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**BNP PARIBAS  
FORTIS**



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BNP PARIBAS FORTIS SA/NV  
(incorporated with limited liability in Belgium)  
(legal entity identifier: KGCEPHLVVKVRZY0IT647)

EUR 20,000,000,000

**Retained Mortgage Pandbrieven Programme**

Under this Retained Mortgage Pandbrieven Programme (the Programme), BNP Paribas Fortis SA/NV (the Issuer or BNP Paribas Fortis or BNPTF) may from time to time issue *belgische pandbrieven/lettres de gage belges* (Mortgage Pandbrieven) in accordance with the provisions of the law of 25 April 2014 on the legal status and supervision of the credit institutions, as amended from time to time (the Banking Law) and its implementing royal decrees and regulations, on the issuance of Belgian covered bonds. The minimum specified denomination of each Mortgage Pandbrief is EUR 100,000.

This document constitutes a base prospectus (the Base Prospectus) for purposes of Regulation (EU) 2017/1129 (the Prospectus Regulation) and has been approved by the Belgian Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten/Autorité des services et marchés financiers*) (the FSMA), as competent authority under the Prospectus Regulation. The FSMA only approves this prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Mortgage Pandbrieven. Investors should make their own assessment as to the suitability of investing in the Mortgage Pandbrieven.

Application has been made to Euronext Brussels for the Mortgage Pandbrieven issued under the Programme to be listed on the regulated market of Euronext Brussels (Euronext Brussels). Euronext Brussels is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (as amended, supplemented or replaced from time to time, MiFID II). The Programme also permits Mortgage Pandbrieven to be issued on the basis that they (i) will not be admitted to listing, trading or quotation by any competent authority, stock exchange and/or quotation system or (ii) will be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed by the Issuer.

References in this Base Prospectus to Mortgage Pandbrieven being "listed" (and all related references) shall mean that the Mortgage Pandbrieven have been listed on and admitted to trading on Euronext Brussels, on the multilateral trading facility Euronext Growth Brussels, or on any other regulated market or multilateral trading facility (in each case as defined in MiFID II), as specified in the relevant Final Terms (as defined below), and in each case without prejudice and subject to the requirement to publish or notify a (base) prospectus in accordance with the Prospectus Regulation (as the case may be).

The Mortgage Pandbrieven under this Programme are intended to be issued to (i) BNP Paribas Fortis SA/NV and/or any direct or indirect subsidiary of BNP Paribas Fortis SA/NV, and/or (ii) any entity of the BNP Paribas Group. This Programme is to be distinguished from and has been created in addition to the existing EUR 10,000,000,000 Residential Mortgage Pandbrieven programme of BNP Paribas Fortis SA/NV which was updated most recently on 6 August 2024 (the Non-Retained Programme).

An investment in Mortgage Pandbrieven issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*". Investors should review and consider these risk factors carefully before purchasing any Mortgage Pandbrieven.

Mortgage Pandbrieven may be issued in dematerialised form (the Dematerialised Mortgage Pandbrieven) or in registered form (the Registered Mortgage Pandbrieven). Dematerialised Mortgage Pandbrieven will be represented by a book-entry in the records of the clearing system operated by the NBB or any successor thereto (the Securities Settlement System). Access to the Securities Settlement System is available through its participants, including Euroclear Bank SA/NV (Euroclear) and Clearstream Banking AG, Germany (Clearstream, Germany), and certain others.

Notice of the aggregate nominal amount of Mortgage Pandbrieven, interest (if any) payable in respect of Mortgage Pandbrieven, the issue price of Mortgage Pandbrieven and certain other information which is applicable to each Tranche (as defined under "Terms and Conditions of the Mortgage Pandbrieven") of Mortgage Pandbrieven will be set out in a final terms document (the Final Terms). Final Terms with respect to Mortgage Pandbrieven to be listed on Euronext Brussels, will be filed with the FSMA and published on the website of the Issuer (<https://www.bnpparibasfortis.com/nl/investeerdere/coveredbonds/retained-pandbrief-programme>)

The date of this Base Prospectus is 6 August 2024. This Base Prospectus is valid for a period of one year from its date of approval, i.e. until 6 August 2025. The obligation to publish a supplement to this Base Prospectus (as referred to above) no longer applies after the expiry of the validity period of this Base Prospectus, even if important new factors, material mistakes or material imprecisions are discovered.

*Arranger and Dealer*

BNP Paribas Fortis SA/NV

## IMPORTANT NOTICES

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Mortgage Pandbrieven are not intended to be offered, sold or otherwise made available to, and should not 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; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the **Insurance Distribution Directive or IDD**), 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 no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Mortgage Pandbrieven or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Mortgage Pandbrieven or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Mortgage Pandbrieven are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (**UK FSMA 2000**) and any rules or regulations made under the UK FSMA 2000 to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of UK Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Mortgage Pandbrieven or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Mortgage Pandbrieven or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**PROHIBITION OF SALES TO CONSUMERS IN BELGIUM** – The Mortgage Pandbrieven issued under the Programme are not intended to be offered, sold to or otherwise made available to and will not be offered, sold or otherwise made available by any Dealer to any “consumer” (*consument / consommateur*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht / Code de droit économique*) dated 28 February 2013 (as amended, the **Belgian Code of Economic Law**).

**MIFID II PRODUCT GOVERNANCE / TARGET MARKET** – The Final Terms in respect of any Mortgage Pandbrieven will include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Mortgage Pandbrieven and which channels for distribution of the Mortgage Pandbrieven are appropriate. Any person subsequently offering, selling or recommending the Mortgage Pandbrieven (a **distributor**) should take into consideration the target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Mortgage Pandbrieven (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Mortgage Pandbrieven is a manufacturer in respect of such Mortgage Pandbrieven, but otherwise neither the Arranger nor the Dealer nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

**UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET** – The Final Terms in respect of any Mortgage Pandbrieven will include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Mortgage Pandbrieven and which channels for distribution of the Mortgage Pandbrieven are appropriate. Any person subsequently offering, selling or recommending the Mortgage Pandbrieven (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Mortgage Pandbrieven (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Mortgage Pandbrieven is a manufacturer in respect of such Mortgage Pandbrieven, but otherwise neither the Arranger nor the Dealer nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

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

**PROHIBITION OF SALES IN THE U.S. OR TO U.S. PERSONS** – The Mortgage Pandbrieven have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), or any U.S. state securities laws and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act (**Regulation S**) except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act and applicable U.S. state securities laws (see “*Subscription and Sale*”).

**PRESENTATION OF INFORMATION** – In this Base Prospectus, all references to Euro, EUR and € refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union.

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## SECTION 1 – GENERAL DESCRIPTION OF THE PROGRAMME

This section is the general description of the Programme and the Mortgage Pandbrieven (the **General Description**) referred to in Article 25(1)(b) of Commission Delegated Regulation (EU) No 2019/980 supplementing the Prospectus Regulation. It 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 Series or Tranche of Mortgage Pandbrieven, the applicable Final Terms. The Issuer may also from time to time issue Mortgage Pandbrieven under the Programme which are subject to terms and conditions and/or final terms not contemplated by this Base Prospectus or under a different prospectus, information document or drawdown prospectus. The relevant (form of) terms and conditions (and, if applicable, final terms) will, in such circumstances, be set out in a schedule to the Agency Agreement (as the same may be amended, supplemented, replaced and/or restated from time to time).

Words and expressions defined in the “*Terms and Conditions of the Mortgage Pandbrieven*” below or elsewhere in this Base Prospectus have the same meanings in this General Description.

### PRINCIPAL PARTIES

<b>Arranger</b>	BNP Paribas Fortis SA/NV, a credit institution existing under the laws of the Kingdom of Belgium, with its statutory seat at 1000 Brussels, Montagne du Parc 3, registered with the Crossroads Bank for Enterprises under number RPM 0403.199.702, Commercial Court of Brussels and with Legal Entity Identifier KGCEPHLVVKVRZY01T647.
<b>Auditor</b>	Deloitte Bedrijfsrevisoren/Réviseurs d’Entreprises BV, represented by Yves Dehogne with its statutory seat at Gateway Building, Luchthaven Brussel Nationaal 1 J, 1930 Zaventem, registered with the Crossroads Bank for Enterprises under number RPM/RPR 0429.053.863, Commercial Court of Brussels.
<b>Calculation Agent</b>	BNP Paribas Fortis or any other calculation agent appointed by the Issuer pursuant to a Calculation Agency Agreement, as specified in the applicable Final Terms (the <b>Calculation Agent</b> ).
<b>Competent Authority</b>	<i>De Nationale Bank van België/La Banque Nationale de Belgique</i> , a public company with limited liability incorporated under the laws of Belgium, with statutory seat at De Berlaimontlaan 14, 1000 Brussels, registered with the Crossroads Bank for Enterprises under number RPM/RPR 0203.201.340, Commercial Court of Brussels (the <b>NBB</b> or the <b>Competent Authority</b> ).
<b>Cover Pool Monitor</b>	A reputable firm of independent auditors and accountants, not being the statutory auditor of the Issuer for the time being, appointed pursuant to the Cover Pool Monitor Agreement as an independent cover pool monitor ( <i>portefeuillesurveillant/surveillant de portefeuille</i> ) (i) to issue periodic reports to the NBB on compliance by the Issuer with the Belgian Covered Bond Regulations (as defined herein), (ii) assume the responsibilities as specified under the Belgian Covered Bond Regulations and the NBB Cover Pool Monitor Circular, and (iii) to review the Statutory Tests and the Stress Tests both as provided for in the Belgian Covered Bond Regulations and in accordance with the requirements of the NBB.

On the date of this prospectus, the Cover Pool Monitor is David De Schacht, accredited auditor for financial institutions, domiciled at 3391 Tielt-Winge, Kapellekensweg 57 and Jurgen De Raedemaeker, accredited auditor for financial institutions, domiciled at 3210 Lubbeek, Molendries 42, acting jointly and severally (the **Cover Pool Monitor**).

For further information see "*Summary of the Belgian Covered Bond Regulations*" and "*Description of Principal Documents*" below.

**Cover Pool Administrator**

In accordance with Article 8, §1 of Annex III to the Banking Law, the NBB may designate a cover pool administrator in certain circumstances including (i) upon the adoption of a reorganisation measure against the Issuer if such measure, in the opinion of the NBB, may negatively affect the Mortgage Pandbrieven Holders, (ii) upon the initiation of winding-up proceedings against the Issuer, (iii) upon the removal of the Issuer from the list of Mortgage Pandbrieven issuers or (iv) in circumstances where the situation of the Issuer is such that it may seriously affect the interest of the Mortgage Pandbrieven Holders (the **Cover Pool Administrator**).

For further information see "*Summary of the Belgian Covered Bond Regulations*" and "*Description of Principal Documents*" below.

**Dealer**

BNP Paribas Fortis and such other dealers appointed from time to time in accordance with the Programme Agreement (each, a **Dealer** and together, the **Dealers**). The Mortgage Pandbrieven may be issued on a continuing basis to one or more of such Dealers.

**Domiciliary Agent**

BNP Paribas Fortis (the **Domiciliary Agent**).

**Hedging Counterparties**

The Issuer may, from time to time during the Programme, enter into Hedging Agreements with various hedging providers to hedge certain risks (relating to interest rate or currency) related to the Cover Assets and/or the Mortgage Pandbrieven (each a **Hedging Counterparty**).

**Issuer**

BNP Paribas Fortis SA/NV (also referred to as **BNP Paribas Fortis** or the **Issuer**), a credit institution existing under the laws of the Kingdom of Belgium, with its statutory seat at 1000 Brussels, Montagne du Parc 3, registered with the Crossroads Bank for Enterprises under number RPM 0403.199.702, Commercial Court of Brussels and with Legal Entity Identifier: KGCEPHLVVKVRZYO1T647.

**Liquidity Facility Provider**

The Issuer may, from time to time during the Programme, enter into Liquidity Facility Agreements with one or more liquidity facility providers (each a **Liquidity Facility Provider**) in order to improve the liquidity of the Special Estate.

**Listing Agent**

BNP Paribas Fortis (the **Listing Agent**) in case the Mortgage Pandbrieven are listed on Euronext Brussels.

For Mortgage Pandbrieven listed on another market, the listing agent will be identified in the Final Terms.

<b>Mortgage Pandbrieven Holders' Representative</b>	Stichting BNP Paribas Fortis Retained Pandbrieven Representative has been appointed as representative ( <i>vertegenwoordiger/représentant</i> ) of the Mortgage Pandbrieven Holders in accordance with Article 14, §2 of Annex III to the Banking Law (the <b>Mortgage Pandbrieven Holders' Representative</b> ).
<b>Other Cover Pool Creditors</b>	Means the Mortgage Pandbrieven Holders' Representative, any Cover Pool Administrator, the Cover Pool Monitor, the Agents, the Hedging Counterparties (if any), the Registrar, any Liquidity Facility Providers (if any) and any Operational Creditors.
<b>Operational Creditors</b>	Means any servicer appointed to service the Cover Assets, any account bank appointed to hold accounts of the Issuer in relation to the Special Estate, any stock exchange on which the Mortgage Pandbrieven are listed and/or admitted to trading, any auditor, legal counsel and tax advisor of the Issuer in relation to the Special Estate or the Programme, any custodian of Cover Assets or assets in the Special Estate, any rating agency appointed by the Issuer to rate the Programme or the Mortgage Pandbrieven, any agent or party appointed in accordance with the Programme Documents, any other creditor of amounts due in connection with the management and administration of the Special Estate and any other creditor of the Issuer pursuant to any services provided or any transaction entered into in connection with the Special Estate or the Programme and notified to the Mortgage Pandbrieven Holders' Representative or as may from time to time be specified in the Terms and Conditions of any Mortgage Pandbrieven issued under the Programme.
<b>Paying Agent</b>	BNP Paribas Fortis or as may be specified in the relevant Final Terms (the <b>Paying Agent</b> ).
<b>Rating Agency</b>	Means such internationally recognised rating agency (the <b>Rating Agency</b> ) as may from time to time be appointed to rate the Mortgage Pandbrieven issued under the Programme. The Issuer may, from time to time, request for the withdrawal of a previously assigned rating of a Series of Mortgage Pandbrieven by a Rating Agency and/or the appointment of a different Rating Agency to assign a rating to a Series of Mortgage Pandbrieven in issue or about to be issued. The Issuer may also terminate the appointment of any Rating Agency to rate the Mortgage Pandbrieven under the Programme at any time.  On the date of this Base Prospectus, Moody's France SAS ( <b>Moody's</b> ) has been appointed to provide ratings for those Series of Mortgage Pandbrieven which are to be rated.
<b>Registrar (for Registered Mortgage Pandbrieven)</b>	BNP Paribas Fortis, or any other party to be specified in the applicable Final Terms. The initial Registrar will be BNP Paribas Fortis.  The Registrar will be responsible for maintaining a register for the registration of Registered Mortgage Pandbrieven which shall show the principal amount of Registered Mortgage Pandbrieven (as well as their date of issue and the Special Estate relating to such Registered Mortgage Pandbrieven), in accordance with Article 7:27 et seq. of the Belgian Company Code. The Registrar will cancel any redeemed Mortgage Pandbrieven.

*The Arranger, the Calculation Agent, the Cover Pool Monitor, the Dealers, the Domiciliary Agent, the Hedging Counterparties, the Liquidity Facility Providers, the Listing Agent, Mortgage*

*Pandbrieven Holders' Representative, the Paying Agent, the Rating Agency and the Registrar are appointed to act in respect of the Programme pursuant to the Programme Documents as further described under the section of this Base Prospectus entitled "Description of Principal Documents" below. The relevant Programme Documents provide that other parties may be appointed from time to time and contain certain provisions in relation to the replacement of the aforementioned parties.*

## PROGRAMME DESCRIPTION

<b>Description</b>	<p>BNP Paribas Fortis SA/NV EUR 20,000,000,000 Retained Mortgage Pandbrieven Programme (the <b>Programme</b>) is a programme for the continuous issue of <i>belgische pandbrieven/lettres de gage belges</i> (the <b>Mortgage Pandbrieven</b>) in accordance with the Belgian Covered Bond Regulations.</p> <p>The Mortgage Pandbrieven under this Programme are intended to be issued to (i) BNP Paribas Fortis SA/NV and/or any direct or indirect subsidiary of BNP Paribas Fortis SA/NV, and/or (ii) any entity of the BNP Paribas Group. The Programme is to be distinguished from and is created in addition to the existing EUR 10,000,000,000 Residential Mortgage Pandbrieven programme of BNP Paribas Fortis SA/NV, which was updated most recently on 6 August 2024 (the <b>Non-Retained Programme</b>).</p> <p>The NBB has admitted the Programme to the list of authorised programmes for the issue of Belgian covered bonds on 23 October 2018. The NBB will regularly update such list, upon notification by the Issuer, with the Mortgage Pandbrieven issued under the Programme and will indicate that the Mortgage Pandbrieven constitute <i>belgische pandbrieven/lettres de gage belges</i> under the Belgian Covered Bond Regulations.</p> <p>The NBB has approved the increase of the aggregate nominal amount of the Programme from EUR 10,000,000,000 to EUR 20,000,000,000 on 24 November 2020.</p>
<b>Programme Amount</b>	<p>EUR 20,000,000,000 outstanding at any time as described herein. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.</p>
<b>Status of the Mortgage Pandbrieven</b>	<p>The Mortgage Pandbrieven will be issued as Belgian mortgage pandbrieven (<i>belgische pandbrieven/lettres de gage belges</i>) in accordance with the Belgian Covered Bond Regulations and will constitute direct, unconditional and unsubordinated obligations of the Issuer. The Mortgage Pandbrieven will rank (i) <i>pari passu</i> without any preference or priority among themselves, irrespective of their Series and (ii) at least <i>pari passu</i> with all other present and future outstanding unsecured obligations of the Issuer, save for such obligations as may be preferred by law that are both mandatory and of general assumption. In addition, the Mortgage Pandbrieven will be covered in accordance with the Belgian Covered Bond Regulations by the Special Estate.</p> <p>The Mortgage Pandbrieven Holders and the Other Cover Pool Creditors will have (i) a direct, unconditional, unsubordinated and unsecured (<i>chirografair/chirographaire</i>) claim on the General Estate; (ii) in the event liquidation proceedings are initiated against the Issuer or the Issuer is being resolved, an exclusive recourse against the assets which constitute the Special Estate; and (iii) in the event liquidation proceedings are initiated against the</p>



Issuer and the Special Estate is not sufficient to cover for their claims, an unsecured, unsubordinated recourse against the General Estate.

Creditors of the Issuer (other than Mortgage Pandbrieven Holders and the Other Cover Pool Creditors) may not exercise any rights against or attach the Special Estate. However, the right of the bankruptcy trustee of the General Estate of the Issuer has the right, after consultation with the NBB, to require that assets in the Special Estate that are certainly no longer required as Cover Assets, be re-transferred to the General Estate (Article 11, 8° of Annex III to the Banking Law).

See also “*Summary of the Belgian Covered Bond Regulations*” below.

### **Cover Assets**

The Cover Assets are the Residential Mortgage Loans and any other loans, securities, accounts, contracts or other assets which comply with the requirements of the Belgian Covered Bond Regulations and that are registered in the Cover Register, and all other assets that are included in the Special Estate pursuant to Article 1/2 and Article 3, §2 of Annex III to the Banking Law. The main asset class of the Special Estate will consist of residential mortgage loans as defined in the Belgian Covered Bond Regulations.

For further information on the composition of the Special Estate, see also “*Summary of the Belgian Covered Bond Regulations – 4.A Categories of Cover Assets*” and “*4.B Further qualitative requirements for Cover Assets relating to Belgian Pandbrieven*” below.

### **Issuer Undertakings**

The Issuer will undertake in favour of the Mortgage Pandbrieven Holders and the Mortgage Pandbrieven Holders’ Representative (i) to comply with all obligations imposed on it under the Belgian Covered Bond Regulations, (ii) that the Special Estate will mainly consist of Residential Mortgage Loans and will not include mortgage loans other than Residential Mortgage Loans, and (iii) to provide an investor report in accordance with Article 15/1 of Annex III to the Banking Law and Article 12 of the Covered Bonds Royal Decree (the **Investor Report**), containing information regarding, amongst others, the Mortgage Pandbrieven and the composition of the Special Estate, on a monthly basis, on the 15<sup>th</sup> Business Day of each calendar month (each an **Investor Report Date**), which will be made available on the website of the Issuer.

The Issuer also undertakes that the Special Estate will at all times include a number of liquid bonds (i) which have an aggregate market value which, after applying the ECB haircut in accordance with the Guideline 2015/510 of the ECB of 19 December 2014 on the implementation of the Eurosystem monetary policy (as may be amended, supplemented, replaced and/or restated from time to time), is higher than the amount of interest due and payable on the outstanding Mortgage Pandbrieven within a period of three months meeting the criteria set out in paragraph 7 of the NBB Covered Bond Circular and (ii) which (1) are eligible as collateral for Eurosystem monetary policy purposes and intra-day credit operations by the Eurosystem, (2) have a credit quality step 1 as defined in the CRR, (3) are subject to a daily mark-to-market, (4) have a remaining maturity of more than three months, (5) are not debt issued by the Issuer.

## Cover Tests

In accordance with Article 2, §2 of Annex III to the Banking Law, the Cover Assets comprising the Special Estate must, for the duration of the Mortgage Pandbrieven, provide sufficient cover (i) for the payment of principal and interest on the Mortgage Pandbrieven, (ii) for the obligations towards the Other Cover Pool Creditors and (iii) for the management of the Special Estate.

Article 5 of the Covered Bonds Royal Decree which further implements this rule, (a) includes a general requirement that, with respect to the Special Estate, the sum of interest, principal and all other revenues generated by the Cover Assets must be sufficient to cover the sum of all interest, principal and charges linked to maintenance and administration (including the winding down) of the issuance programme and the Mortgage Pandbrieven (the **Cover Asset Adequacy Test**), and (b) provides, more in particular, for the following two specific tests in relation to the minimum cover to be provided by the Cover Assets.

At the time of the issuance and as long as any Mortgage Pandbrieven remain outstanding:

the value of the Residential Mortgage Loans registered as Cover Assets in the Special Estate determined in accordance with the valuation rules set out in the Covered Bonds Royal Decree must represent at least 85% of the aggregate Principal Amount Outstanding of the Mortgage Pandbrieven then in issue (the **85% Asset Coverage Test**); and

the value of the Cover Assets, determined in accordance with the valuation rules set out in the Covered Bonds Royal Decree, must represent at least 105% of the aggregate Principal Amount Outstanding of Mortgage Pandbrieven then in issue (the **Over-Collateralisation Test**).

The Cover Asset Adequacy Test, the 85% Asset Coverage Test and the Over-Collateralisation Test are hereinafter jointly referred to as the **Cover Tests**.

See also “*Summary of the Belgian Covered Bond Regulations – 4. Cover Assets and Tests – C. Statutory Tests – Cover Tests*” below.

## Liquidity Buffer

The Belgian Covered Bond Regulations provide that the Special Estate must contain sufficient liquid and available Cover Assets to provide a liquidity buffer in order to enable the Issuer to cover the net liquidity outflows of the Programme at any time, as well as the maximum amount of the sum of the net liquidity outflows calculated over a six month period (the **Liquidity Test**). If an Extended Maturity Date is specified in the applicable Final Terms for a Series of Mortgage Pandbrieven, the Extended Maturity Date will be taken into account to determine the net liquidity outflows over a six month period.

The Cover Tests and the Liquidity Test are hereinafter jointly referred to as the **Statutory Tests**.

See also “*Summary of the Belgian Covered Bond Regulations – 4. Cover Assets and Tests – D. Statutory Tests – Liquidity Test*” below.

## Maturity Date

The maturity date for each Series (the **Maturity Date**) will be specified in the applicable Final Terms as agreed between the Issuer and the relevant Dealer(s).

**Extended Maturity Date** The applicable Final Terms may provide that the Issuer's obligations under the relevant Mortgage Pandbrieven to pay the Principal Amount Outstanding on the relevant Maturity Date may be deferred past the Maturity Date until the extended maturity date (as specified in the applicable Final Terms) (such date the **Extended Maturity Date**), subject to and in accordance with Condition 6.2 (*Extension of the Maturity Date*). The applicable Final Terms will specify the relevant Extension Trigger Event. Pursuant to the Belgian Covered Bond Regulations, the Extended Maturity Date specified in the Final Terms shall not be later than one year after the original Maturity Date.

Interest will continue to accrue and be payable on any unpaid amounts on each Interest Payment Date up to the Extended Maturity Date (or, if the Mortgage Pandbrieven are redeemed in full prior to such Extended Maturity Date, up to such Interest Payment Date on which the Mortgage Pandbrieven are repaid in whole) in accordance with the provisions of Condition 4.5 (*Interest Payments up to the Extended Maturity Date*) and the Issuer will make payments on each relevant Interest Payment Date and Extended Maturity Date (or, if redeemed earlier in full, on such Interest Payment Date on which the Mortgage Pandbrieven are redeemed in full).

**Events of Default** If any of the following events occurs and is continuing (each an **Event of Default**):

- (i) on the Maturity Date (or, if the Maturity Date is extended pursuant to Condition 6.2 (*Extension of the Maturity Date*), the Extended Maturity Date determined in accordance with Condition 6.2 (*Extension of the Maturity Date*), as the case may be), a failure to pay any amount of principal due on the Mortgage Pandbrieven on such date and such default is not remedied within a period of fourteen (14) calendar days from the due date thereof; or
- (ii) on any Interest Payment Date, a default in the payment of the amount of interest due on any Series occurs and such default is not remedied within a period of fourteen (14) calendar days from the due date thereof,

then the Mortgage Pandbrieven Holders' Representative may and shall, upon direction of Mortgage Pandbrieven Holders holding the requisite percentage of the aggregate Series Principal Amount Outstanding of all Series of Mortgage Pandbrieven then outstanding (subject to being indemnified and/or secured and/or prefunded to its satisfaction), serve a notice (a **Notice of Default**) on the Issuer (copied to the Cover Pool Monitor, the NBB, the Rating Agency and, if appointed, the Cover Pool Administrator).

See also Condition 8.1 (*Events of Default*).

**Cross-acceleration** Following the service of a Notice of Default (i) no further Mortgage Pandbrieven will be issued and (ii) the Mortgage Pandbrieven of each Series shall become immediately due and payable, together with any accrued interest and they will rank *pari passu*.

