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 24 October 2023 as competent authority under the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (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 25 October 2022. 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 'Positive' (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.[1]

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[2] (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.

[1] *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.*

[2] *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.*

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 24 October 2023 as competent authority under the Prospectus Regulation in accordance with Article 20 of the Prospectus Regulation. This approval does not entail any appraisal of the appropriateness or the merits of any issue under the programme nor of the situation of the 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.

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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). The Cash Settlement Amount can be lower than the Issue Price or even zero. See Condition 7.5.2 for the full calculation method.
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. Macro & geopolitical situation (Global Criticality: High)

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

Uncertainty and the resulting volatility from the macroeconomic and geopolitical factors have dominated the course of 2022, considerably weakening the post-pandemic recovery of the Belgian economy. Inflation has risen sharply reaching more than 10% in 2022, reflecting strong post-pandemic demand, supply chain bottlenecks, higher energy and food prices, being further fuelled by the rising wage costs and still accommodative monetary policies in the first half of the year. Later on, starting from July 2022, the European Central Bank ("**ECB**") began raising its key interest rates, with the policy tightening aiming to ensure a timely return of inflation to the 2% medium-term target, however, at the price of lower aggregate demand and economic growth. Nevertheless, the NBB reported an annual gross domestic product ("**GDP**") growth of 3.2% for the year.

Where last year a recession in 2023 seemed almost unavoidable as monetary policy tightened in rapid fashion to curb the inflationary spiral, this year the economic situation became slightly less gloomy with economic growth showing a positive pace, although at a slower rhythm. In the eurozone, GDP fell 0.1% in the first quarter of 2023 but grew by 0.3% in the second quarter, and Belgian GDP showed quarterly growth of 0.4% in the first quarter and 0.2% in the second quarter, according to the NBB. Inflation and price pressures moderated in 2023 driven by the sharp fall of natural gas prices.

Nevertheless, economic slowdown in Germany and some other countries was evidenced. In order to drive back longer-term inflation expectations, central banks continued tightening monetary policies. Higher interest rates affected lending growth and slowed demand, in particular on real estate markets. The financial turmoil caused by the liquidity problems of some US financial institutions in March 2023, with the collapse of three regional US banks (being Silicon Valley Bank, Silvergate Capital Corporation and Signature Bank), and the forced takeover of the ailing institution Credit Suisse by UBS in Switzerland had, however, no lasting macroeconomic impact (e.g. contagion) on financial markets and did not trouble the economic upturn. For Belfius, as at the date of this Base Prospectus the direct and indirect impacts have remained limited and the liquidity position under simulated stress shows robustness and resilience. Belfius more specifically has no direct exposure towards the three above-mentioned US banks as at the date of this Base Prospectus, while as at the end of 2022 Belfius had a very limited direct exposure to Credit Suisse amounting to a nominal amount of EUR 27.8 million[3].

In the first half of 2023, Belfius again made a detailed review of its credit risk portfolio and continued to calibrate its IFRS9 provisions. Belfius continues to evolve its credit risk provisioning in synchronization with such transforming context, where inflationary pressures remain persistent, and where economic growth continues to show more resilience than formerly anticipated in general.

Belfius' loan portfolios continued to demonstrate a strong resilience with risk indicators that remain robust. The credit quality of the portfolio and production stayed solid, payments arrears and non-performing loans ("**NPLs**") remained under control. Bankruptcy levels, particularly for small businesses, showed a slightly increasing trend but levels remained below the historically observed levels for the Belgian market. Some other early warning indicators for small businesses (payments arrears and utilisation of credit lines) showed a moderate increase during the first half of 2023.

The provisions for expected losses due to the effects of the Covid-crisis, including expert based overlays for some Covid-impacted sectors, have been:

- adjusted for improving economic outlooks; and
- redirected from Covid-induced overlays for vulnerable sectors to inflation and energy related vulnerabilities.

This led in the first half of 2023 to a relatively low cost of risk ("**CoR**") of EUR -17 million (net allowance) compared to EUR +13 million of net reversal in the first half of 2022.

In the field of interest rate risk management, the continued increase in interest rates over the first half of 2023 required proactive risk management in order to manage uncertainties on both sides of the balance sheet.

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[3] Under the format of a trade finance guarantee for EUR 2.8 million and a senior bond issued by Credit Suisse AG for EUR 25 million. Furthermore, Belfius has collateralised derivatives with Credit Suisse for a fair value of EUR -54 million (fair value as of 17 March 2023). Such negative fair value represents a debt owed by Belfius to Credit Suisse, on which Belfius posts cash collateral for that amount.

The continued increase in interest rates over the first half of 2023 had an overall positive impact on Belfius' standard transformation model. On the one hand, the interest to receive on the new production of commercial loans started to increase and the interest paid to depositors still remained close to zero for payment accounts and is only gradually increasing for savings accounts and term funding for the time being. On the other hand, refinancings and prepaying mortgages have become less interesting for the customers. Furthermore, this increase in rates has further improved the net collateral cost for derivative contracts used to hedge Belfius' exposure to interest rate risk. The Issuer's Assets & Liabilities Committee ("**ALCo**") will remain attentive to a volatile interest rate environment with primary objective to respect the Risk Appetite Framework ("**RAF**"). ALM conventional models are regularly reviewed at the light of the macro-economic environment and prevailing interest rates. During the first half of 2023, the continued increase in interest rates has modified the expected interest rate sensitivities of the 'on demand' (or non-maturing) deposits, which triggered additional hedging to remain within Belfius' risk appetite and forward-looking challenges based on scenario-thinking and review of model assumptions by risk management and finance departments.

In order to manage its liquidity risk in 2023, Belfius has continued diversifying funding sources and investor base. Belfius has successfully issued EUR 0.5 billion Tier 2, EUR 0.5 billion covered bonds, EUR 0.75 billion preferred senior under green format and EUR 1 billion preferred senior. The participation of Belfius Bank in the ECB TLTRO III funding programme for an amount of EUR 15.65 billion was reduced to EUR 6 billion at the end of 2022, and in June 2023 another EUR 3.3 billion was repaid. This leads to a residual funding through TLTRO of EUR 2.7 billion that will continue to expire. In an abundant ECB funding environment and a strong wholesale market, Belfius still shows very solid key liquidity metrics at the end of June 2023 with a Liquidity Coverage Ratio of 156% (end of 2022: 173%) and a Net Stable Funding Ratio of 133% (end of 2022: 135%), both well above the minimum requirement of 100%. The recent events of the liquidity outflows of circa EUR 3.5 billion related to the issuance of the Bon d'Etat/Staatsbon by the Belgian state have temporarily reduced the liquidity buffer but remained under control thanks to the sufficient total liquidity buffer of EUR 45 billion at the onset of outflows and actions taken swiftly to ensure that the LCR stays above our internal target of 120% even notwithstanding the part covered by the TLTRO.

In terms of financial market risk ("**FMR**"), despite high volatilities and risk aversion stemming from abrupt change in monetary policy needed to fight inflation, the US regional banks' crisis and the near collapse of Credit Suisse in March 2023, Belfius' financial market activities were very resilient thanks to reduced exposures due to the increase of UK real rate[4] in the ex-legacy's portfolio and enhanced risk frameworks (XvA dynamic hedging, new Internal Value at Risk model). Despite some exposures to UK utilities recently coming under heightened market pressure, de-risking of the ex-legacy portfolio successfully continues.

Belfius Insurance has been able to maintain a strong Solvency profile as well in this uncertain year 2023. As of the end of June 2023, the consolidated Solvency II ("**SII**") ratio ended up with a strong 195%, higher than the Solvency II ratio at year-end 2022 (193%). This remained well within Belfius Insurance's risk appetite (>160%). The required capital as per SII capital requirement (SCR) amounted to EUR 1,050 million at the end of June 2023, which is EUR 10 million lower compared to end 2022 (EUR 1,060 million). Market risk dropped given the performance of our equity portfolio and equity transactions during the second quarter which allowed us to have a stable positive evolution of the SII ratio related to equity risk. The SCR linked to interest rate risk is rather limited thanks to ALM management, targeting a limited global duration mismatch between assets and liabilities. The

[4] The real interest rate is the rate of interest an investor, saver or lender receives (or expects to receive) after allowing for inflation. As such the "UK real rates" can be seen as the difference between the nominal interest rate levels in GBP (i.e., swap rates) versus the expected inflation rates in UK RPI (i.e., inflation swap rates). The exposure of inflation linked bonds in the ex-legacy portfolio is decreasing whenever the UK real rates increase as bonds' coupons and final settlement amounts retain their real (i.e., inflation-adjusted) value over time, thereby protecting the investment against the corrosive effects of inflation.

life insurance risk decreased during the first semester of 2023 mainly due to the annual review of the liability projection assumptions

Given that the situation on the ground in Ukraine remains unpredictable and seems to be heading towards a prolonged phase of combat, one has to view these positive signals within a context of continued uncertainty. It is probably too early to already conclude that we are in a scenario of a soft landing in light of the ongoing important uncertainties, such as the less rapid than expected recovery of the Chinese economy (and impact on supply chains and, consequently, on inflation stickiness) or the variability in future European monetary policy (a.o. policy rates, asset purchase programmes and reserve requirements).

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

2.1.1.2. Credit risk (Global Criticality: High)

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

In order to cover the unexpected credit losses, Belfius Bank applies the Advanced Internal Rating-Based ("**A-IRB**") approach to derive its minimum own funds requirement. The A-IRB approach consists of using three distinct internal models developed and maintained within Belfius Bank following the prescribed regulation (Regulation (EU) No 575/2013 and other EBA regulatory technical standards) by asset class: a Probability of Default ("**PD**"), a Loss-Given Default ("**LGD**") and a Credit Conversion Factor ("**CCF**")[6].

Belfius Bank's solvency is resilient with a CET1 ratio at the end of June 2023 of 16.5%, an increase of 5 basis points compared to the end of 2022.

On denominator level, at the end of June 2023, regulatory risk exposure of Belfius ("**RWA**") amounted to EUR 64,928 million, an increase with EUR 778 million compared to EUR 64,150 million at the end of 2022 driven by the increase of credit risk RWA:

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

- The credit RWA increased by EUR 1,672 million to EUR 50,943 million, mainly due to the commercial growth in franchise activities and particularly in the corporate segment. As at the date of this Base Prospectus, all segments are showing a good resilience to the challenging economic environment in terms of credit quality.

- The RWA for the Danish Compromise increased by EUR 201 million to EUR 8,112 million, mainly due to the OCI evolution of Belfius Insurance during the period, taking into account the pro forma IFRS17, the newest accounting standards, calculated per end December 2022 (EUR -646 million).

- The Credit Value Adjustment ("**CVA**")[7] RWA[8] decreased by EUR -13 million to EUR 307 million thanks to increasing interest rates.

- The market risk RWA[9] decreased (by EUR 1,082 million to EUR 1,899 million) as the Value-at-Risk ("**VaR**")[10] model change implemented in the fourth quarter of 2022 delivered its full impact only in the first quarter of 2023.

- The regulatory operational risk exposure – based on the standardised approach – remained at EUR 3,667 million.

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

  The pro-active management of the ECL relies on the 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).

  With respect to its impairment methodology, in the first half of 2023, entering into a post-Covid era, Belfius:

- has decided to abandon the long-term average of historic data in the calculation of the macroeconomic factors, and only use 2022-2024 macroeconomic data;

- maintains the system of four probability weighted forward-looking scenarios each with their own macroeconomic parameters to build optimistic, neutral, pessimistic and stress cases. The scenarios have, however, been adapted to the updated macroeconomic environment;

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[7] This is the price that an investor would pay to hedge the counterparty credit risk of a derivative instrument.

[8] 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.

[9] 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).

[10] 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%.

- continues its portfolio analysis and monitoring process in order to determine and keep up to date the sectors and/or clients vulnerable to inflation and energy price risks.

  In the first half of 2023, the application of the above-mentioned provisioning logic resulted in the CoR on consolidated level amounting to EUR -17 million and composed of EUR +49 million reversals due to the update of the macroeconomic factors, EUR +7 million reversals following the reassessment of the overlay for vulnerable exposures, EUR -79 million specific provisions for loans in default and EUR +6 million reversals for portfolio evolutions.

  Belfius has updated the macroeconomic parameters and perspectives for IFRS 9 expected credit loss calculations with scenario weights shifting to a neutral scenario:

- The macroeconomic factors and perspectives were updated in line with Belfius Research expectations. The economic picture for the first half of 2023 is quite ambivalent, with the economic environment showing strong resilience. The effects of the energy crisis are fading out and – with the notable exception of the food processing industry – post-pandemic supply chains problems have largely been resolved. The pass-through of costs to sales prices has increased but remains partial. Most firms feel that it is becoming increasingly difficult to raise further prices, which could lead to a further easing of inflation in the near term.
- Statistics about the economic performance of the Eurozone are divergent. The European Commission first revised its GDP forecast upwards to 1.2% in 2023 and 1.4% in 2024, but based on the GDP figures with negative growth for the fourth quarter of 2022 and the first quarter of 2023, the Eurozone entered (technically) into a light recession. In Belgium, the economic growth keeps its positive pace, although at a slower rhythm, and is hence outperforming most of the European countries. Notwithstanding this strong resilience, several evolutions (such as the economic slowdown in Germany and other EU countries and the rising interest rates) could become factors of risk.
- At the same time, there are also signs of a potential decay. Whereas the labour market was booming towards the end of the Covid-pandemic, the job-growth has slowed down since the start of 2023; the unemployment showed an increase in the beginning of the year, with an interim market, traditionally a leading indicator, that was starting to slacken. Recent figures tend to be more positive again: despite higher wage costs, most companies maintained or expanded their permanent workforce in the second quarter and prospects for the coming months are mostly stable. Due to structural labour market tightness, firms are reluctant to lay off employees.
- The GDP forecasts improved for 2023-2024, whereas consumer price and house price inflation are expected to decrease in 2023. Belfius' neutral scenario includes a Belgian GDP growth of +0.9% for 2023 (compared to +0.1% as expected by end 2022), followed by a +1.2% growth rate in 2024.
- For 2023, inflation is expected to decrease somewhat more than formerly estimated at the end of 2022.
- The Belgian unemployment rate for 2023 in the neutral scenario has been revised downwards from 8.8% towards 8.2%, and is expected to slightly decrease and then remain stable in the upcoming years. As from 2020 onwards, the unemployment figure includes the exceptional temporary unemployment that is expected to be, to a certain extent, converted into a structural unemployment.

