable]; *(Note: always "Not Applicable" in relation to Employee Warrants)*

Averaging Dates:	[*dates*]/[Not Applicable]; (*Note: always "Not Applicable" if Averaging is Not Applicable)*
Valuation Date:	**[●];**
Rounding:	[In accordance with Condition 7.11 (*Rounding*)]/ [In accordance with Condition 8.11 (*Rounding*)]/[*specify*];
Governing law and jurisdiction:	The Warrants are governed by the laws of Belgium. All disputes arising out of or in connection with the Warrants shall be exclusively submitted to the jurisdiction of the competent courts in Brussels;
Underlying Value:	[MSCI Europe Net Total Return Index (M7EU)]/[a class C share (capitalisation) of the compartment Belfius Equities Europe Conviction (Code ISIN: BE0945524651; Code Bloomberg: DEXBEUR BB), within Belfius Equities, a UCITS duly registered under the laws of Belgium under the Crossroad Bank for enterprises' number 0444.229.910, with multiple compartments, incorporated for an indefinite duration];
Cash Settlement Amount:	[Not Applicable]/[The amount determined by the Calculation Agent in accordance with Condition 7.5.2 (*Settlement*) of the Conditions in relation to any Warrant being exercised;] [*Note: always "Not Applicable" if the Warrants are Employee Warrants*]
Guaranteed Cash Amount:	[Not Applicable]/[**[**Parity × Initial Price × marginal tax rate (53.5%) × "*avantage toute nature*" tax rate Warrants (23%)]/[Parity × Min(Initial Price, average close price of the Underlying Index during the 30 days before the initial valuation date) × marginal tax rate (53.5%) × "*avantage toute nature*" tax rate Warrants (23%)];] [*Note: always "Not Applicable" if the Warrants are Employee Warrants*]
Responsibility:	The Issuer accepts responsibility for the information contained in these Final Terms.

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ANNEX 2: Prospectus of the Underlying Fund Shares of the Employee Warrants

REGISTERED OFFICE OF
ISSUER AND CALCULATION AGENT

Belfius Bank SA/NV
Place Charles Rogier 11
B- 1210 Brussels
Belgium

AUDITORS

KPMG Reviseurs d'Entreprises SRL
Gateway building, Luchthaven Nationaal 1 K
1930 Zaventem
Belgium

LEGAL ADVISOR

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