**Post-acceleration Priority of Payments** Following (i) delivery of a Notice of Default or (ii) a decision by the Cover Pool Administrator to early redeem the Mortgage Pandbrieven of all Series pursuant to Article 11, 6° or 7° of Annex III to the Banking Law and as long as no Notice of Default has been delivered, all funds deriving from the Cover

Assets or otherwise received or recovered by the Special Estate and subject to Condition 9.2 (*Excess Cover Assets*) (whether in the administration, liquidation of the Special Estate or otherwise) (other than amounts or financial instruments representing Excess Swap Collateral (if any)), which amounts shall be applied in accordance with the terms of the relevant Hedging Agreement(s)) shall be applied on any Business Day in accordance with the following order of priority of payments (the **Priority of Payments**) (in each case only if and to the extent that payments of a higher priority have been made in full) provided that any such amount that is due to be paid hereunder has not been paid by the Issuer using funds not forming part of the Special Estate:

- (i) first, *pari passu* and *pro rata* according to the respective amounts thereof, (a) payment of all amounts then due and payable to the Mortgage Pandbrieven Holders' Representative (including remuneration or amounts by way of indemnity payable to it) under the provisions of the Mortgage Pandbrieven Holders Representative Agreement or any other Programme Document together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein; (b) payment of all amounts then due and payable to the Agents and/or the Registrar (if any) under the provisions of the Agency Agreement, any Calculation Agency Agreement or any other Programme Document together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein; (c) payment of all amounts then due and payable to the Cover Pool Monitor under the provisions of the Cover Pool Monitor Agreement or any other Programme Document together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein; (d) upon its appointment in accordance with the Belgian Covered Bond Regulations, payment of all amounts then due to any Cover Pool Administrator (including any of its representatives or delegates) pursuant to the conditions of its appointment together with interest and applicable VAT or other similar taxes and any costs and expenses incurred by or on behalf of the Special Estate; and (e) *pari passu* and *pro rata* according to the respective amounts thereof, in and towards, payment of any amounts, fees, costs, charges, liabilities, expenses and taxes due and payable by the Issuer or the Special Estate to the Operational Creditors;
- (ii) second, *pari passu* and *pro rata* according to the respective amounts thereof, in and towards, (a) payment of all amounts of interest and principal then due and payable on any Mortgage Pandbrieven, (b) payment of any amounts due and payable under any Hedging Agreement other than the Subordinated Termination Payments to any Hedging Counterparties under any such Hedging Agreements, and (c) payment of all amounts due and payable under any Liquidity Facility Agreement to any Liquidity Facility Provider other than any Junior Liquidity Amounts;
- (iii) third, *pari passu* and *pro rata*, according to the respective amounts thereof, in and towards, (a) payment of any amount due and payable to any Hedging Counterparties arising out of any Subordinated Termination Payment, and (b) payment of any Junior Liquidity

Amounts due and payable under any Liquidity Facility Agreement to any Liquidity Facility Provider; and

- (iv) fourth, following the payment in full of all items (i) to (iii), in and towards payment of excess to the General Estate of the Issuer.

For these purposes:

**Subordinated Termination Payment** means any termination payments due and payable to any Hedging Counterparty under a Hedging Agreement where such termination results from (a) an Additional Termination Event relating to the credit rating or credit worthiness of the Hedging Counterparty as specified in the schedule to the relevant Hedging Agreement, (b) the bankruptcy of the relevant Hedging Counterparty, or (c) any default and/or failure to perform by such Hedging Counterparty under the relevant Hedging Agreement, other than, in the event of (a) or (b) above, the amount of any termination payment due and payable to such Hedging Counterparty in relation to the termination of such transaction to the extent of any premium received by the Issuer from a replacement hedging counterparty.

**Junior Liquidity Amount** means any amount, including any costs, charges, liabilities and expenses, due and payable to a Liquidity Provider which under the relevant Liquidity Facility Agreement are expressed to rank junior to interest and principal due to Mortgage Pandbrieven Holders and any other party ranking senior in accordance with the Priority of Payments.

See Condition 9.1 (*Priority of Payments*).

## **INFORMATION ON THE MORTGAGE PANDBRIEVEN THAT MAY BE ISSUED UNDER THE PROGRAMME**

- Distribution** Mortgage Pandbrieven may be distributed on a syndicated or non-syndicated basis.
- Issuance in Series** Mortgage Pandbrieven will be issued in Series subject to, in each case, the terms set out in the applicable Final Terms in respect of such Series. Save in respect of the first issue of Mortgage Pandbrieven, Mortgage Pandbrieven issued under the Programme will either be fungible with an existing Series of Mortgage Pandbrieven or have different terms from any existing Series of Mortgage Pandbrieven (in which case they will constitute a new Series). The Issuer will issue Mortgage Pandbrieven without the prior consent of the Mortgage Pandbrieven Holders pursuant to Condition 18 (*Further Issues*).
- As used herein, **Tranche** means Mortgage Pandbrieven which are identical in all respects (including as to listing and admission to trading) and Series means a Tranche of Mortgage Pandbrieven together with any further Tranche or Tranches of Mortgage Pandbrieven which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.
- Final Terms** Final terms (the **Final Terms**) will be issued and published in accordance with the terms and conditions set out herein under “*Terms and Conditions of the Mortgage Pandbrieven*” (the **Conditions**) prior to the issue of each Series or Tranche detailing certain relevant terms thereof which, for the purposes of that Series or Tranche only, complete the Conditions and the Base Prospectus and must be read in conjunction with

the Conditions and the Base Prospectus. The terms and conditions applicable to any particular Series are the Conditions as completed by the applicable Final Terms.

<b>Form of Mortgage Pandbrieven</b>	The Mortgage Pandbrieven can be issued (i) in dematerialised form ( <b>Dematerialised Mortgage Pandbrieven</b> ) in accordance with Article 7:35 <i>et seq.</i> of the Belgian Company Code via a book-entry system maintained in the records of the NBB as operator of the Securities Settlement System or (ii) in registered form ( <b>Registered Mortgage Pandbrieven</b> ) in accordance with Article 7:27 <i>et seq.</i> of the Belgian Company Code. Dematerialised Mortgage Pandbrieven will be delivered in the form of an inscription on a securities account. The Registered Mortgage Pandbrieven will be registered in a register maintained by the Issuer or by the Registrar in accordance with Article 7:27 <i>et seq.</i> of the Belgian Company Code. See “ <i>Forms of the Mortgage Pandbrieven</i> ” below.
<b>Issue Dates</b>	The date of issue of a Series or Tranche as specified in the applicable Final Terms (each, the <b>Issue Date</b> in relation to such Series or Tranche).
<b>Interest Commencement Dates</b>	The date on which interest begins to accrue on a Series or Tranche as specified in the applicable Final Terms (each, the <b>Interest Commencement Date</b> in relation to such Series or Tranche).
<b>Issue Prices</b>	The price (usually calculated as a percentage of the principal amount of Mortgage Pandbrieven to be issued as part of such Series or Tranche) at which a Series or Tranche is to be subscribed for at the Issue Date, as specified in the applicable Final Terms (each, the <b>Issue Price</b> in relation to such Series or Tranche). Mortgage Pandbrieven may be issued at par or at a premium or discount to par as specified in the applicable Final Terms in respect of such Series.
<b>Specified Currency</b>	Subject to compliance with all relevant laws, regulations and directives, Mortgage Pandbrieven may be issued in any currency agreed between the Issuer and the relevant Dealer(s) or investor (as applicable).
<b>Denominations</b>	The Mortgage Pandbrieven will be in such denominations as may be specified in the applicable Final Terms with a minimum specified denomination of EUR 100,000 or its equivalent in any other Specified Currency.
<b>Fixed Rate Mortgage Pandbrieven</b>	The applicable Final Terms may provide that certain Mortgage Pandbrieven will bear interest at a fixed rate (the <b>Fixed Rate Mortgage Pandbrieven</b> ), which will be payable on each Interest Payment Date and on the applicable redemption date and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).
<b>Floating Rate Mortgage Pandbrieven</b>	The applicable Final Terms may provide that certain Mortgage Pandbrieven bear interest at a floating rate (the <b>Floating Rate Mortgage Pandbrieven</b> ). Floating Rate Mortgage Pandbrieven will bear interest at a rate which is the aggregate rate of the rate determined: <ul style="list-style-type: none"><li>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or</li><li>(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or</li></ul>

(iii) on such other basis as may be agreed between the Issuer and the Dealer(s), and

the margin (if any) relating to such floating rate (the **Margin**) agreed between the Issuer and the relevant Dealer(s) for each issue of Floating Rate Mortgage Pandbrieven, as set out in the applicable Final Terms. The Final Terms may, in respect of any Series, specify a Minimum Rate of Interest and/or a Maximum Rate of Interest.

**Zero Coupon Mortgage Pandbrieven** The applicable Final Terms may provide that Mortgage Pandbrieven, bearing no interest (**Zero Coupon Mortgage Pandbrieven**), may be offered and sold at a discount to their nominal amount.

**Interest Payment Dates** In relation to any Series of Mortgage Pandbrieven, the Interest Payment Dates will be specified in the applicable Final Terms (as the case may be).

**Early Redemption** The Mortgage Pandbrieven can be redeemed prior to their stated maturity for taxation reasons in the manner set out in Condition 6.3 (*Redemption for taxation reasons*) and in the event of an illegality in the manner set out in Condition 6.5 (*Illegality*).

## GENERAL INFORMATION

**Proceeds of the issue of Mortgage Pandbrieven** The net proceeds from each issue of Mortgage Pandbrieven will be used by the Issuer for its general corporate purposes (including, without limitation, in relation to Mortgage Pandbrieven that are acquired by the Issuer itself, the refinancing of the acquisition of such Mortgage Pandbrieven and/or the underlying Residential Mortgage Loans). If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

**Taxation** All payments of principal, interest and other proceeds (if any) on the Mortgage Pandbrieven will be made (a) free and clear of any withholding or deduction for, or on account of, any taxes of Belgium, unless the Issuer or any intermediary that intervenes in the collection of interest and other proceeds on the Mortgage Pandbrieven is required by law to make such a withholding or deduction. In the event that such withholding, or deduction is required by law, the Issuer will, except in certain limited circumstances set out in Condition 7 (*Tax gross-up*), be required to pay additional amounts to cover the amounts so deducted. In such case and subject to certain conditions, the Issuer may also redeem the Mortgage Pandbrieven in accordance with Condition 6.3 (*Redemption for taxation reasons*); and (b) subject to any withholding or deduction that, in certain specific circumstances, may be required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the Code), or otherwise imposed pursuant to section 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

**Ratings** Each Series issued under the Programme may be assigned a rating by the Rating Agency. The Issuer may also issue Mortgage Pandbrieven which are unrated. Details of the ratings assigned to a particular Series of Mortgage Pandbrieven will be specified in the applicable Final Terms. Whether or not each credit rating applied in relation to the Mortgage Pandbrieven will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the **CRA Regulation**) will be disclosed in the applicable Final Terms.

Moody's is established in the European Union and is registered for the purposes of the CRA Regulation.

Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

**Listing and admission to trading**

This document has been approved as a base prospectus by the Belgian Financial Services and Market Authority (the **FSMA**). The FSMA only approves this prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Mortgage Pandbrieven. Investors should make their own assessment as to the suitability of investing in the Mortgage Pandbrieven. Application has been made to Euronext Brussels for the Mortgage Pandbrieven issued under the Programme after the date hereof to be admitted to listing on the official list and trading on the regulated market of Euronext Brussels.

Mortgage Pandbrieven may be listed or admitted to trading, as the case may be, on a regulated market or a multilateral trading facility (MTF) for the purposes of Directive 2014/65/EU, (as amended, replaced or supplemented from time to time, the **Markets in Financial Instruments Directive** or **MiFID II**), as may be agreed between the Issuer and the relevant Dealer(s) in relation to each issue. The Final Terms relating to each Tranche of the Mortgage Pandbrieven will state whether or not the Mortgage Pandbrieven are to be listed and/or admitted to trading and, if so, on which markets.

**Delivery of Mortgage Pandbrieven**

Dematerialised Mortgage Pandbrieven will be deposited with the NBB and interests in them will be credited to the accounts held in the clearing system operated by the NBB or any successor thereto (the **Securities Settlement System**), by Euroclear Bank SA/NV (**Euroclear**), Clearstream Banking AG, Germany (**Clearstream, Germany**), SIX SIS Ltd, Switzerland (**SIX SIS, Switzerland**), Monte Titoli S.p.A., Italy (**Euronext Securities Milan, Italy**), InterBolsa S.A., Portugal (**Euronext Securities Porto, Portugal**) and any other national or international NBB investors central securities depository (**NBB investor (ICSDs)**) or other Securities Settlement System participants or their participants.

Registered Mortgage Pandbrieven will be registered in a register maintained by the Issuer or by the Registrar in accordance with Article 7:27 *et seq.* of the Belgian Company Code.

**Securities Settlement Systems**

The Dematerialised Mortgage Pandbrieven will be created, cleared and settled in the Securities Settlement System. Euroclear, Clearstream, Germany, SIX SIS, Switzerland, Euronext Securities Milan, Italy, Euronext Securities Porto, Portugal and any other NBB investor (ICSDs) maintain accounts in the Securities Settlement System. The clearing of the Mortgage Pandbrieven through the Securities Settlement System is subject to prior approval of the NBB.

**Selling Restrictions**

There are restrictions on the offer, sale and transfer of the Mortgage Pandbrieven in the United States, the European Economic Area (the **EEA**), the United Kingdom, Switzerland, Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Mortgage Pandbrieven. See "*Subscription and Sale*" below. Selling restrictions in respect of a particular Tranche may be specified in the applicable Final Terms.



## SECTION 2 – RISK FACTORS

*This section sets out risk factors which the Issuer believes are specific to the Issuer and/or the Mortgage Pandbrieven and are material for taking an informed investment decision with respect to the Mortgage Pandbrieven. However, the inability of the Issuer to pay any amount under any the Mortgage Pandbrief may occur for other reasons which may not be considered significant risks by the Issuer based on the information currently available to it or which it may not currently be able to anticipate.*

*The risk factors have been presented in a number of categories depending on their nature. In accordance with the Prospectus Regulation, the most material risk factors in each category, in the assessment of the Issuer, taking into account the negative impact on the Issuer and the probability of their occurrence, have been set out first.*

*Factors which the Issuer believes may be material for the purpose of assessing the risks related to the Issuer associated with the Mortgage Pandbrieven issued under the Programme are 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 Mortgage Pandbrieven issued under the Programme, but the inability of the relevant Issuer to pay interest, principal or other amounts on or in connection with any Mortgage Pandbrieven may occur for other reasons which are not known to the Issuer or which the Issuer deems 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.*

*Words and expressions defined in “Terms and Conditions of the Notes” shall have the same meanings in this section.*

### **1. Risk factors relating to the Issuer and its operations**

The main categories of risk inherent in BNPPF's business are presented below. They may be measured through risk-weighted assets or other quantitative or qualitative indicators, to the extent risk-weighted assets are not relevant (for example, for liquidity and funding risk).

Risk-weighted assets are the total risk exposure amount calculated entering into the calculation of the capital ratios in accordance with art. 92 of Regulation (EU) 575/2013: (a) the Common Equity Tier 1 capital ratio is the Common Equity Tier 1 capital of the institution expressed as a percentage of the total risk exposure amount; (b) the Tier 1 capital ratio is the Tier 1 capital of the institution expressed as a percentage of the total risk exposure amount; and (c) the total capital ratio is the own funds of the institution expressed as a percentage of the total risk exposure amount.

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*Risk-weighted assets in billions of euros*

**31 December 2023    31 December 2022**

<b>Credit risk</b>	<b>103,065</b>	<b>100,365</b>
<b>Counterparty credit risk</b>	<b>1,372</b>	<b>1,059</b>
<b>Securitisation risk in the banking book</b>	<b>969</b>	<b>671</b>
<b>Operational risk</b>	<b>8,785</b>	<b>7,880</b>
<b>Market risk</b>	<b>1,579</b>	<b>1,396</b>
<b>Equity risk</b>	<b>13,203</b>	<b>11,149</b>
<b>TOTAL</b>	<b>128,972</b>	<b>122,520</b>

The figures in the table above are extracted from the BNPPF 2023 Annual Report which is incorporated by reference in this document.

The total balance sheet of BNP Paribas Fortis amounted to 373.8 billion euros as at 31 December 2023, up by 23.6 billion euros or 7 % compared with 350.3 billion euros at 31 December 2022.

BNPP Paribas Fortis' Pillar 3 disclosures provide quantitative information on the exposure amount (on and off-balance sheet) on which risk-weighted asset for credit and counterparty risk is calculated (see chapter 4. Credit and counterparty risk).

More generally, the risks to which BNPPF is exposed may arise from a number of factors related, among others, to changes in its macroeconomic or regulatory environment or factors related to the implementation of its strategy and its business.

The material risks specific to BNPPF's business, determined based on the circumstances known to the management as of the date of the BNPPF 2023 Annual Report, are presented below under seven principal categories: credit risk, counterparty risk and securitisation risk in the banking book; operational risk; market risk; liquidity and funding risk; risks related to the macroeconomic and market environment; regulatory risks; and risks related to BNPPF's growth in its current environment.

BNPPF's risk management policies have been taken into account in assessing the materiality of these risks; in particular, risk-weighted assets factor in risk mitigation elements to the extent eligible in accordance with applicable banking regulations.

### **Credit risk, counterparty risk and securitisation risk in the banking book**

BNPPF's credit risk is defined as the probability of a borrower or counterparty defaulting on its obligations to BNPPF. Probability of default along with the recovery rate of the loan or debt in the event of default are essential elements in assessing credit quality. In accordance with the European Banking Authority recommendations, this category of risk also includes risks on equity investments, as well as those related to insurance activities. As of 31 December 2023, BNPPF's credit risk exposure broke down as follows (in millions of euros): corporates (153,480), retail customers (140,713), central governments and central banks (59,312), credit institutions (18,802) and other items (4,975). As at 31 December 2023, 56% of BNPPF's credit exposure was comprised of exposures in Belgium, 6% in France, 10% in

Luxembourg, 20% in other European countries<sup>1</sup>, 1% in North America, and 7% in the rest of the world. BNPPF's risk-weighted assets subject to this type of risk amounted to EUR 103,064 million at 31 December 2023, or 80% of the total risk-weighted assets of BNPPF (see the chapters entitled "Risk Management and Capital Adequacy", "4 Credit and counterparty Credit Risk" and "4.a Credit risk" in the BNPPF 2023 Annual Report), compared to EUR 100,365 million at 31 December 2022.

The total balance sheet of BNP Paribas Fortis amounted to 373.8 billion euros as at 31 December 2023, up by 23.6 billion euros or 7 % compared with 350.3 billion euros at 31 December 2022.

BNPP Paribas Fortis' Pillar 3 disclosures provide quantitative information on the exposure amount (on and off-balance sheet) on which risk-weighted asset for credit and counterparty risk is calculated (see chapter 4. Credit and counterparty risk).

The exposure amount subject to risk-weighted asset on this type of risk is the sum of (i) exposure to credit risk as reported under subchapter 4.a.1., (ii) counterparty credit risk exposure at default as reported under subchapter 4.b.2. and (iii) exposure on structured credits as reported under subchapter 4.c.

BNPPF's exposure to counterparty risk<sup>2</sup>, excluding Credit Valuation Adjustment ("CVA")<sup>3</sup> risk as at 31 December 2023, is comprised of: 54% to the corporate sector, 3% to governments and central banks, 16% to credit institutions and investment firms and 27% to clearing houses. By product, BNPPF's exposure, excluding CVA risk, as at 31 December 2023 was comprised of: 70% in OTC derivatives, 23% in repurchase transactions and securities lending/borrowing and 7% in contributions to the clearing houses' default funds. The level of this counterparty risk varies over time, depending on fluctuations in market parameters affecting the potential future value of the covered transactions. In addition, CVA risk measures the risk of losses related to CVA volatility resulting from fluctuations in credit spreads associated with the counterparties to which BNPPF is subject to risk. The risk-weighted assets subject to counterparty risk amounted to EUR 1,372 million at 31 December 2023, representing 1% of BNPPF's total risk-weighted assets (see the BNPPF 2023 Pillar 3 Disclosure), compared to EUR 1,059 million at 31 December 2022.

With regard to risk related to securitisation<sup>4</sup> of the banking book, the bulk of BNPPF's commitments are recorded in the prudential banking portfolio. Securitised exposures are essentially those generated

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<sup>1</sup> The Netherlands (2.6%), Great Britain (6.2%), Germany (3.3%), Italy (2.7%), Spain (1.2%), Switzerland (0.8%), Norway (0.4%), Sweden (0.4%), Poland (0.4%), Denmark (0.3%), Ireland (0.3%), Austria (0.2%), Finland (0.2%), Romania (0.2%), Portugal (0.1%), Hungary (0.1%), Czech Republic (0.1%), other (0.1%).

<sup>2</sup> Counter party risk is the translation of the credit risk embedded in the financial transactions, investments and/or settlement between counterparties. Those transactions include bilateral contracts such as over-the-counter (OTC) derivative contracts as well as contracts settled through clearing houses. The amount of this risk may vary over time in line with changing market parameters which then impacts the replacement value of the relevant transactions. Counterparty credit risk lies in the fact that a counterparty may default on its obligations to pay the Issuer the full present value of a transaction or portfolio for which the Issuer is a net receiver. Counterparty credit risk is linked to the replacement cost of a derivative or portfolio in the event of the counterparty default. Hence, it can be seen as a market risk in case of default or a contingent risk.

<sup>3</sup> Credit valuation adjustment' or 'CVA' means an adjustment to the mid-market valuation of the portfolio of transactions with a counterparty. That adjustment reflects the current market value of the credit risk of the counterparty to the institution, but does not reflect the current market value of the credit risk of the institution to the counterparty.

<sup>4</sup> Securitization means a transaction or scheme, whereby the credit risk associated with an exposure or a pool of exposures is tranching, having all of the following characteristics: (a) payments in the transaction or scheme are dependent upon the performance of the exposure or of the pool of exposures; (b) the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme; and (c) the transaction or scheme does not create exposures which possess all of the characteristics listed in Article 147(8) of Regulation (EU) No 575/2013.

by BNPPF. BNPPF's securitisation exposure amounted to EUR 4,513 million at 31 December 2023, compared to EUR 2,590 million at 31 December 2022. Thus, the securitisation positions held or acquired by BNPPF may be categorized by its role in the securitisation transaction: of the exposures as at 31 December 2023, BNPPF was originator of 91% and was investor of 9%. The risk-weighted assets subject to this type of risk amounted to EUR 969 million at 31 December 2023 for BNPPF, or less than 1% of the total risk-weighted assets for BNPPF (see the BNPPF 2023 Pillar 3 Disclosure), compared to EUR 671 million at 31 December 2022.

*A substantial increase in new provisions or a shortfall in the level of previously recorded provisions exposed to credit risk and counterparty risk could adversely affect BNPPF's results of operations and financial condition (Global Criticality: Medium)*

Credit risk and counterparty risk impact BNPPF's consolidated financial statements when a customer or counterparty is unable to honour its obligations and when the book value of these obligations in BNPPF's records is positive. The customer or counterparty may be a bank, a financial institution, an industrial or commercial enterprise, a government or a government entity, an investment fund, or a natural person. If the default rate of customers or counterparties increases, BNPPF may have to record increased charges or provisions in respect of irrecoverable or doubtful loans (Stage 3<sup>5</sup>) or of performing loans (Stages 1 and 2) in response to a deterioration in economic conditions or other factors, which may affect its profitability.

As a result, in connection with its lending activities, BNPPF regularly establishes provisions which are recorded on its income statement in the line item, Cost of Risk. These provisions amounted to EUR - 280 million at 31 December 2023, representing 13 basis points of outstanding customer loans (compared with 15 basis points at 31 December 2022). In Belgium, there was a lower cost of risk thanks to a decrease in stage 1 and 2 provisions partly offset by an increase in provisions in stage 3. At Specialised Businesses<sup>6</sup>, there was a higher cost of risk driven by an increase in provisions in stage 3, including a noticeable increase due to the consolidation of Creation Financial Services and Creation Consumer Finance in 2023, partly offset by a decrease in stage 1 and 2 provisions. In Luxembourg, the cost of risk related to BNPPF normalised at a low level compared to a net release in all stages in 2022. In Türkiye, the cost of risk was lower, with a decrease in provisions in all stages compared to a high level of provisioning in 2022.

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<sup>5</sup> BNP Paribas Fortis, as foreseen by IFRS 9, identifies three stages that each correspond to a specific status with regard to the evolution of counterparty credit risk since the initial recognition of the asset. (1) 12-month expected credit losses ("Stage 1"): If at the reporting date, the credit risk of the financial instrument has not increased significantly since its initial recognition, this instrument is impaired at an amount equal to 12-month expected credit losses (resulting from the risk of default within the next 12 months). (2) Lifetime expected credit losses for non-impaired assets ("Stage 2"): The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk of the financial instrument has increased significantly since initial recognition, but the financial asset is not considered credit impaired or doubtful. (3) Lifetime expected credit losses for credit-impaired or doubtful financial assets ("Stage 3"): the loss allowance is also measured for an amount equal to the lifetime expected credit losses.

<sup>6</sup> The operating segment "Specialised businesses" comprises Arval, BNP Paribas Leasing Solutions and Personal Finance. Fully owned by BNP Paribas Fortis, Arval specialises in full service vehicle leasing. Arval offers its customers – large international corporates, SMEs and professionals – tailored solutions that optimise their employees' mobility and outsource the risks associated with fleet management. Expert advice and service quality, which are the foundations of Arval's customer promise, are delivered in 29 countries. BNP Paribas Leasing Solutions is a European leader in leasing for corporate and small business clients. It specialises in rental and finance solutions, ranging from professional equipment leasing to fleet outsourcing. Personal Finance comprises Alpha Credit, a wholly-owned subsidiary of BNP Paribas Fortis and the leading provider of consumer credits in Belgium and the Grand Duchy of Luxembourg, as well as Creation Consumer Services and Creation Consumer Finance in the United Kingdom. They market all types of instalment loans (personal loans, car loans, motorbike loans, kitchen loans, etc.), as well as payment cards with a permanent cash reserve (revolving credit).

BNPPF's overall level of provisions is based on its assessment of prior loss experience, the volume and type of lending being conducted, industry standards, past due loans, economic conditions and other factors related to the recoverability of various loans or statistical analysis based on scenarios applicable to asset classes. BNPPF seeks to establish an appropriate level of provisions

Although BNPPF seeks to establish an appropriate level of provisions, its lending businesses may have to substantially increase their provisions for loan losses or sound receivables in the future as a result of deteriorating economic conditions or other causes. Any significant increase in provisions for loan losses or a significant change in BNPPF's estimate of the risk of loss inherent in its portfolio of non impaired loans, as well as the occurrence of loan losses in excess of the related provisions, could have a material adverse effect on BNPPF's results of operations and financial condition.

For reference, at 31 December 2023, the ratio of doubtful loans to total loans outstanding was 1.85% and the coverage ratio of these doubtful commitments (net of guarantees received) by provisions was 81.3%, compared to 1.81% and 80.90%, respectively, as at 31 December 2022. These two ratios are calculated based on figures from the FINREP reporting of BNPPF.