The scenario weights were therefore changed by shifting more weight to a neutral scenario (from 45% to 60%), simultaneously reducing pessimistic (from 40% to 30%) and stress (from 10% to 5%) scenarios. Consequently, the slightly more positive macroeconomic perspectives impacted the CoR positively for EUR +49 million in the first half year.

Furthermore, in 2023, the overlay for vulnerable exposures was reduced by EUR +7 million. Vulnerable exposures linked to Covid-19 have been phased out, and from the first half of 2023 onwards, the overlay for vulnerable exposures merely serves to cover for an anticipation of potential recession effects, in sectors vulnerable to inflation and higher energy prices. The provision for macroeconomic uncertainties and the overlay for vulnerable exposures combined form Belfius 'Overlay for economic uncertainties and vulnerable exposures', of which the stock as of end of June 2023 amounts to EUR 179 million (from EUR 235 million end 2022).

The specific provisions for loans in default (stage 3) negatively impacted the CoR for EUR -79 million for the first six months of 2023. Origins of these stage 3 provisions can often be found in Covid-19 and/or energy and inflation impacts, combined with additional financial pressure, that is caused by demand effects or interest cost increases. With Belfius' anticipative provisioning methodology, the credit losses on these companies, being more sensitive to inflation and high energy prices, have typically been anticipated to a certain extent by stage 2 expected credit losses, constituted during the past years.

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. The impact of the geopolitical tensions and of the spiking inflation on the loan portfolios (both Individuals and Enterprises & Entrepreneurs) was assessed through an analysis of transactional and financial client data, combined with the monitoring of specific early warning indicators (energy and labour cost to income, evolution of net available income) and with more traditional early warnings (such as rating evolutions, the use of credit lines, repayment arrears, etc.). These analyses, performed in a top-down and bottom-up approach, have not yet revealed critical risk observations in the Belfius portfolio so far: the portfolio continues to show a strong resilience with only very few signs of deteriorating credit quality, limited inflow of defaults and bankruptcies and stable credit ratings. In this context, Belfius assessed that there were no Russian nor Ukrainian exposures to provision.

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

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

This portfolio guidance is part of the RAF, which is subject to a yearly review assessment. The Risk Appetite Framework 2023 included a risk scope extension (e.g. ESG risks, outsourcing risks, more granular credit risk limits, etc.) as well as the roll-out of the framework to the main subsidiaries, allowed for increased consistency throughout the group and a closer monitoring of the risk profile by the Group Financial Conglomerate Review Committee. This yearly review did not lead to any increase of risk appetite.

The Belfius loan portfolios continue to demonstrate a strong resilience with risk indicators that remain robust. The credit quality of the portfolio and production stay solid, payments arrears and NPLs remain under control (asset quality ratio[11] of 1.91% as at 30 June 2023 compared to 1.82% as at 31 December 2022).

Higher interest rates have led to higher financing costs for the customer and lower demand for residential mortgage loans, resulting in a decrease in production at Belfius by around 40% in the first half of 2023. The decrease is primarily observable in the non-First Time Buyers (FTB) loans. Young FTB's (<35years old) increase their share in the mortgage loan production, partially mitigating the higher debt service payments by opting for longer maturities. Borrowers also continue to prefer fixed interest rate loans (99% of the newly originated loan amount), protecting themselves against (even) higher rates in the future. Also due to some seasonal effects, the PD of

[11] This is the ratio between impaired loans and advances to customers and the gross outstanding loans and advances to customers.

Mortgage loans portfolio has decreased and is currently at 0.46%, compared to 0.50% at the end of 2022. Despite tighter credit conditions, Belfius remained compliant with the NBB measures[12] (financial collateral included).

Belfius continued to monitor its mortgage loans portfolio in light of inflation and higher energy costs. The deferral of principal payment scheme[13] initiated at the end of 2022 has ended in March of this year with a relatively small number of requests. Currently, as energy prices are lower again and as government interventions are being phased out, we can say that the impact of energy prices on our mortgage loans portfolio has been limited.

Belfius is committed to reducing own and financed emissions, greening its mortgage loans portfolio and lowering the risk associated with climate change. To this end it has increased its effort in collecting data on and monitoring the energy efficiency of the loan portfolio. Moreover, clients can apply for energy renovation loans.

Bankruptcy levels, particularly for small businesses, show a slightly increasing trend but levels remain below the historically observed levels for the Belgian market. The average PD of the E&E (Entreprises and Entrepreneurs) portfolio remained stable (1.59% at the end of June 2023 compared to 1.58% at the end of 2022). Some other early warning indicators for small businesses (payments arrears, utilization of credit lines) show a moderate increase during the first half of 2023.

In an international perspective, commercial real estate is becoming a source of increasing concern from an industry, banking and regulatory point of view, as the sector is confronted with modified market dynamics, due to increased interest rates and building costs, combined with a low investment appetite. These factors are resulting in an increased funding risk for this sector caused by a delay in sales uptake and reduced financial markets' appetite to provide financing and capital to the sector. Although a recent assessment has not revealed negative risk trends or indicators in the Belfius loan portfolio, an increased monitoring and a strengthened follow-up have been put in place for the commercial real estate segment.

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). In 2022, the municipalities have seen a significant increase of their operational expenditures. Their wage costs have increased due to the inflationary pressure, while energy costs have almost doubled due to the energy crunch related to the Russian – Ukrainian war. Fortunately, this has been met with an equal increase in operational revenue. The main driver behind this surge in operational revenue is the indexation of receipts (taxes and subsidies being the main revenues of communities are also indexed). The beneficial effect of this indexation will continue into 2023 (despite the softening inflation) as some time lag is present.

The financial situation of most of the regions and communities is however expected to experience further pressure in 2023. The public debt burden also grows heavier on a federal level. While this does not pose a significant threat yet, interest rate hikes will worsen the debt burden and cost of capital for the public sector.

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

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[12] Reference is made to Annex 1 to the circular NBB_2019_27 covering the expectations of the Belgian macroprudential authority on internal management of Belgian mortgage credit standards on the Belgian residential property market limiting the production of loans for more risky segments (e.g. High Loan-To-Value, Buy-To-Let, Debt Servicing Income, …).

[13] With energy prices peaking as never before in the autumn (reinforcing inflationary pressure), the Belgian financial sector decided to take mitigating measures for households with a new (conditional) payment deferral scheme for vulnerable mortgage clients. The government decided on a basic Energy package providing financial support in the fourth quarter of 2022 to bear the increased energy prices (which was extended for the first quarter of 2023).

could be substantial but is expected to be within the boundaries of the Belfius RAF. The inflation linked nature of these bonds makes them furthermore sensitive to UK real rates[14]. The UK real rate improved by 59 basis points (from -0.19% at the end of the first quarter of 2023 to +0.40% at the end of the second quarter of 2023). This improvement resulted in a decrease of RWA by about EUR 230 million on Belfius' inflation linked bonds. The appreciation of the GBP by 2.5% has mitigated this somewhat adding EUR 35 million in RWA.

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

The rating agencies view the group's credit quality positively, as reflected by the rating actions taken between 1 January 2023 and 31 August 2023:

- on 28 June 2023, S&P confirmed Belfius Bank's long-term rating at A with Stable outlook;
- on 7 July 2023, Moody's affirmed Belfius Bank's long-term rating at A1 and changed the outlook to positive from stable;
- on 13 July 2023, Fitch affirmed Belfius Bank's long-term rating at A- with Stable outlook.

2.1.1.3. Profitability (Global Criticality: High)

Belfius Bank's strategy is based on the development of a strong commercial franchise that is to be supported by solid risk and financial profile foundations, a strategy even more relevant since the Covid-19 crisis and the ongoing macro and geopolitical crisis. This translates into growing commercial activities, further growing their footprints in a through-the-cycle profitable way and investments in future business model developments, based on solid solvency foundations. Resilience is proven at the end of June 2023 with a return on equity ("**RoE**")[22] at group level amounting to 9.5% (compared to 8.9% at the end of 2022). Nevertheless, the unstable environment in which Belfius evolves leads to a high criticality from a risk point of view.

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

The continued increase in interest rates over the first half of 2023 required proactive risk management, in order to manage new uncertainties at both sides of the balance sheet. The increase in rates has further improved the net collateral cost for derivative contracts used to hedge the Bank's exposure to interest rate risk. The ALCo will remain attentive to a volatile interest rate environment with primary objective to respect the Risk Appetite Framework (RAF). Interest Rate Risk In The Banking Book ("**IRRBB**") management continues to protect net interest income ("**NIM**") and ALM conventional models are regularly reviewed at the light of the macro-economic environment and prevailing interest rates. During the first half of 2023, the continued increase in interest rates has modified the expected interest rate sensitivities of the 'on demand' (or non-maturing) deposits, which triggered additional hedging to remain within Belfius' risk appetite.

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

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

[22] RoE calculation method: sum of the net result of the last four quarters divided by the four quarter rolling average of the shareholders' equity.

Bank. This NIM contains the bank's revenues from its normal lending and borrowing activity and for Belfius Bank it constitutes a non-negligible part of the overall income.

2.1.1.4. Market Risk (Global Criticality: High)

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

Although markets were very volatile in the first half of 2023, mainly due to banking turmoil in the US and bail-out of Credit Suisse, rising interest rates, the P&L of financial market activities was very resilient. Most trading desks are at or above the budget and increased client activity has led to significant increases in Sales and Structuring activities.

Existing hedges on CVA/FVA, in place since the first half of 2020, perform well, keeping the P&L volatility to a minimum. Further analysis highlighted possible improvement to credit spread macro hedges which will be adapted in the second half of 2023. Consequently, only a limited number of non-hedgeable risks remain. The most relevant one being the Belfius' own funding spread, where the positive evolution of interest rates has made the XVA's less sensitive to this parameter.

At the end of June 2023, the global VaR level of Financial Market activities amounted to EUR 11.8 million, a decrease of EUR 1.5 million compared to end 2022. Although the VaR was volatile – as historic scenarios contain a lot of volatility – overall it remained far from the limit. Only one sub-VaR (CO2[24]) exceeded its limit after an update of the VaR shocks was performed. This exceeding was temporarily approved following the update and actions have permit to reduce the VaR well within limits.

The market RWA decreased by EUR 1.1 billion up to EUR 1.9 billion. The main decrease is linked to the model change implemented in the second half of 2022. As market risk RWA is calculated based on the last 60 days average, the end of year figures were still including effects related the old model which behaved too conservatively with the rate increase.

VaR[1] (99% 10 days) (In millions of EUR)	31/12/22				30/06/23			
	IR[2] & FX[3]	Equity	Spread	Other risks[4]	IR[2] & FX[3]	Equity	Spread	Other risks[4]
By activity								
Average	7.5	4.6	1.1	0.4	6.0	4.3	1.1	0.8
End of Year	6.3	5.8	0.8	0.4	7.0	3.0	1.2	0.6
Maximum	17.5	12.0	2.3	0.8	8.9	7.9	1.7	3.8
Minimum	3.7	2.2	0.2	0.4	3.5	2.3	0.7	0.4
Global								
Average	13.6				12.0			
End of Year	13.3				11.8			
Maximum	25.3				17.3			
Minimum	7.8				7.1			
Limit	26.3				26.3			

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

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

(3) FX: forex risk.

[24] Value at Risk assessment of carbon market derivatives.

(4) CO2 risk.

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

Non-Financial Risk ("**NFR**") must be understood as a broad umbrella covering all risks except "financial risks" (the latter encompassing market, ALM, liquidity, credit, and insurance risks). NFR covers, among others, operational risks (including fraud, HR, IT, IT-security, business continuity, outsourcing, data-related, privacy, etc.) as well as reputational, compliance, legal, tax and ESG risks. If any of these risks materialise, this may have an adverse impact on Belfius' business, results of operations, financial condition and prospects, leading to a high criticality.
The NFR management framework determines the principles that ensure an effective management of the non-financial risks. The principles are further elaborated in specific policies and guidelines adapted to the business activities. These general principles are following the applicable legal and regulatory requirements.
The framework is based on the following pillars:

(a) 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;

(b) clear roles and responsibilities, as well as a well-defined way of working together for all the risks based on the three LoD (3 LoD) model (decentralised responsibility);

(c) a strong governance/committee structure involving the appropriate level of management;

(d) a RAF definition and monitoring; and

(e) 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:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) 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.

(j) Business continuity & crisis management: Belfius is committed to its clients, counterparties and regulators to put in place, maintain and test viable alternative arrangements that, following an incident, allow the continuation or the resumption of critical business activities at the agreed operational level and entirely compliant with the Belgian regulations.

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

(k) 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.

(l) Compliance & anti-money laundering ("**AML**"): compliance risk is managed around a central compliance department. In Belfius, the Compliance Officer reports directly to the CRO and to the Audit Committee and, if necessary, may directly approach the Chairman of the Board of Directors, the external auditor and the regulators. Belfius Bank has a very low risk appetite for compliance risk. This is important to maintain a good reputation, to maintain the confidence of all stakeholders and to avoid administrative or criminal sanctions. In this context, Belfius is continuously evaluating and reviewing its compliance framework to remain in line with the latest regulatory evolutions, best practices in the market and the strategy of Belfius Bank. In 2022, important progress was made with the implementation of new technologies relying on artificial intelligence, machine learning and robotics techniques in order to further increase the efficiency of the internal control process. The Anti-Money Laundering Compliance Officer ("**AML CO**") is head of the AML team, which combats money laundering practices. Belfius strives not to be involved in laundering money from illegal activities, the organisation of tax fraud, financing terrorism or circumventing international embargos in line with all legal requirements. To underline this commitment, the AML CO has established preventive measures and broadened controls. Proper knowledge of the customers and their identification (Know Your Customer process), investigation on the origin of financial flows on accounts and detection of dubious transactions (Know Your Transaction process) are all vital elements in the prevention of such practices.

2.1.1.6. Liquidity (Global Criticality: Medium)

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

The liquidity risk at Belfius Bank is mainly stemming from:

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

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

During the first half of 2023, 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.

The participation of Belfius Bank in the ECB TLTRO III funding programme for an amount of EUR 15.65 billion was reduced to EUR 6 billion end of 2022, and in June 2023 another EUR 3.3 billion was repaid. This leads to a residual funding through TLTRO of EUR 2.7 billion that will continue to expire.