While BNPPF seeks to reduce its exposure to credit risk and counterparty risk by using risk mitigation techniques such as collateralisation, obtaining guarantees, entering into credit derivatives and entering into netting agreements, it cannot be certain that these techniques will be effective to offset losses resulting from counterparty defaults that are covered by these techniques. Moreover, BNPPF is also exposed to the risk of default by the party providing the credit risk coverage (such as a counterparty in a derivative or a loan insurance contract) or to the risk of loss of value of any collateral. In addition, only a portion of BNPPF's overall credit risk and counterparty risk is covered by these techniques. Accordingly, BNPPF has very significant exposure to these risks.

*The soundness and conduct of other financial institutions and market participants could adversely affect BNPPF (Global Criticality: Medium)*

BNPPF's ability to engage in financing, investment and derivative transactions could be adversely affected by the soundness of other financial institutions or market participants. Financial institutions are interrelated as a result of trading, clearing, counterparty, funding or other relationships. As a result, defaults by one or more states or financial institutions, or even rumours or questions about one or more financial institutions, or the financial services industry generally, may lead to market wide liquidity problems and could lead to further losses or defaults. BNPPF has exposure to many counterparties in the financial industry, directly and indirectly, including clearing houses, brokers and dealers, commercial banks, investment banks, mutual and alternative investment funds, and other institutional clients with which it regularly executes transactions. BNPPF may also be exposed to risks related to the increasing involvement in the financial sector of players and the introduction of new types of transactions subject to little or no regulation (such as unregulated funds, trading venues or crowdfunding platforms). Credit and counterparty risks could be exacerbated if the collateral held by BNPPF cannot be realised, it decreases in value or it is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to BNPPF or in the event of the failure of a significant financial market participant such as a central counterparty.

For reference, counterparty risk exposure related to financial institutions was EUR 1,062 million at 31 December 2023, or 16% of BNPPF's total counterparty risk exposure, and counterparty risk exposure related to clearing houses was EUR 1,767 million, or 27% of BNPPF's total counterparty risk exposure, compared with rates of 16% and 15%, respectively, as at 31 December 2022.

In addition, fraud or misconduct by financial market participants can have a material adverse effect on financial institutions due in particular to the interrelated nature of the financial markets.

Losses resulting from the risks summarised above could materially and adversely affect BNPPF's results of operations.

### **Operational risk**

The BNPPF's operational risk is the risk of loss resulting from failed or inadequate internal processes (particularly those involving personnel and information systems) or external events, whether deliberate, accidental or natural (floods, fires, earthquakes, terrorist attacks, etc.). BNPPF's operational risks cover fraud, human resources risks, legal and reputational risks, non-compliance risks, tax risks, information system risks, risk of providing inadequate financial services (conduct risk), risk of failure of operational processes including credit processes, or from the use of a model (model risk), as well as potential financial consequences related to reputational risk management.

BNPPF's risk-weighted assets subject to operational risk amounted to EUR 8,785 million at 31 December 2023, or 7% of the total risk-weighted assets of BNPPF (see the table entitled "Key capital indicators" under paragraph 3.b of the BNPPF 2023 Pillar 3 Disclosure), compared to EUR 7,880 million, representing 6% of total risk weighted assets, at 31 December 2022.

*BNPPF's risk management policies, procedures and methods may leave it exposed to unidentified or unanticipated risks, which could lead to material losses (Global Criticality: Low)*

BNPPF devotes significant resources to developing its risk management policies, procedures and assessment methods and intends to continue to do so in the future. Nonetheless, BNPPF's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic and market environments within which BNPPF operates. These techniques and strategies could also prove to be ineffective against all types of risk, particularly risks that BNPPF may have failed to identify or anticipate. BNPPF's ability to assess the creditworthiness of its customers or its risk parameters (such as the value of its assets and effectiveness of its hedges), or its ability to measure risks adequately could be affected, as a result of market turmoil or by certain market environments such as those experienced in recent years, as the models and approaches it uses become less predictive of future behaviour, valuations, assumptions or estimates. Some of BNPPF's qualitative tools and metrics for managing risk are based on its use of observed historical market behaviour. BNPPF applies statistical and other tools to these observations to arrive at quantifications of its risk exposures. The process BNPPF uses to estimate losses inherent in its credit exposure or estimate the value of certain assets requires difficult, subjective, and complex judgments, including forecasts of economic conditions and how these economic predictions might impair the ability of its borrowers to repay their loans or impact the value of assets, which may, during periods of market disruption or substantial uncertainty, be incapable of accurate estimation and, in turn, impact the reliability of the process. These tools and metrics may fail to predict future risk exposures, for example, if BNPPF does not anticipate or correctly evaluate certain factors in its statistical models, or upon the occurrence of an event deemed extremely unlikely by the tools and metrics. This would limit BNPPF's ability to manage its risks. BNPPF's losses could therefore be significantly greater than the historical measures indicate. In addition, BNPPF's quantified modelling does not take all risks into account. Its more qualitative approach to managing certain risks could prove insufficient, exposing it to material unanticipated losses.

*An interruption in or a breach of BNPPF's information systems may cause substantial losses of client or customer information, damage to BNPPF's reputation and result in financial losses (Global Criticality: Medium)*

As with most other banks, BNPPF relies heavily on communications and information systems to conduct its business. This dependency has increased with the spread of mobile and online banking services, the development of cloud computing and more generally the use of new technologies. Any

failure or interruption or breach in security of these systems could result in failures or interruptions in BNPPF's customer relationship management, general ledger, deposit, servicing and/or loan organization systems or could cause BNPPF to incur significant costs in recovering and verifying lost data. BNPPF cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed.

In addition, BNPPF is subject to cybersecurity risk, or risk caused by a malicious and/or fraudulent act, committed virtually, with the intention of manipulating information (confidential data, bank/insurance, technical or strategic), processes and users, in order to cause material losses to BNPPF's subsidiaries, employees, partners and clients and/or for the purpose of extortion (ransomware). An increasing number of companies (including financial institutions) have in recent years experienced intrusion attempts or even breaches of their information technology security, some of which have involved sophisticated and highly targeted attacks on their computer networks. Because the techniques used to obtain unauthorised access, disable or degrade service, steal confidential data or sabotage information systems have become more sophisticated, change frequently and often are not recognised until launched against a target, BNPPF and its third party service providers may be unable to anticipate these techniques or to implement in a timely manner effective and efficient countermeasures.

Any failures of or interruptions in BNPPF's information systems or those of its providers and any subsequent disclosure of confidential information related to any client, counterparty or employee of BNPPF (or any other person) or any intrusion or attack against its communication system could cause significant losses and have an adverse effect on BNPPF's reputation, financial condition and results of operations.

Regulatory authorities now consider cybercriminality to be a growing systemic risk for the financial sector. They have stressed the need for financial institutions to improve their resilience to cyber-attacks by strengthening internal IT monitoring and control procedures. A successful cyber-attack could therefore expose BNPPF to a regulatory fine, especially should any personal customer data be lost.

Moreover, BNPPF is exposed to the risk of operational failure or interruption of a clearing agent, foreign markets, clearing houses, custodian banks or any other financial intermediary or external service provider used by BNPPF to execute or facilitate financial transactions. Due to its increased interaction with clients, BNPPF is also exposed to the risk of operational malfunction of the latter's information systems. BNPPF's communications and data systems and those of its clients, service providers and counterparties may also be subject to malfunctions or interruptions as a result of cyber-crime or cyber-terrorism. BNPPF cannot guarantee that these malfunctions or interruptions in its own systems or those of other parties will not occur or that in the event of a cyber-attack, these malfunctions or interruptions will be adequately resolved.

*Reputational risk could weigh on BNPPF's financial strength and diminish the confidence of clients and counterparties in it (Global Criticality: Medium)*

Considering the highly competitive environment in the financial services industry, a reputation for financial strength and integrity is critical to BNPPF's ability to attract and retain customers. BNPPF's reputation could be harmed if the means it uses to market and promote its products and services were deemed to be inconsistent with client interests. BNPPF's reputation could also be damaged if, as it increases its client base and the scale of its businesses, its overall procedures and controls dealing with conflicts of interest fail, or appear to fail, to address them properly. Moreover, BNPPF's reputation could be damaged by employee misconduct, fraud or misconduct by financial industry participants to which BNPPF is exposed, a restatement of, a decline in or corrections to, its results, as well as any adverse legal or regulatory action, such as the settlement the BNP Paribas Group entered into with the U.S. authorities in 2014 for violations of U.S. laws and regulations regarding economic sanctions. The

loss of business that could result from damage to BNPPF's reputation could have an adverse effect on its results of operations and financial position.

### **Market risk**

The BNPPF's market risk is the risk of loss of value by an unfavourable trend in prices or market parameters. The parameters affecting the BNPPF's market risk include, but are not limited to, exchange rates, prices of securities and commodities (whether the price is directly quoted or obtained by reference to a comparable asset), the price of derivatives on an established market and all benchmarks that can be derived from market quotations such as interest rates, credit spreads, volatility or implicit correlations or other similar parameters.

BNPPF is exposed to market risk mainly through trading activities carried out by the business lines of its Corporate & Institutional Banking ("**CIB**") operating division, in particular in Global Markets, which represented 1% of BNPPF's revenue in 2023. BNPPF's trading activities are directly linked to economic relations with clients of these business lines, or indirectly as part of its market making activity.

In addition, the market risk relating to BNPPF's banking activities covers its interest rate and foreign exchange rate risks in connection with its activities as a banking intermediary. The "operating" foreign exchange risk exposure relates to net earnings generated by activities conducted in currencies other than the functional currency of the entity concerned. The "structural" foreign exchange risk position of an entity relates to investments in currencies BNPPF uses the concepts of standard rate risk and structural rate risk in measuring rate risk. Standard rate risk corresponds to the general case for a given transaction. Structural rate risk is the interest rate risk relating to own funds and non-interest-bearing current accounts.

BNPPF's market risk based on its activities is measured by Value at Risk ("**VaR**")<sup>7</sup>, and various other market indicators (stressed VaR, Incremental Risk Charge) as well as by stress tests and sensitivity analysis compared with market limits.

The risk-weighted assets subject to this type of risk amounted to EUR 1,579 million at 31 December 2023, or 1% of the total risk-weighted assets of BNPPF (see the BNPPF 2023 Pillar 3 Disclosure).

*BNPPF may incur significant losses on its trading and investment activities due to market fluctuations and volatility (Global Criticality: Medium)*

BNPPF maintains trading and investment positions in the debt, currency, commodity and equity markets, and in unlisted securities, real estate and other asset classes, including through derivative contracts. These positions could be adversely affected by extreme volatility in these markets, i.e., the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. Moreover, volatility trends that prove substantially different from BNPPF's expectations may lead to losses relating to a broad range of other products that BNPPF uses, including swaps, forward and future contracts, options and structured products.

To the extent that BNPPF owns assets, or has net long positions, in any of those markets, a market downturn could result in losses from a decline in the value of its positions. Conversely, to the extent that BNPPF has sold assets that it does not own, or has net short positions in any of those markets, a market upturn could, in spite of the existing limitation of risks and control systems, expose BNPPF to

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<sup>7</sup> The VaR is a statistical measure indicating the worst loss for a given portfolio over a given time period within a given confidence interval under normal market conditions. It is not a maximum loss figure and may be exceeded in some cases, for example in the event of abnormal market conditions.



potentially substantial losses as it attempts to cover its net short positions by acquiring assets in a rising market. BNPPF may from time to time hold a long position in one asset and a short position in another, in order to hedge transactions with clients and/or in view of benefiting from changes in the relative value of the two assets. If, however, the relative value of the two assets changes in a direction or manner that BNPPF did not anticipate or against which its positions are not hedged, it might realise a loss on those paired positions. Such losses, if significant, could adversely affect BNPPF's results and financial condition. In addition, BNPPF's hedging strategies may not be suitable for certain market conditions.

If any of the variety of instruments and strategies that BNPPF uses to hedge its exposure to various types of risk in its businesses is not effective, BNPPF may incur losses. Many of its strategies are based on historical trading patterns and correlations. For example, if BNPPF holds a long position in an asset, it may hedge that position by taking a short position in another asset where the short position has historically moved in a direction that would offset a change in the value of the long position. However, the hedge may only be partial, or the strategies used may not protect against all future risks or may not be fully effective in mitigating BNPPF's risk exposure in all market environments or against all types of risk in the future. Unexpected market developments may also reduce the effectiveness of BNPPF's hedging strategies. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in BNPPF's reported earnings.

The BNP Paribas Group uses a VaR model to quantify its exposure to potential losses from market risks, and also performs stress testing with a view to quantifying its potential exposure in extreme scenarios (see "Market Risk" in section entitled "Risk Management and Capital Adequacy" in the BNPPF 2023 Annual Report). However, these techniques rely on statistical methodologies based on historical observations, which may turn out to be unreliable predictors of future market conditions. Accordingly, BNPPF's exposure to market risk in extreme scenarios could be greater than the exposures predicted by its quantification techniques.

*BNPPF may generate lower revenues from commission and fee based businesses during market downturns and declines in activity (Global Criticality: Low)*

Commissions received by BNPPF represented 14% of its total revenues in 2023. Financial and economic conditions affect the number and size of transactions for which BNPPF provides securities underwriting, financial advisory and other investment banking services. These revenues, which include fees from these services, are directly related to the number and size of the transactions in which BNPPF participates and can thus be significantly affected by economic or financial changes that are unfavourable to its investment banking business and clients. In addition, because the fees that BNPPF charges for managing its clients' portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of its clients' portfolios or increases the amount of withdrawals would reduce the revenues it receives from its asset management, equity derivatives and private banking businesses.

*Adjustments to the carrying value of BNPPF's securities and derivatives portfolios and BNPPF's own debt could have an adverse effect on its net income and shareholders' equity (Global Criticality: Low)*

The carrying value of BNPPF's securities and derivatives portfolios and certain other assets, as well as its own debt, in its balance sheet is adjusted as of each financial statement date. As at 31 December 2023, on the assets side of BNPPF's balance sheet, financial instruments at fair value through profit or loss, derivative financial instruments used for hedging purposes and financial assets at fair value through shareholders' equity amounted to EUR 9,419 million, EUR 5,418 million and EUR 10,802 million respectively. In the liabilities column, financial instruments at fair value through profit or loss and derivative financial instruments used for hedging purposes amounted to EUR 21,347 million and EUR 8,271 million, respectively, at 31 December 2023. Most of the adjustments are made on the basis of

changes in fair value of BNPPF's assets or debt during an accounting period, with the changes recorded either in the income statement or directly in shareholders' equity. Changes that are recorded in the income statement, to the extent not offset by opposite changes in the value of other assets, affect BNPPF's consolidated revenues and, as a result, its net income. A downward adjustment of the fair value of BNPPF's securities and derivatives portfolios may lead to reduced shareholders' equity and, to the extent not offset by opposite changes in the value of BNPPF's liabilities, BNPPF's capital adequacy ratios may also be lowered. The fact that fair value adjustments are recorded in one accounting period does not mean that further adjustments will not be needed in subsequent periods.

### **Liquidity and funding risk**

Liquidity risk is that risk that the BNPPF will not be able to meet its commitments or unwind or offset a position due to market or financial conditions or factors specific to it, within a given timeframe and at a reasonable cost. It reflects the risk of not being able to meet net cash outflows, including those related to collateral requirements, over all time horizons from short to long term.

The liquidity risk of BNPPF can be assessed through its short-term liquidity ratio ("**Liquidity Coverage Ratio**" or "**LCR**"), which analyses the hedging of net cash outflows during a thirty-day stress period. The period-end LCR of BNPPF at 31 December 2023 was 117 per cent.

See the BNPPF 2023 Pillar 3 Disclosure and the Additional BNPPF 2023 Pillar 3 Disclosure, each of which is incorporated by reference in this Base Prospectus.

*BNPPF's access to and cost of funding could be adversely affected by a resurgence of financial crises, worsening economic conditions, rating downgrades, increases in sovereign credit spreads or other factors (Global Criticality: Low)*

For roughly the last fifteen years, the financial crisis, the eurozone sovereign debt crisis as well as the general macroeconomic environment have, at times, adversely affected the availability and cost of funding for European banks. This was due to several factors, including a sharp increase in the perception of bank credit risk due to exposure to sovereign debt in particular, credit rating downgrades of sovereigns and of banks, and debt market speculation. Many European banks, including BNPPF, at various points during these periods experienced restricted access to wholesale debt markets for institutional investors and to the interbank market, as well as a general increase in their cost of funding. In the context of the health crisis, the European Central Bank ("**ECB**") also set up refinancing facilities designed to foster the banks' refinancing of the economy (targeted longer-term refinancing options or "**TLTRO**", on which BNPPF has drawn). Such adverse credit market conditions may reappear in the event of a change in monetary policy (as seen, for example, with worsening inflation and the rapid rise of interest rates, as well as the end of "quantitative easing" and the changes to the TLTRO terms and conditions, in 2022 and 2023), a recession, prolonged stagnation of growth, deflation, another sovereign debt crisis or new forms of financial crises, factors relating to the financial industry or the economy in general (including the economic consequences of the invasion of Ukraine) or to BNPPF in particular. In such a case, the effect on the liquidity, balance sheet and cost of funding of European financial institutions in general, and BNPPF in particular, could be materially adverse and have a negative impact on BNPPF's results of operations and financial condition.

*Protracted market declines can reduce BNPPF's liquidity, making it harder to sell assets and possibly leading to material losses. Accordingly, BNPPF must ensure that its assets and liabilities properly match in order to avoid exposure to losses (Global Criticality: Low)*

In some of BNPPF's businesses, particularly Global Markets (which represented 1% of BNPPF's revenue in 2023) and Asset/Liability Management, protracted market movements, particularly asset

price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if BNPPF cannot close out deteriorating positions in a timely way. This is particularly true for assets that are intrinsically illiquid. Assets that are not traded on stock exchanges or other public trading markets, such as certain derivative contracts between financial institutions, may have values that BNPPF calculates using models rather than publicly-quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to significant unanticipated losses (see Chapters 5 ("*Note to the Balance Sheet*"), 5d ("*Measurement of the Fair Value of Financial Instruments*") and the section entitled "Risk Management and Capital Adequacy", in Chapter 9 ("*Liquidity Risk*") in the BNPPF 2023 Annual Report).

BNPPF is exposed to the risk that the maturity, interest rate or currencies of its assets might not match those of its liabilities. The timing of payments on certain of BNPPF's assets is uncertain, and if BNPPF receives lower revenues than expected at a given time, it might require additional market funding in order to meet its obligations on its liabilities. While BNPPF imposes strict limits on the gaps between its assets and its liabilities as part of its risk management procedures, it cannot be certain that these limits will be fully effective to eliminate potential negative effects arising from asset and liability mismatches.

*Any downgrade of BNPPF's credit ratings could weigh heavily on the profitability of BNPPF (Global Criticality: Low)*

Credit ratings have a significant impact on BNPPF's liquidity.

On 14 September 2023, Standard & Poor's affirmed BNPPF's long-term issuer credit rating at A+, and its short-term rating at A-1, with a stable outlook.

On 2 January 2024, Fitch affirmed BNPPF's long-term senior unsecured rating at AA-, and its short-term rating at F1+, with a stable outlook.

On 18 September 2023, Moody's affirmed BNPPF's long-term senior unsecured rating at A2, and its short-term rating at P-1, with a stable outlook.

Any rating action may occur at any time by any rating agency.

A downgrade in BNPPF's credit rating could affect the liquidity and competitive position of BNPPF. It could also increase BNPPF's borrowing costs, limit access to the capital markets or trigger additional obligations under its covered bonds or under certain bilateral provisions in some trading, derivative or collateralised financing contacts. As part of the BNP Paribas Group, BNPPF can be highly sensitive to a downgrade by rating agencies of the rating of the parent company of the BNP Paribas Group or a deterioration of its debt quality.

In addition, BNPPF's cost of obtaining long term unsecured funding from market investors is also directly related to its credit spreads, which in turn depend to a certain extent on its credit ratings. Increases in credit spreads can significantly increase BNPPF's cost of funding. Changes in credit spreads are continuous, market driven, and subject at times to unpredictable and highly volatile movements. Credit spreads are also influenced by market perceptions of BNPPF's creditworthiness. Furthermore, credit spreads may be influenced by movements in the cost to purchasers of credit default swaps referenced to BNPPF's debt obligations, which are influenced both by the credit quality of those obligations, and by a number of market factors that are beyond the control of the BNP Paribas Group.

## **Risks related to the macroeconomic and market environment**

*Adverse macroeconomic and financial conditions have in the past had and may in the future significantly affect BNPPF and the markets in which it operates. (Global Criticality: Medium)*

BNPPF's business is affected by changes in the financial markets and more generally by trends in economic conditions in Belgium (45% of BNPPF's revenues at 31 December 2023), other countries in Europe (40% of BNPPF's revenues at 31 December 2023) and the rest of the world (15% of BNPPF's revenues at 31 December 2023). A deterioration in the markets and the economic environment in the countries where BNPPF operates and has in the past had, and could again in the future have, various impacts including the following:

- (i) adverse economic conditions affecting the business and operations of BNPPF's customers, reducing credit demand and trading volume and resulting in an increased rate of default on loans and other client receivables, in part as a result of the deterioration of the financial capacity of companies and households. Since the beginning of 2024, this risk has materialised in the form of slow or weak growth in various regions of the world and a risk of recession in certain regions (including the Eurozone). As a result, in particular, of the 2022 and 2023 interest rate increases, and the specific effects of certain events (for example, the real estate crisis in China and the commercial real estate crisis in the United States), the central scenario drawn up by the BNP Paribas Group's Economic Research unit, forecasts an average annual increase in world GDP of 2.8% for 2023 (versus 3.3% in 2022) and increases in Eurozone and US GDP of 0.5% and 2.3%, respectively, for 2023 and around 1% for these two zones for 2024. In 2024, as in 2023, the global and Eurozone economies will be particularly sensitive to inflation and, consequently, to interest rates, as well as to the impact of geopolitical events;
- (ii) a decline in market prices of bonds, equities and commodities affecting the businesses of BNPPF, including in particular trading, investment banking and asset management revenues. High volatility over a long period of time can lead to financial asset market corrections (including the riskiest assets) and thus generate losses for BNPPF. In addition, a sudden change in the level and structure of volatility, or the rapid alteration of periods of strong market rises and falls over a shorter period, may make it difficult or more costly to hedge certain structured products, thereby increasing the risk of loss for BNPPF;
- (iii) macroeconomic or monetary policies adopted in response to actual or anticipated economic conditions could have consequences, anticipated or not, on market parameters such as interest rates and foreign exchange rates, which in turn can affect BNPPF's businesses that are most exposed to market risk. This risk, which was pronounced in 2023 due to the significant and rapid monetary tightening carried out by central banks in 2022 and 2023, remains relevant in 2024 (see "*Significant interest rate changes, and in particular the interest rate increases in 2022 and 2023 following a prolonged period of low interest rates, could adversely affect BNPPF's results of operations and financial condition*");
- (iv) the favourable perception of economic conditions, whether globally or in specific sectors, can lead to the formation of speculative asset bubbles and corrections when conditions change. This risk persists in 2024 after the recent monetary tightening, particularly in specific sectors such as commercial real estate and leveraged finance (see "*Significant interest rate changes, and in particular the interest rate increases in 2022 and 2023 following a prolonged period of low interest rates, could adversely affect BNPPF's results of operations and financial condition*"). For example, falling valuations and fewer transactions in the commercial real estate sector are tightening financing conditions and increasing investor uncertainty in this market, which may affect the financial strength of market participants and hence asset quality. The BNP Paribas Fortis gross on- and off-

balance sheet exposure to commercial real estate represented 5.5% of its total on- and off-balance sheet exposure as at 31 December 2023 and the BNP Paribas Group's Exposure-at-default ("EAD") represented 5.5% of its total EAD as at 31 December 2023; and

- (v) significant one-off economic disruptions related to, or adverse economic consequences resulting from, various specific adverse political or geopolitical events (such as the global financial crisis of 2008, the European sovereign debt crisis of 2011, the recession caused in 2020 and 2021 by the COVID-19 pandemic or high inflation and rising interest rates, as well as geopolitical shocks (for example, the invasion of Ukraine in 2022 and the emergence of conflict in the Middle East in 2023) having a substantial impact on all of BNPPF's businesses, in particular by increasing the volatility and costs of funding sources, deteriorating asset quality and financial market corrections, potentially exacerbated by a reduction in market liquidity and hence the ability to sell certain categories of assets at fair market value or at all. These disruptions could also entail a decline in transaction commissions and consumer loans. Geopolitical events could also have an effect, whether temporary or permanent, on the economic conditions in which BNPPF operates.

In addition, numerous factors may impact the economy and the financial markets in the coming months or years, in particular geopolitical tensions (notably in Eastern Europe, and in particular, the Russian invasion of Ukraine and the reaction of the international community for which the consequences on the financial markets and the general business climate are significantly unfavourable in the short-term and remain uncertain in the long term), political risks directly affecting Europe, general trends in consumer and commodity prices (themselves affected by the above-mentioned factors) characterised by high inflation, corresponding trends in wages, supply chain pressures, the changing economic situation in certain countries or regions that contribute to overall global economic growth, tensions around international trade and, as discussed below, the evolution of monetary policy and interest rates.

More generally, the volatility of financial markets could adversely affect BNPPF's trading and investment positions in the debt, currency, commodity and equity markets, as well as its positions in other investments. Severe market disruptions and extreme market volatility have occurred often in recent years and may occur again in the future, which could result in significant losses for BNPPF. Such losses may extend to a broad range of trading and hedging products, including swaps, forward and future contracts, options and structured products. The volatility of financial markets makes it difficult to predict trends and implement effective trading strategies.

It is difficult to predict when economic or market downturns or other market disruptions will occur, and which markets will be most significantly impacted. If economic or market conditions in Belgium or elsewhere in Europe, or Global Markets more generally, were to deteriorate or become more volatile, BNPPF's operations could be disrupted, and its business, results of operations and financial condition could be adversely affected.

*Significant interest rate changes, and in particular the interest rate increases in 2022 and 2023 following a prolonged period of low interest rates, could adversely affect results of operations and financial condition (Global Criticality: Medium)*

Interest rates rose significantly in 2022 and 2023 after many years of low interest rates. In this context, BNPPF's results have been, and could continue to be significantly affected in a number of ways. The increase in interest rates increases the cost of funding for BNPPF through higher interest rates on liabilities such as short-term deposits, commercial paper and bonds, as well as the risk of arbitrage by customers between non-interest-bearing deposits and interest-bearing deposits. This increase in the cost of funding could create an imbalance and a reduction in net interest margin as a result of BNPPF holding a significant portfolio of loans originated in a low interest rate environment. BNPPF may also have

difficulty promptly reflecting higher interest rates in new mortgage or other fixed-rate consumer or corporate loans, while the cost of customer deposits and hedging costs would increase more rapidly. In addition, in 2022 and 2023, the ECB modified the instruments it previously used to implement "quantitative easing" and enhance bank liquidity, through the creation of a "transmission protection instrument" and the amendment of the conditions of its longer-term refinancing operations ("**TLTRO III**"); as BNPPF hedges its overall interest rate position, any change in the terms and conditions affecting these instruments may lead to adjustments in this hedge, which has had and could have an adverse impact on the results of BNPPF. As a result of these adjustments, BNPPF recorded an extraordinary charge of EUR 201 million against its net banking income at 31 December 2023.

Moreover, a portfolio comprising significant amounts of lower-interest loans and fixed-income assets as a result of an extended period of low interest rates would (in a rapidly rising market interest-rate environment) be expected to decline in value. If BNPPF's hedging strategies are ineffective or provide only a partial hedge against such a change in value, it could incur significant losses.

Higher interest rates increase financial expense for borrowers and may strain their ability to meet their debt obligations. Moreover, any rate increase that is sharper or more rapid than expected could threaten economic growth in the European Union, the United States and elsewhere. These effects could test the resilience of BNPPF's loan and bond portfolios, which could lead to an increase in doubtful loans and defaults. More generally, the end of accommodating monetary policies, in particular by the US Federal Reserve and the ECB has led and could continue to lead, to sharp corrections in certain markets or assets (such as, non-investment grade corporate and sovereign borrowers, particularly commercial, and leveraged finance) that particularly benefited from the prolonged period of low interest rates and high liquidity and adversely affect market participants. For example, in early 2024, the commercial real estate crisis affected the share prices of many US regional banks, as well as the financial condition of some major real estate developers. Such corrections could potentially be contagious to financial markets generally, including by the effect of substantially increased volatility and heightened investor mistrust, generally or in relation to certain sectors, including the banking sector due to its exposure to the commercial real estate market or other sectors particularly affected by rising interest rates. BNPPF's operations could as a result be significantly disrupted with a consequential material adverse effect on its business, results of operations and financial condition.

*Given the global scope of its activities, BNPPF is exposed to country risk and to changes in the political, macroeconomic or financial contexts of a region or country (Global Criticality: Medium)*

BNPPF is subject to country risk, meaning the risk that economic, financial, political, regulatory or social conditions in a given foreign country in which it operates could adversely affect BNPPF's operations, or its results, or its financial condition, or its business.

BNPPF monitors country risk and takes it into account in the fair value adjustments and cost of risk recorded in its financial statements. However, a significant change in political or macroeconomic environments may require it to record additional charges or to incur losses beyond the amounts previously written down in its financial statements. In addition, factors specific to a country or region in which BNPPF operates could make it difficult for it to carry out its business and lead to losses or impairment of assets.

At 31 December 2023, BNPPF's loan portfolio consisted of receivables from borrowers located in Belgium (56%), France (6%), Luxembourg (10%), other European countries (20%), North America (1%), and the rest of the world (7%). Adverse conditions that particularly affect these countries and regions would have a significant impact on BNPPF.

With regard to Russia, which is subject to extensive economic sanctions imposed in particular by the European Union, the United States and the United Kingdom, gross on- and off- balance sheet exposure of the BNP Paribas Group to this country represented 0.03 per cent. of the BNP Paris Group's gross exposures on-and off- balance sheet as at 31 December 2023.

## **Regulatory risks**

*Laws and regulations adopted in recent years, as well as current and future legislative and regulatory developments may significantly impact BNPPF and the financial and economic environment in which it operates (Global Criticality: Medium)*

Laws and regulations taking effect in recent years in the jurisdictions in which BNPPF operates (in particular in Belgium, Europe and the United States) have substantially changed, and in the future could potentially continue to substantially change, the environment in which BNPPF and other financial institutions operate.

The most recent measures applicable to financial institutions such as BNPPF include:

- (i) more stringent “prudential” (i.e. capital, insolvency, liquidity) requirements, in particular, for global systemically important banks such as the BNP Paribas Group, and under the 26 June 2013 Regulation of the European Parliament and Council (as amended from time to time (“**CRR**”)), as well as changes to the risk-weighting methodologies and methods of using internal models that have led and could lead to increased capital requirements;
- (ii) in respect of minimum capital requirements in October 2021, the European Commission adopted a legislative package to finalise the implementation within the European Union of the Basel III agreement adopted by the Group of Central Governors and Heads of Supervision (“**GHOS**”). In the impact assessment accompanying this legislative package, the European Commission estimated, on the basis of an EBA impact study dated December 2020 and of additional European Commission estimates for some EU specific adjustments, that the implementation of the final Basel III standards may result in an average increase in total minimum capital requirements ranging between 6.4% and 8.4% after full implementation of the reform. On the basis of the EBA’s updated impact analysis taking into account the combined effect of the reform and the potential consequences of the health crisis, the European Commission opted to apply the new capital requirements to EU banks as from 1 January 2025, with a phase-in period during which the requirements will be gradually increased through 2030 (and 2032 for certain requirements). In June 2023, negotiations resulted in a provisional agreement between the Council and the European Parliament, which was validated in December 2023, and should be formally adopted by the European Parliament in the second quarter of 2024;
- (iii) strengthening of the powers of existing supervisory bodies and the creation of new supervisory authorities, for example, under the Single Resolution Mechanism (the “**SRM**”) placing BNPPF, by virtue of being a subsidiary of BNPP which is a significant Eurozone institution, under the direct supervision of the ECB;
- (iv) enhancement of recovery and resolution regimes, in particular the adoption of the Bank Recovery and Resolution Directive of 15 May 2014, as amended from time to time (the “**BRRD**”) in order to ensure that losses are borne largely by creditors and shareholders of banks and to thus minimise losses borne by taxpayers;

- (v) establishment of the national resolution funds by the BRRD and the creation of the Single Resolution Board (the “**SRB**”) by the European Parliament and Council of the European Union in a resolution dated 15 July 2014 as amended from time to time (the “**SRM Regulation**”), which is authorised to initiate resolution proceedings for banking institutions such as BNPPF, and the Single Resolution Fund (the “**SRF**”), funded via annual contributions from financial institutions;
- (vi) restrictions on certain types of activities by commercial banks (in particular proprietary trading) considered as speculative and thus either prohibited or having to be ring-fenced in subsidiaries, and subject to specific capital and funding requirements;
- (vii) prohibitions or restrictions on fees for certain types of financial products or activities;
- (viii) establishment of national deposit guarantee schemes and a proposed European deposit guarantee scheme or deposit insurance which will gradually cover all or part of the guarantee schemes of participating countries;
- (ix) increased internal control, risk management and reporting requirements with respect to certain activities;
- (x) implementation of regulatory stress tests (including in relation to climate change risk) which could lead to additional regulatory capital requirements (see the BNPPF 2023 Pillar 3 Disclosure and the BNPPF 2023 Additional Pillar 3 Disclosure);
- (xi) greater powers granted to the relevant authorities to combat money laundering and terrorism financing, in particular through the creation of a new European authority for countering money laundering and financing of terrorism, endorsed by the Council and the European Parliament under a provisional agreement dated 13 December 2023;
- (xii) more stringent governance and conduct of business rules and restrictions and increased taxes on employee compensation over specified levels;
- (xiii) changes in securities regulation, in particular of financial instruments (including shares and other securities issued by BNPPF);
- (xiv) measures to improve the transparency, efficiency and integrity of financial markets and in particular the regulation of high frequency trading, more extensive market abuse regulations, increased regulation of certain types of financial products including mandatory reporting of derivative and securities financing transactions, requirements either to mandatorily clear, or otherwise mitigate risks in relation to, over-the-counter derivative transactions (including through posting of collateral in respect of non-centrally cleared derivatives);
- (xv) regulation of market infrastructure such as trading platforms, clearing houses, central depositories and securities delivery and settlement systems;
- (xvi) introduction of enhanced disclosure requirements, including through the introduction of new disclosure requirements on (i) how banking groups providing asset management services, such as the parent company of BNPPF, integrate sustainability risks, negative impacts, sustainable investment objectives or the promotion of environmental or social attributes when making investment decisions, (ii) how and to what extent banking



groups themselves finance or develop economic activities that can be considered environmentally sustainable as defined in the European Taxonomy and (iii) in terms of sustainability, how the business of institutions such as BNPPF impacts environmental, social and governance issues and the manner in which these issues affect its business, its result of operations and its financial condition, as certified by an independent third party, in accordance with the texts transposing the Corporate Sustainability Reporting Directive (“**CSRD**”), which has applied progressively since 1 January 2024;

- (xvii) the introduction of new requirements for the integration of climate risk into the risk measurement and management systems of banking groups, including through the publication of proposals for banks to manage and disclose climate risk; and
- (xviii) multiplication of measures that are not specific to financial institutions, such as measures relating to the investment fund sector or those promoting technological innovation such as “open data” access, the development of the regulation of payment services, crowdfunding and fintechs.

Existing measures, as well as those which could be adopted in the future (the impact of which is therefore unpredictable), could reduce BNPPF’s ability to allocate and apply its capital and financing resources, limit its ability to diversify its risks, reduce the availability of certain financing and liquidity resources, increase the cost of financing, increase the cost of compliance, increase the cost or reduce the demand for its products and services, require it to effect internal reorganisations, structural changes or reallocations, affect its ability to conduct certain activities or to attract and/or retain talent, facilitate the entry of new players in the financial services sector or affect the business model of BNPPF and, more generally, affect its competitiveness and profitability, which could have a significant impact on its business, financial condition and results of operations.

*BNPPF may incur substantial fines and other administrative and criminal penalties for non-compliance with applicable laws and regulations, and may also incur losses in related (or unrelated) litigation with private parties (Global Criticality: Medium)*

BNPPF is subject to regulatory compliance risk. This risk is exacerbated by the adoption by different countries of multiple and occasionally diverging and even conflicting legal or regulatory requirements. Besides damage to BNPPF’s reputation and private rights of action (including class actions), non-compliance could lead to material legal proceedings, fines and expenses (including fines and expenses in excess of recorded provisions), public reprimand, enforced suspension of operations or, in extreme cases, withdrawal by the authorities of operating licences. This risk is further exacerbated by continuously increasing regulatory scrutiny of financial institutions as well as substantial increases in the quantum of applicable fines and penalties. Moreover, litigation by private parties against financial institutions has substantially increased in recent years. Accordingly, BNPPF faces significant legal risk in its operations. The volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms have substantially increased in recent years and may increase further. BNPPF may record provisions in this respect as indicated in the BNPPF 2023 Annual Report, under the chapter entitled “Notes to the Consolidated Financial Statements 2023”, in particular note 5. “Notes to the balance sheet at 31 December 2023” and note 5n. “Provisions for contingencies and charges”.

In this respect, on 30 June 2014 the BNP Paribas Group entered into a series of agreements with, and was the subject of several orders issued by, U.S. federal and New York state government agencies and regulatory authorities in settlement of investigations into violations of U.S. laws and regulations regarding economic sanctions. In 2024, the BNP Paribas Group completed its US sanctions remediation, stemming from the 2014 settlements. (Federal Reserve Board – Federal Reserve Board announces

termination of enforcement actions with Farmington State Bank, FBH Corporation, and BNP Paribas). Since the BNP Paribas Group has fully complied with the provisions of the Cease-and-Desist Order issued on 30 June 2014 related to the violations of US laws and regulations on economic sanctions and the monitoring of the matter is closed, on 6 February 2024, the Federal Reserve Board of Governors announced the termination of the Cease-and-Desist Order and a related enforcement action.

BNPPF is currently involved in various litigation and investigations as summarised in the note to its consolidated financial statements for the period ended 31 December 2023 (see the BNPPF 2023 Annual Report, under the chapter entitled “Notes to the Consolidated Financial Statements 2023”, in particular note 8. “Additional information” and note 8.a “Contingent liabilities: legal proceedings and arbitration”). It may become involved in other litigation or investigations at any time. No assurance can be given that an adverse outcome in one or more of such matters would not have a material adverse effect on BNPPF’s operating results for any particular period.

*BNPPF could experience an unfavourable change in circumstances, causing it to become subject to a resolution proceeding or a restructuring outside of resolution: holders of securities of BNPPF could suffer losses as a result (Global Criticality: Low)*

The BRRD, SRM Regulation and the law of 25 April 2014, confer upon the NBB or the SRB the power to commence resolution proceedings for a banking institution, such as BNPPF, with a view to ensure the continuity of critical functions, to avoid the risks of contagion and to recapitalise or restore the viability of the institution. These powers must be implemented so as to ensure that losses, subject to certain exceptions, are borne first by shareholders, then by holders of additional capital instruments qualifying as Tier 1 (such as super subordinated bonds) and Tier 2 (such as subordinated bonds), then by the holders of senior non-preferred debt and finally by the holders of senior preferred debt, all in accordance with the insolvency ranking in normal insolvency proceedings. For reference, BNPPF’s medium- to long-term wholesale financing at 31 December 2022 consisted of the following: EUR 0.5 billion in hybrid Tier 1 debt, EUR 1 billion in Tier 2 subordinated debt, EUR 1.8 billion in subordinated debt not recognised in Tier 2, EUR 1.7 billion in structured notes and EUR 8.3 billion in other senior unsecured debt. As of 31 December 2023, the financing consisted of the following: EUR 0.5 billion in hybrid Tier 1 debt, EUR 1 billion in Tier 2 subordinated debt, EUR 1.8 billion on subordinated debt not recognised in Tier 2, EUR 2 billion in structured notes and EUR 9.5 billion in other senior unsecured debt.

Resolution authorities have broad powers to implement resolution measures with respect to institutions and groups subject to resolution proceedings, which may include (without limitation): the total or partial sale of the institution's business to a third party or a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, the full or partial write down of capital instruments, the dilution of capital instruments through the issuance of new equity, the full or partial write down or conversion into equity of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), discontinuing the listing and admission to trading of financial instruments, the dismissal of managers or the appointment of a special manager (*administrateur spécial*).

Certain powers, including the full or partial write down of capital instruments, the dilution of capital instruments through the issuance of new equity, the full or partial write down or conversion into equity of additional capital instruments qualifying as Tier 1 (such as super subordinated bonds) and Tier 2 (such as subordinated bonds), can also be exercised, outside of resolution proceedings and/or pursuant to the European Commission's State Aid framework if the institution requires exceptional public financial support.

The implementation of these tools and powers with respect to BNPPF may result in significant structural changes to BNPPF (including as a result of asset or business sales or the creation of bridge institutions) and in a partial or total write down, modification or variation of claims of shareholders and creditors. Such powers may also result, after any transfer of all or part of BNPPF's business or separation of any of its assets, in the holders of securities (even in the absence of any such write down or conversion) being left as the creditors of BNPPF whose remaining business or assets are insufficient to support the claims of all or any of the creditors of the BNP Paribas Group.

### **Risks related to BNPPF's growth in its current environment**

*BNPPF's current environment may be affected by the intense competition amongst banking and non-banking operators, which could adversely affect BNPPF's revenues and profitability (Global Criticality: Medium)*

Competition is intense in all of BNPPF's primary business areas in Belgium and the other countries in which it conducts a substantial portion of its business, including other European countries and the United States. Competition in the banking industry could intensify as a result of consolidation in the financial services area, as a result of the presence of new players in the payment and the financing services area or the development of crowdfunding platforms, as well as the continuing evolution of consumer habits in the banking sector. New technologies that facilitate or transform transaction processes and payment systems, such as blockchain technologies and related services, or that could significantly impact the fundamental mechanisms of the banking system, such as central bank digital currencies ("CBDC"), have been developed in recent years or could be developed in the near future. While it is difficult to predict the effects of these developments and the regulations that apply to them, the use of such technology could nevertheless reduce the market share of banks, including BNPPF, secure investments that otherwise would have used technology used by more established financial institutions, such as BNPPF or, more broadly, lead to the emergence of a different monetary system in which the attractiveness of using established financial institutions, such as BNPPF, would be affected. If such developments continue to gain momentum, particularly with the support of governments and central banks, and if BNPPF is unable to respond to the competitive environment in Belgium or in its other major markets by offering more attractive, innovative and profitable product and service solutions than those offered by current competitors or new entrants or if some of these activities were to be carried out by institutions other than banks, it may lose market share in key areas of its business or incur losses on some or all of its activities. In addition, downturns in the economies of its principal markets could add to the competitive pressure, through, for example, increased price pressure and lower business volumes for BNPPF and its competitors. It is also possible that the imposition of more stringent requirements (particularly capital requirements and business restrictions) on large or systemically significant financial institutions, that new players may not be subject to, could lead to distortions in competition in a manner adverse to large private sector institutions such as BNPPF.

*BNPPF could experience business disruption and losses due to climate change risks such as transition risks, physical risks or liability risks (Global Criticality: Low)*

BNPPF is exposed to risks related to climate change, either directly through its own operations or indirectly through its financing and investment activities. There are two main types of risks related to climate change: (i) transition risks, which result from changes in the behaviour of economic and financial actors in response to the implementation of energy policies or technological changes; (ii) physical risks, which result from the direct impact of climate change on people and property through extreme weather events or long-term risks such as rising water levels or increasing temperatures. In addition, liability risks may arise from both categories of risk. They correspond to the damages that a legal entity would have to pay if it were found to be responsible for global warming. BNPPF is progressively integrating the assessment of these risks into its risk management system. The BNP

Paribas Group monitors these risks in the conduct of its business, in the conduct of its counterparties' business, and in its investments on its own behalf and on behalf of third parties. In this respect, the specific credit policies and the General Credit Policy have been enhanced since 2012 and 2014, respectively, with the addition of relevant clauses in terms of social and environmental responsibility. In addition, sector-specific policies including to rule out certain sectors defined by environmental, social and governance criteria have also been implemented. In 2019, as part of the fight against climate change, the BNP Paribas Group made new commitments to reduce its exposure to thermal coal to zero by 2030 in the European Union and by 2040 for the rest of the world. The BNP Paribas Group also supports its clients, both individuals and businesses, in their transition to a low-carbon economy. The BNP Paribas Group also aims to reduce the environmental footprint of its own operations. Notwithstanding its efforts to combat climate change and monitor the related risks, the physical, transitional or liability risks related to climate change or any delay or failure to implement environmental, social or governance risk management, could have a material adverse effect on the BNPP Group's business, financial condition or reputation.

*Changes in certain holdings in credit or financial institutions could have an impact on BNPPF's financial position (Global Criticality: Low)*

Certain classes of assets may carry a high risk-weight of 250%. These assets include credit or financial institutions consolidated under the equity method within the prudential scope (excluding insurance); significant financial interest in credit or financial institutions in which BNPPF holds a stake of more than 10%; and deferred tax assets that rely on future profitability and arise from temporary differences.

The risk-weighted assets carrying a risk-weight of 250% amounted to EUR 5.7 billion at 31 December 2023, or 4.4% of the total risk-weighted assets of BNPPF. If BNPPF increases the amount of heavy risk-weighted assets (either by increasing the proportion of such high risk-weighted assets in its overall asset portfolio or due to an increase of the regulatory risk-weighting applicable to these assets), its capital adequacy ratios may be lowered.

## **2. Risks relating to the Mortgage Pandbrieven**

### **Risks related to Mortgage Pandbrieven in general.**

The risk factors below include a summary description of certain risks relating to the Mortgage Pandbrieven in general:

#### **The Issuer may redeem the Mortgage Pandbrieven prior to their stated maturity, subject to certain conditions**

The Conditions provide for an early redemption of the Mortgage Pandbrieven in the case of an illegality or tax gross-up. Investors willing to reinvest the funds received in such case may face reinvestment risk in light of the available investment opportunities at such time. Investors may only be able to reinvest in securities with a lower yield than the redeemed Mortgage Pandbrieven.

Moreover, following the opening of Winding-up Proceedings against the Issuer, the Cover Pool Administrator may in certain circumstances proceed with the liquidation of the Special Estate and early redemption of the Mortgage Pandbrieven (see section “*Realisation of the Special Estate and Sale of Cover Assets*” below). There is a risk that, in such circumstances, the proceeds from the liquidation of the Special Estate will not be sufficient to cover the Early Redemption Amount due under the Mortgage Pandbrieven and that Mortgage Pandbrieven Holders or the Mortgage Pandbrieven Holders' Representative on their behalf will have to introduce a contingent unsecured claim against the Issuer's general bankruptcy estate in order to preserve their recourse against the General Estate.

Mortgage Pandbrieven issued under the Programme will either be fungible with an existing Series of Mortgage Pandbrieven or have different terms to any existing Series of Mortgage Pandbrieven (in which case they will constitute a new Series). All Mortgage Pandbrieven will rank *pari passu* and *pro rata* without any preference or priority among themselves, irrespective of their Series.

Following the occurrence of an Event of Default and service by the Mortgage Pandbrieven Holders' Representative of a Notice of Default, the Mortgage Pandbrieven of all outstanding Series will become immediately due and payable against the Issuer.

**Tax laws of the investors' jurisdiction and of the Issuer's jurisdiction may have an impact on the value and liquidity of and return on the Mortgage Pandbrieven**

This Base Prospectus includes general summaries of the Belgian tax considerations relating to an investment in the Mortgage Pandbrieven. Such summaries may not apply to a particular Mortgage Pandbrieven Holder or to a particular issue and do not cover all possible tax considerations. In addition, the tax treatment may change before the maturity of Mortgage Pandbrieven. Any potential investor should consult its own independent tax adviser for more information about the tax consequences of acquiring, owning and disposing of Mortgage Pandbrieven in its particular circumstances.

**Credit ratings**

Mortgage Pandbrieven issued under the Programme may be rated or unrated and one or more independent credit rating agencies may assign (additional) credit ratings to the Mortgage Pandbrieven or the Issuer. Where a Tranche of Mortgage Pandbrieven is rated, such rating will not necessarily be the same as the ratings assigned to other Tranches or Series of Mortgage Pandbrieven.

If applicable, the expected credit ratings of the Mortgage Pandbrieven is (are) set out in the applicable Final Terms for each Series of Mortgage Pandbrieven. In addition to issuing Mortgage Pandbrieven that are rated, the Issuer may also issue Mortgage Pandbrieven which are unrated. Credit rating agencies may also assign (additional) credit rating to the Mortgage Pandbrieven on an unsolicited basis.

There is no guarantee that ratings will be assigned or maintained. If any credit rating assigned to the Mortgage Pandbrieven is lowered or withdrawn, the market value of the Mortgage Pandbrieven may reduce.

**Liabilities under the Mortgage Pandbrieven**

The Mortgage Pandbrieven will be solely obligations of the Issuer. The Issuer will be liable solely in its corporate capacity for its obligations in respect of the Mortgage Pandbrieven and such obligations will not be the obligations of its respective officers, members, directors, employees, security holders or incorporators.

The Mortgage Pandbrieven will not be obligations or responsibilities of, or guaranteed by, any other entity or person than the Issuer, in whatever capacity acting, including (without limitation) the Mortgage Pandbrieven Holders' Representative, the Cover Pool Monitor, the Cover Pool Administrator, the Competent Authority, the Agents, the Hedging Counterparties, the Arranger, or the Dealer or any of their officers, members, directors, employees, security holders or incorporators. None of the Arranger, the Dealer, the Hedging Counterparties, the Mortgage Pandbrieven Holders' Representative, the Cover Pool Monitor, the Agents, the Cover Pool Administrator, the Competent Authority, any company in the same group of companies as such entities or any other party to the Programme Documents will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Mortgage Pandbrieven.

## **Modifications and waivers under the Mortgage Pandbrieven and the Programme Documents without Mortgage Pandbrieven Holders' consent**

Pursuant to the Conditions and the terms of the Mortgage Pandbrieven Holders Representative Agreement, the Mortgage Pandbrieven Holders' Representative may, without the consent or sanction of any of the Mortgage Pandbrieven Holders or any of the other Other Cover Pool Creditors, agree to modifications and waivers under the Mortgage Pandbrieven and the Programme Documents consent if:

- (a) the Mortgage Pandbrieven Holders' Representative is of the opinion that the proposed amendment or waiver will not be materially prejudicial to the interests of any of the Mortgage Pandbrieven Holders of any Series; or
- (b) such proposed amendment or waiver is of a formal, minor or technical nature; or
- (c) the modification in the opinion of the Mortgage Pandbrieven Holders' Representative is to correct a manifest error or to comply with mandatory provisions of law; or
- (d) such modification or amendment would cause such Programme Document to better reflect or comply with the provisions and requirements of the Belgian Covered Bond Regulations.

Furthermore, the Conditions contain provisions for calling meetings of Mortgage Pandbrieven Holders to consider matters affecting their interests generally, including modifications to the Conditions and the Programme Documents. These provisions permit defined majorities to bind all Mortgage Pandbrieven Holders including Mortgage Pandbrieven Holders who did not attend and vote at the relevant meeting and Mortgage Pandbrieven Holders who voted in a manner contrary to the majority.

In addition, pursuant to Condition 4.2(h) (*Benchmark replacement*), if a Benchmark Event occurs, certain changes may be made to the interest calculation and related provisions of Floating Rate Mortgage Pandbrieven, as well as the Agency Agreement in the circumstances and as otherwise set out in such Condition, without the consent or approval of the Mortgage Pandbrieven Holders.

### **Certain decisions of Mortgage Pandbrieven Holders need to be taken at Programme level**

A resolution to direct the Mortgage Pandbrieven Holders' Representative to start any enforcement action must be taken by way of an Extraordinary Resolution passed at a single meeting of all Mortgage Pandbrieven Holders of all Series then outstanding.

### **Limited liquidity in the secondary market in Mortgage Pandbrieven**

A secondary market for Mortgage Pandbrieven may not continue for the maturity of the Mortgage Pandbrieven or it may not provide Mortgage Pandbrieven Holders with liquidity of investment with the result that a Mortgage Pandbrieven Holder may not be able to find a buyer to buy its Mortgage Pandbrieven readily or at prices that will enable the Mortgage Pandbrieven Holder to realise a desired yield.

The Issuer may, but is not obliged to, list an issue of Mortgage Pandbrieven on a stock exchange, regulated market or a multilateral trading facility (MTF). If Mortgage Pandbrieven are not listed or traded on any stock exchange, regulated market or MTF, pricing information for the relevant Mortgage Pandbrieven may be more difficult to obtain and the liquidity of such Mortgage Pandbrieven may be adversely affected, and therefore the price of the Mortgage Pandbrieven could be affected by their limited liquidity.