Belfius Bank reached a 12-month average LCR of 156% at the end of June 2023. This decrease since the end of December 2022 (173%) is mainly explained by the repayment of the TLTRO and a continued strong growth in commercial loans. Without the additional TLTRO at more advantageous conditions to compensate for the pressure on Belfius' standard transformation model, the LCR remained within Belfius' driving range during the first half year of 2023. The High Quality Liquid Assets (HQLA) are composed at the end of June 2023 of 73% Level 1 cash, 24% Level 1 bonds, 2% Level 2A bonds and 1% Level 2B bonds. It has to be noted that, in light of the recent events of the liquidity outflows of circa EUR 3.5 billion related to the issuance of the Bon d'Etat/Staatsbon by the Belgian state, Belfius did not alter its risk appetite limit in terms of LCR for which actions have been taken to maintain it above the 120% internal target.

The NSFR, based on the binding CRR 2 rules and calculated according to EBA templates, stood at 133% at the end of June 2023, a decrease from 135% also explained by the repayment of the TLTRO and growth in commercial loans.

The driving factors behind these sources of liquidity risk are to a certain extent beyond the control of Belfius Bank as they are influenced by the evolution of the financial and interbank markets, banking regulations, and, as reflected in the recent events around the issue of the Staatsbon/Bon d'Etat under favourable conditions, to the actions of the Belgian State. The latter instruments have collected ca. EUR 22 billion in August 2023, which have been primarily stemming from the savings and term deposits within the Belgian banking system. This shift has been driven by the favourable (unprecedented) conditions attached to them, offering 2.81% net return. The impact on Belfius has been considerable, of ca. EUR 3.5 billion of outflows, but remained under control thanks to the sufficient liquidity buffer of Belfius (total liquidity buffer of EUR 45 billion at the beginning of outflows) and actions taken swiftly to ensure a LCR ratio above the 120% internal target even notwithstanding the remaining participation to TLTRO.

In terms of risk management, Belfius relies on a close monitoring of a set of regulatory and internal liquidity risk metrics as part of its RAF defined with the following main objective: "Belfius wants to maintain at all times sufficient liquidity even after severe but plausible stress". The risk appetite framework imposes an additional buffer on top of the regulatory minima to be respected at all times. This buffer, combined with a set of predefined recovery measures, aims to ensure that Belfius will respect regulatory minima even under stress. Another control of the second line of defence includes the early warning system that proactively warns for potential liquidity crisis. By means of a detailed Liquidity Risk Dashboard, internal KRI's are continuously monitored and include, among others, maturity concentration of funding, intraday liquidity risks, credit lines and liquidity buffer under stress. Belfius also relies on forward-looking assessment as part of its financial plan and stress testing activities to account for concentration risks, clients' behaviour prospective challenges to address potential future non-maturing deposits' outflows or simulation of bank runs. That way, Belfius ensures to have a sufficient liquidity buffer while accounting for materialisation of some tail risks. The Belfius Bank liquidity risk management framework ensures that risk assessments, reporting's and proper follow-up's are performed to ensure that its liquidity buffer is sufficient to cover extreme stress scenarios based on a large set of assumptions on the levels of inflows, outflows, risk source and at different time horizons (ranging from intraday to complete stress on the funding plans), while respecting the limits defined in the RAF. These limits are integrated in the RAF approved by the Board of Directors and reported on a quarterly basis. Available liquidity reserves also play a key role regarding liquidity: at any time, Belfius Bank aims to ensure it has sufficient quality assets to cover any temporary liquidity shortfalls, both in normal markets and under stress scenarios. Belfius Bank defined specific guidelines for the management of LCR eligible bonds and non-LCR eligible bonds, both approved by the Management Board. Given its solid liquidity position, Belfius' funding plan is more than ever driven by minimum requirement for own funds and eligible liabilities ("**MREL**") requirements rather than by an expected liquidity shortfall. In this context, during 2023 Belfius Bank issued EUR 0.5 billion covered bonds, EUR 0.5 billion Tier 2 and EUR 0.75 billion preferred senior under green format. The Non-Preferred Senior Bonds of EUR 2.0 billion enable Belfius to respect the regulatory requirement of MREL Subordinated.

2.1.1.7. Competition (Global Criticality: Medium)

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

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

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

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

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

2.2. 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.

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

2.2.1.3. 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 2021[25] and 31 December 2022[26], 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 2021[27] and 31 December 2022[28];
- the half-yearly report ended 30 June 2023 (the "**Half-Yearly Report 2023**")[29];
- the disclosure document on the APM for the half-year ended 30 June 2023[30];

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 25 October 2022 (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[31]. 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

25 2021 Annual Report.pdf (belfius.be)

26 2022 Annual Report (belfius.be)

27 2021 Alternative Performance Measures (belfius.be)

28 2022 Alternative Performance Measures (belfius.be)

29 1H 2023 Half-year report (EN) (belfius.be)

30 1H 2023 Half-year report (EN) (belfius.be)

31 *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.*

accounts, (viii) non-consolidated balance sheet, (ix) non-consolidated statement of income, (x) audit report on the non-consolidated accounts and the APM of 2021 and 2022; and

- 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 2023 and the APM for the half-year ended 30 June 2023.

Solely the information listed in the table below in respect of the annual reports for the years ended 31 December 2021 and 2022 and the Half-Yearly Report 2023 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 2021 and 2022 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 2021 (English version) **audited**	**Annual Report 2022 (English version)** **audited**	**Half-Yearly Report 2023 (English version) unaudited – condensed**
consolidated balance sheet	238	261	93
consolidated statement of income	240	263	95
consolidated statement of comprehensive income	241	264	96
consolidated statement of change in equity	243	266	98
consolidated cash flow statement	248	271	103
notes to the consolidated financial statements	252	273	105
audit report on the consolidated accounts	395	421	193
non-consolidated balance sheet	404	428	N/A
non-consolidated statement of income	407	431	N/A

audit report on the non-consolidated accounts	409[32]	433[33]	N/A

APM for the financial years ended 31 december 2021, 31 December 2022 and 30 June 2023

	Belfius Bank SA/NV		
	Alternative performance measures 2021	**Alternative performance measures 2022**	**Alternative performance measures 1H 2023**
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	4	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	7	7
credit guarantee portfolio	7	7	7
funding diversification	7	7	7
adjusted results	10	10	9

[32] 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).

[33] 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: 2022 Rapport Annuel (belfius.be) (French version - on page 450) and Jaarverslag Belfius Bank 2022 - NL.pdf (Dutch version - on page 456).

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.[34] 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 2023 was EUR 3,458,066,227.41 and is represented by 359,412,616 registered shares. The shareholding of Belfius Bank is as follows: 359,407,616 registered shares are held by the public limited company of public interest Federal Holding and Investment Company ("**FHIC**"), in its own name but on behalf of the Belgian State, and 5,000 registered shares are held by the public limited company Certi-Fed. Certi-Fed is a fully-owned subsidiary of FHIC. Belfius Bank shares are not listed.

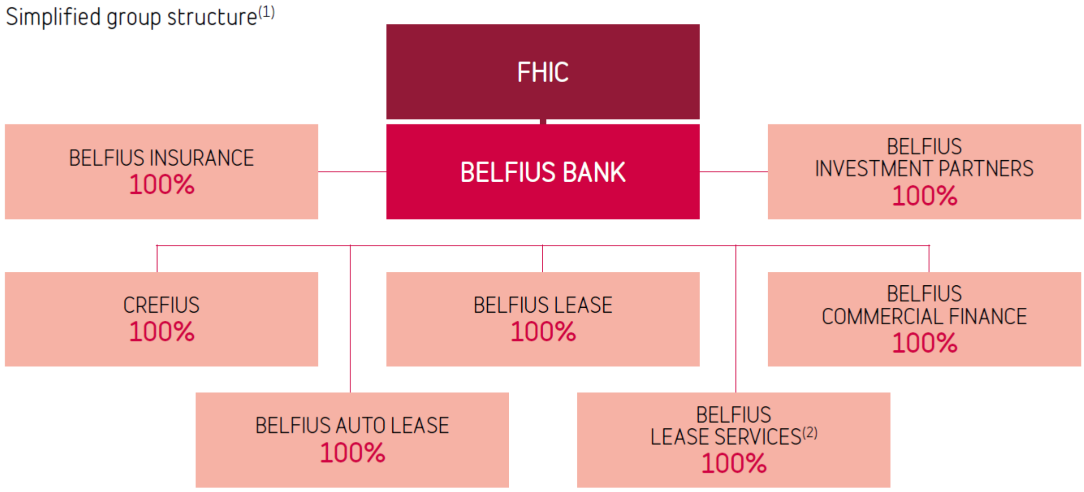
At the end of June 2023, total consolidated balance sheet of the Issuer amounted to EUR 178 billion.

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 Bedrijfsrevisoren BV – KPMG Réviseurs 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 Bedrijfsrevisoren BV – KPMG Réviseurs d'Entreprises SRL were appointed as statutory auditors of Belfius Bank by its ordinary general meeting of shareholders held on 26 April 2023 for a term of three years.

[34] The information on this website does not form part of, and is not incorporated by reference into, this Base Prospectus, except where that information has been expressly incorporated by reference in this Base Prospectus.

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



(1) For more details, see the list of subsidiaries in the consolidated financial statements in the 2022 annual report(2) Belfius Lease Services operates under the same brand (logo) as Belfius Lease.
(3) Following the strategic partnership with Candriam, one share of Belfius Investment Partners is held by Candriam.

(1)

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

6.2. Main commercial subsidiaries

The entities mentioned below are subsidiaries of the Issuer.

Belfius Insurance

Insurance company marketing life and non-life insurance products, savings products and investments for individuals, the self-employed, liberal professions, companies and the public and social sector. At the end of 2022, the total consolidated balance sheet of Belfius Insurance amounted to EUR 20 billion[35].

Crefius

Company servicing and managing mortgage loans. At the end of 2022, the total balance sheet of Crefius amounted to EUR 24 million[36].

Belfius Auto Lease

Company for operational vehicle leasing and car fleet management, maintenance and claims management services. At the end of 2022, the total balance sheet of Belfius Auto Lease amounted to EUR 513 million[37].

[35] For more details, see the 2022 annual report of Belfius Insurance.

[36] Total IFRS balance sheet before consolidation adjustments.

[37] Total IFRS balance sheet before consolidation adjustments.

Belfius Lease

Company for financial leasing and renting of professional capital goods. At the end of 2022, the total balance sheet of Belfius Lease amounted to EUR 1,058 million[38].

Belfius Lease Services

Financial leasing and renting of professional capital goods to the self-employed, companies and liberal professions. At the end of 2022, the total balance sheet of Belfius Lease Services amounted to EUR 2,556 million[39].

Belfius Commercial Finance

Company for financing commercial loans to debtors, debtor in-solvency risk cover and debt recovery from debtors (factoring). At the end of 2022, the total balance sheet of Belfius Commercial Finance amounted to EUR 1,371 million[40].

Belfius Investment Partners

Company for administration and management of investment funds. At the end of 2022, the total balance sheet of Belfius Investment Partners amounted to EUR 179 million[41] and assets under management amounted to EUR 28.4 billion.

6.3. Financial results

1.1.2 6.3.1. Results 2022[42]

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

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

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

[38] Total IFRS balance sheet before consolidation adjustments.

[39] Total IFRS balance sheet before consolidation adjustments.

[40] Total IFRS balance sheet before consolidation adjustments.

[41] Total IFRS balance sheet before consolidation adjustments.

[42] Results 2022 are disclosed according to IFRS4/9.

- other income amounted to EUR -91 million in 2022, less negative than in 2021 (EUR -165 million). The year-on-year delta is mainly stemming from stronger results in financial markets activities, higher contribution from Belfius' subsidiaries, positive impacts from higher interest rates and credit spread hedges, despite continuously higher bank levies (EUR 264 million in 2022 compared to EUR 256 million in 2021).

Belfius continued to develop its strong footprint, in operational, commercial and financial terms, by investing in brand, human talent and digital capital. The year 2022 has been marked by very strong investments in Belfius' brand positioning, with amongst others successful campaigns towards Entrepreneurs and Corporates, and the Private and Wealth segments in Belgium. Nevertheless, the increase of operating costs by +10% (EUR 1,620 million in 2022 compared to EUR 1,477 million in 2021) remained well below the increase of income, leading to a further improving C/I ratio at 54% in 2022 (compared to 55% in 2021), despite inflationary pressures and these investments in brand, human and digital capital.

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

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

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

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

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

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

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

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

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

- the CET1 ratio stood at 16.55%, up +0.17 pp compared to December 2021. This increase is mainly explained by a decreased credit risk exposure following a release of the NBB macroprudential add-on on mortgage loans exposure and a decrease in financial market exposures following positive market parameter evolutions, partially offset by an increase in credit risk due to higher commercial volumes;

- this strong and solid CET1 level is net of a 40% dividend pay-out ratio, hence a 2022 dividend of EUR 384.4 million[43], thanks to which Belfius continued to support its commercial franchise development;
- total capital ratio stood at 19.8%, stable compared to end 2021;
- the leverage ratio decreased to 6.3%, down -0.87 pp compared to December 2021, due to a higher leverage exposure by EUR +22.8 billion than in 2021, stemming mainly from the end of a COVID-19 release measure for partial exclusion of Central Bank exposures and from higher off balance volumes;
- insurance activities also posted continued solid solvency metrics, with a Solvency II ratio of 193% end of December 2022;
- Belfius also showed an excellent liquidity and funding profile with a LCR of 173%[44] and a NSFR of 135%;
- total shareholders' equity (Net Asset Value) further improved to EUR 11.1 billion at the end of 2022 (compared to EUR 11.0 billion at the end of 2021), as a result of strong financial results despite unfavourable financial markets.

6.3.2 Results 1H 2023[47]

Belfius' consolidated net income in the first half of 2023 stood at EUR 479 million, driven by strong commercial dynamics and increasing income, and despite inflationary pressures on the cost side.

Total income amounted to EUR 1,870 million in the first half of 2023, up +12% or EUR +202 million compared to the first half of 2022 (EUR 1,669 million) thanks to:

- increase of the net interest income bank by +30% (EUR 1,050 million in the first half of 2023 vs EUR 808 million in the first half of 2022) in sharply rising interest rate environment, driven by overall improving interest margin on growing commercial activities and on Belfius' solid liquidity buffer. This overall growth of interest margin is somewhat softened by:
  - volume shift from non maturing deposits towards term funding,
  - pressure on new loan margins from general market delay between loan pricings and sharp increases of market interest rates, and
  - continued strong competition in the Belgian loan market;
- rather stable and resilient net fee and commission income bank from EUR 377 million in the first half of 2022 to EUR 378 million in the first half of 2023, mainly thanks to higher payment fees as well as continuously growing fees from growing Life and Non-Life insurance activities through the banking network;
- lower insurance contribution to income with decreasing Life insurance income (EUR 211 million in the first half of 2023 vs EUR 234 million in the first half of 2022) and growing Non-Life insurance income (EUR 409 million in the first half of 2023 vs EUR 391 million in the first half of 2022), thanks to portfolio growth and premium indexation to cover inflation impact on insurance service expenses;

[43] As decided by the Board of Directors of 21 March 2023 and as approved by the General Assembly of 26 April 2023 over 2022 year-end results.

[44] Twelve-month average.

[47] Results as per 1H 2023 are disclosed according to IFRS17/9.

- other income at EUR -177 million in the first half of 2023 compared to EUR -141 million in the first half of 2022, mainly stemming from higher bank levies in the first half of 2023, partially offset by higher positive contribution from activities serviced out the dealing room stemming from higher interest rates.

Insurance Service Expenses adjusted for directly attributable costs for insurance contracts and reinsurance amount to EUR -334 million in the first half of 2023 vs EUR -406 million in the first half of 2022 mainly due to Non-Life thanks to the recalibration of the confidence interval to 77.5% and absence of natural catastrophes' claims in the first half of 2023 while the first half of 2022 was impacted by February 2022 storms and increased inflation assumptions on best estimate calculation.

Belfius continued to develop its strong footprint in operational, commercial and financial terms, by investing in human talent and digital capital. The first six months of 2023 have been marked by further investments in technology as well as in human capital. Costs[48] went up by +9% at EUR 843 million in the first half of 2023 vs EUR 776 million in the first half of 2022 due to inflationary pressures and these growth investments. However, thanks to the solid income evolution y-o-y, Belfius' C/I ratio further improved at 45% in the first half of 2023 compared to 47% in the first half of 2022. The C/I ratio, adjusted for linearization of bank levies both at bank and insurance side, remained stable at 42% in the first half of 2023, compared to 43% in the first half of 2022.

All in all, the combination of strong income dynamics and improved insurance service expenses adjusted, despite growing operating expenses as well as continuing investments in commercial activities, ESG, IT and digitalization, led to an increase in pre-provision income by +43%, to EUR 694 million in the first half of 2023 (vs EUR 487 million in the first half of 2022).

In the first half of 2023, Belfius made again a detailed review of its credit risk portfolio and continued to calibrate its IFRS 9 provisions. Belfius continues to evolve its credit risk provisioning in synchronization with such transforming context, where inflationary pressures currently still "win" from recession risk, and where economic growth continues to show more resilience than formerly anticipated in general.

The former best estimate "ex-ante provisioning" of expected losses due to the effects of the Covid-crisis, including expert based overlays for some Covid-impacted sectors, has been:

- adjusted for improving economic outlooks;
- redirected from Covid-induced overlays for vulnerable sectors to Inflation and Energy related vulnerabilities.

This led in the first half of 2023 to a negative cost of risk of EUR -17 million (net allowance) - compared to EUR +13 million or a net reversal in the first half of 2022.

As a result, the net income before taxes amounted to EUR 676 million in the first half of 2023 compared to EUR 500 million in the first half of 2022.

The tax expenses amounted to EUR 196 million in the first half of 2023 compared to EUR 105 million in the first half of 2022, showing an effective tax rate (29%) above the statutory tax rate (25%). The higher IFRS taxes in 1H 2023 are mainly the result of a higher consolidated result before tax than in the first half of 2022 and the limitation of the NTK[49] deductibility to 20% since the start of the year (compared to 100% the previous years).

[48] Including directly attributable costs for insurance contracts.

[49] Belgian tax on credit institutions.

As a consequence, consolidated net income the first half of 2023 reached EUR 479 million compared to EUR 394 million in the first half of 2022. This is Belfius' highest first half 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. As at 30 June 2023:

- the CET1[50] ratio stood at 16.49%, up 5 bps compared to the CET1 ratio as of December 2022. The increase over 2023 is mainly the result of higher CET1 capital (EUR +160 million) compensated by higher regulatory risk exposures (EUR +778 million to EUR 64.9 billion);
- the total capital ratio stood at 20.05%[51], compared to 19.8% end 2022;
- the leverage ratio[52] increased by 12 bps to 6.3% compared to the end of December 2022. The increase is the result of the higher regulatory Tier 1 capital, and a slightly lower leverage exposure measure mainly driven by a slight decrease in the balance sheet;
- insurance activities displayed continued solid solvency metrics, with a Solvency II ratio of 195% at the end of June 2023;
- Belfius continued to show an excellent liquidity and funding profile with a LCR of 156% and a NSFR of 133%.

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

[50] The pro forma takes into account the implementation of IFRS 17 as well as the IFRS 9 business model reassessment on 1 January 2023, where a reclassification of EUR 8.9 billion has taken place from the Belfius Insurance portfolio of loans and debt securities measured at amortised cost to loans and debt securities measured at fair value through other comprehensive income.

[51] The pro forma takes into account the implementation of IFRS 17 as well as the IFRS 9 business model reassessment on 1 January 2023, where a reclassification of EUR 8.9 billion has taken place from the Belfius Insurance portfolio of loans and debt securities measured at amortised cost to loans and debt securities measured at fair value through other comprehensive income.

[52] The pro forma takes into account the implementation of IFRS 17 as well as the IFRS 9 business model reassessment on 1 January 2023, where a reclassification of EUR 8.9 billion has taken place from the Belfius Insurance portfolio of loans and debt securities measured at amortised cost to loans and debt securities measured at fair value through other comprehensive income.

(in %)	2022	1H 2023
Pillar I minimum	4.50%	4.50%
Pillar II requirement	1.198%	1.204%
Capital conservation buffer	2.50%	2.50%
Buffer for (other) domestic systemically important institutions	1.50%	1.50%
Countercyclical buffer	0.06%	0.08%
Sectoral systemic risk buffer	0.30%	0.29%
MINIMUM CET 1 CAPITAL RATIO REQUIREMENT	**10.051%**	**10.074%**
Pillar II guidance	0.75%	0.75%
MINIMUM CET 1 CAPITAL RATIO GUIDANCE	**10.801%**	**10.824%**

Following the annual "Supervisory Review and Evaluation Process" finalised at the end of 2022, Belfius has to comply with a minimum CET1 ratio for the first half of 2023 of 10.074% (before Pillar 2 Guidance)

- a Pillar 1 minimum of 4.5%;
- a Pillar 2 Requirement (P2R) of 1.204% (after split of 2.14% P2R);
- a capital conservation buffer (CCB) of 2.5%;
- a buffer for (other) domestic systemically important institutions (O-SII buffer) of 1.5% (imposed by the National Bank of Belgium);
- a sectoral systemic risk buffer of 0.29%;
- a countercyclical capital buffer (CCyB) of 0.08%

Note that in line with the resilience of Belfius in the EBA stress test, the Pillar 2 Guidance (P2G) is set at 0.75% on the CET1 ratio so far. As a result, Belfius has to comply with a minimum CET1 ratio of 10.824% for the first half of 2023 (to compare with 10.801% in 2022).

The consolidated CET1 ratio of Belfius at the end of June 2023 stood at 16.49%, well above the 2023 applicable CET1 capital requirement of 10.074%

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 CET1 ratio of 13.5%, on solo and consolidated levels.

6.5. Activities[58]

Analytically, Belfius splits its activities and accounts in three segments: Individuals (IND), 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.

[58] Belfius, as integrated bank-insurer, has released its 1H 2023 results in accordance with the new accounting standard IFRS17 with regards to insurance activities. Consequently, the balance sheet and P&L figures, as well as specific ratios, have been changed or redefined. All these changes have been implemented with retroactive effect to the 2022 results. Next to this, please note that during 2023 a refinement of the segmentation occurred. This may implicate that there are some slight reclassifications compared to the published 2022 figures.

6.5.1. Individuals (IND)

6.5.1.1. Individuals (IND)' activities and result in the first half of 2023

At 30 June 2023, total savings and investments amounted to EUR 120.6 billion, an increase of 3.7% compared with the end of 2022. The organic growth in 2023 amounted to EUR 2.5 billion, stemming mainly from the large increase in maturing deposits (term deposits and bonds), which benefit from transfer of non maturing deposits and from solid performances in mutual funds & My Portfolio while the organic growth of non maturing Deposits decreased by EUR 1 billion

Non maturing deposits totalled EUR 61.5 billion at 30 June 2023, down -1.6% from the end of 2022. The current and savings accounts outstanding reached EUR 13.7 billion (-1.5%) and EUR 47.8 billion (-1.6%) respectively at the end of June 2023.

Maturing deposits and Branch 21 amounted to EUR 15.6 billion, strong increase of 18.3% compared to the end of 2022. Mainly thanks to term deposits which benefit from higher interest rates and amounted to EUR 2.9 billion at the end of June 2023 coming from EUR 1.3 billion at the end of 2022. Bonds volumes increased by 9.3% to EUR 8.6 billion .

Asset Management Services and Equity investments increased by +7.1% compared to the end of 2022, to EUR 40.0 billion. The increase in Asset Management Services (EUR 2.5 billion) stems mainly from positive market effect of EUR +1.8 billion and positive organic growth of EUR +0.6 billion, particularly in My Portfolio in the first half of 2023.

Total loans to customers rose (+2.2%) to EUR 49.6 billion at 30 June 2023. Mortgage loans, which account for 90% of all loans for Individuals, amounted to EUR 44.7 billion at 30 June 2023 (+1.8% compared to the end of 2022), while consumer loans and other loans to Individuals stood at EUR 1.8 billion and EUR 3.1 billion respectively.

New long-term loans granted to Individuals clients during 1H 2023 amounted to EUR 3.3 billion compared to EUR 5.3 billion in the first half of 2022. In 1H 2023, the new production of mortgage loans decreased to EUR 2.6 billion due to the contraction of the Belgian mortgage market. During the same period, EUR 0.4 billion in consumer loans and EUR 0.3 billion in new long-term business loans were granted.

The total insurance premiums (GWP) from customers in the Individuals segment amounted to EUR 659 million in the first half of 2023, compared with EUR 685 million in the first half of 2022, an increase of +4.0%. Non-Life & Health insurance premiums (GWP) in the first half of 2023 stood at EUR 336 million, up 6.5% compared to the first half of 2022, continuously boosted by the bank distribution channel (+9.5%), thanks to both portfolio growth and premium indexation to compensate for inflation pressure on claims and costs

The mortgage loan cross-sell ratio for credit balance insurance increased to 136% (measured as capital insured/mortgage amount) at the end of the first half of 2023. The mortgage loan cross-sell ratio for property insurance remained stable at 88% compared to end December 2022. Total Life insurance reserves, in the Individuals segment, amounted to EUR 9.8 billion, stable compared to end December 2022.

Individuals net income after tax Group Share increased by 31.4% from EUR 193 million in the first half of 2022 to EUR 254 million in the first half of 2023.

6.5.2. Entrepreneurs, Enterprises & Public (E&E&P)'s activities and result in the first half of 2023

As of 30 June 2023, total savings and investments amounted to EUR 61.6 billion, decreasing with -2.2% compared to the end of 2022. The non maturing deposits (savings and current accounts) decreased strongly from EUR 39.6

billion to reach EUR 33.8 billion in June 2023, showing an important shift towards the maturing deposits, which increased from EUR 6.3 billion end 2022 to EUR 10.2 billion as of end June 2023. Asset Management Services and Equity investments remained stable around EUR 9 billion, if compared to 2022. Other Savings and Investments increased by EUR 0.4 billion to EUR 8.5 billion, explained by the increase of Commercial Paper volumes.

Total outstanding loans increased to EUR 62.4 billion (+1.9% vs end 2022). Most of the increase stems from the Corporate customers' outstanding loans (+EUR 1.1 billion) which reached EUR 23.4 billion due to high production on roll-over loans. The remaining increase has come from the Business customers reaching EUR 15.2 billion in outstanding, while in Public & Social Banking, the outstanding loans remained stable around EUR 24 billion when compared to 2022.

In the first half of 2023, Belfius granted EUR 8.4 billion (+14% vs the first half of 2022) in new long-term loans in the Belgian economy to Business, Corporate and Public and Social sector clients.

By the end of June 2023, EUR 2.1 billion in new long-term loans to business clients were granted. Belfius assisted 44,104 starters of 3 years or less of which 13,261 are starters of less than 1 year.

The production of long-term loans for Corporate customers amounted to EUR 5 billion (+29% increase compared to June 2022), confirming Belfius' position as one of the top four banks in the segment. Its market share in terms of loans reached an estimated 19% at the end of June 2023.

During the first half of 2023, Belfius granted EUR 1.4 billion of new long-term financing to the public sector. Belfius remains the undisputed leader in this market and responds to every financing tender from public bodies, to which it offers sustainable financing conditions. Belfius manages the cash flow of virtually all local authorities and was awarded 58% (in volume on production) of the public sector financing files put out to tender in 1H 2023.

Belfius also confirmed its leading position in the Debt Capital Markets (DCM) for (semi-)public and private companies. During the first half of 2023, Belfius placed EUR 1.14 billion in new long term bond issues and Medium Term Notes for third party issuers. At the end of June 2023, total outstanding in short-term commercial paper amounted to EUR 4.54 billion. This brings the total amount of innovative short-term and long-term DCM funding solutions for Belgian third party issuers in the first half of 2023 at EUR 5.68 billion.

The E&E&P segment's commercial results in insurance increased in terms of underwriting volumes, in particular for:

- Non-Life & Health GWP E&E&P: increase of +7.0% compared to the first half of 2022 to EUR 115 million, mostly driven by premium indexation to compensate inflation pressure, but also improving thanks to portfolio growth for Business Insurance (mainly DVV);
- Life GWP E&E&P: increase of +4.6% compared to the first half of 2022 to EUR 195 million.

  Net income after tax Group share increased from EUR 217 million in the first half of 2022 to EUR 278 million in the first half of 2023 mainly due to an important increase of interest income in 2023.

6.5.3. Group Center (GC)'s activities and result in the first half of 2023

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 the first half of 2023, the ALM Liquidity bond portfolio stood at EUR 7.8 billion[59], up EUR 0.7 billion, or 9.6%, compared with December 2022. At the end of the first half of 2023, the portfolio was composed of sovereign and public sector bonds (60%), covered bonds (33%), corporate bonds (7%) and asset-backed securities (<1%). Belgian and Italian government bonds in the ALM Liquidity bond portfolio amounted to EUR 1.5 billion[60] and EUR 0.9 billion[61] respectively.