If Mortgage Pandbrieven are not listed or traded on a stock exchange, regulated market or MTF, they may be traded on trading systems governed by the laws and regulations in force from time to time (e.g.

multilateral trading systems) or in other trading systems (e.g. bilateral systems, or equivalent trading systems). In the event that trading in such Mortgage Pandbrievien takes place outside any such stock exchange, regulated market or MTF, the manner in which the price of such Mortgage Pandbrievien is determined may be less transparent and the liquidity of such Mortgage Pandbrievien may be adversely affected. Investors should note that the Issuer does not grant any warranty to Mortgage Pandbrievien Holders as to the methodologies used to determine the price of Mortgage Pandbrievien which are traded outside a trading system, however, where the Issuer or any of its affiliates determines the price of such Mortgage Pandbrievien, it will take into account the market parameters applicable at such time in accordance with applicable provisions of law. Even if Mortgage Pandbrievien are listed and/or admitted to trading, this will not necessarily result in greater liquidity.

Each of the Issuer and any Dealer may, but is not obliged to, at any time purchase Mortgage Pandbrievien at any price in the open market or by tender or private agreement. Any Mortgage Pandbrievien so purchased may be held or resold or surrendered for cancellation. If any Mortgage Pandbrievien are redeemed in part, then the number of Mortgage Pandbrievien outstanding will decrease, which will reduce liquidity for the outstanding Mortgage Pandbrievien. Any such activities may have an adverse effect on the price of the relevant Mortgage Pandbrievien in the secondary market and/or the existence of a secondary market.

Any Dealer or any of its affiliates may, but is not obliged to, be a market maker, liquidity provider, specialist or bid intermediary, for an issue of Mortgage Pandbrievien. Even if a Dealer is a market-maker, liquidity provider, specialist or bid intermediary for an issue of Mortgage Pandbrievien, the secondary market for such Mortgage Pandbrievien may be limited and there is no assurance given as to the price offered by a market-maker, liquidity provider, specialist or bid intermediary or the impact of any such quoted prices on those available in the wider market and any such activities may be affected by legal restrictions in certain jurisdictions.

The appointment of an entity acting as a market maker, liquidity provider, specialist or bid intermediary with respect to the Mortgage Pandbrievien, may, under certain circumstances, have a relevant impact on the price of the Mortgage Pandbrievien in the secondary market.

If it is possible to sell Mortgage Pandbrievien, they would be sold for the prevailing bid price in the market and may be subject to a transaction fee. The prevailing bid price may be affected by several factors including prevailing interest rates at the time of sale, the time remaining to the stated maturity date, the creditworthiness of the Issuer and factors affecting the capital markets generally. The introduction of additional or competing products in the market may also have a negative effect on the price of any Mortgage Pandbrievien. It is therefore possible that an investor selling Mortgage Pandbrievien in the secondary market may receive substantially less than their original purchase price.

Limited liquidity in the secondary market may continue to have a severe adverse effect on the market value of debt securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. Consequently, an investor in the Mortgage Pandbrievien may not be able to sell its Mortgage Pandbrievien readily. The market values of the Mortgage Pandbrievien are likely to fluctuate and may be difficult to determine. Any of these fluctuations may be significant and could result in significant losses to such investor.

In addition, the forced sale into the market of debt securities held by structured investment vehicles, hedge funds, issuers of collateralised debt obligations and other similar entities that are experiencing funding difficulties could adversely affect an investor's ability to sell, and/or the price that an investor receives for the Mortgage Pandbrievien in the secondary market.

## Reference Rates and Benchmark

Reference Rates and indices, including interest rate benchmarks, such as the Euro Interbank Offered Rate (**EURIBOR**), which are used to determine the amounts payable under financial instruments or the value of such financial instruments (**Benchmark**), are the subject of national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms and changes may cause a Benchmark to perform differently than it has done in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Floating Rate Mortgage Pandbrieven referencing or linked to such Benchmark.

The discontinuation of any Benchmark, changes in the manner of administration of any Benchmark, or any other Benchmark Event could require or result in an adjustment to the interest calculation and related provisions of the Conditions as well as the Agency Agreement (as further described in Condition 4.2(h) (*Benchmark replacement*)), or result in adverse consequences to holders of any Mortgage Pandbrieven linked to such Benchmark. Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to a Benchmark may adversely affect such Benchmark during the term of the relevant Mortgage Pandbrieven.

## Mortgage Pandbrieven with an Extended Maturity Date.

To the extent an Extended Maturity Date is applicable in respect of a Series of Mortgage Pandbrieven, the Mortgage Pandbrieven Holders are subject to an extension risk.

The Final Terms applicable to a Series of Mortgage Pandbrieven may provide that the obligations of the Issuer to redeem the Mortgage Pandbrieven on the Maturity Date may be deferred until the Extended Maturity Date.

Pursuant to Article 13/1, §2, 2<sup>nd</sup> par. of Annex III to the Banking Law, an extension of the maturity date may not result in a change of the sequence of the maturity dates of the Series of the Programme. Therefore, the **Extended Maturity Date** in respect of any Series of Mortgage Pandbrieven (the **Relevant Mortgage Pandbrieven**) shall be the earlier of (i) the Extended Maturity Date as specified in the applicable Final Terms and (ii) the maturity date (as extended, if applicable) of any other Series of Mortgage Pandbrieven falling after the original Maturity Date of the Relevant Mortgage Pandbrieven.

Pursuant to the Belgian Covered Bond Regulations, the Extended Final Maturity Date specified in the applicable Final Terms shall not be later than one year after the original Maturity Date.

The relevant Extension Trigger Event will be specified in the applicable Final Terms and can be one or any combination of Failure To Pay and/or Liquidation Or Resolution (each as defined in Condition 6.2 (*Extension of Maturity Date*)).

If an Extension Trigger Event as specified in the applicable Final Terms occurs, the Issuer (or, in case of a liquidation procedure (as defined in Article 3, 59° of the Banking Law) or resolution (as defined in Article 3, 55° of the Banking Law) in respect of the Issuer, the Cover Pool Administrator) may extend the applicable original Maturity Date to the applicable Extended Maturity Date (and the obligation of the Issuer to redeem the relevant Mortgage Pandbrieven shall be deferred accordingly) in accordance with the provisions of Condition 6.2 (*Extension of Maturity Date*) and in each case subject to Article 13/1 of Annex III to the Banking Law.

Notwithstanding such extension, the Issuer shall be entitled to pay, in whole or in part, any amount representing the Final Redemption Amount remaining unpaid on the relevant Maturity Date, on any



Interest Payment Date after the original Maturity Date up to (and including) the Extended Maturity Date (provided that it will in any event have to be paid in full on the relevant Extended Maturity Date). If on any such Interest Payment Date, the Issuer pays only a part of the Final Redemption Amount, this repaid amount will be apportioned to the Mortgage Pandbrieven Holders pro rata the Principal Amount Outstanding of their Mortgage Pandbrieven. The payment of the (remaining) Final Redemption Amount shall become due and payable on the Extended Final Maturity Date of the relevant Series, as specified in the applicable Final Terms.

In the event the maturity of the Final Redemption Amount is extended from the applicable Maturity Date until the Extended Maturity Date, the Mortgage Pandbrieven Holders shall not be entitled to accelerate the Mortgage Pandbrieven or to take any action against the Issuer and the Special Estate. The amount unpaid under the Mortgage Pandbrieven will continue to accrue interest up to the Extended Maturity Date or, if redeemed earlier in full, on such Interest Payment Date on which the Mortgage Pandbrieven are redeemed in full, in accordance with the Conditions and the Issuer will make payments of accrued interest on each relevant Interest Payment Date up to (and including) the Extended Maturity Date or, if redeemed earlier in full, on such Interest Payment Date on which the Mortgage Pandbrieven are redeemed in full, until the Final Redemption Amount is paid in full. Unless otherwise set out in the applicable Final Terms of the relevant Series, no other amount is payable as a result of the extension of the Maturity Date being triggered.

It should be noted that an extension of the maturity of a particular Series of Mortgage Pandbrieven will not automatically result in an extension of the maturity date of any other Series.

### **3. Risks relating to the Special Estate and the Cover Assets**

The risk factors below include a summary description of certain risks relating to the Mortgage Pandbrieven, more specifically in relation to the Special Estate.

#### **Liquidity risk**

The maturity and amortisation profile of the Cover Assets may not match the repayment profile and maturities of the Mortgage Pandbrieven.

In order to comply with the Covered Bond Regulations the Programme needs to incorporate solutions addressing this liquidity risk. The Liquidity Test set out in Article 7 § 1 of the Covered Bonds Royal Decree in particular requires that the Special Estate must contain sufficient liquid and available Cover Assets to provide a liquidity buffer in order to enable the Issuer to cover the net liquidity outflows of the relevant Programme at any time, as well as the maximum amount of the sum of the net liquidity outflows calculated over a six month period. If an Extended Maturity Date is specified in the applicable Final Terms for a Series of Mortgage Pandbrieven, then such Extended Maturity Date (instead of the original Maturity Date) will be taken into account when determining the net liquidity outflow.

Under the Programme, the Issuer may address liquidity risk and ensure compliance with the Liquidity Test by entering into a liquidity facility (provided the counterparty is a credit institution outside the group that satisfies certain credit quality requirements) or by holding Cover Assets with a short-term amortisation profile or liquid assets such as cash. The Conditions include an undertaking of the Issuer with regard to liquidity of the Special Estate (see Condition 2.6 (c)).

#### **Characteristics of the Cover Assets in the Special Estate are subject to change**

There is no assurance that the characteristics allocated to the Cover Assets to the Special Estate on the Issue Date of a Series of Mortgage Pandbrieven will remain the same on any date thereafter. It is expected that the composition of the Special Estate will change frequently as a result of additions, removals and/or substitutions of Cover Assets. Cover Assets will however need to satisfy the requirements of Covered Bond Regulations.

Mortgage Pandbrieven Holders will not receive detailed information or statistics on the Cover Assets in the Special Estate other than the information included in the Investor Report, in accordance with Article 15/1 of Annex III to the Banking Law and Article 12 of the Covered Bonds Royal Decree. The Cover Pool Monitor shall at least once a month verify whether the Statutory Tests and the requirements in relation to the Cover Register are met. The Cover Pool Monitor shall immediately inform the NBB if it establishes that the Issuer no longer satisfies the requirements. At the end of each accounting year of the Issuer, the Cover Pool Monitor shall furthermore deliver a report to the NBB including the result of its monitoring duties and confirming whether the Mortgage Pandbrieven in all material respects comply with the requirement of the Covered Bond Regulations in terms of (i) the qualitative requirements and valuation of the Cover Assets, (ii) compliance with the Statutory Tests, and (iii) the correct registration of Cover Assets in the Cover Register.

#### **Factors that may impact the realisable value of the Cover Assets and the Special Estate**

The Mortgage Pandbrieven Holders together with the Other Cover Pool Creditors will have an exclusive recourse against the Special Estate. The value of the Special Estate may vary over time, as the economic value of the Cover Assets may increase or decrease. The Issuer makes no representation, warranty or guarantee that the value of the Cover Assets will remain at the same level as it was on the date of the origination of the related Residential Mortgage Loan or at any other time. Although the Statutory Tests (and the Issuer's obligations to remedy breaches of the Statutory Tests) are intended to ensure that the

value of the Special Estate as determined in accordance with the Belgian Covered Bond Regulations is greater than the Principal Amount Outstanding of the Mortgage Pandbrieven covered by the Special Estate, no assurance can be given that the Issuer will at all times (be able to) do so at the time of realisation and that the Cover Assets could be realised for sufficient value to enable the Issuer to meet its obligations under the Mortgage Pandbrieven.

Below is a description of certain factors that may adversely impact the realisable value of Residential Mortgage Loans registered as Cover Assets and their Related Security comprising part of the Special Estate.

### **Payments on Residential Mortgage Loans are subject to credit, liquidity and interest rate risks**

Payments on the Residential Mortgage Loans are subject to credit, liquidity and interest rate risks. This may be due to general economic factors such as market interest rates, inflation, changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws and regulatory changes and developments. Also individual factors related to the Borrower (such as loss of earnings, illness, divorce and other similar factors) and its financial standing may lead to an increase in filings for a collective debt arrangement or bankruptcy proceedings by Borrowers and delinquencies. Each of these factors may have an adverse impact on the ability of Borrowers to repay their Residential Mortgage Loan and could reduce the value of the Residential Mortgage Loans (and potential losses) in case the Special Estate would need to be liquidated. The ultimate effect of this could be to delay or reduce the payments on the Mortgage Pandbrieven.

### **Risks of losses associated with declining real estate values and geographical concentration of the Residential Mortgage Loans**

The value of the Residential Mortgage Loans included as Cover Assets in the Special Estate may be affected by, among other things, a decline in property values of the real estate securing such Residential Mortgage Loans. Certain geographic regions may thereby be subject to weaker regional conditions and housing markets than others. Although Borrowers are located throughout Belgium, the Borrowers may be concentrated in certain locations. No assurance can be given that property values will remain at the level at which they were on the date of origination of the relevant Residential Mortgage Loans.

A decline in such property values may result in losses under the Residential Mortgage Loans if the mortgages securing such loans are required to be enforced. A concentration of Borrowers in weaker performing regions areas may furthermore result in a greater risk of loss than would be the case if such concentration had not been present.

### **Changes to the origination criteria of the Issuer**

The Residential Mortgage Loans are originated in accordance with the Issuer's origination criteria at the time of origination. Such origination criteria will generally consider, inter alia, type of property, term of loan, age of applicant, the loan-to-value ratio, status of applicant and credit history. The Issuer retains the right to revise its origination criteria from time to time but it would only do so if such a change would be required in accordance with applicable laws and regulations or acceptable to a reasonable, prudent mortgage lender. If the origination criteria change in a manner that results in the Issuer applying more flexible acceptance criteria for Residential Mortgage Loans, this may lead to increased delinquencies and defaults under the Residential Mortgage Loans and may affect the realisable value of the Special Estate, or part thereof. This may in turn impact on the ability of the Issuer to make payments under the Mortgage Pandbrieven.

## Realisation of the Special Estate and Sale of Cover Assets

Realisation of the Special Estate may occur in the following circumstances:

- (a) the Issuer, or upon its appointment by the NBB, the Cover Pool Administrator may need to liquidate the Special Estate in whole or in part in order to repay the Mortgage Pandbrieven Holders upon the occurrence of an Event of Default and the service of a Notice of Default by the Mortgage Pandbrieven Holders' Representative;
- (b) following the initiation of winding-up proceedings against the Issuer and the appointment of the Cover Pool Administrator by the NBB, the Cover Pool Administrator may subject to approval of the NBB and after consultation with the Mortgage Pandbrieven Holders' Representative, proceed with the liquidation of the Special Estate in order to repay the Mortgage Pandbrieven Holders to the extent the Cover Assets are not sufficient or risk not being sufficient to satisfy the obligations under the Mortgage Pandbrieven; or
- (c) following the initiation of winding-up proceedings against the Issuer and the appointment of the Cover Pool Administrator by the NBB, the Cover Pool Administrator may after consultation with the NBB and the Mortgage Pandbrieven Holders' Representative, proceed with the liquidation of the Special Estate in whole or in part and the repayment of the Mortgage Pandbrieven Holders when a decision (by simple majority) to that effect has been taken at a meeting of Mortgage Pandbrieven Holders at which at least two thirds of the principal amount of all Mortgage Pandbrieven of all Series is represented.

There is no assurance that in case of such realisation of the Special Estate, the liquidation proceeds will be sufficient to pay all amounts due to the Mortgage Pandbrieven Holders and the Other Cover Pool Creditors under and in relation to the Mortgage Pandbrieven and the Programme Documents in accordance with the applicable Priority of Payments (See also "*Factors that may impact the realisable value of the Cover Assets and the Special Estate*" below). The Mortgage Pandbrieven may therefore be repaid sooner or later than expected or not at all.

Following its appointment, the Cover Pool Administrator, or any person appointed by the Cover Pool Administrator, will furthermore sell or be entitled to sell, in whole or in part, the Cover Assets in order to help satisfy the Issuer's obligations in respect of the Mortgage Pandbrieven. Any such transaction that entails or risks to entail that the Cover Tests, the Liquidity Test or the contractual provisions can no longer be fulfilled, will require the prior approval of the NBB and of the Mortgage Pandbrieven Holders' Representative.

There is no guarantee that the Cover Pool Administrator will be able to sell in whole or in part the Cover Assets as the Cover Pool Administrator may not be able to find a buyer at the time it chooses to sell.

### Security interest securing both Cover Assets and cover assets of other special estate(s)

Most of the Residential Mortgage Loans are secured by a Mortgage which is used to also secure all other amounts which the Borrower owes or in the future may owe to the Issuer (*alle sommen hypotheek/hypothèque pour toute somme*) (an **All Sums Mortgage**).

Pursuant to Article 81*quinquies* of the Belgian act on mortgages (*hypotheekwet/loi hypothécaire*) (the **Mortgage Act**) a receivable secured by an All Sums Mortgage which is registered in the Cover Register shall, in respect of such mortgage, (i) rank in priority to any receivable which arises after the date of the registration and (ii) have equal ranking with loans or debts which existed at the time of the registration, unless stipulated otherwise in the issue conditions.

Other Mortgage Loans have been originated under credit facilities which have the form of a revolving facility (*kredietopening / ouverture de crédit*) (a **Credit Facility**). The Mortgage that is granted as security for this type of loans is used to secure all advances (*voorschotten / avances*) made available under such Credit Facility. In many cases the Mortgage that is created in respect of this type of loans is in addition to all other amounts which the Borrower owes or in the future may owe to the Issuer.

Pursuant to Article 81<sup>quater</sup> of the Mortgage Act, an advance granted under a revolving facility secured by a mortgage can be registered in the Cover Register. Such advance will benefit from the privileges and mortgages securing the revolving facility. The advance registered in the Cover Register shall, in respect of the mortgage securing the revolving facility, (i) rank in priority to further advances that are granted after the date of registration and (ii) have equal ranking with other advances which existed at the time of the registration, unless stipulated otherwise in the issue conditions.

If a security interest (including any mortgage and mortgage mandate) secures both Cover Assets and cover assets of other special estate(s) of the Issuer, proceeds from the enforcement of any such security interest shall be applied *pari passu* and *pro rata* to satisfy the obligations in relation to the different special estates of the Issuer.

### **Transfer of the Special Estate in case of distress**

The Competent Authority may designate the Cover Pool Administrator in the circumstances set out in Article 8 of Annex III to the Banking Law and in accordance with the Cover Pool Administrator Royal Decree (as defined in Section 4 *Summary of the Belgian Covered Bond Regulations*). If bankruptcy proceedings are initiated against the Issuer, the Cover Pool Administrator may, subject to approval of the Competent Authority and following consultation with the Mortgage Pandbrieven Holders' Representative, transfer the Special Estate (i.e. all its assets and liabilities) and its management to an institution which will be entrusted with the continued performance of the obligations to the Mortgage Pandbrieven Holders in accordance with the Conditions (and the applicable Final Terms) and the Belgian Covered Bond Regulations.

The rights of the Mortgage Pandbrieven Holders against the Special Estate will be maintained and will follow the Special Estate on any such transfer. In similar vein, Book II, Titel VIII of the Banking Law entitles the National Resolution Authority to take resolution action in relation to any failing credit institution. Such resolution action may, amongst other things, result in a transfer of assets and liabilities or branches of activity of a credit institution, which may include the Special Estate. Article 6/1 of Annex III to the Banking law specifies that, in the case of such a transfer, the claims of the Mortgage Pandbrieven Holders and Other Creditors shall be maintained and transferred together with the Special Estate's Cover Assets. Investors should be aware that in such circumstances, the obligor under the Mortgage Pandbrieven will be the institution to which the Special Estate is transferred.

### **Other Cover Pool Creditors and subordination**

Certain other creditors of the Issuer acting in relation to the issuance of Mortgage Pandbrieven also have, in accordance with the Conditions and the Belgian Covered Bond Regulations, recourse against the Special Estate. These include the Mortgage Pandbrieven Holders' Representative, the Cover Pool Monitor, any Hedging Counterparty, any Liquidity Facility Provider, the Cover Pool Administrator as well as any of the other Other Cover Pool Creditors (as defined in Condition 1 (*Interpretation*)). In accordance with the Priority of Payments (see Condition 9 (*Priority of Payments*)), the claims of the Mortgage Pandbrieven Holders may thereby be subordinated to the claims of the Cover Pool Administrator, the Cover Pool Monitor, the Agents, the Registrar, the Mortgage Pandbrieven Holders' Representative, the Operational Creditors and any Hedging Counterparty and any Liquidity Facility Provider (subject to certain exceptions). As a result, it is possible that none or only part of the proceeds

of the Special Estate are available to satisfy amounts due and payable to the Mortgage Pandbrieven Holders

This risk is to some extent mitigated by the Statutory Tests (see “*General Description of the Mortgage Pandbrieven*” below).

### **Mortgage Pandbrieven Holders may not immediately accelerate the Mortgage Pandbrieven upon a breach of the Statutory Tests or the Issuer's bankruptcy**

Mortgage Pandbrieven Holders should be aware that the breach of the Statutory Tests, the non-compliance of the Issuer with the Belgian Covered Bond Regulations and the opening of bankruptcy proceedings with respect to the Issuer will not as such give them the right to declare the Mortgage Pandbrieven immediately due and payable. Other than pursuant to an Event of Default under Condition 8 (*Events of Default and Enforcement*) or pursuant to Article 11, 7° of Annex III to the Banking Law (following a winding-up of the Issuer when a decision (by simple majority) to that effect has been taken at a meeting of Mortgage Pandbrieven Holders at which at least two thirds of the principal amount of all Mortgage Pandbrieven of all Series is represented), the Mortgage Pandbrieven Holders cannot cause an acceleration or early repayment of the Mortgage Pandbrieven.

### **Bankruptcy proceedings under Belgian Law**

If bankruptcy proceedings were initiated against the Issuer in Belgium, a receiver would be appointed over the Issuer, and, if not previously appointed, the Cover Pool Administrator in respect of the Special Estate. The initiation of bankruptcy proceedings against the Issuer would not affect the relevant powers of the Cover Pool Administrator to manage the Special Estate to the exclusion of the Issuer and the insolvency administrator. The purpose of such management is to ensure compliance with the obligations under the Mortgage Pandbrieven in accordance with the Conditions.

In addition, bankruptcy proceedings would be limited to the General Estate of the Issuer, since the Special Estate do not form part of the bankruptcy estate of the Issuer. The proceedings do not cause the obligations and debts covered by the Special Estate (such as those resulting from the Mortgage Pandbrieven) to become due and payable.

Pursuant to the Belgian Covered Bond Regulations, a receiver has a legal obligation to co-operate with the Competent Authority and the Cover Pool Administrator in order to enable them to manage the Special Estate in accordance with the Belgian Covered Bond Regulations. There may be certain practical difficulties in this respect, which may cause a delay in the execution of the obligations of the Special Estate towards the Mortgage Pandbrieven Holders and the Other Cover Pool Creditors.

Whenever a credit institution is subject to a resolution measure in accordance with the provisions of the Banking Law (or if all conditions are fulfilled for initiating a resolution measure), no liquidation proceedings (“*faillissement/faillite*”) can be started without the prior approval of the National Resolution Authority (Article 273 of the Banking Law).

The Banking Law incorporates private international law principles transposing Directive 2001/24/EC of the European Parliament and of the Council of April 2001 on the reorganisation and winding up of credit institutions (as amended or supplemented from time to time, the **Credit Institutions Insolvency Directive**) into Belgian law. The Credit Institutions Insolvency Directive applies to credit institutions and their branches set up in Member States other than those in which they have their head offices, as defined in Directive 2000/12/EC, subject to the conditions and exemptions laid down in the Credit Institutions Insolvency Directive. Only the administrative or judicial authorities of the home member state which are responsible for winding-up are empowered to decide on the opening of winding up proceedings.

## **Commingling Risk**

In accordance with Article 3, §2 of Annex III to the Banking Law, cash amounts held by the Issuer as a result of collections on, or as, Cover Assets will, by operation of law, form part of the Special Estate. In the event of bankruptcy of the Issuer, the ability of the Special Estate to make timely payments on the Mortgage Pandbrieven may in part depend on the availability of such cash amounts. To the extent such amounts are held on bank accounts with the Issuer, the existence of commingling risk in respect of such amounts can, as a practical matter, not be excluded. This risk is however mitigated to some extent by the revindication mechanism provided in Article 3, §2 second indent of Annex III to the Banking Law pursuant to which the property rights over any amounts that are part of the Special Estate but that cannot be identified as such in the General Estate, are transferred by operation of law to other unencumbered assets in the General Estate selected in accordance with the criteria specified in Condition 12 (*Mortgage Pandbrieven Provisions*). The bankruptcy trustee or liquidator of the General Estate has an obligation to transfer such selected assets to the Cover Pool Administrator upon receipt of a claim therefore.

## **Set-off risk**

The registration of Residential Mortgage Loans as Cover Assets in the Special Estate will, in principle, not be notified to the underlying debtors. Under Belgian law, legal set-off occurs where two persons hold claims against each other, provided, in general, that their debts exist, are fungible, liquid (*vaststaand/liquide*) and due (*opeisbaar/exigible*). As a result, set-off rights may therefore continue to arise in respect of cross-claims between an underlying debtor of a Residential Mortgage Loan and the Issuer, potentially reducing amounts receivable by the Special Estate.

Pursuant to the Mobilisation Law, a Residential Mortgage Loan in the Special Estate will however no longer be subject to set-off risk by the underlying debtor: (a) following notification of the registration/transfer of the relevant loan to the underlying debtor (or acknowledgement thereof by the underlying debtor), to the extent the conditions for set-off are only satisfied after such notification (or acknowledgement); and (b) regardless of any notification or acknowledgement of the registration/transfer, following the start of insolvency proceedings or the occurrence of a situation of concurrence of creditors (*samenloop/concours*) in relation to the Issuer, to the extent the conditions for set-off are only satisfied following or as a result of such insolvency proceedings or concurrence of creditors.

The Residential Mortgage Loans in the Special Estate may nevertheless still be subject to the rights of the underlying debtors of Residential Mortgage Loans to invoke set-off to the extent that the relevant claims against the Issuer arise, or the conditions for set-off against the Issuer are met, prior to the earlier of (i) the notification (or acknowledgement) of the registration of the loan or (ii) the start of insolvency proceedings or the occurrence of a situation of concurrence of creditors in respect the Issuer. The exercise of set-off rights by underlying debtors may adversely affect the value of the Special Estate, may additionally affect any sale proceeds of the Special Estate and may ultimately affect the ability of the Issuer or the Cover Pool Administrator, as applicable, to make payments under the Mortgage Pandbrieven.

## **Mortgage mandates**

Pursuant to the Belgian Covered Bond Regulations, a Residential Mortgage Loan which is partly secured by a mortgage mandate may be included in the Special Estate. Subject to certain valuation rules (see section “*Summary of the Belgian Covered Bond Regulations – Cover Test – Valuation methodology*” below), the amounts secured by the mortgage mandate may be taken into account for purposes of the Cover Tests.