At the end of 1H 2023, the ALM Liquidity bond portfolio had an average life of 7.2 years, and an average rating of A (100% of the portfolio being investment grade) compared with A- at year-end 2022

(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 the first half of 2023, the ALM Yield bond portfolio stood at

EUR 3.1 billion[62], down 1.8%, compared with December 2022, and was composed of corporates (79%), sovereign and public sector (11%), asset-backed securities (7%), and financial institutions (4%). Most 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 investment grade 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 the first half of 2023, the ALM Yield bond portfolio had an average life of 19.2 years. The average rating of the ALM Yield bond portfolio stood at A-. 95% of the portfolio was investment grade.

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[59] Nominal amount.

[60] Nominal amount.

[61] Nominal amount.

[62] 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 (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 7.6 billion[63] at the end of the first half of 2023, down EUR 0.5 billion, or -7%, compared with EUR 8.1 billion at the end of December 2022.

Derivatives with Dexia entities decreased by 7% (or EUR -0.4 billion) to EUR 5.7 billion at the end of the first half of 2023. This decrease is due mainly to amortisations. Derivatives with international counterparties decreased by EUR 0.1 billion (or -5%) to EUR 1.9 billion at the end of the first half of 2023.

The fair value of Dexia and international counterparty derivatives amounted to EUR 0.5 billion and EUR 0.2 billion respectively at the end of the first half of 2023. The Dexia derivatives are collateralised while the international counterparty derivatives are generally not collateralised. The Exposure At Default (EAD) amounted to EUR 0.7 billion.

At the end of the first half of 2023, the average rating of the total portfolio stood at A- and the average life of the portfolio stood at 10.7 years[64].

Credit guarantees

At the end of the first half of 2023, the credit guarantees portfolio amounted to EUR 2.0 billion[65], flat compared with December 2022. It relates essentially to Financial Guarantees (booked in Amortised Cost), and Credit Default Swaps (booked in Fair Value Through P&L) issued on corporate/ public issuer bonds (97%) and ABS (3%). The good credit quality of the underlying reference bond portfolio, additional protection against credit risk incorporated in the bond itself and the protections purchased by Belfius, mainly from various monoline insurers resulted in a portfolio that is 97% investment grade in terms of credit risk profile.

At the end of the first half of 2023, the average rating of the portfolio stood at A- (compared with A- at year end 2022). The average life of the portfolio stood at 11.4 years.

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[63] Nominal amount.

[64] Calculated on EAD.

[65] Nominal amount.

[67] Nominal amount.

6.5.3.3. Other Group Center activities

Other 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 Group Share stood at EUR -53 million in the first half of 2023, compared to EUR -17 million in the first half of 2022

6.6. Non-adjusting post-balance sheet events

Merger Corona and Belfius Insurance

Corona and Belfius Insurance merged on 1 July 2023. The merger has been approved by the National Bank of Belgium and will be applied retroactively (for tax and accounting purposes) as from 1 January 2023. There is no impact on the consolidated financial statements as per 30 June 2023.

6.7. Risk Management

6.7.1. Fundamentals of credit risk in the first half of **2023**

The Belgian economy performed resiliently well in the first half of 2023, with economic growth showing a positive pace, although at a slower rhythm. Inflation and price pressures moderated and were combined with the sharp fall of natural gas prices. The lifting of the zero-Covid policy in China contributed to the further normalisation of global supply chains providing some breathing room for the economy as it is an important driver of inflation.

The Belgian business environment remains mostly fuelled by the services industry, with the manufacturing industry somewhat lagging. In a context of labour market tightness and despite higher wage costs, most companies maintained or expanded their workforce in the second quarter. Investment plans do not seem to have been strongly reduced.

With consumer confidence clearly restoring over the past couple of months, household consumption growth is expected to remain solid throughout the year. This is, of course, also induced by the increase of household purchasing power this year, boosted by the impact of automatic wage indexation.

At international level, the global economic environment faced some headwinds. Economic slowdown in Germany and other countries was evidenced. In order to drive back longer-term inflation expectations central banks continued tightening monetary policies. Higher interest rates affected lending growth and slowed demand, in particular on real estate markets. The financial turmoil caused by the liquidity problems of some US financial institutions, had no lasting impact on financial markets and did not trouble the economic upturn.

The Belfius first half of 2023 Cost of Risk (CoR) amounted to EUR -17 million, compared to a positive CoR of EUR +13 million in the first half of 2022.

Belfius has updated the macroeconomic parameters and perspectives for IFRS 9 expected credit loss calculations with scenario weights shifting to a neutral scenario, simultaneously reducing pessimistic and stress scenarios. These more favourable macroeconomic perspectives impacted the CoR positively for EUR +49 million in the first half of 2023.

The overlay for vulnerable exposures was reduced by EUR +7 million. Vulnerable exposures linked to Covid-19 have been phased out and from the first half of 2023 onwards the overlay for vulnerable exposures merely serves to cover for an anticipation of potential recession effects, in sectors vulnerable to inflation and higher energy prices.

The provision for macroeconomic uncertainties and the overlay for vulnerable exposures combined form Belfius 'Overlay for economic uncertainties and vulnerable exposures', of which the stock as of end the first half of 2023 amounts to EUR 179 million (from EUR 235 million end 2022).

The specific provisions for loans in default (stage 3) contributed to EUR -79 million for the first six months of 2023. Origins of these stage 3 provisions can often be found in Covid-19 and/or energy and inflation impacts, combined with additional financial pressure, that is caused by demand effects or interest cost increases. With Belfius' anticipative provisioning methodology, the credit losses on these companies have typically been anticipated to a certain extent by stage 2 expected credit losses, constituted during the past years.

The Belfius loan portfolios continue to demonstrate a strong resilience with risk indicators that remain robust. The credit quality of the portfolio and production stay solid, payments arrears and NPL's remain under control. Bankruptcy levels, particularly for small businesses, show a slightly increasing trend but levels remain below the historically observed levels for the Belgian market. Also some other early warning indicators for small businesses (payments arrears, utilisation of credit lines) show a moderate increase during the first half of 2023.

In an international perspective, commercial real estate is becoming a source of increasing concern from an industry, banking and regulatory point of view, as the sector is confronted with modified market dynamics, due to increased interest rates and building costs, combined with a low investment appetite. These factors are resulting in an increased funding risk for this sector caused by a delay in sales uptake and reduced financial markets' appetite to provide financing and capital to the sector. Although a recent assessment has not revealed negative risk trends or indicators in the Belfius loan portfolio, an increased monitoring and a strengthened follow-up have been put in place for the commercial real estate segment.

6.7.1.1. The economy shows resilience amid crises, but some uncertainty lingers

The European and Belgian economy weathered the energy crisis well due to a swift diversification of supply and a sizeable fall in energy consumption. Where last year a recession seemed almost unavoidable as monetary policy tightened in rapid fashion to curb the inflationary spiral, this year the economic situation is slightly less gloomy. Economic growth outperformed the expectations in the first part of this year. Inflationary pressure seems to be weakening and the interest rate hikes might be reaching a pause or plateau. These tentative optimistic signals lead to some regained confidence at both investors and households in the (Belgian) economy.

However, given that the situation on the ground in Ukraine remains unpredictable and seems to be heading towards a prolonged phase of combat, one has to view these positive signals within a context of continued uncertainty. It is probably too early to already conclude that we are in a scenario of a soft landing. The less rapid than expected recovery of the Chinese economy and the variability in future monetary policy are also among the main drivers behind such persistent uncertainty.

Individuals

The first half year of 2023 has been marked by gradual increases in interest rates, aimed at taming inflationary forces. This has led to higher financing costs for the consumer and lower demand for residential mortgage loans, resulting in a decrease in production at Belfius by around one third. The decrease is primarily observable in the non-First Time Buyers (FTB) loans. Young FTB's (< 35 years old) increase their share in the mortgage loan production, partially mitigating the higher debt service payments by opting for longer maturities. Borrowers also continue to prefer fixed interest rate loans (99% of the newly originated loan amount), hedging themselves against (even) higher rates in the future. Also due to some seasonal effects, the PD of Mortgage loans portfolio has decreased and is currently at 0.46%, compared to 0.50% at the end of 2022. Despite tighter credit conditions, Belfius remained compliant with the NBB measures[69] (financial collateral included).

Belfius continued to monitor its mortgage loans portfolio in light of inflation and higher energy costs. The deferral of principal payment scheme[70] initiated at the end of 2022 has ended in March of this year with a relatively small number of requests. Currently, as energy prices are lower again and as government interventions are being phased out, we can say that the impact of energy prices on our mortgage loans portfolio has been limited.

Belfius is committed to reducing emissions, greening its mortgage loans portfolio and lowering the risk associated with climate change. To this end it has increased its effort in collecting data on and monitoring the energy efficiency of the loan portfolio. Moreover, clients can apply for energy renovation loans, with additional measures for those with limited financial means.

All in all, so far Belfius has weathered relatively well the risks associated with inflation and higher energy costs. We remain cautious regarding further developments in the energy markets and are actively looking for solutions which can help our clients and further de-risk our portfolio from an energy transition point of view.

Entrepreneurs & Enterprises (E&E)

The effects of the energy crisis are fading and - with the notable exception of the food processing industry - post-pandemic supply chains problems have largely been resolved. The pass-through of costs to sales prices has increased but remains partial. Most firms feel that it is becoming increasingly difficult to raise further prices, which could lead to a further easing of inflation in the near term. Business managers confidence, that was picking up since end 2022, stabilised in the course of the second quarter of 2023, mainly driven by some softening expectations on the order book and the employment rate. This is particularly the case in the manufacturing industry: the demand for manufacturing goods is slowing down and perspectives and order books are under pressure. Prospects for the longer term remain more uncertain with companies pointing to worsening cost competitiveness. The services industry however continues to perform strongly. Whereas the labour market was booming towards the end of the Covid-pandemic, the job-growth has slowed down since the start of 2023; the unemployment showed an increase in the beginning of the year, with an interim market, traditionally a leading indicator, that was starting to slacken. Recent figures tend to be more positive again, despite higher wage costs, as most companies maintained or expanded their permanent workforce in the second quarter and prospects for the coming months are mostly stable. Due to structural labour market tightness, firms are reluctant to lay off

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[69] Reference is made to Annex 1 to the circular NBB_2019_27 covering the expectations of the Belgian macroprudential authority on internal management of Belgian mortgage credit standards on the Belgian residential property market limiting the production of loans for more risky segments (e.g. High Loan-To-Value, Buy-To-Let, Debt Servicing Income, …).

[70] With energy prices peaking as never before in the autumn (reinforcing inflationary pressure), the Belgian financial sector decided to take mitigating measures for households with a new (conditional) payment deferral scheme for vulnerable mortgage clients. The government decided on a basic Energy package providing financial support in the fourth quarter of 2022 to bear the increased energy prices (which was extended for the first quarter of 2023).

employees. Industries show various trends of economic performance, with e.g. the transportation and the construction sector showing signs of financial weaknesses (lower level of activity, higher level of bankruptcies).

Against this background, the credit monitoring mechanisms and procedures, that were put in place during the pandemic and continued in the period of galloping inflation, were gradually re-focused on the risk-sensitive and vulnerable companies, while maintaining a disciplined overall portfolio monitoring.

This monitoring also considered high-level sector evolutions from a macroeconomic point of view as well as bottom-up input by bankers and credit analysts. For the time being, the manufacturing, construction and transport sectors remain the most sensitive ones. This sensitivity is reflected in the recent evolution of bankruptcies levels for construction and transport sectors, and in the deteriorated business confidence indicator for manufacturing.

At this moment, we do not observe a significant deterioration of early warning indicators, nor an important inflow of defaults, while at the same time the credit quality of firms in manufacturing and services sectors remains stable. The average PD of the E&E portfolio remained stable (1.59% at the end of the first half of 2023 compared to 1.58% at the end of 2022).

Concerning the Commercial Real Estate portfolio, Belfius is highly vigilant to the specific risks the increasing interest rates have created. The Covid-19 pandemic and the war in Ukraine caused a significant price increase of construction materials. This was followed by an increase in interest rates. As a result, the real estate values came under pressure, financing conditions became more difficult and expensive, and real estate companies are confronted with refinancing needs at higher costs. At the same time, cash flow generation from projects and asset disposals became more complicated. Sales to individuals are running less smoothly because rising interest rates are affecting their overall budget. Institutional investors such as insurers and pension funds shun real estate as they have new alternatives such as bonds. Property developers are thus forced to look for other ways to reduce their cash outflows and costs in anticipation of a new interest rate equilibrium. An awareness campaign for this type of risks to business and corporate bankers and credit analysts has been launched to keep track on clients who are not able to have a sufficient liquidity buffer to counter the adverse market effects.

Public & Social Banking

The first half of 2023 showed a weakening of the upward inflationary pressure and an end to the energy crunch of last winter. These tentative optimistic signals might indicate that the (labour) cost increase for public entities is coming to a halt. However, the interest hikes will affect the cost of borrowing which will in turn put some strain on the borrowing capacity of some of these entities.

Belfius assesses these evolutions and its impacts on the clients within the Public Social Banking segment through a macroeconomic analysis. Among these clients are: hospitals, nursing homes, municipalities and intermunicipal companies.

In 2022, the municipalities have seen a significant increase of their operational expenditure. Their wage costs have increased due to the inflationary pressure, while energy costs have almost doubled due to the energy crunch related to the Russian – Ukrainian war. Fortunately, this has been met with an equal increase in operational revenue. The main driver behind this surge in operational revenue is the indexation of receipts (taxes and subsidies being the main revenues of communities are also indexed). The beneficial effect of this indexation will continue into 2023 (despite the softening inflation) as some time lag is present.

The financial situation of most of the regions and communities is however expected to experience further pressure in 2023. The public debt burden also grows heavier on a federal level. While this does not pose a significant threat yet, interest rate hikes will worsen the debt burden and cost of capital for the public sector.

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 2022	30 June 2023
Central governments	37.2	34.2
Public sector entities	41.1	40.5
Corporate	50.9	53.2
Project finance	2.3	2.4
Retail	61.7	62.6
Financial institutions	11.9	11.1
Other[(1)]	3.9	3.5
Total	**209.1**	**207.5**

(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 2023, the total credit risk exposure within Belfius slightly decreased to EUR 207.5 billion, a decline of EUR 1.6 billion or 0.8% compared to the end of 2022, primarily stemming from FEAD decline to EU Central Bank partly offset by the increase in FEAD to Corporates and Retail.

At bank level, the credit risk exposure declined with 0.4% to EUR 193.4 billion. At the level of Belfius Insurance, the credit risk exposure declined by 6% to EUR 14 billion on 30 June 2023.

The decline by EUR 3 billion observed on the segment central governments is mostly due to the reduction of liquidity reserve 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 represent 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 (30% of the total) increased by EUR 0.9 billion reflecting Belfius' strategy to support the Belgian economy.

The credit risk exposure on corporates (25.6% of the total) increased by EUR 2.3 billion. 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 slightly declined by EUR 0.8 billion during the first half of 2023.

Belfius' positions are mainly concentrated in the European Union: 95% or EUR 183.8 billion at bank level and 95% or EUR 13.4 billion for Belfius Insurance. The total relative credit risk exposure on counterparties situated in Belgium is 86.7% as of 30 June 2023 with the increase from 74% at the end of 2022 explained by the change in classification of the deposits held at the NBB/ECB (of EUR 24.4 billion as of June 2023) from EU Other countries to Belgium. Furthermore, total relative credit risk exposure on counterparties situated in France is 3.4%, 2.5% in the United Kingdom, 1.3% in the United States and Canada, 1.1% in Luxemburg, 0.8% in Spain, 0.6% in Germany and Italy.

The credit risk exposure to counterparties in the United Kingdom amounted to EUR 5.1 billion. About 60% of this credit risk exposure relates to bonds belonging to the ALM-yield portfolio.

On 30 June 2023, 77% of the total credit risk exposure had an internal credit rating of investment grade (IG).

6.7.2. Cost of risk in the first half of 20236.7.2.1. IFRS 9 impairment methodology at Belfius

Asset quality – Expected credit losses

Reference is made to the Appendix IX.1.4. of 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 are as follows:

- Belfius Bank and its subsidiaries recognise loss allowances for ECL on financial instruments at amortised 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 calculated;
  - 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 calculated;
  - 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 PDs are used that inter alia incorporate forward-looking macroeconomic information through the use of four different

macroeconomic scenarios. These scenarios are built upon internal information delivered by the Belfius Research department, who uses external and internal information to generate a forecast “neutral” scenario of relevant economic variables along with a representative range of other possible forecast 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 macroeconomic variables and 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.

6.7.2.2. Adjustments to the impairment methodology related to the Covid-19 pandemic, the Russia/Ukraine conflict and the risks related to the energy and inflation crisis

In the context of Covid-19 pandemic, 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.

With the Russia/Ukraine conflict and the resulting energy crisis, adjustments were extended in 2022 to the emerging risks related to the increased inflation and the rising energy prices:

- expected credit loss calculations were based on a long-term average (initially 2009-2022, extended to 2009-2024) for the relevant macroeconomic factors, with a backward and a forward-looking approach;
- 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 results of the portfolio analysis and monitoring processes with respect to the increased inflation, rising energy prices and the war in Ukraine gained importance in the provisioning process

In the first half of 2023, entering into a post-Covid era, Belfius:

- has decided to abandon the long term average of historic data in the calculation of the macroeconomic factors, and only use 2022-2024 macroeconomic data;
- maintains the system of four probability weighted forward-looking scenarios each with their own macroeconomic parameters to build optimistic, neutral, pessimistic and stress cases. Yet, the scenarios have been adapted to the updated macroeconomic environment;
- continues its portfolio analysis and monitoring process, in order to determine and keep up to date the sectors and/or clients vulnerable to inflation and energy price risks.

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 as authorised by the IFRS 9 accounting references. 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.

6.7.2.3. Drivers of the cost of risk in the first half of 2023

The first half of 2023 Cost of Risk amounted to EUR -17 million and was composed of EUR +49 million allowances due to the update of the macroeconomic factors and perspectives, EUR +7 million reversals following the reassessment of the overlay for vulnerable exposures, EUR -79 million specific provisions for loans in default and EUR +6 million reversals for portfolio evolutions.

It is to be recalled that stage 1 and 2 provisions constitute anticipative provisioning against expected credit losses on files that could enter into default. To what extent these stage 1 and 2 provisions will be transformed into stage 3 provisions, covering incurred credit losses on defaulted loans, or be released, remains subject to uncertainty. If the macroeconomic environment improves to the extent that the anticipated transitions to default do not occur, part of these impairments will be reversed over time.

Macroeconomic factors used in 1H 2023 ECL calculations

- The macroeconomic factors and perspectives were updated in line with Belfius Research expectations.

  The economic picture for the first half of 2023 is quite ambivalent, with the economic environment showing strong resilience. The effects of the energy crisis are fading out and - with the notable exception of the food processing industry - post-pandemic supply chains problems have largely been resolved. The pass-through of costs to sales prices has increased but remains partial. Most firms feel that it is becoming increasingly difficult to raise further prices, which could lead to a further easing of inflation in the near term.

- Statistics about the economic performance of the Eurozone are divergent. The EC first revised its GDP forecast upwards to 1.2% in 2023 and 1.4% in 2024, but based on the GDP figures with negative growth for the fourth quarter of 2022 and the first quarter of 2023, the Eurozone entered (technically) into a light recession. In Belgium, the economic growth keeps its positive pace, although at a slower rhythm, and is hence outperforming most of the European countries. Notwithstanding this strong resilience, several evolutions (such as the economic slowdown in Germany and other EU countries and the rising interest rates) could become factors of risk.

- At the same time, there are also signs of a potential decay. Whereas the labour market was booming towards the end of the Covid-pandemic, the job-growth has slowed down since the start of 2023; the unemployment showed an increase in the beginning of the year, with an interim market, traditionally a leading indicator, that was starting to slacken. Recent figures tend to be more positive again: despite higher wage costs, most companies maintained or expanded their permanent workforce in the second quarter and prospects for the coming months are mostly stable. Due to structural labour market tightness, firms are reluctant to lay off employees.

- The GDP forecasts improved for 2023-2024, whereas consumer price and house price inflation are expected to decrease in 2023. Belfius' neutral scenario includes a Belgian GDP growth of +0.9% for 2023 (compared to +0.1% as expected by end 2022), followed by a +1.2% growth rate in 2024.

- For 2023, inflation is expected to decrease somewhat more than formerly estimated at the end of 2022.

- The Belgian unemployment rate for 2023 in the neutral scenario has been revised downwards from 8.8% towards 8.2%, and is expected to slightly decrease and then remain stable in the upcoming years. As from 2020 onwards, the unemployment figure includes the exceptional temporary unemployment that is expected to be, to a certain extent, converted into a structural unemployment.

GDP BE (% YoY)

Scenarios	As of end 2022			As of 2Q 2023		
For year	2022	2023	2024	2022-R	2023	2024
Optimistic	3.4	0.7	2.2	3.1	1.5	1.8
Neutral	2.8	0.1	1.6	3.1	0.9	1.2
Pessimistic	1.7	-1.6	0.5	3.1	-0.2	0.1
Stress	1.2	-1.6	-0.1	3.1	-0.8	-0.5

- 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 the second quarter of 2023, under the four scenarios.
- Consequently, the favourable macroeconomic perspectives impacted the CoR positively for EUR +49 million in the first half year.

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

The following table 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 assuming the current IFRS 9 method is unchanged. Note that the sensitivity is not linear and cannot be simply extrapolated.

(in millions of EUR)	What if 85% optimistic? [1]	Weighted average scenario 2Q23	What if 85% pessimistic? [1]	What if 85% stress? [1]
Impairment stock stage 1&2	752	874	988	1,130
% change vs weighted average scenario	-14%	0%	13%	29%
		Optimistic 5% Neutral 60% Pessimistic 30% Stress 5%		

[1] 5% on each of the 3 other scenarios.

Overlays for vulnerable exposures

The 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 then been stressed when computing the ECL. For mortgages a stressed LGD value has been applied, while for companies vulnerable to inflation and energy price risk, an add-on has been applied on the mechanically computed expected credit loss, reflecting the characteristic of the risk pocketthe add-ons correspond to an increased expected credit loss, equivalent to a 1 to 2 notch rating downgrade. 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.

In 2020 and 2021, the scope of the overlay was defined by Covid-events. Credit exposures to individuals and companies with payment moratoria and companies in sectors that were hit by the pandemic and the sanitary measures were included.

In 2022, the driver of risk gradually shifted also to sectors with a sensitivity to the effects of inflation and energy price increases.

In 2023, the Covid-related exposures completely disappeared from the overlay. The scope of the overlay was only linked to exposures with an energy & inflation vulnerability. The definition of the scope did not change in 1H 2023; the evolution of the provisions was only driven by exposure evolutions and rating migrations.

The overlay for vulnerable exposures was reduced by EUR +7 million in the first half of 2023. Vulnerable exposures with an initial Covid-effect phased out and so the overlay merely serves to cover for potential risks caused by inflation and higher energy prices.

Belfius' exposure towards these vulnerable sectors or counterparts is limited to 3.5% of the total portfolio.

The provision for macroeconomic uncertainties and the overlay for vulnerable exposures combined form Belfius "Overlay for economic uncertainties and vulnerable exposures", of which the stock as of the end of the first half of 2023 amounts to EUR 179 million (from EUR 235 million end 2022).

6.7.3. *Asset quality - Asset quality ratio*

At the end of June 2023, the amount of impaired loans added up to EUR 2,171 million, a +7.2% increase compared to year end 2022. During the same period, the gross outstanding loans to customers increased by +2.0% and amounted to EUR 113,402 million. As a consequence, the asset quality ratio evolved to 1.91% at the end of June 2023. The stage 3 impairments slightly increased by +2.0%. The coverage ratio on impaired loans is 56.7%, compared to 59.6% end of 2022.

At the end of June 2023, the total impairment stock (stage 1-2-3) amounted to EUR 2,142 million compared to EUR 2,166 million at the end of 2022 (pro forma IFRS 17). This decrease of EUR 24 million is mainly explained by reversals performed on stage 1 and 2 driven by the updated macroeconomic factors and perspectives.

6.7.4. *Market risk*

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 the first half of 2023, mainly due to banking turmoil in the US and bail-out of Credit Suisse, rising interest rates, the P&L of financial market activities was very resilient. Most trading desks are at or above the budget and increased client activity has led to significant increases in Sales and Structuring activities.

Existing hedges on CVA/FVA[71], in place since the first half of 2020, perform well, keeping the P&L volatility to a minimum. Further analysis highlighted possible improvement to credit spread macro hedges which will be adapted in the second half of 2023. Consequently, only a limited number of non-hedgeable risks remain. The most relevant one being the Belfius' own funding spread, where the positive evolution of interest rates has made the XVA's less sensitive to this parameter.

Market risk RWA decreased markedly since end 2022 (EUR -1.1 billion) because of delayed impact of a model change with part of the 60 days average at EOY still on the old model.

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

[71] CVA (Credit Value Adjustement) is the price that an investor would pay to hedge the counterparty credit risk of a derivative instrument.

FVA (Funding Valuation Adjustment) reflects the funding cost of uncollateralised derivatives above the risk-free rate of return. It represents the costs and benefits of writing a hedge for a client who is not posting collateral, and then hedging that trade with a collateralised one in the interbank market.

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 or ‘on demand’ deposits (such as payment 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. All ALM models are following the three lines of defence.

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

Banks’ ALM objective gives priority to protect the net interest income from downward/upward pressures in the current volatile interest rate environment, while respecting the risk appetite limits on the variation of economic value.

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 -72 million per 10 bps on 30 June 2023 (compared to EUR -59 million per 10 bps on 31 December 2022), 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 95 bps increase of interest rates has an estimated impact on net interest income (before tax) of EUR +40 million of the next book year and an estimated cumulative impact of EUR +72 million over a three year period, whereas a 95 bps decrease would lead to an estimated impact of EUR -22 million over the next book year and an estimated cumulative impact of EUR -95 million over a three year period (compared to EUR +32 million, resp. EUR +87 million for a similar rate shock of +50 bps and EUR +8 million, resp. EUR +2 million for a rate shock of -50 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 continued increase in interest rates over the first half of 2023 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 remained close to zero for payment accounts and is only gradually increasing for savings accounts and term funding for the time being. On the other hand, refinancings and prepaying mortgages have become less interesting for the customers. Furthermore, this increase in rates has further improved the net collateral cost for derivative contracts used to hedge the Bank’s exposure to interest rate risk. The ALCo will remain attentive to a volatile interest rate environment with primary objective to respect the Risk Appetite Framework (RAF). ALM conventional models are regularly reviewed at the light of the macro-economic environment and prevailing interest rates. During the first half of 2023, the continued increase in interest rates has modified the expected interest rate sensitivities of the ‘on demand’ (or non maturing) deposits, which triggered additional hedging to remain within Belfius’ risk appetite.

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 1.4 million per 10 bps as of 30 June 2023 relatively stable compared to EUR 0.4 million as of the fourth quarter of 2022. 22. 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 funding plan is approved together with the financial plan by the Board of Directors, which delegates its execution to the ALCo.

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 individuals and business 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 2023, 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.

The participation of Belfius Bank in the ECB TLTRO III funding programme for an amount of EUR 15.65 billion, was reduced to EUR 6 billion end of 2022, and in June 2023 another EUR 3.3 billion was repaid. This leads to a residual funding through TLTRO of EUR 2.7 billion, that will continue to expire

Belfius Bank reached end of June 2023 a 12-month average Liquidity Coverage Ratio (LCR) of 156%. This decrease since end of December 2022 (173%), is mainly explained by the repayment of the TLTRO and a continued strong growth in commercial loans. 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 the first half year of 2023. The High Quality Liquid Assets (HQLA) end of June 2023 are composed of 73% Level 1 cash, 24% Level 1 bonds, 2% Level 2A bonds and 1% Level 2B bonds.

The Net Stable Funding Ratio (NSFR), based on the binding CRR2 rules and calculated according to EBA templates, stood at 133% end of June 2023, a decrease also explained by the repayment of the TLTRO and growth in commercial loans.

***Funding diversification at Belfius Bank*[72]**

The total funding of Belfius Bank amounted to EUR 142.8 billion as at 30 June 2023 compared to EUR 143.6 billion as at end December 2022

Belfius Bank has a stable funding profile that consists of mainly commercial funding (84%), senior wholesale funding (4%), secured funding (7%), and net unsecured ST interbank funding (4%).

As a universal bank, the main part of funding comes from its commercial activity (EUR 119.4 billion), of which 74% are sticky deposits from individuals and business customers and 47% concern insured deposits (DGS). Although the commercial funding remained quite stable since end of 2022, Belfius Bank observed a shift from 'on demand' deposits (payment and savings accounts) to term funding.