Investors should be aware that such mortgage mandate does not constitute an actual security which creates a priority right of payment out of the proceeds of a sale of the mortgage property, but would first need to be converted into a mortgage. The mortgage mandate is an irrevocable power of attorney granted by a Borrower (as defined herein) or a third party provider of Related Security to certain attorneys enabling them to create a mortgage as security for the Residential Mortgage Loan (or, as the case may be, for other existing or future loans or all other sums owed by the Borrower to the Issuer at any stage). A mortgage will only become enforceable against third parties upon registration of the mortgage at the relevant mortgage registrar. The ranking of the mortgage is based on the date of registration. The registration is dated the day on which the mortgage deed pertaining to the creation of the mortgage and the “registration extracts” (*borderellen/bordereaux*) are registered at the relevant mortgage registrar’s office. Prior to such registration, third parties acting in good faith may register prior-ranking mortgages.

In certain circumstances, exercise of a mandate may no longer be possible or may no longer result in valid and effective security. The following limitations, amongst others, exist in relation to the conversion of mortgage mandates:

- (a) the Borrower or the third party collateral provider that has granted a mortgage mandate may transfer or otherwise encumber the relevant piece of real estate to a third party acting in good faith, and a mortgage registered pursuant to the exercise of the mortgage mandate after such transaction has been recorded at the mortgage register will not be enforceable against that third party, although this would generally constitute a contractual breach of the standard loan documentation;
- (b) the Borrower or the third party collateral provider that has granted a mortgage mandate, may grant a mortgage to a third party that will rank ahead of the mortgage to be created pursuant to the conversion of the mortgage mandate, although this would generally constitute a contractual breach of the standard loan documentation;
- (c) if a conservatory or an executory seizure of the real property covered by the mortgage mandate has been filed by a third party creditor of the Borrower or, as the case may be, of the third party collateral provider, a mortgage registered pursuant to the exercise of the mortgage mandate after the writ of seizure has been recorded at the mortgage register, will not be enforceable against the seizing creditor;
- (d) if the Borrower or the third party collateral provider is an undertaking (*onderneming/entreprise*) within the meaning of Article I.1, 1° of the Belgian Code of Economic Law (i.e. individuals carrying out a professional activity on a self-employed basis) or commercial entity:
  - (i) the mortgage mandate can no longer be converted following the bankruptcy of the Borrower or, as the case may be, the third party collateral provider and any mortgage registered at the mortgage register after the bankruptcy judgement is void; and
  - (ii) a mortgage registered at the mortgage register pursuant to the exercise of a mortgage mandate during the pre-bankruptcy investigation period (i.e. after the date of cessation of payments that may be fixed by the court) for a pre-existing loan will not be enforceable against the bankrupt estate. Under certain circumstances, the clawback rules are not limited in time, for example where a mortgage has been granted pursuant to a mortgage mandate and in order to “fraudulently prejudice” creditors; and



- (iii) mortgages registered after the day of cessation of payments of debt can be declared void by the bankruptcy court, if the registration was made more than 15 days after the creation of the mortgage; and
  - (iv) the effect of a judicial reorganisation (*gerechtelijke reorganisatie/réorganisation judiciaire*) of a Borrower or of a third party collateral provider on the mortgage mandate is uncertain;
- (e) if the Borrower or the third party collateral provider, as the case may be, is not an undertaking and started collective debt settlement proceedings, a mortgage registered at the mortgage register after the court has declared the request admissible, is not enforceable against the other creditors of the Borrower or of the third party collateral provider;
- (f) besides the possibility that the Borrower or the third party collateral provider may grant a mortgage to another lender discussed above, the mortgage to be created pursuant to a mortgage mandate may also rank behind certain statutory mortgages (such as e.g. the statutory mortgage of the tax and the social security authorities) to the extent these mortgages are registered before the exercise of the mortgage mandate. In this respect, it should be noted that the notary involved in preparing the mortgage deed will need to notify the tax administration, and, as the case may be, the social security administration before finalising the mortgage deed pertaining to the creation of the mortgage;
- (g) if the Borrower or the third party collateral provider, as the case may be, is a private person, certain limitations apply to the conversion of the mortgage mandate into a mortgage if the Borrower or third party collateral provider dies before the conversion; certain limitations also apply in case of a dissolution of the Borrower or third party collateral provider that is a legal person.

Once a mandate is exercised, the ensuing mortgage will rank at the highest level available at the time of registration of such mortgage.

Financial institutions should consult their own legal advisors or the appropriate regulators to determine the appropriate treatment of Mortgage Pandbrieven under any applicable risk-based capital or similar rules.

### **Reliance on Hedging Counterparties**

In order to provide a hedge against interest rate or currency risks in respect of amounts received by the Issuer under the Residential Mortgage Loans forming part of the Cover Assets and its obligations under the Mortgage Pandbrieven, the Issuer may enter into one or more Hedging Agreements with a Hedging Counterparty in respect of certain Series of Mortgage Pandbrieven.

A Hedging Counterparty is only obliged to make payments to the Issuer under a Hedging Agreement as long as the Issuer complies with its payment obligations thereunder. If the Hedging Counterparty is not obliged to make payments under the Hedging Agreement or if it defaults itself on its obligations to make payments of amounts in the relevant currency equal to the full amount to be paid to the Issuer on the due date for payment under the relevant Hedging Agreement, the Issuer will be exposed to the risks intended to be covered by such Hedging Agreement. As a result, the Issuer may have insufficient funds to make payments under the Mortgage Pandbrieven.

If a Hedging Agreement terminates, then the Issuer may be obliged to make a termination payment to the relevant Hedging Counterparty. There can be no assurance that the Issuer will have sufficient funds available to make a termination payment under the relevant Hedging Agreement, nor can there be any

assurance that the Issuer will be able to enter into a replacement hedging agreement, or if one is entered into, that the credit rating of the replacement swap counterparty will be sufficiently high to prevent a downgrade of the then current ratings of the Mortgage Pandbrieven by a Rating Agency.

If the Issuer is obliged to pay a termination payment under any Hedging Agreement, such termination payment will rank *pari passu* with amounts due on the Mortgage Pandbrieven, except where such termination has been caused by the default, or downgrade of, the relevant Hedging Counterparty.

## **Conflicts of Interest**

### ***Time subordination***

Taking into account that the Final Terms of different Series of Mortgage Pandbrieven may provide for different maturity dates, the Issuer or, as the case may be, the Cover Pool Administrator, will be entitled to apply available funds in order to repay earlier maturing Series of Mortgage Pandbrieven, which may mean that there may be fewer assets available to support later maturing Series of Mortgage Pandbrieven. This risk is however mitigated in case of early redemption as set out in Article 11, 6° and 7° of Annex III to the Banking Law.

### ***Potential conflicts of interest between the Issuer acting as Calculation Agent and the Mortgage Pandbrieven Holders***

The Calculation Agent is entitled to carry out a series of determinations which affect the Mortgage Pandbrieven (save for the Fixed Rate Mortgage Pandbrieven). Such determinations could have an adverse effect on the value of the Mortgage Pandbrieven and on the amounts payable to investors under the Conditions of the Mortgage Pandbrieven, whether in the case of an early redemption event or at maturity, giving rise to a potential conflict of interest in respect of the interests of the Mortgage Pandbrieven Holders.

### ***Mortgage Pandbrieven Holders' Representative's powers may affect the interests of the Mortgage Pandbrieven Holders***

The Mortgage Pandbrieven Holders' Representative shall, in connection with the exercise of its powers, authorities and discretions (including, without limitation, any modification or determination) have regard to the general interests of the Mortgage Pandbrieven Holders as a whole, but shall not have regard to any interests arising from circumstances particular to individual Mortgage Pandbrieven Holders or the consequences of any such exercise for individual Mortgage Pandbrieven Holders. Accordingly, a conflict of interest may arise to the extent that the interests of particular Mortgage Pandbrieven Holders are not aligned with those of the Mortgage Pandbrieven Holders generally.

If, in connection with the exercise of its powers, authorities or discretions, the Mortgage Pandbrieven Holders' Representative is of the opinion that the interests of the Mortgage Pandbrieven Holders of any one or more Series could or would be materially prejudiced thereby, the Mortgage Pandbrieven Holders' Representative may determine that it will not exercise such power, authority or discretion without the approval of such Mortgage Pandbrieven Holders by Extraordinary Resolution. Provided that the Mortgage Pandbrieven Holders' Representative acts in good faith, as described in the foregoing, it will not incur any liability to any of the Mortgage Pandbrieven Holders, any Other Cover Pool Creditor or any other person for so doing.

### ***Early redemption of the Mortgage Pandbrieven***

The Cover Pool Administrator:

- (a) may in consultation with the Mortgage Pandbrieven Holders' Representative and subject to approval by the NBB, proceed with the liquidation of the Special Estate and with the early redemption of the Mortgage Pandbrieven where the Cover Assets are not, or risk not being, sufficient to satisfy the obligations under all of the Mortgage Pandbrieven;
- (b) will, in consultation with the Mortgage Pandbrieven Holders' Representative and the NBB, proceed with the liquidation of the Special Estate and with the early redemption of the Mortgage Pandbrieven when a majority decision (simple majority) has been taken to this effect at a meeting of Mortgage Pandbrieven Holders at which at least two thirds of the Principal Amount Outstanding of the Mortgage Pandbrieven of all Series are represented; the Issuer, the Cover Pool Administrator or a qualifying portion of Mortgage Pandbrieven Holders (see Part 3 of Section "*Meeting rules of the Mortgage Pandbrieven Holders*") may convene a meeting of Mortgage Pandbrieven Holders for such purpose.

***The Issuer and other members of the BNP Paribas Group may subscribe, acquire and hold Mortgage Pandbrieven***

The Issuer intends to offer the issued Mortgage Pandbrieven to the Issuer itself and other members of the BNP Paribas Group, which entities may subscribe to, acquire and hold the Mortgage Pandbrieven. In accordance with Article 10, §1 of Annex III to the Banking Law, the Conditions explicitly provide that the Issuer (and such other members of the BNP Paribas Group) will be entitled to exercise all rights related to the Mortgage Pandbrieven, including in relation to any meetings of Pandbrieven Holders and will be free to vote in respect of the Mortgage Pandbrieven (unless otherwise provided in any agreement entered into by such Mortgage Pandbrieven Holder). There could be a potential for concentration of ownership and control within the BNP Paribas Group, which could impact decision-making processes, introduce (apparent) conflicts of interest, and affect the overall stability and perception of the Mortgage Pandbrieven in the market.

## SECTION 3 – IMPORTANT INFORMATION

This document is a base prospectus for purposes of the Prospectus Regulation in respect of Mortgage Pandbrieven issued under the Programme.

### **Responsibility Statement**

#### *The Issuer*

The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Market data and other statistical information used in this Base Prospectus has been extracted from a number of sources, including independent industry publications, government publications, reports by market research firms or other independent publications (each an **Independent Source**). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and able to ascertain from information published by the relevant Independent Source, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has not independently verified the market data and statistical information used in the Base Prospectus and extracted from an Independent Source.

This Base Prospectus is to be read in conjunction with all documents that are deemed to be incorporated herein by reference (see “Documents Incorporated by Reference”). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus. Unless specifically incorporated by reference into this Base Prospectus, information contained on websites mentioned herein does not form part of this Base Prospectus and has not been scrutinised or approved by the FSMA.

#### *The Dealers and the Arranger*

Neither the Arranger, nor the Dealers, nor the Mortgage Pandbrieven Holders’ Representative (as defined below) have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger, the Dealers or the Mortgage Pandbrieven Holders’ Representative as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. None of the Arranger, the Dealers or the Mortgage Pandbrieven Holders’ Representative accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

To the fullest extent permitted by law, any Dealer appointed under the Programme from time to time does not accept any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by the Dealer or on its behalf in connection with the Issuer or the issue and offering of the Mortgage Pandbrieven. Each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to in this section) which it might otherwise have in respect of this Base Prospectus or any such statement. The statements made in this paragraph are made without prejudice to the responsibility of the Issuer under the Programme.

### **Obligation to publish a prospectus**

The requirement to publish a prospectus under the Prospectus Regulation only applies to Mortgage Pandbrieven which are to be admitted to trading on a regulated market in the European Economic Area. References in this Base Prospectus to **Exempt Mortgage Pandbrieven** are to Mortgage Pandbrieven for which no prospectus is required to be published under the Prospectus Regulation. The Issuer may agree with any Dealer that Exempt Mortgage Pandbrieven may be issued in a form not contemplated by the Conditions of the Mortgage Pandbrieven herein. The FSMA has not reviewed nor approved any Exempt Covered Bonds or any documents relating thereto.

## **IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF MORTGAGE PANDBRIEVEN GENERALLY**

No person is or has been authorised by the Issuer or the Mortgage Pandbrieven Holders' Representative to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Mortgage Pandbrieven and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Dealer or the Mortgage Pandbrieven Holders' Representative.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Mortgage Pandbrieven (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Arranger, the Dealer or the Mortgage Pandbrieven Holders' Representative that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Mortgage Pandbrieven should purchase any Mortgage Pandbrieven. Each investor contemplating purchasing any Mortgage Pandbrieven 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 the Programme or the issue of any Mortgage Pandbrieven constitutes an offer or invitation by or on behalf of the Issuer, the Arranger, the Dealer or the Mortgage Pandbrieven Holders' Representative to any person to subscribe for or to purchase any Mortgage Pandbrieven.

The above is without prejudice to the legal and regulatory obligations of the Issuer and the financial intermediaries. These obligations may require the Issuer and relevant financial intermediaries to assess whether an investment is suitable or appropriate for an investor.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Mortgage Pandbrieven shall in any circumstances 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 the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealer and the Mortgage Pandbrieven Holders' Representative expressly do not undertake to review the financial condition or affairs of the Issuer during the maturity of the Programme or to advise any investor in the Mortgage Pandbrieven of any information coming to their attention. Investors should review, inter alia, the documents incorporated herein by reference when deciding whether or not to purchase any Mortgage Pandbrieven. The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of any Mortgage Pandbrieven or any change in the condition of the Issuer which is material in the context of the Programme or the issue of any Mortgage Pandbrieven, prepare and publish a supplement to this Base Prospectus pursuant to Article 23 of the Prospectus Regulation or publish a new base prospectus for use in connection with any subsequent issue of Mortgage Pandbrieven to be listed or admitted to trading on an EU Regulated Market. If at any time the Issuer is required to publish a supplement pursuant to Article 23 of the Prospectus Regulation, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus which, in respect of any subsequent issuance of Mortgage Pandbrieven to be listed and admitted to trading on Euronext Brussels' regulated market, shall constitute a prospectus supplement in

accordance with Article 23(1) of the Prospectus Regulation. 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 is no longer valid. This Base Prospectus shall be valid for a period of twelve months from its date of approval.

This Base Prospectus contains certain statements that are forward-looking statements with respect to the Issuer's business strategies, expansion and growth of operations, trends in its business, competitive advantage, and technological and regulatory changes, information on exchange rate risk and generally including all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" or similar expressions. Such forward-looking statements are not guarantees of future performance and involve risk and uncertainties and actual results may differ materially from those in the forward looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Mortgage Pandbrieven in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Mortgage Pandbrieven may be restricted by law in certain jurisdictions. The Issuer, the Dealer and the Mortgage Pandbrieven Holders' Representative do not represent that this Base Prospectus may be lawfully distributed, or that any Mortgage Pandbrieven may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Dealer or the Mortgage Pandbrieven Holders' Representative which is intended to permit a public offering of any Mortgage Pandbrieven or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Mortgage Pandbrieven may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Mortgage Pandbrieven may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Mortgage Pandbrieven. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Mortgage Pandbrieven in the United States, the United Kingdom, Japan and Switzerland (see "*Subscription and Sale*" below).

This Base Prospectus has been prepared on a basis that would permit a public offer of Mortgage Pandbrieven with a denomination of at least EUR 100,000 or its equivalent in any other Specified Currency. As a result, any offer of Mortgage Pandbrieven must be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Mortgage Pandbrieven. Accordingly any person making or intending to make an offer of Mortgage Pandbrieven may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Mortgage Pandbrieven in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

The Mortgage Pandbrieven may not be a suitable investment for all investors. Each potential investor in the Mortgage Pandbrieven must consider the suitability of that investment in light of its own legal, tax, financial status and/or other personal circumstances. In particular, each potential investor may wish

to consider, either on its own or with the help of its financial and other professional advisers, whether it:

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

By subscribing for or otherwise acquiring the Mortgage Pandbrieven, the Mortgage Pandbrieven Holders will also be deemed to have knowledge of, accept and be bound by all the provisions of, the Programme Documents.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Mortgage Pandbrieven are legal investments for it, (2) Mortgage Pandbrieven can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Mortgage Pandbrieven. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Mortgage Pandbrieven under any applicable risk-based capital or similar rules.

## **STABILISATION**

In connection with the issue of any Tranche of Mortgage Pandbrieven, the Dealer or Dealers (if any) named as the stabilising manager(s) (**Stabilising Manager(s)**) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Mortgage Pandbrieven or effect transactions with a view to supporting the market price of the Mortgage Pandbrieven at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake any stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Mortgage Pandbrieven is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Mortgage Pandbrieven and 60 days after the date of the allotment of the relevant Tranche of Mortgage Pandbrieven. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

## SECTION 4 – SUMMARY OF THE BELGIAN COVERED BOND REGULATIONS

The following is a brief summary of certain features of the Belgian Covered Bond Regulations governing the issuance of Belgian covered bonds, including the Mortgage Pandbrieven as at the date of this Base Prospectus. The Belgian Covered Bond Regulations may be supplemented, amended, modified or varied whether by legislative enactment or by way of judicial decisions and administrative pronouncements including, possibly, with retroactive effect.

This summary is a general description of the Belgian Covered Bond Regulations. It does not purport to be, and is not, a complete description of all aspects of the Belgian legislative and regulatory framework pertaining to Belgian covered bonds. Prospective Mortgage Pandbrieven Holders should also read the detailed information set out elsewhere in this Base Prospectus.

The original and official languages of the Belgian Covered Bond Regulations are Dutch and French. The following summary is provided in English only for the sake of convenience. In the event of any doubt, the original Dutch or French language version of the Belgian Covered Bond Regulations should be consulted.

### 1. INTRODUCTION – OVERVIEW OF THE BELGIAN COVERED BOND REGULATIONS

- 1.1. On 3 August 2012, Belgian parliament voted into law a legal framework for the issuance of Belgian covered bonds. The new legal framework was set up to allow Belgian credit institutions to issue a debt instrument as referred to under Article 52, paragraph 4 of Directive 2009/65 of the European Parliament and of the Council of 13 July 2009 on the coordination of the law, regulations and administrative provisions relating to undertakings for collective investments in transferable securities (the **UCITS Directive**). To this effect, the Belgian Act of 3 August 2012 established a legal framework for Belgian covered bonds (the **Covered Bond Law**) introducing the concepts of a “Belgian covered bond” (*Belgische covered bond/covered bond belge*) and a “Belgian pandbrief” (*Belgische pandbrief/lettre de gage belge*). This law has been further incorporated in the law of 25 April 2014 on the legal status and supervision on credit institutions and stockbroking firms, published in the Belgian Official Journal on 7 May 2014 (as amended from time to time, the **Banking Law**).
- 1.2. A **Belgian Covered Bond** is a debt instrument that satisfies the following criteria (Article 1, 1° of Annex III to the Banking Law):
  - (a) it is issued by a Belgian credit institution that is registered on a list, held by the NBB, of credit institutions that have been granted a General Authorisation by the NBB to issue Belgian covered bonds;
  - (b) it is, or is issued under a programme that is, registered on a list, held by the NBB (per issuer), of issues or issuance programmes for which the NBB has granted a Specific Authorisation in accordance with the provisions of the Banking Law; and
  - (c) it is a debt instrument that is guaranteed by Cover Assets in accordance with the provisions of the Banking Law.
- 1.3. The Belgian legislator made the following fundamental choices in respect of the Belgian covered bond framework:
  - (a) the Banking Law does not provide for the creation of a new type of specialized credit institution. Belgian covered bonds can be issued by a regular Belgian credit institution.



However, in order to be entitled to issue Belgian covered bonds, the issuing credit institution needs to obtain two authorisations from the NBB as competent authority (see below under 2. *Dual Authorisation*).

- (b) the holders of the Belgian covered bonds (and certain other creditors that can be established on the basis of the terms and conditions of the relevant Belgian covered bond) benefit from an exclusive right of recourse to a segregated pool of cover assets (*dekkingsactiva/actifs de couverture*). For the segregation of this pool of cover assets, the Belgian legal framework has opted for a technique whereby the cover assets are segregated on the balance sheet of the issuer by the creation of one or more special estates (*bijzonder vermogen/patrimoine special*). The right of recourse to the segregated special estate comes in addition to a general right of recourse to the remaining assets (not allocated to a special estate) on the balance of the issuing credit institution – the general estate (*algemeen vermogen/patrimoine general*). This way, the holder of the Belgian covered bonds (and the other related creditor) obtain a *dual recourse*. The Belgian legislator has thus followed the approach of certain well established covered bond jurisdictions, such as Germany, which provides for an on balance sheet segregation of cover assets rather than a segregation of assets into a special purpose vehicle.

1.4. A **Belgian Pandbrief** (Article 1, 3° and Article 2, § 1 of Annex III to the Banking Law) is a Belgian covered bond whereby the composition and valuation of the Cover Assets must satisfy the specific requirements to obtain an advantageous risk weight under the Belgian own fund regulations transposing the Capital Requirements Directive). The criteria to determine whether a Belgian Covered Bond satisfies such specific requirements, may be established or clarified by royal decree (Article 81, §4 of the Banking Law).

1.5. On 11 October 2012, two royal decrees were adopted further implementing the provisions of the Covered Bond Law:

- (a) the royal decree regarding the issuance of Belgian covered bonds by Belgian law credit institutions, as amended by the royal decree of 27 January 2022 and as amended from time to time (the **Covered Bonds Royal Decree**). The Covered Bonds Royal Decree provides for implementing regulations in order to allow for the issuance of Belgian pandbrieven (*Belgische pandbrieven/lettres de gage belges*);
- (b) the royal decree regarding the cover pool administrator in the framework of the issuance of Belgian covered bonds by a Belgian credit institution, as amended by the royal decree of 27 January 2022 and as amended from time to time (the **Cover Pool Administrator Royal Decree**). Under the Banking Law, a cover pool administrator (*portefeuillebeheerder/gestionnaire de portefeuille*) will or may be appointed by the NBB under certain circumstances in order to take over the management of the special estate (Article 8 of Annex III to the Banking Law). The Cover Pool Administrator Royal Decree sets forth further rules regarding required qualifications and powers of the Cover Pool Administrator (Article 8 of Annex III to the Banking Law).

1.6. In accordance with the Covered Bonds Royal Decree, the NBB was also mandated to establish technical rules implementing certain provisions of the Covered Bonds Royal Decree. On 14 June 2022, the NBB issued two regulations:

- (a) the circular (NBB\_2022\_15) regarding practical rules for the application of the law of 25 April 2014 establishing a legal framework for Belgian covered bonds (*Praktische*

*regels voor de toepassing van de wet van 25 april 2014 op het statuut van en het toezicht op kredietinstellingen en beursvennootschappen zoals gewijzigd door de wet van 26 november 2021 met het oog op de omzetting van Richtlijn 2019/2162 betreffende de uitgifte van en het overheidstoezicht op gedekte obligaties/Modalités pratiques d'application de la loi du 25 avril 2014 relative au statut et au contrôle des établissements de crédit telle que modifiée par la loi du 26 novembre 2021 afin de transposer la directive 2019/2162 relative à l'émission et à la surveillance publique des obligations sécurisées*) as subsequently amended and/or supplemented (the **NBB Covered Bonds Circular**);

- (b) the circular (NBB\_2022\_16) addressed to the cover pool monitors of Belgian credit institutions that issue Belgian covered bonds dated 14 June 2022 (*Circulaire aan de portefeuillesurveillanten van kredietinstellingen naar Belgisch recht die Belgische covered bonds uitgeven/Circulaire aux surveillants de portefeuille auprès d'établissements de crédit de droit belge qui émettent des covered bonds belges*) as subsequently amended and/or supplemented (the **NBB Cover Pool Monitor Circular**).
- 1.7. Whereas the creation of Belgian covered bonds depends on the effectiveness of the segregation of Cover Assets in the Special Estate on balance of the issuing credit institution, the Belgian legislator also had to ensure that this segregation would not be open to challenge or recharacterisation on the basis of insolvency rules. Therefore, a second law was voted by Belgian Parliament on 3 August 2012 regarding diverse measures to facilitate the mobilisation of claims in the financial sector (*wet betreffende diverse maatregelen ter vergemakkelijking van de mobilisering van schuldvorderingen in de financiële sector/loi relative à des mesures pour faciliter la mobilisation de créances dans le secteur financier*) (the **Mobilisation Law**).
- 1.8. The Belgian Banking Law, the Mobilisation Law, the Covered Bonds Royal Decree, the Cover Pool Administrator Royal Decree, the NBB Covered Bonds Circular and the NBB Cover Pool Monitor Circular, together constitute the **Belgian Covered Bond Regulations**.
- 1.9. The Mortgage Pandbrieven issued under the Programme described in this Base Prospectus will be issued pursuant to the Belgian Covered Bond Regulations.
- 1.10. On 27 November 2019, the Directive (EU) 2019/2162 of the European Parliament and of the Council on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EC (the **Covered Bond Directive**) and Regulation (EU) 2019/2160 of the European Parliament and of the Council amending Regulation 575/2013 as regards exposures in the form of covered bonds (the **Covered Bond Regulation**) have been adopted. The Covered Bond Directive and the Covered Bond Regulation aim to foster the development of covered bonds across the European Union. The Covered Bond Directive (i) provides a common definition of covered bonds, which will represent a consistent reference for prudential regulation purposes, (ii) defines the structural features of covered bonds, (iii) defines the tasks and responsibilities for the supervision of covered bonds and (iv) sets out the rules allowing the use of the 'European Covered Bonds' label. The Covered Bond Directive should be implemented in each Member State by 8 July 2021 and should apply at the latest from 8 July 2022.
- 1.11. The Covered Bond Directive and the Covered Bond Regulation have been implemented in Belgian law by (i) the Law of 26 November 2021 amending, among others, the Banking Law, transposing the Covered Bond Directive into Belgian law and (ii) the Royal Decree of 27 January 2022 amending, among others, the Covered Bonds Royal Decree and the Cover Pool Administrator Royal Decree.

1.12. The Law of 26 November 2021 establishes a transitory regime in Article 52, which stipulates that covered bonds issued:

- (a) before 8 July 2022; or
- (b) under an issuance programme and whose ISIN was opened before 8 July 2024 and provided that:
  - (i) such covered bonds mature before 8 July 2027;
  - (ii) the total volume of issues under the programme carried out after 8 July 2022 does not exceed twice the total volume of covered bonds outstanding on that date;
  - (iii) the total volume of the issue on the maturity date does not exceed EUR 6,000,000,000;
  - (iv) the assets serving as collateral are located in Belgium,

remain subject until their maturity date to Articles 6, 80, 81 and 82 of the Banking Law and to Articles 2, 3, 4, 6, 13 and 15 of Annex III to the Banking Law, as they existed before their amendment by the Law of 26 November 2021. Otherwise, the provisions of the Banking Law, as amended by the Law of 26 November 2021, shall apply to it, with the exception of Articles 1/2, 1/3, 2/1 and 13/1 of Annex III to the Banking Law.