The loan-to-deposit ratio, which indicates the proportion between assets and liabilities of the commercial balance sheet, increased from 87% at the end of December 2022 towards 90% at the end of June 2023. Belfius Bank also receives medium-to-long-term wholesale funding, including EUR 6.5 billion from covered bonds, EUR 3.6 billion from preferred senior unsecured, and EUR 2.7 billion in TLTRO funding from ECB as at 30 June 2023.

The Non-Preferred Senior Bonds of EUR 2.0 billion enable Belfius to respect the regulatory requirement of MREL Subordinated. Note that during 2023, Belfius Bank issued EUR 0.5 billion covered bonds, EUR 0.5 billion Tier 2 and EUR 0.75 billion preferred senior under green format. 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, however, this net cash collateral position has continued to improve from EUR 6.1 billion end of December 2022 to EUR 5.9 billion end of June 2023.

***Liquidity reserves*[73]**

At the end of June 2023, Belfius Bank had readily realisable liquidity reserves of EUR 45.0 billion. These reserves consisted of EUR 24.2 billion in cash, EUR 8.5 billion in ECB eligible bonds and EUR 12.3 billion in other assets eligible at the ECB (of which EUR 10.4 billion in bank loans).

These liquidity reserves represent 6.7 times the Bank's institutional funding outstanding end of June 2023 and having a remaining maturity of less than one year.

[72] Unaudited.

[73] Unaudited.

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 26.0 billion in June 2023 and represent 15.4% of total bank balance sheet and collateral received under securities format. This represents a decrease of the encumbrance ratio of -6.9% compared to end 2022, this decrease being mainly explained by the repayment of TLTRO 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. In June 2023 (point in time), the total amount issued was EUR 6.5 billion. End June 2023, the assets encumbered for this funding source are composed of commercial loans (public sector and mortgage loans) and amount to EUR 7.9 billion (stable since end 2022).

The Bank is also collecting funding through repo markets and other collateralised deposits. End June 2023, the total amount of assets used as collateral for this activity amounts to EUR 5.6 billion, of which EUR 4.2 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 4.5 billion point in time (decrease of EUR -0.2 billion compared to end 2022), 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.

The repayment of the TLTRO III, and the decrease in net collateral to post thanks to the increase in interest rates, has strongly reduced the Asset Encumbrance Ratio

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

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

The SRB MREL instruction also defines a subordination requirement: Belfius Bank must meet at least 15.83% of TREA and 6.87% of LRE by means of subordinated MREL. Own funds used to meet the combined buffer requirement (CBR) set out in Directive 2013/36/EU (at 4.37% of TREA for Belfius currently) are not eligible to meet the requirements expressed in TREA. Belfius Bank must comply with this subordination requirement by 1 January 2024, subject to an intermediate target of 15.25% of TREA and 6.84% of LRE by 1 January 2022.

Belfius already met its expected BRRD2 MREL requirements at the end of the first half of 2023. Indeed, expressed in TREA, Belfius MREL realised of EUR 19.4 billion amounted to 29.96% to be compared with 27.6% of the 2024 final binding target (including CBR). In the same way, Belfius MREL subordination of EUR 15.3 billion amounted to 23.53% of TREA to be compared with 20.2% of the binding target (including CBR). Expressed in LRE, Belfius MREL subordination of 8.57% stood in excess of 6.87% MREL requirement.

Operational risk – Non-Financial Risk (NFR)

Non-Financial Risk Management Framework

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 and guidelines adapted to the business activities. These general principles are following the applicable legal and regulatory requirements.

The framework is based on the following pillars:

- a risk mapping and taxonomy in order to ensure consistency within the organisation, including a regular review of this mapping and taxonomy to identify emerging risks;
- clear roles and responsibilities, as well as a well-defined way of working together for all the risks based on the three 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 dedicated risk management frameworks, which are structured into the following main domains: Change Risk Management, Integrated Risk Management, Risk Culture & Governance, Operational Resilience, Fraud Risk Management & 2 LoD Audit, Information Security and Data Privacy (see further).

This framework provides comprehensive risk management and sound risk governance, to ensure an effective and efficient identification, assessment, mitigation and monitoring of non-financial risks.

The NFR department acts as an independent internal control function with a 2nd LoD role, and reports directly to the Chief Risk Officer. The NFR departments also includes the specific functions of Anti-Fraud Officer, Data Protection Officer (DPO) and Chief Information Security Officer (CISO).

Transversal risk processes

Change Risk Management

Being and staying 'Meaningful and Inspiring 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.

It is a risk-based process with special attention to the due implementation of binding conditions.

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 Project Risk Management (PRM) framework has been developed in order to correctly and timely identify the risks and put in place the necessary controls and mitigating plans following a risk-based approach. Basically, this framework consists of:

- different qualitative and quantitative assessment techniques to derive both the criticality and risk performance of the projects; and
- a tiering system to focus efforts and attention to the most risky ones.

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 the responsible parties are notified quickly when incidents. 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.

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.

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 consist in ensuring a well governed and coordinated outsourcing strategy in line with Belfius strategy, risk appetite and regulatory requirements.

Permanent control

It is difficult to envisage risk management without taking special attentions to internal control systems. To this regard, permanent control functions have been further deployed in order to provide ongoing assurance on the adequacy & effectiveness of the Belfius' control environment.

NFR domain – Risk culture and Governance

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? The RAF covers a.o. loss tolerance, management capacity, fraud risk, data privacy risk, outsourcing & third-party risk, resources risk, project/transformation risk, information security.

The RAF is continuously updated and improved regarding RAF indicators, with constant challenging at the governance level and improving level of maturity.

In order to further strengthen the conglomerate dimension, the RAF is also rolled out in the Belfius' subsidiaries. Their respective RAF is based on the RAF at group level, reflecting and monitoring their own (financial and non-financial) vulnerabilities and risks.

Permanent control

It is difficult to envisage risk management without taking special attentions to internal control systems. To this regard, permanent control functions have been further deployed in order to provide ongoing assurance on the adequacy & effectiveness of the Belfius' control environment.

NFR domain – Operational Resilience

Business continuity and 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 aligned with the ISO22301 standard and the BCI Good Practice Guidelines. It 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. As the Covid-19 situation allowed a more normal way of working, room is now available to exercise in order to test our ability to react.

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.

Fraud Risk Management & 2 LoD audit

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 LoD 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, specialised panels are regularly organised to enhance awareness, 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.

Branch audit

Branch Audit, as part of the Risk function and from a 2nd LOD perspective, focusses specifically on traditional "physical" distribution channels for which it provides through on site reviews an assurance on the degree of control of the risks generated during human intervention in the distribution process and which require a physical presence on site in order to be assessed. Branch Audit also formulates advices in order to improve the functioning of the internal control system.

Focus on specific risks

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 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.

The first half-year 2023 was characterized by the release of a first set of KRI related to the Information Security Management System (ISMS), based on ISO27001 that we are currently deploying into the company. The deployment of ISMS controls has continued with a focus on controls linked to information security risks rated as high. The update of the ISMS policies that should be done every three years has begun in 2023 too.

The publication of the regulatory technical standards for the DORA regulation has marked a milestone in information security as they now have to get integrated into our ISMS deployment effort.

Another milestone is the announcement of a stress test imposed by the ECB that takes as a start point a cyber incident that makes the core system (including the core database) of banks unavailable because all preventive tools in place have failed. This ECB stress test thus takes as a central scenario a cyber incident affecting Belfius information. The ECB made clear this stress test has an exploratory nature without the usual actions to be undertaken in case of unsatisfactory results.

The call for consultation about the ECB stress test scenario and methodology has run to 15 August. We took part to the consultation. The ECB stress test will be launched in 2024.

Data privacy Management

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.

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.

ESG risk[74]

2020
Set up of an ESG
Framework

2021
Drafting of an
ESG Action Plan

2022
Implementation of
ESG Action Plan

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. Belfius is further embedding environmental, social and governance risks (particularly climate-related risks in a first instance) into its existing risk management framework with the goal to adequately manage those risks to ensure its long term resilience and profitability. The main progress achieved during the first semester of 2023 relates primarily to the carrying out of comprehensive climate and environmental risks materiality assessments, the implementation of its ESG scoring model for corporates and the expansion of the internal ESG KRI dashboard.

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 potential risk pockets are identified.
- A bottom-up approach where climate-related risks are assessed at counterparty and/or asset level, vulnerable assets are identified and quantified and scores are assigned to counterparties.

[74] Unaudited.

Belfius is currently in the process of assessing the magnitude of the potential (financial) impact of relevant climate and environmental risk drivers on its solvency, liquidity and profitability, considering its specific (sectoral) exposures and risk profile:

- This exercise is based on regional and sectoral heatmaps, drafted with the help of an external climate specialist, evaluating the likelihood of occurrence of climate and environmental risk drivers and the expected severity of the socio-economic impact of those events
- The level of exposure of Belfius' counterparties/assets/activities to those risk drivers is then assessed under several scenarios and time horizons and across various risk dimensions (covering credit, market, liquidity, operational and strategic risks)

This comprehensive exercise is complemented by the finetuning of the climate risk assessment and simulation tool for mortgage loans, aimed at projecting possible evolutions of the mortgage loan portfolio in the long term (up to 2050).

Belfius has also started implementing its in-house ESG assessment methodology for corporates, which aims at:

- capturing data about the global ESG profile of corporate counterparties through an engagement process with clients;
- evaluating their current performance and practices, historical trends and future plans;
- supporting 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.

Leveraging on the results of the materiality assessments, the simulation tool for mortgage loans and the assessment methodology for corporates, Belfius will investigate the need to perform deep dives, design additional stress test scenarios, define new key risk indicators and limits, set further mitigation measures in place, etc

Quantification , Metrics and Monitoring

Belfius' sensitivity to climate and environmental risks should remain fairly limited as it relies on the overall sound composition and risk profile of its balance sheet to mitigate credit and market impacts, as evidenced by the follow up of the main key risk indicators in this field which show that:

- Belfius holds only minor exposures to fossil fuel activities;
- the share of climate sensitive exposures (defined at sectoral level) remains reasonable with low exposures toward the most sensitive sectors (such as agriculture and mining);
- the share of mortgage loan production collateralised by buildings with a very low EPC score remains within the risk appetite
- the share of mortgage loan production collateralised by buildings located in a high-medium flood risk zone is still very limited

6.8. Ratings

Between 1 January 2023 and 31 August 2023, the rating agencies took the following decisions:

- On 28 June 2023, S&P confirmed Belfius Bank's long-term rating at A with Stable outlook;
- On 7 July 2023, Moody's affirmed Belfius Bank's long-term rating at A1 and changed the outlook to positive from stable;
- On 13 July 2023, Fitch affirmed Belfius Bank's long-term rating at A- with Stable outlook.As at the date of this 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	Positive	Prime-1
Standard and Poor's................	a-	A	Stable	A-1

(*) Intrinsic creditworthiness

The rating agencies, Standard & Poor's, Moody's and Fitch Ratings or other rating agency if applicable, use ratings to assess whether a potential borrower will be able in the future to meet its credit commitments as agreed. A major element in the rating for this purpose is an appraisal of the company's net assets, financial position and earnings performance.

In addition, Belfius Bank is wholly owned by the Belgian federal state through the Federal Holding and Investment Company, and it is possible that, if the ratings assigned to the Belgian federal state were to be downgraded, that could result in the ratings assigned to Belfius Bank being negatively affected. Moreover, as the ownership of a bank is one of the factors taken into in determining a bank's rating, a change of ownership of Belfius Bank could have a potential impact on the ratings assigned to Belfius Bank.

A bank's rating is an important comparative element in its competition with other banks. It also has a significant influence on the individual ratings of a bank's important subsidiaries.

A downgrading or the mere possibility of a downgrading of the rating of Belfius Bank or one of its subsidiaries might have adverse effects on the relationship with customers and on the sales of the products and services of the company in question. In this way, new business could suffer, Belfius Bank's competitiveness in the market might be reduced, and its funding costs would increase substantially. A downgrading of the rating would also have adverse effects on the costs to Belfius Bank of raising equity and borrowed funds and might lead to new liabilities arising or to existing liabilities being called that are dependent upon a given rating being maintained. It could also happen that, after a downgrading, Belfius Bank would have to provide additional collateral for derivative transactions in connection with rating-based collateral arrangements. If the rating of Belfius Bank were to fall within reach of the non-investment grade category, it would suffer considerably. In turn, this would have an adverse effect on Belfius Bank's ability to be active in certain business areas.

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

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 . Note that, apart from the cases listed below, continued vigilance can be observed in the prevention of money laundering (AML) in the Belgian financial sector. In this context, as is customary, Belfius is collaborating with the Belgian authorities and monitors this closely.

1. Arco - Cooperative shareholders

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

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

Procedure C.C. Deminor

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 allegedly containing misleading information issued by the predecessors of Belfius Bank. The Belgian State, DRS Belgium (Deminor) and the Chairman of the Management Board of the Arco entities are also defendants in the proceedings before the Commercial Court of Brussels. In the meantime, the VZW Arcoclaim also intervened in this litigation procedure (on grounds of an alleged transfer of claim by one of the plaintiffs/Arco 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 Arco shareholders.

The Arco shareholders have launched appeal against this judgement. The case is now pending before the Court of Appeal in Brussels. A pleading calendar has been determined. A pleading hearing can be expected at the earliest in the second half of 2028.

Procedure C.F.I. ArcoClaim 2018

On 7 February 2018, 2 Arco shareholders summoned the Belgian State before the Court of First Instance of Brussels because they state that the Belgian State has made a fault by promising and introducing a guarantee scheme for shareholders of financial cooperative companies (like the Arco 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 organised themselves via social media to mobilize other Arco shareholders to become claimant in this procedure. The VZW Arcoclaim also intervenes in this litigation procedure.

In this procedure VZW Arcoclaim had requested the initiation of a mediation procedure before the court, but this request has been dropped in May 2023. In the meantime, to date, ArcoClaim has declared that 7.258 new Arco shareholders have joined ArcoClaim, in addition to 5.334 Arco shareholders already being part of ArcoClaim.

No pleading calendar has been fixed yet, but ArcoClaim had requested that this procedure be joined with the procedure C.F.I. Deminor 2022 (see also Procedure C.F.I. Deminor 2022)

Procedure C.F.I. Deminor 2022

On 14 December 2022, 10 Arco shareholders have launched a new judicial procedure with the assistance of Deminor against the Arco-companies, the Belgian State and Belfius before the Court of First Instance in Brussels, in which they ask the defending parties to be condemned to indemnification based on extra-contractual liability, equal to claimant's financial contribution including interests, dividends, and possible bonus reserves, as well as a supplementary indemnification for moral damages. In the meanwhile, to date, a total of 13.678 Arco shareholders have joined this procedure.