## 2. DUAL AUTHORISATION

2.1. Belgian covered bonds may only be issued by a Belgian credit institution following the receipt of two authorisations by the NBB (Article 79 of the Banking Law):

- (a) a general authorisation to be requested in accordance with Article 80, §1 of the Banking Law, that relates to the organizational capacity of a credit institutions to issue and monitor Belgian covered bonds (the **General Authorisation**); and
- (b) a specific authorisation to be requested in accordance with Article 81, §1 of the Banking Law prior to each issue (that does not take place within the context of an issuance programme) or each issuance programme, that relates to the compliance of a specific issue or issuance programme with the provisions of the Belgian Covered Bond Regulations (the **Specific Authorisation**).

### (A) General Authorisation

2.2. In order to obtain a General Authorisation, the credit institution that intends to issue Belgian covered bonds needs to submit a file with the NBB describing how it will organize the proposed transactions. This file needs to include, inter alia, the following information:

- (a) a description of the financial position of the issuer, showing it is sufficiently solvent to safeguard also the interest of creditors other than the holders of Belgian covered bonds;
- (b) a description of the long-term strategy of the issuer, in particular as to liquidity and the role of the Belgian covered bonds in this strategy;
- (c) a description of the tasks and responsibilities within the organisation of issuing credit institution in relation to the issuance of Belgian covered bonds;

- (d) a description of the risk management policy of the issuing credit institution in relation to Belgian covered bonds, in particular in respect of interest rate risk, currency exchange risk, credit and counterparty risk, liquidity risk and operational risk;
  - (e) a description of the involvement of internal audit in the procedures for the issuance of Belgian covered bonds, including the frequency of the audits and applicable audit procedures;
  - (f) a description of the decision and reporting procedures in relation to the issuance of Belgian covered bonds; and
  - (g) a description of the necessary IT systems in relation to the issuance of Belgian covered bonds.
- 2.3. The NBB will grant the General Authorisation to the extent, on the basis of the information in the file submitted by the credit institution, on-site inspections and further information it may obtain from the institution or third parties, it is convinced that:
- (a) the administrative and accounting organisation of the credit institution allow it to comply with the requirements of the Belgian Covered Bond Regulations, in particular in terms of segregation of the Cover Assets;
  - (b) the financial position of the credit institution, in particular its solvency, is sufficient to safeguard also the interest of creditors other than the holders of Belgian covered bonds; and
  - (c) that the person who, within the effective management of the credit institution, is responsible for the issuance and administration of the Belgian covered bonds has the requisite expertise and is sufficiently available to carry out this responsibility and the credit institution provides the necessary resources to ensure the proper performance of the issuance and administration of these covered bonds.
- 2.4. Prior to granting the General Authorisation, the NBB will request the auditor of the credit institution to submit a report on the organisational capacity of the credit institution to comply with its obligations under the Belgian Covered Bond Regulations (Article 80, §2 of the Banking Law).
- 2.5. The Issuer obtained the General Authorisation from the NBB in relation to its organisational capacity to issue Belgian covered bonds on 9 February 2016.

**(B) Specific Authorisation**

- 2.6. In order to obtain the Specific Authorisation, the credit institution that intends to issue Belgian covered bonds needs to submit a file with the NBB including, inter alia, the following information:
- (a) the impact of the proposed issuance or issuance programme on the liquidity position of the credit institution;
  - (b) the quality of the Cover Assets, in particular on the type of debtors of the Cover Assets, the collateral, guarantees or privileges securing the Cover Assets, the diversification of the Cover Assets and their maturity dates;

- (c) the extent to which the maturity dates of the Belgian covered bonds match the maturity dates of the Cover Assets;
  - (d) the identity of the proposed cover pool monitor (*portefeuillesurveillant / surveillant de portefeuille*); and
  - (e) elements showing that the requirements to obtain the General Authorisation are still satisfied.
- 2.7. The NBB will grant the Specific Authorisation to the extent, on the basis of the information in the file submitted by the credit institutions and further information it may request from the institution, it is convinced that:
- (a) the institution has obtained the General Authorisation;
  - (b) in respect of the proposed issuance or issuance programme, the institution complies with the Belgian Covered Bond Regulations, in particular as far as the nature and minimum requirements of the Cover Assets is concerned (see below under *4. Cover Assets and Tests*); and
  - (c) the institution has an appropriate organization to ensure compliance with the legal and regulatory provisions relating to the issuance of Belgian covered bonds.
- 2.8. The Issuer obtained the Specific Authorisation from the NBB in relation to the Programme on 23 October 2018.
- 2.9. The NBB has approved the increase of the aggregate nominal amount of the Programme from EUR 10,000,000,000 to EUR 20,000,000,000 on 24 November 2020.
- (C) Limitation on the issuance of Belgian covered bonds**
- 2.10. The NBB may impose a limit on the amount of Belgian covered bonds issued by a credit institution, on a case by case basis, in order to protect the interest of other creditors than the holders of Belgian covered bonds. The NBB will in particular assess the impact of an envisaged issuance on the level of encumbered assets. To this end, the NBB expects that in the file to obtain the General Authorisation, the credit institution describes its policy towards liquidity and sets further internal limits that ensure:
- (a) an adequate diversification between secured and unsecured funding sources,
  - (b) the availability of sufficient unencumbered assets to provide a cushion in the event of crisis on the market for unsecured funding, and
  - (c) the availability of sufficient unencumbered assets that can be allocated as Cover Assets in order to substitute matured or defaulted Cover Assets.
- (D) Publication of Authorisation**
- 2.11. The NBB keeps a list of:
- (a) credit institutions that have obtained a General Authorisation, which is published on its website: (Prudential Supervision – Areas of Responsibility – Credit Institutions – Lists – Credit Institutions Authorised to Issue Belgian Covered Bonds); and

- (b) covered bonds issuance programmes and issuances for which the credit institution has obtained a Specific Authorisation: (Prudential Supervision – Areas of Responsibility – Credit Institutions – Lists – Covered Bond Issuances Carried out by the Credit Institutions) (information only available in French or Dutch).

The information contained on the website of the NBB (www.nbb.be) does not form part of this Base Prospectus and has not been scrutinised or approved by the FSMA.

- 2.12. Both lists and amendments thereto are communicated by the NBB to the European Commission in application of Article 52(4) of the UCITS Directive.
- 2.13. The Issuer is on the NBB's list of credit institutions that have obtained General Authorisation. The Programme is on the NBB's list of Belgian covered bonds in respect of which a Specific Authorisation has been granted.

### **3. SPECIAL ESTATE**

- 3.1. A key characteristic of Belgian covered bonds is the existence of a segregated pool of assets providing an additional and exclusive right of recourse to the holders of the Belgian covered bonds.

#### **(A) Creation of one or more Special Estates**

- 3.2. In order to segregate a pool of Cover Assets, the Banking Law introduces a technique to separate one or more Special Estates within the estate of a credit institution that issues Belgian covered bonds.
- 3.3. Article 3, §1 of Annex III to the Banking Law confirms that the estate of a credit institution that issues Belgian covered bonds consist, by operation of law, of a general estate (*algemeen vermogen/patrimoine general*)(the **General Estate**) and one or more special estates (*bijzondere vermogen/patrimoine spécial*) (in this Section 3 referred to as the **Special Estate**).
- 3.4. The most important part of the Cover Assets in respect of an issuance or issuance programme of Belgian covered bonds is segregation into the Special Estate by way of registration of such Cover Assets in a Cover Register that is kept by the issuing credit institution in relation to one or more specific issuances of Belgian covered bonds or, as the case may be, in relation to all Belgian covered bonds under an issuance programme (Article 15, §1, 1° of Annex III to the Banking Law). See below under Section 5 - *special obligations of the issuer in respect of administration of the Belgian covered bonds*.
- 3.5. In accordance with Article 3, §2 of Annex III to the Banking Law, the Special Estate is, by operation of law, composed of:
  - (a) all assets registered in a Cover Register in accordance with Article 15, §1, 1° of Annex III to the Banking Law;
  - (b) all collateral – cash and financial instruments – received in relation to any hedging instruments that have been registered as Cover Assets;
  - (c) all (in rem and in personam) security interests, guarantees or privileges issued in relation to the Cover Asset, including all rights under insurance policies or other agreements relating to the Cover Assets or the management of the Special Estate;

- (d) all amounts held as collections in relation to Cover Assets or a result of the exercise of the rights referred to under (a) to (c) above (hereafter, the **Collections**); and
  - (e) any mandatory reserves that would be held at the NBB in relation to the Special Estate.
- 3.6. The preparatory works to the Covered Bond Law clarify that the technique to segregate Cover Assets into the Special Estate does not result into the creation of a separate legal entity and hence does not trigger specific corporate law obligations or tax consequences.

**(B) Purpose of the Special Estate - exclusive right of recourse**

- 3.7. Pursuant Article 1/1 and Article 6 of Annex III to the Banking Law, the Special Estate provides an exclusive right of recourse to:
- (a) the holders of the related Belgian covered bonds, and
  - (b) the creditors of a claim that is or may be established on the basis of the terms and condition applicable to the related Belgian covered bonds.

As a result, no other creditor will be entitled to exercise any rights, including rights of attachment (*beslag/saisie*) against the Cover Assets in the Special Estate. Collateral that is posted in relation to a hedging instrument that constitutes a Cover Asset may only be used to satisfy the obligations of the counterparty under such hedging instrument (or be returned to the collateral provider). In respect of the Mortgage Pandbrieven issued under the Programme, only the Mortgage Pandbrieven Holders and the Other Cover Pool Creditors will thus have an exclusive right of recourse to the Special Estate.

- 3.8. A priority of payments between the claims of the holder of Belgian covered bonds (and any other creditors of claims related to the Belgian covered bonds issuance) may be determined in the terms and conditions and the agreement entered into in respect of the issuance of Belgian covered bonds or the related issuance programme. See Condition 9 (*Priority of Payments*) in the Section *Terms and Conditions of the Mortgage Pandbrieven*.
- 3.9. Article 6, 4th and 5th paragraph of Annex III to the Banking Law provides for two exceptions to the exclusive right of recourse:
- (a) the Cover Pool Administrator (see below under Section 7.A – *Cover Pool Administrator*) may, unless otherwise agreed, withhold its remuneration, costs and expenses from the Special Estate; and
  - (b) following liquidation of the Special Estate, an remaining (positive) balance will, by operation of law, form part of the General Estate.
- 3.10. Notwithstanding this exclusive right of recourse to the Special Estate, the holders of the Belgian covered bonds and the Other Creditors related to the Belgian covered bonds retain a right of recourse to the General Estate (that ranks *pari passu* with the claims of all other unsubordinated creditors of the issuing credit institution) so that they can exercise a dual right of recourse (Articles 1/1, c) and 6, 8th paragraph of Annex III to the Banking Law).

**(C) Management of the Special Estate**

- 3.11. In first instance, the issuing credit institution remains responsible for the management of the Special Estate. The rights and obligations in respect of transactions between the issuing credit

institution and the Special Estate need to be agreed upon in writing as if the Special Estate were a separate legal entity (Article 7 of Annex III to the Banking Law).

- 3.12. In accordance with Article 8, §1 of Annex III to the Banking Law, the NBB will appoint a cover pool administrator (*portefeuillebeheerder/gestionnaire de portefeuille*) (in this Section 3 referred to as the **Cover Pool Administrator**) for each Special Estate:
- (a) in case a reorganisation measure (as referred to in Articles 234 §2, 235, 236, 345, 346 §2 and 347 of the Banking Law) is taken in respect of the issuing credit institution that, in the opinion of the NBB, such measure or sanction and/or the reasons for it may prejudice the rights of the holders of the Belgian covered bonds and/or of third parties who may have a claim against the Special Estate;
  - (b) in case a liquidation procedure (as referred to in Article 3, 59° of the Banking Law) is initiated against the issuing credit institution;
  - (c) if, in the opinion of the NBB, the position of the issuing credit institution seriously jeopardizes the interest of the holders of the relevant Belgian covered bonds; or
  - (d) in case the General Authorisation and/or Specific Authorisation is revoked.
- 3.13. Upon the appointment of the Cover Pool Administrator by the NBB, the Cover Pool Administrator will assume the management of the Special Estate (Article 8, §2 of Annex III to the Banking Law). The Cover Pool Administrator manages the Special Estate with a view to ensure further compliance with the terms and conditions applicable to the relevant Belgian covered bonds. To this end, the Cover Pool Administrator is granted all necessary and useful powers to manage the Special Estate, including the power to dispose of Cover Assets and to extend the maturity of the Belgian covered bonds in accordance with Article 13/1, §1 of Annex III to the Banking Law. Any acts relating to the Special Estate that are performed in the name of the issuing credit institution by any person other than the Cover Pool Administrator following its appointment, are null and void, unless such acts are ratified by the Cover Pool Administrator (See also see below under 7.A – *Cover Pool Administrator*). The Cover Pool Administrator collaborates with and exchanges all necessary and useful information with the NBB and, in the event of a liquidation or the resolution procedure with respect to the issuing credit institution, with the liquidator or resolution authority.

**(D) Impact of reorganization and liquidation procedures**

- 3.14. In the event liquidation procedures are started against the issuing credit institution (Article 11 of Annex III to the Banking Law):
- (a) such procedures will only affect the General Estate. The Special Estate and the debts and liabilities covered by the Special Estate will not be part of the bankrupt estate. The Special Estate will be managed separately from the bankruptcy procedure applicable to the General Estate of the issuing credit institution (i.e., on a bankruptcy remote basis);
  - (b) the bankruptcy trustee (*curator/curateur*) has a legal obligation to cooperate with the NBB and the Cover Pool Administrator so that they can manage the Special Estate in accordance with the Belgian Covered Bond Regulations;
  - (c) the Belgian covered bonds and the other debts and liabilities covered by the Special Estate will not be subject to automatic acceleration. They (can) remain outstanding until



their stated maturity, regardless of the opening of liquidation procedures against the issuing credit institution except as provided under (f) and (g) below;

- (d) the holder of Belgian covered bonds and any Other Cover Pool Creditors of claims related to the Belgian covered bonds issuance, will retain their rights in the liquidation procedure;
- (e) the Cover Pool Administrator may, in the interest of the holders of the relevant Belgian covered bonds, following consultation with the representative of the holders of the relevant Belgian covered bonds and subject to consent of the NBB, transfer the Special Estate and the debts and liabilities related thereto to another institution that will assume the performance of the obligations in accordance with the initial terms and conditions;
- (f) the Cover Pool Administrator may, following consultation with the representative of the holders of the relevant Belgian covered bonds and subject to the consent of the NBB, proceed with the liquidation of the Special Estate and the early redemption of the relevant Belgian covered bonds if the Cover Assets are no longer sufficient, or risk to be no longer sufficient, to satisfy the obligations in respect of the Belgian covered bonds;
- (g) the Cover Pool Administrator will, following consultation with the NBB and the representative of the holders of the Belgian covered bonds, proceed with the entire liquidation, in part or in full, of the Special Estate and the early redemption of the Belgian covered bonds if the holders of the Belgian covered bonds have approved such liquidation and early redemption by simple majority at a meeting of holders of Belgian covered bonds at which a quorum of at least two thirds of the outstanding principal amount of the Belgian covered bonds is present;
- (h) the bankruptcy trustee (*curator/curateur*) has the right, following consultation with the NBB, to require the Cover Pool Administrator to return those assets to the General Estate in respect of which it is clear they are no longer required as Cover Assets. The preparatory works to the Covered Bond Law clarify that, when determining whether assets are no longer required as Cover Assets, one must not only take into account the regulatory requirement in view of the Cover Tests (see below 4 (C) *Statutory Tests – Cover Tests*), but also the retention of ratings by external credit rating agencies.

3.15. When the National Resolution Authority uses its powers under Book II, Titel VIII (Resolution Measures) of the Banking Law to dispose (of part) of the estate of the credit institution that also involves the Special Estate, the rights of the holders of the Belgian covered bonds (and of any creditors of claims related to the Belgian covered bonds issuance) are automatically transferred together with the Cover Assets and assumed as obligations by the transferee (Article 6/1 of Annex III to the Banking Law).

3.16. The start of liquidation procedures against the issuing credit institution or the revocation of its license as a credit institution does not prevent the issuing credit institution to further perform activities that are necessary or useful to assist the Cover Pool Administrator with its management in order to safeguard the interest of the Holders of Belgian covered bonds in respect of the Special Estate. The issuing credit institution may only perform such activities until all obligations in relation to the Special Estate have been satisfied or are extinguished (Article 12, §2 of Annex III to the Banking Law).

**(E) Special protection of the Special Estate against commingling risk**

- 3.17. The Special Estate benefits from specific protections against commingling risk; if amounts held by the issuing credit institution as Collections, cannot be identified within the General Estate at the time a request is made to allocate such amounts to the Special Estate, the Special Estate will benefit from a special revindication right allowing it to exercise a claim on other unencumbered assets within the General Estate. Such assets are identified following consultation between the representative of the Special Estate (either the Cover Pool Administrator or, in absence thereof, the Cover Pool Monitor) and the issuing credit institution (or its liquidator or bankruptcy trustee) on the basis of criteria determined in the terms and conditions of the Belgian covered bonds (Article 3, §2, second paragraph of Annex III to the Banking Law).

With respect to the Programme, these criteria are specified in Condition 12 (*Mortgage Pandbrieven Provisions*);

#### **4. COVER ASSETS AND TESTS**

##### **(A) Categories of Cover Assets**

- 4.1. In order to obtain the Specific Authorisation in respect of an issuance or an issuance programme for Belgian covered bonds, the issuing credit institution may only include the following types of assets as Cover Assets in the Special Estate as set out in Article 1/2 of Annex III to the Banking Law and to the extent the assets satisfy the requirements of the Covered Bonds Royal Decree (Article 81, §3, 2° and 81, §4, 1° of the Banking Law):

- (a) claims secured by a mortgage where the object of the mortgage is (i) residential real estate located in a member state of the European Economic Area or (ii) commercial real estate located in a member state of the European Economic Area;
- (b) claims against or guaranteed by (i) a central, regional or local government of an OECD member state or (ii) a central banks of those states or (iii) a public entity of those states or (iv) a multilateral development bank or international organisation;
- (c) claims against a credit institution, including amounts deposited with such institution or amounts held by the issuing credit institution; and
- (d) positions resulting from hedging instruments that satisfy the requirements stipulated in Article 1/3 of Annex III to the Banking Law.

##### **(B) Further qualitative requirements for Cover Assets relating to Belgian covered bonds**

- 4.2. The Covered Bonds Royal Decree has further implemented the qualitative requirements for Cover Assets that may be included in the Special Estate related to Pandbrieven.

- 4.3. Article 3 of the Covered Bonds Royal Decree identifies four categories of qualifying Cover Assets:

- (a) **category 1:** claims secured by (at least) a first ranking mortgage on residential real estate situated in an EEA member state (**Residential Mortgage Loans**) up to the lower of (i) the principal amount of the corresponding mortgages and (ii) 80% of the value of the relevant residential real estate.

Claims secured by a mortgage on residential real estate under construction or in development (construction loans) may compose up to 15% of the aggregate amount of claims secured by residential real estate that are included as Cover Assets.

**Residential real estate** is real property that is destined for housing or for renting (*huur/location*) as housing by the owner.

- (b) **category 2:** claims secured by (at least) a first ranking mortgage on commercial real estate situated in an EEA member state (**Commercial Mortgage Loans**) up to a value which is the lower of (i) the principal amount of the corresponding mortgages (together with all previously granted mortgages) and (ii) 60% of the value of the relevant commercial real estate.

Claims secured by commercial real estate under construction or in development are not eligible.

**Commercial real estate** is real property that is primarily used for industrial or commercial purposes or other professional activities, such as offices or other spaces used for the exercise of commercial activities or the rendering of services.

- (c) **category 3:** claims against or guaranteed by (a) a central government or central bank of a member state of the Organisation for Economic Co-operation and Development (**OECD**), or by a regional or local government of those member states, (b) a public entity of an OECD member states, or (c) a multilateral development bank or international organisation that obtains a 0% risk weight in accordance with Article 117 and 118 of the CRR.

When the counterparties to the claims referred to under (a) and (b) are not members of the EU or, in the case of central banks, not members of the European System of Central Banks (ESCB), only those claims are eligible that:

- (i) in the case of counterparties referred to in point (a), belong to credit quality step 1 or 2 as determined in accordance with Article 136 CRR; or
- (ii) in the case of counterparties referred to in point (b), have the same risk weight as exposures in relation to institutions or central governments, and central banks in accordance with, respectively, Article 115(1) or (2) or with Article 116(1), (2) or (4) CRR and belong to credit quality step 1 or 2 as determined in accordance with Article 136 CRR,

provided that claims on counterparties belonging to credit quality step 2 may not exceed 20% of the nominal amount of all outstanding Belgian covered bonds concerned.

- (d) **category 4:** claims against credit institutions of an OECD member state and which belong to credit quality steps 1 or 2 as determined under Article 136 CRR provided that these claims take the form of:
- (i) short-term claims having a maturity of 3 months or less, or short-term deposits with an original maturity of up to 100 days, where they are used to meet the liquidity requirement for the Special Estate, as set out in Article 7, paragraph 1 of the Covered Bonds Royal Decree; or
  - (ii) derivative contracts, provided that, in accordance with Article 1/3 of the Annex III to the Banking Law and Article 4 of the Covered Bonds Royal Decree, such derivative contract complies with the following requirements:
    - (A) the derivative contracts are used exclusively for hedging against interest rate and currency exchange risks linked to cover assets or

Belgian covered bonds. The volume of these contracts is adjusted to reflect changes in the hedged risks, and they are removed from the Special Estate once the hedged risk no longer exist;

- (B) the derivative contracts are not subject to early termination (close-out provisions) in case liquidation or resolution proceedings are opened against the issuing credit institution, irrespective of whether such early termination occurs automatically or at the initiative of the counterparty;
- (C) the derivative contracts may not be included in a novation or netting agreement to which the issuing credit institution is a party;
- (D) the derivative contracts must be concluded with credit institutions that are (i) not included in the scope of the issuing credit institution's prudential consolidation, (ii) governed by the laws of an OECD member state and (iii) at least eligible for credit quality step 2 as determined per Article 136 CRR; and
- (E) the net exposures of the counterparties under these derivative contracts must be secured by values (*waarden/valeurs*) or financial instruments issued or guaranteed by a central authority which is governed by the laws of an OECD member state and is eligible for credit quality step 1 as determined per Article 136 CRR.

The claims on credit institutions belonging to credit quality step 2 may only be used as Cover Assets up to 10% of the nominal amount of the outstanding Belgian covered bonds concerned.

The total value of claims on credit institutions belonging to the credit quality steps 1 or 2 shall not exceed 15% of the nominal amount of the outstanding Belgian covered bonds concerned.

- 4.4. Amounts paid as reimbursement, collection or payment of interest on claims, assets or obligations included in the Special Estate may be taken into account as Cover Assets belonging to the respective category of the relevant claim, asset or obligation giving rise to such reimbursement, collection or payment of interest.
- 4.5. At the time an asset is registered as a Cover Asset in the Cover Register, such asset may not be subject to a 'payment default' in the sense of Article 178 CRR (Article 3, §6 of the Covered Bonds Royal Decree).
- 4.6. The issuing credit institutions that decide to include derivative contracts in the special estate must ensure that they at all times have the requisite documentation, which is regularly updated, to demonstrate compliance with the requirements of Article 1/3 of Annex III to the Belgian Banking Law and with the requirements of Section 6.4 of the IFRS 9 – Financial Instruments. This documentation must also include an external and independent legal advice confirming the validity and enforceability of the derivative contracts in the relevant jurisdictions is confirmed and which covers at least the law chosen by the parties (*lex contractus*) and the law applicable to liquidation proceedings (*lex fori concursus*) that may affect the counterparty.

**(C) Statutory Tests - Cover Tests**

- 4.7. In accordance with Article 2/1, §1 of Annex III to the Banking Law, the Cover Assets comprising the Special Estate must, for the duration of the Belgian covered bonds, provide sufficient cover:
- (a) for the payment of principal and interest on the Belgian covered bonds,
  - (b) for the obligations towards the other creditors of claims related to the Belgian covered bonds issuance, and
  - (c) for payment of the maintenance and administration of the Cover Assets sets and the Belgian covered bonds, including the costs of winding down the issuance programme of the relevant Belgian covered bonds.

To this end, the value of the Cover Assets need to show an excess compared to the Principal Amount Outstanding of the Belgian covered bonds. The cover provided by the Cover Assets and the excess needs to be tested periodically and, if required to provide adequate cover, the issuing credit institution needs to further modify the portfolio of Cover Assets. To this end, the issuing credit institution has the legal obligation to maintain an active collateral management policy. Accordingly, the composition of the Cover Assets included in the Special Estate is dynamic (Article 7 of Annex III to the Banking Law).

- 4.8. In respect of Belgian covered bonds, this rule has been further implemented in Article 5 of the Covered Bonds Royal Decree which provides for:
- (a) a general requirement that, with respect to the Special Estate, the sum of interest, principal and all other revenues generated by the Cover Assets must be sufficient to cover the sum of all interest, principal and charges linked to maintenance and administration (including the winding down) of the issuance programme and the Belgian covered bonds (the **Cover Asset Adequacy Test**), and
  - (b) the following two specific tests in relation to the minimum cover to be provided by the Cover Assets. At the time of the issuance and as long as any Belgian covered bonds remain outstanding:
    - (i) the value of the primary assets (within the meaning of Article 1, 9° of Annex III to the Banking Law) determined in accordance with the valuation rules set out in the Covered Bonds Royal Decree, must represent at least 85% of the aggregate principal amount outstanding of the Belgian covered bonds then in issue (the **85% Asset Coverage Test**);
    - (ii) the value of the Cover Assets, determined in accordance with the valuation rules set out in the Covered Bonds Royal Decree, must represent at least 105% of the aggregate principal amount outstanding of Belgian covered bonds then in issue (the **Over-Collateralisation Test**).

For the valuation rules, see below Section (E) *Valuation of Cover Assets for the Cover Tests*.

- 4.9. To determine the extent to which the principal amount of the Cover Assets is included in the calculation of the Cover Asset Adequacy Test, the eligibility criteria set out in Article 3 of the Covered Bonds Royal Decree shall be taken into account as per Article 5, §3, 1<sup>st</sup> indent of the Covered Bonds Royal Decree.