At the introductory hearing of 2 June 2023, several procedural issues have risen, a.o.:

- ArcoClaim has intervened in the Deminor 2022 procedure, requesting that the ArcoClaim procedure (Procedure C.F.I. ArcoClaim 2018) be joined together with the Deminor 2022 procedure (Procedure C.F.I. Deminor 2022). Deminor has strongly opposed the joining of procedures, fearing that its procedure will be excessively delayed; and
- Deminor has requested a preliminary judgement to condemn Arco to provide all the Arco shareholder documentation (date of purchase, amount, etc.) to the claimants. Arco has opposed this request.
  1.

Considering these procedural issues, the case has been suspended (rolverzending/ renvoi au rôle). A procedural calendar is expected so that parties can submit their written arguments (limited to this specific procedural issue).

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.

2. 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 mentioned police search.

3. 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

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

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
Bram Somers	Member	none
Johan Vankelecom	Member	none

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

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

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

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

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

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

B. Board of Directors

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

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

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

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

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

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

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

As at the date of this Base Prospectus, the Board of Directors consists of eighteen members ,six of whom sit on the Management Board.

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

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	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, Financial Markets and Customer Loan Services	none
Olivier Onclin	Member of the Management Board Responsible for Private, Business & Retail Banking and Customer Transaction Services	none
Bram Somers	Member of the Management Board Chief Technology Officer	none
Johan Vankelecom	Member of the Management Board Chief Financial Officer, Responsible for Financial Reporting, ALM, Legal, Tax, Research, Strategic Planning and Performance Management (SPPM), Belfius Investment Partners	none
Paul Bodart	Member of the Board of Directors of Belfius Bank (Independent Director)	Director of companies and non-profit organisations

Name	Position	Significant other functions performed outside Belfius Bank
Estelle Cantillon	Member of the Board of Directors of Belfius Bank as from 27 September 2023 (Independent Director)	FNRS Research Director at the Université Libre de Bruxelles (ULB)
Colette Dierick	Member of the Board of Directors of Belfius Bank (Independent Director)	Director of companies
Daniel Falque	Member of the Board of Directors of Belfius Bank (Independent Director)	Director of companies and non-profit organisations Senior Industry Advisor
Olivier Gillerot	Member of the Board of Directors of Belfius Bank as from 27 September 2023 (Independent Director)	Director of companies and non-profit organisations
Hélène Goessart	Member of the Board of Directors of Belfius Bank (Independent Director)	None
Peter Hinssen	Member of the Board of Directors of Belfius Bank (Independent Director)	Entrepreneur, keynote speaker and author
Georges Hübner	Member of the Board of Directors of Belfius Bank (Independent Director)	Full Professor at HEC Liège - University of Liège
Isabel Neumann	Member of the Board of Directors of Belfius Bank (Independent Director)	Chief Investment Officer at Shurgard Self Storage
Lutgart Van Den Berghe	Member of the Board of Directors of Belfius Bank (Director)	Emeritus extraordinary Professor at the University of Ghent (UG) and emeritus part-time Professor at the Vlerick Business School

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

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

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. These directors are members of a maximum of three of these advisory committees. An Intra-Group Committee, a Technology Committee and a Belfius Art Committee have also been installed within the governance of the Belfius group.

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

A. Nomination Committee

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

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

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

The Nomination Committee:

- identifies and recommends, for the approval of the General Meeting of Shareholders or of the Board of Directors, as the case may be, candidates suited to fill vacancies on the Board of Directors, evaluates the balance of knowledge, skills, diversity and experience within the Board of Directors, prepares a description of the roles and capabilities for a particular appointment and assesses the expected time commitment. The Nomination Committee also decides on a target for the representation of the underrepresented gender within the Board of Directors and prepares a policy on how to increase the number of underrepresented gender in order to meet that target;
- periodically, and at least annually, assesses the structure, size, composition and performance of the Board of Directors and makes recommendations to it with regard to any changes;

- periodically assesses the knowledge, skills, experience, degree of involvement and in particular the attendance of members of the Board of Directors and advisory committees, both individually and collectively, and reports to the Board of Directors accordingly;
- periodically reviews the policies of the Board of Directors for selection and appointment of members of the Management Board, and makes recommendations to the Board of Directors;
- prepares proposals for the appointment or mandate renewal, as the case may be, of directors, members of the Management Board, the Chairman of the Board of Directors and the Chairman of the Management Board;
- assesses the aptitude of a director or a candidate director to meet the criteria set forth for being considered as an independent director;
- examines questions relating to problems with the succession of directors and members of the Management Board;
- establishes a general and specific profile for directors and members of the Management Board;
- ensures the application of provisions with regard to corporate governance;
- prepares proposals for amendments to the internal rules of the Board of Directors and the Management Board;
- assesses the governance memorandum and, if necessary, proposes amendments;
- at least annually discusses and analyses the quantitative statement and qualitative analysis of communications regarding stress, burn-out and inappropriate behaviour at work and actions taken to remedy situations.

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

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

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

B. Remuneration Committee

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

Name	**Position**
Lutgart Van Den Berghe	Chairman – Director of Belfius Bank and Belfius Insurance
Chris Sunt	Member – Chairman of the Board of Directors of Belfius Bank
Daniel Falque	Member – Director of Belfius Bank and Belfius Insurance

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

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

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

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

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

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

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

- developing the remuneration policy, as well as making practical remuneration proposals for the Chairman, the non-executive members of the Board of Directors and the members of the advisory committees of the Board of Directors. The Board of Directors submits these remuneration proposals to the General Meeting of Shareholders for approval;
- developing the remuneration policy, as well as making practical proposals for the remuneration of the Chairman of the Management Board and, on his proposal, for the remuneration of the members of the Management Board; The Board of Directors then determines the remuneration of the Chairman and the members of the Management Board;
- providing advice on the proposals made by the Chairman of the Management Board of Belfius Bank in relation to the severance remuneration for members of Belfius Bank's Management Board. On the proposal of the Remuneration Committee, the Board of Directors of Belfius Bank determines the severance remuneration of the Chairman and members of Belfius Bank's Management Board;
- advising the Board of Directors in relation to the remuneration policy for staff members whose activity has a material impact on the risk profile of Belfius Bank (known as "Identified Staff") and in relation to the compliance of the allocation of remuneration to Identified Staff with regard to the remuneration policy put in place for them;
- preparing the remuneration report approved by the Board of Directors and published in the annual report;
- periodically checking to ensure that the remuneration programmes are achieving their objective and are in line with applicable conditions;
- annually assessing the performance and objectives of the members of the Management Board;
- providing an opinion of the elaboration of a global "Risk Gateway", in consultation with the Risk Committee, containing various levers applied at various points in the performance management cycle, with an impact on determination of the variable remuneration.

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

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

C. Audit Committee

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

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

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

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

D. Risk Committee

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

Name	Position
Rudi Vander Vennet.......................................	Chairman Director of Belfius Bank
Estelle Cantillon (as from 27 September 2023)..	Member Director of Belfius Bank
Hélène Goessaert …………………………...	Member Director of Belfius Bank
Georges Hübner	Member Director of Belfius Bank

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

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

- appetite and strategy regarding Belfius Bank's current and future risks (including ESG risks), more particularly the effectiveness of the risk management function and the governance structure to support them;
- monitoring implementation of risk appetite and strategy by the Management Board;

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

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

The Risk Committee and the Audit Committee periodically exchange information in particular concerning the quarterly risk report, the senior management report on the assessment of internal control and the risk analyses performed by the Legal, Compliance and Audit Departments. The aim of this exchange of information is to enable the two committees to perform their tasks properly and can take the form of a joint meeting.

E. Intra-Group Committee

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

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

Name	Position
Chris Sunt..	Chairman Chairman of the Board of Directors of Belfius Bank
Colette Dierick	Member Director of Belfius Bank

Olivier Gillerot (as from 27 September 2023) .	Member Director of Belfius Bank
Jean-Michel Kupper	Member Director of Belfius Insurance

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

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

F. Technology Committee

- A Technology Committee has been established within the Belfius group in May 2021.
- As at the date of this Base Prospectus, the Technology Committee has the following membership:

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

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

The Technology Committee is responsible for:

- advising the Board of Directors on, and preparing the decisions of the Board of Directors with respect to, technology strategy and material technology investment choices;
- monitoring, evaluating and advising the Board of Directors on existing and future technology trends, regulation and competition / FinTech developments that may affect Belfius' strategic plans including the monitoring of overall industry trends and future trends concerning enterprise data management and the financial industry's use of data to maximize the customer experience value;
- assessing measures and advising the Board of Directors on Belfius' technological strategic milestones and transformational developments, such as customer experience, sales through

digital channels and potential synergies with physical and other networks, potential partnerships;

- monitoring and reporting to the Board of Directors on progress made with respect to the implementation of the technology decisions taken by the Board of Directors, including but not limited to, technology performance and security. This includes inter alia. monitoring and challenging the status of the move for the cloud infrastructure (timing, pace, risk mitigation, hybrid models, talents), foundations and platforms;
- reviewing and discussing reports from management on technology related activities, strategies and metrics, including enterprise data project performance, and reporting to the Board of Directors on the same.

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

G. Belfius Art Committee

A Belfius Art Committee has been established since 2015.

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

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

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

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 2021 and 31 December 2022.

6.12.1 Consolidated Balance sheet

1. Consolidated Balance Sheet

	Notes	31 December 2021 IFRS 9	31 December 2022 IFRS 9
Assets		*(in thousands of EUR)*	
Cash and balances with central banks	5.2	**31,640,347**	**27,295,434**
Loans and advances due from credit institutions	5.3	**10,411,237**	**4,143,601**
Measured at amortised cost		10,411,237	4,143,601
Measured at fair value through other comprehensive income		0	0
Measured at fair value through profit or loss		0	0
Loans and advances	5.4	**102,678,814**	**110,310,792**
Measured at amortised cost		101,540,978	109,343,655
Measured at fair value through other comprehensive income		99,119	171,152
Measured at fair value through profit or loss		1,038,717	795,986
Debt securities & equity instruments	5.5	**27,195,351**	**23,026,722**
Measured at amortised cost		20,839,937	17,494,927
Measured at fair value through other comprehensive income		4,959,373	4,040,914
Measured at fair value through profit or loss		1,396,041	1,490,882
Unit linked products insurance activities		**4,245,672**	**3,969,934**
Derivatives	5.6	**8,909,039**	**5,893,105**
Gain/loss on the hedged item in portfolio hedge of interest rate risk	5.6	**3,651,783**	**1,134,326**
Investments in equity method companies	5.7	**96,107**	**94,019**
Tangible fixed assets	5.8	**1,614,068**	**1,672,048**
Intangible assets	5.9	**214,928**	**236,639**
Goodwill	5.10	**103,966**	**103,966**
Tax assets	5.11	**355,777**	**490,680**
Current tax assets		27,073	27,115
Deferred tax assets		328,704	463,565
Technical insurance provisions - part of the reinsurer	6.5	**130,890**	**138,964**
Other assets	5.12	**876,060**	**915,764**
Non current assets (disposal group) held for sale and discontinued operations	5.13	**26,505**	**39,684**
Total assets		**192,150,543**	**179,465,679**

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

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

6.12.2 Consolidated Statement of Income

2. Consolidated Statement of Income

	Notes	31 December 2021 IFRS 9	31 December 2022 IFRS 9
		(in thousands of EUR)	
Interest income	7.1	3,357,376	3,720,738
Interest expense	7.1	(1,356,009)	(1,640,450)
Dividend income	7.2	72,853	71,611
Net income from equity method companies	7.3	2,449	3,993
Net income from financial instruments at fair value through profit or loss	7.4	24,973	24,822
Net income on investments and liabilities	7.5	14,842	56,401
Fee and commission income	7.6	942,249	982,858
Fee and commission expenses	7.6	(184,745)	(192,643)
Technical result from insurance activities	7.7	72,916	150,111
Gross earned premiums		1,506,818	1,896,220
Other technical income and charges		(1,433,902)	(1,746,109)
Other income	7.8	240,869	373,847
Other expense	7.9	(484,499)	(568,935)
Income		2,703,276	2,982,353
Staff expenses	7.10	(641,064)	(699,860)
General and administrative expenses	7.11	(482,642)	(572,446)
Network costs		(220,587)	(216,599)
Depreciation and amortisation of fixed assets	7.12	(132,833)	(131,100)
Expenses		(1,477,125)	(1,620,005)
Net income before tax and impairments		1,226,151	1,362,349
Impairments on financial instruments and provisions for credit commitments	7.13	1,361	(105,689)
Impairments on tangible and intangible assets	7.14	(1,797)	(2,049)
Impairments on goodwill	7.15	0	0
Net income before tax		1,225,714	1,254,611
Current tax (expense) income	7.16	(234,998)	(266,896)
Deferred tax (expense) income	7.16	(55,100)	(11,823)
Total tax (expense) income		(290,098)	(278,719)
Net income after tax		935,617	975,892
Discontinued operations (net of tax)		0	0
Net income		935,617	975,892
Attributable to non-controlling interests		653	1,181
Attributable to equity holders of the parent		934,964	974,711

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 Prospectus, 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. Adjustments to the underlying Index

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. Adjustments to the underlying Index

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.
	:	
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

(b) 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[75] 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

[75] *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.*

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:

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

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 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.

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 Prospectus, 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[76] 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[77]) 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[78].

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:

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

where:

S = the price of the Underlying Fund Shares

P = the value of the Employee Warrant

[76] *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.*

[77] *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.*

[78] *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.*

The ratio ∂P/∂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. ∂P/∂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, ∂P/∂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 13th 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, provided all conditions for deductibility are met. 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[79].

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

Not applicable.

[79] *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.*

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 performance and volatility, can be obtained by electronic means free of charge at https://www.msci.com/documents/10199/db217f4c-cc8c-4e21-9fac-60eb6a47faf0[80].

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

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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[81].

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[81] *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.*

ANNEX 1: Template for Final Terms

<u>FINAL TERMS</u>

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 [24 October 2023] which constitutes a base prospectus for the purposes of the Prospectus Regulation (Regulation (EU) 2017/1129) (the "**Prospectus Regulation**"). This document constitutes the Final Terms of the 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 [82]denominated in EUR];
Initial Price:	[The closing value of the Underlying Index will be posted on https://www.msci.com/end-of-day-

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	history?chart=regional&priceLevel=41&scope=R&currency=119&indexId=110&size=36)[83]] / [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*]

[83] *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.86*

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

Stibbe BV/SRL
Loksumstraat 25
1000 Brussels
Belgium