- 4.10. The interest generated by the Cover Assets are calculated, and the costs for maintenance and management, are calculated and estimated in accordance with Article 5, §3, 2<sup>nd</sup> and 3<sup>rd</sup> indent of the Covered Bonds Royal Decree.
- 4.11. The Cover Asset Adequacy Test, the 85% Asset Coverage Test and the Over-Collateralisation Test are herein jointly referred to as the **Cover Tests**.

**(D) Statutory Tests – Liquidity Test**

- 4.12. In accordance with Article 13 of Annex III to the Banking Law, the terms and conditions applicable to Belgian Covered Bonds need to include mechanics to ensure that the Belgian covered bonds are repaid within the contractually agreed term.
- 4.13. In respect of Belgian Pandbrieven, Article 7 of the Covered Bonds Royal Decree has implemented this rule by imposing that with respect to the Special Estate, the Cover Assets must provide a liquidity buffer in order to enable the issuing credit institution to cover at all times the net liquidity outflows of the relevant issue or the relevant issuance programme at any time, and the maximum amount of the sum of the net liquidity outflows calculated over a 6-month period (the **Liquidity Test**). The NBB Covered Bonds Circular further specifies the conditions to be satisfied in order for an asset to be considered a liquid asset.
- 4.14. The funds drawn under the liquidity facility will be part of the special estate by operation of law. Liquid assets that can be used for the purpose of the Liquidity Test are, in accordance with Article 7 of the Covered Bonds Royal Decree:
- (a) Cover Assets satisfying the requirements of level 1 assets within the meaning of the Commission Delegated Regulation (EU) 2015/61 to supplement Regulation (EU) No 575/2013, which are valued in accordance with this Commission Delegated Regulation and which are not issued by the issuing credit institution nor by its parent undertaking (unless it is a public law entity other than a credit institution), its subsidiary or another subsidiary of its parent undertaking; and
  - (b) short-term exposures and short-term deposits within the meaning of Article 3 §1, 4<sup>o</sup>, a) of the Covered Bonds Royal Decree.

If an issuing credit institution fails the Liquidity Test, it will have 14 days to take the necessary remedial actions to meet the relevant requirements under the Liquidity Test. As long as an issuing credit institution has not taken the necessary remedial actions, it is not allowed to issue new Belgian covered bonds, nor on a stand-alone basis nor under a programme.

**(E) Valuation of Cover Assets for the Cover Tests**

- 4.15. For the purposes of the Cover Tests, Article 6 of the Covered Bonds Royal Decree specifies further valuation rules for the Cover Assets in the Special Estate:
- (a) for Cover Assets of category 1 (**claims secured by a residential mortgage**), the value will be equal to the lowest of (i) the amount of the claim, (ii) 80% of the sales value of the mortgaged real estate and (iii) the value of the mortgage,
- whereby*, the value of the mortgage, is determined as follows:
- (i) if the real estate is located in Belgium and is not secured by mortgage mandate, the amount of the mortgage registered in first rank plus, as the case may be, the

amount of any subsequent ranks (provided no other creditors have registered before such subsequent rank(s));

- (ii) if the real estate is located in Belgium and in addition to the mortgage, also a mortgage mandate has been granted to secure the claim, the value of the mortgage is the lower of the following two amounts:
  - a. the amount of the mortgage registered in first rank plus, as the case may be, the amount of any subsequent ranks (provided no other creditors have registered before such subsequent rank(s)) plus the amount for which the mortgage mandate has been granted; and
  - b. the amount of the mortgage registered in first rank plus, as the case may be, the amount of any subsequent ranks (provided no other creditors have registered before such subsequent rank(s)), divided by 0.6;
- (iii) if the real estate is not situated in Belgium, the amount of the mortgage registered in first rank plus, as the case may be, the amount of any subsequent ranks (provided no other creditors have registered before such subsequent rank(s)).

Residential real estate may only be taken into account for the valuation calculations of the Cover Assets if the requirements of Article 208 of the CRR are satisfied, including the requirements that the valuation of the residential real estate is regularly, and at least once a year, verified.

The 80% limit referred to above in paragraph (a) point (ii) is calculated separately for each loan and determines the portion of the loan that contributes to the coverage of the liabilities associated with the Belgian Covered Bond in question, and applies throughout the term of the loan;

- (b) for Cover Assets of category 2 (**claims secured by commercial mortgages**), the value will be equal to the lowest of (i) the amount of the claim, (ii) 60% of the sales value of the mortgaged real estate and (iii) the value of the mortgage, whereby, the value of the mortgage is equal to the amount of the mortgage registered in first rank plus, as the case may be, the amount of any subsequent ranks (provided no other creditors have registered before such subsequent rank(s)). The value of any mortgage mandates is not taken into account.

Commercial real estate may only be taken into account for the valuation calculations of the Cover Assets if the requirements of Article 208 of the CRR are satisfied, including the requirements that the valuation of the residential real estate is regularly, and at least once a year, verified.

The 60% limit referred to above in paragraph (b) point (ii) is calculated separately for each loan and determines the portion of the loan that contributes to the coverage of the liabilities associated with the Belgian Covered Bond in question, and applies throughout the term of the loan;

- (c) for Cover Assets of category 3 (**public sector claims**), the value is equal to the amount of such assets as reflected in the financial accounts of the issuing credit institution. If the assets are only guaranteed by an entity as described in category 3, the value of the Cover Asset will be limited to the guaranteed part;

- (d) for the Cover Assets of category 4 (**claims on credit institutions**), the value is equal to the amount at which the assets are registered in the financial accounts of the issuing credit institution;
  - (e) for **derivative contracts**, the value is calculated on the basis of the amounts due upon termination of such derivative contract, i.e. the close-out amount;
  - (f) the Cover Assets for which there is a payment default within the meaning of Article 178 CRR the value is equal to zero. As soon as an asset is more than 30 days in arrears, it can only be taken into account for 50% of its value as determined in accordance with the above valuation rules;
  - (g) in case a mortgage secures multiple claims and not all claims are included in the Special Estate, the value of the mortgage and of the real estate are allocated to the Cover Assets in the Special Estate based on the priority rules that can be established in the terms and conditions of the Belgian covered bonds.
- 4.16. In the event an asset included in the Special Estate (or collateral securing such asset) is governed by foreign law, such asset will only be taken into account for compliance with the Statutory Tests if such foreign law does not prevent that such assets will provide an exclusive right of recourse to the holders of the Belgian covered bonds (or the other creditors of claims related to the Belgian covered bonds issuance) (Article 3, §7 of the Covered Bonds Royal Decree).

## **5. SPECIAL OBLIGATIONS OF THE ISSUER IN RESPECT OF ADMINISTRATION OF THE BELGIAN COVERED BONDS**

- 5.1. In accordance with Article 15 of Annex III to the Banking Law, a credit institution that has issued Belgian covered bonds has the following special obligations in terms of follow-up and administration of the Belgian covered bonds:

- (a) in relation to each Special Estate, it needs to organise a special administration for the relevant Belgian covered bonds and the Cover Assets. This special administration entails, amongst others, the obligation to keep a register for each issue of Belgian covered bonds or, as the case may be, for all issues under an issuance programme in which all Cover Assets are registered (the **Cover Register**).

In accordance with Article 9 of the Covered Bonds Royal Decree, the Cover Register includes at least information in respect of (i) the characteristics (nominal amount, maturity, interest rate) of the Belgian covered bonds and (ii) the characteristic of the Cover Assets (category, type of contract, currency, issuance and maturity date of the asset, identification of the counterparty, information on amortization, interest rate, guarantees and valuation).

The issuing credit institution shall as soon as possible (and at least on a daily basis) register any transaction in respect of the Cover Assets in the Cover Register and shall as soon as possible update any characteristics in respect of the Cover Assets in the Cover Register. The segregation of an asset as a Cover Asset is valid and effective against third parties upon its registration in the Cover Register. Once an asset is deleted from the Cover Register, it is no longer part of the Special Estate.

Only authorised staff is entitled to update the Cover Register. The issuing credit institution needs to take safety measures to prevent that the Cover Register is changed by unauthorised persons, damaged or destroyed. An up-to-date back up shall be made



on a monthly basis and be kept for 5 years at another location than the original Cover Register. All information in the Cover Register needs to be verifiable by the Cover Pool Monitor;

- (b) it needs to comply with reporting obligations in accordance with Article 15, §1, 4° of Annex III to the Banking Law as further specified in section 9 of the NBB Covered Bonds Circular. These regulations provide for quarterly reporting on, among others, the Cover Assets and their valuation, yield and maturity, the composition of the Special Estate, the results of the Stress Tests with respect to the requirements of the Liquidity Test and the Cover Test, compliance with the requirements of extendable maturity structures, asset segregation requirements including compliance with the registration requirements, the hedging of credit, liquidity, currency and interest rate risk and the performance by the Cover Pool Monitor of its tasks;
- (c) it needs to cooperate with its auditor, any Cover Pool Administrator and the Cover Pool Monitor in order to allow such parties to complete their tasks as set out in the Belgian Covered Bond Regulations, the terms and conditions of the Belgian covered bonds and the contractual agreements;
- (d) it needs to provide evidence to the NBB, periodically, that the Belgian covered bonds still comply with the Belgian Covered Bond Regulations, by providing a report on the special administration, the Cover Assets and their valuation, and the Liquidity Test;
- (e) it needs to provide evidence to the NBB that the Belgian covered bonds still comply with the requirement to obtain the Specific Authorisation, each time a significant change occurs in relation to the Belgian covered bonds, the issuance programme or the related legal documentation; and
- (f) it needs to take measures to reduce interest rate and currency risk (Article 8 of the Covered Bonds Royal Decree). To this effect, the issuing credit institution must establish a risk policy in order to ensure that in the event of 'brutal' and sudden interest rate or currency exchange rate movements (as further specified in section 8 of the NBB Covered Bonds Circular), the liquidity flows generated by the Cover Assets are sufficient to satisfy the Cover Tests and the Liquidity Test, or sufficient other liquid assets are available.

5.2. In accordance with Article 15/1 of Annex III to the Banking Law, the issuing credit institution must publish the following information on its website separately for each issuance programme within the month following the issuance and subsequently each month for information relating to the previous month:

- (a) the value of the Special Estate and relevant outstanding Belgian covered bonds, and if applicable, the rating of the relevant Belgian covered bonds;
- (b) for each issuance, a list of the International Securities Identification Numbers (ISINs) of the securities, the currency in which the Belgian covered bonds were issued, the outstanding amount, the issue date, the maturity date, the coupon characteristics and the rate;
- (c) the type and geographical distribution of the Cover Asset as well as the geographical distribution of the securities securing them, and, if there are no securities, the geographical distribution of the residences or seats of the debtors of those assets, the amount outstanding relating to the claims concerned and the valuation method;

- (d) details concerning market risk, interest-rate and foreign-exchange risk, credit risk, and liquidity risk.
- (e) the alignment between the maturities of the Cover Assets and those of the Belgian covered bonds, including maturity extension triggers and final maturities of the Belgian covered bonds;
- (f) the level of Cover Assets required and any surplus required by or pursuant to Annex III to the Banking Law or the terms of issuance, as well as the level of surplus voluntarily constituted;
- (g) the percentage of claims for which it is deemed a payment default (within the meaning of Article 178 of the CRR) has occurred as well as the percentage of claims for which the delay in payment exceeds 30 days without a payment defaults within the meaning of Article 178 of the CRR being established.

5.3. In accordance with Article 8 of the Covered Bonds Royal Decree and as further set out in section 8 of the NBB Covered Bonds Circular, the issuing credit institution must establish risk management policies and perform a stress test on at least a quarterly basis in order to guarantee that the liquidity flows generated by the Cover Assets remain sufficient to satisfy the requirements of the Cover Test and the Liquidity Test and/or must have other assets that, when necessary, can be used quickly as cover asset (the **Stress Test**).

The Stress Test must at least take into account:

- (a) ‘brutal’ and unexpected interest rate or exchange rate movements;
- (b) scenarios with different levels of percentages of early repayment of cover assets; and
- (c) scenarios with material deterioration of the credit quality of the cover assets.

For the purpose of the above, the NBB has defined a ‘brutal’ interest rate or exchange rate movement as a parallel upward or downward movement by 2% with respect to interest rates and by 8% with respect to exchange rates. The NBB has clarified that, if the issuing credit institution uses internal models to calculate its own funds requirements for market risk, it may use other scenarios in which there is a movement of interest rates and exchange rates, provided that these internal models are sufficiently prudent. In this case, a confidence interval of at least 99% should be used and a time horizon of one year.

If the Cover Assets are no longer adequate, taking into account the aforementioned stress test scenarios, the issuing credit institution should take the necessary measures and/or at least ensure that it has sufficient other assets that it can pledge if these scenarios effectively occur.

The issuing credit institution must publish the results of the Stress Tests on its website each quarter pursuant to Article 12 §2 of the Covered Bonds Royal Decree.

## 6. SPECIFIC SUPERVISION

### (A) Cover Pool Monitor

6.1. As soon as Belgian Covered Bonds are issued, the issuing credit institution has to appoint, following the advice of the NBB, a cover pool monitor (*portefeuille surveillant/surveillant de portefeuille*) (the **Cover Pool Monitor**) for each issuance of, or for an issuance programme of,

Belgian covered bonds (Article 16, §1 of Annex III to the Banking Law and Article 11 of the Covered Bonds Royal Decree).

- 6.2. The Cover Pool Monitor will report to the NBB on the compliance of the issuing credit institution with the Belgian Covered Bond Regulations:
- (a) prior to an issuance of Belgian covered bonds, the Cover Pool Monitor reports to the NBB as to whether the credit institution is able to comply with (i) the qualitative and quantitative requirements of the Cover Assets, the requirements in respect of valuation methods, the level of cover, the surplus, the available liquidity, the requirements for the purchase of assets to cover an issuance and requirements with respect to derivative contracts, and (ii) the requirements in respect of segregation, investor disclosure, extendable maturity structures and the requirements with respect to keeping a register with the Cover Assets, in particular the correct registration in the Cover Register;
  - (b) following the issuance of Belgian covered bonds, these verifications are performed on an annual basis;
  - (c) the compliance with the Cover Tests, the Liquidity Test, the results of the Stress Tests and the registration in the Cover Register are however verified on a monthly basis.
- 6.3. Once a year, the Cover Pool Monitor reports to the NBB on the results of its activities. As soon as the Cover Pool Monitor finds that the credit institution does no longer comply with the above requirements or the other requirements under the Belgian Covered Bond Regulations, it will immediately inform the NBB and the credit institution. The content and format of its reports are further set out in the NBB Cover Pool Monitor Circular.
- 6.4. The NBB can also instruct the cover pool monitor to perform other tasks and verifications.
- 6.5. The Cover Pool Monitor needs to be a recognized auditor of credit institutions other than the actual auditor of the issuing credit institution. Prior to terminating the appointment of the Cover Pool Monitor, the credit institution needs to obtain the advice of the NBB. In case the Cover Pool Monitor wants to resign, it will first need to inform the NBB.
- 6.6. The fees and cost of the Cover Pool Monitor must be borne by the issuing credit institution.
- 6.7. David De Schacht, accredited auditor for financial institutions, domiciled at 3391 Tielt-Winge, Kapellekensweg 57 and Jurgen De Raedemaeker, accredited auditor for financial institutions, domiciled at 3210 Lubbeek, Molendries 42, acting jointly and severally, have been appointed as Cover Pool Monitor in relation to the Special Estate pursuant to Article 16, §1 of Annex III to the Banking Law by the Issuer pursuant to the Cover Pool Monitor Appointment Agreement. The appointment of David De Schacht and Jurgen De Raedemaeker as Cover Pool Monitor was approved by the NBB on 26 June 2018.

**(B) National Bank of Belgium**

- 6.8. The NBB is the competent supervisor in respect of Belgian covered bonds issued by credit institutions. In case the NBB becomes aware that a specific category of debt instruments does no longer comply with the Belgian Covered Bond Regulations or if the issuer does not longer comply with its specific obligations as issuer, the NBB will grant a remedy period. If the situation is not remedied within the remedy period, the NBB may revoke the General Authorisation and delete the issuer from the relevant list of credit institutions authorised to issue

Belgian covered bonds. In extremely urgent situations, the NBB may proceed with a deregistration without remedy period.

- 6.9. A deregistration will be notified by the NBB to the European Commission. As a result of this deregistration, the issuer will no longer be entitled to issue Belgian covered bonds. In case it wishes to issue new Belgian covered bonds, the Issuer will again have to comply with all requirements in order to be registered. A deregistration does not affect the holders of outstanding Belgian covered bonds.
- 6.10. The NBB can also publish warnings/statements indicating that a credit institution has failed to comply with the NBB's requests to meet the requirements of the Belgian Covered Bond Regulations within a specified grace period. In addition, as part of its general supervisory function under the Banking Law, the NBB can – after hearing or inviting the issuing credit institution for a hearing – impose a fine of maximum EUR 2,500,000 per breach or EUR 50,000 per day of non-compliance
- 6.11. The NBB has the power to impose administrative penalties on issuing credit institutions. Such administrative penalties may range from EUR 10,000 to 10% of the credit institution's annual net turnover of the preceding financial year.

## **7. OTHER PARTIES**

### **(A) Cover Pool Administrator**

- 7.1. Under certain circumstances, the NBB may or will appoint the Cover Pool Administrator to take over management of the Special Estate (see above 3 (C) *Management of the Special Estate*).
- 7.2. The required qualifications and powers of the Cover Pool Administrator are further specified in the Cover Pool Administrator Royal Decree.
- 7.3. The Cover Pool Administrator may not be the same entity as the liquidator of the issuing credit institution. Before the appointment of a party as Cover Pool Administrator, the NBB will assess whether such party has the required expertise and appropriate experience in order to manage the Cover Assets comprised in the Special Estate, is professionally reliable and has an appropriate organisation for the activities that it will have to perform as Cover Pool Administrator. An EEA credit institution that (i) has issued Mortgage Pandbrieven relating to similar cover assets, or (ii) manages portfolios of assets that would qualify as Cover Assets, is deemed to satisfy the requirements of the Cover Pool Administrator Royal Decree (Article 3).
- 7.4. In order to comply with the obligations set out in the Belgian Covered Bond Regulations, the Cover Pool Administrator has, inter alia, the power to take the following actions:
  - (a) to make interest and principal payments in respect of the Belgian Covered Bonds deriving from Collections received or, as the case may be, available liquidity lines;
  - (b) to organise the receipt of Collections (including the enforcement of payments in arrears due on Cover Assets);
  - (c) to sell Cover Assets;
  - (d) to invest Collections until these are paid out (in assets that would be eligible as Cover Assets);

- (e) to renegotiate the terms of Cover Assets in arrears;
- (f) to enter into hedging instruments;
- (g) to enter into liquidity lines to ensure compliance with the contractual terms of the relevant Belgian covered bonds; and
- (h) to perform administrative task of the issuing credit institution in relation to the issued Belgian covered bonds.

7.5. The Cover Pool Administrator will perform the Statutory Tests, report on such tests to the NBB and the representative of the holders of the Belgian Covered Bonds on a quarterly basis and ensure the reporting as prescribed by the Covered Bonds Royal Decree and the NBB Covered Bonds Circular.

7.6. For each transaction (in particular a sale of Cover Assets) that entails the risk that the Statutory Tests or the conditions of the Belgian covered bonds will no longer be complied with, the Cover Pool Administrator needs to obtain the approval of the NBB and the representative of the holders of the Belgian Covered Bonds.

**(B) Representative of the holder of the Belgian covered bonds**

7.7. For the holders of Belgian covered bonds of a specific issue or of the same issuance programme, one or more representatives can be appointed either by the issuing credit institution prior to the issuance of the Belgian covered bonds or by the general meeting of the holders of the Belgian covered bonds after the issuance (Article 14, §2 of Annex III to the Banking Law).

7.8. The powers of the representative of the holders of the Belgian covered bonds are determined either in the terms and conditions of the Belgian covered bonds or by the general meeting of the holders of the Belgian covered bonds. The general meeting of the holders of the Belgian covered bonds may at all times revoke the appointment of such representative of the holders of the Belgian covered bonds provided at the same time one or more substitute representative are appointed.

7.9. The representative of the holders of the Belgian covered bonds may also represent other creditors of claims related to the Belgian covered bonds issuance provided it is mandated by such creditors.

7.10. Stichting BNP Paribas Fortis Retained Pandbrieven Representative has been appointed by the Issuer as representative of the Mortgage Pandbrieven Holders in relation to the Programme pursuant to Article 14, §2 of Annex III to the Banking Law in accordance with the terms of the Mortgage Pandbrieven Holders' Representative Appointment Agreement. The tasks and duties of Stichting BNP Paribas Fortis Retained Pandbrieven Representative as representative of the Mortgage Pandbrieven Holders (the **Mortgage Pandbrieven Holders' Representative**) are further described in the Belgian Covered Bond Regulations, the Conditions and the Mortgage Pandbrieven Holders Representative Agreement.

**8. MOBILISATION LAW**

8.1. In accordance with the provisions of the Covered Bond Law and the Covered Bonds Royal Decree, Cover Assets that are registered into the Cover Register will form part of the Special Estate providing an exclusive recourse to the holders of Belgian covered bonds and the Other Creditors of claims related to the Belgian covered bonds issuance. The Mobilisation Law that

was adopted on the same date as the Covered Bond Law provides for certain additional protections in respect of the segregation of Cover Assets in the Special Estate. These include, inter alia, the following:

- (a) the registration of Cover Assets in a Cover Register is valid and effective in case the registration:
  - (i) precedes the start of insolvency proceedings, an attachment or a situation of concurrence of creditors, or
  - (ii) occurs on the date of the opening of such proceedings, provided that the credit institution was rightfully ignorant (*gewettigde onwetendheid/ignorance légitime*) of the start of such proceedings.

In such case, the registration cannot be challenged on the basis of claw-back rules set out in the Belgian Bankruptcy Code of 8 August 1997, unless in the event of fraud (Article 8, §2 of the Mobilisation Law);

- (b) the debtor of a bank claim that is registered as a Cover Asset in the Cover Register, will, subject to some limited exceptions, no longer be entitled to invoke set-off rights (legal and contractual) or suspend payments on the basis of an exception of non-performance in respect of such claim, following a notification of the registration of such claim in the Cover Register or following the start of insolvency proceedings against the issuing credit institution, if the conditions for set-off or the exception of non-performance (including the requirement that the claims to be set-off or on the basis of which the defense is invoked, are payable) are only satisfied following such notification or start of the insolvency proceedings (Article 6, §§2 to 5 of the Mobilisation Law);
- (c) in the event a claim, secured by a mortgage that is an All Sums Mortgage, is registered into the Special Estate, then such claim will in respect of such mortgage be paid (i) in priority to all other claims secured by the same mortgage that came into existence after the date of this registration and (ii) *pari passu* and *pro rata* with the other claims that existed on the date of registration, unless otherwise agreed between Special Estate and the General Estate (Article 81*quinquies* of the Belgian act on mortgages (*hypotheekwet/loi hypothécaire*) (the **Mortgage Act**));
- (d) a Mortgage Mandate is, by operation of law, deemed to be granted for the benefit of any transferee of the secured claim and is transferred automatically together with the secured claim (including in case of a registration into the Special Estate).

## SECTION 5 – DESCRIPTION OF PRINCIPAL DOCUMENTS

### 1. INTRODUCTION

- 1.1 The Issuer may from time to time issue Mortgage Pandbrieven under the Programme. The aggregate principal amount of outstanding Mortgage Pandbrieven in Euro (or its equivalent in any other relevant Specified Currency) shall not at any time exceed EUR 20,000,000,000. All Mortgage Pandbrieven issued under the Programme and the Other Cover Pool Creditors will benefit from (i) a right of recourse against the General Estate of the Issuer and (ii) an exclusive right of recourse against the Special Estate of the Issuer established in respect of the Programme. All Mortgage Pandbrieven outstanding from time to time shall be included in a list which can be consulted on the website of the NBB (Prudential Supervision – Areas of Responsibility – Credit Institutions – Lists – Current Issues of Belgian covered bonds). The information contained on the website of the NBB ([www.nbb.be](http://www.nbb.be)) does not form part of this Base Prospectus and has not been scrutinised or approved by the FSMA.
- 1.2 Under the Programme, the Issuer may issue Mortgage Pandbrieven subject to the Conditions (and the applicable Final Terms) set out in this Base Prospectus, but may also from time to time issue Mortgage Pandbrieven subject to terms not contemplated by this Base Prospectus.
- 1.3 The Mortgage Pandbrieven will be issued pursuant to the terms of the Programme Agreement (together with each Subscription Agreement, if applicable) and the Mortgage Pandbrieven Holders will be represented by the Mortgage Pandbrieven Holders' Representative pursuant to the Mortgage Pandbrieven Holders Representative Agreement which shall have the powers and rights conferred on it by the applicable Conditions and the Mortgage Pandbrieven Holders Representative Agreement. The Mortgage Pandbrieven will also have the benefit of an Agency Agreement, pursuant to which the Domiciliary Agent, other paying agents, Listing Agent, Registrar (if applicable) and (together with the Calculation Agency Agreement, if applicable) the Calculation Agent shall be appointed. The Mortgage Pandbrieven will have the benefit of the Special Estate Administration Agreement.
- 1.4 Furthermore, the Issuer will enter into a Cover Pool Monitor Agreement to appoint a Cover Pool Monitor in accordance with the Belgian Covered Bond Regulations, and will enter into a Clearing Services Agreement with the NBB in relation to the Mortgage Pandbrieven which will be represented by a book-entry in the records of the Securities Settlement System.
- 1.5 The Programme Agreement, the Mortgage Pandbrieven Holders Representative Agreement, the Agency Agreement, the Cover Pool Monitor Agreement, the Clearing Services Agreement, the Special Estate Administration Agreement, any Calculation Agency Agreement, any Subscription Agreement, each of the Final Terms, any Hedging Agreement, any Liquidity Facility Agreement and any additional document entered into in respect of the Mortgage Pandbrieven and/or the Special Estate and designated as a Programme Document by the Issuer and the Mortgage Pandbrieven Holders' Representative (as the same may be amended, supplemented, replaced and/or restated from time to time) are together referred to as the programme documents (the Programme Documents).
- 1.6 Pursuant to the terms of the Programme Documents, the Issuer shall be entitled to vary, approve or terminate the appointment of any agent or party thereto and/or appoint any additional or substitute agent or party in relation to the issue of any Mortgage Pandbrieven. The Issuer may also enter into any other agreement or document as it may from time to time deem necessary or

appropriate in relation to the Programme or issuance of any Mortgage Pandbrieven. Each of the Programme Documents shall further contain specific provisions for the amendment, supplement, replacement and/or restatement of such agreement and a reference to any Programme Document shall be deemed a reference to such agreement as the same may from time to time be amended, supplemented, replaced and/or restated.

## **2. PROGRAMME AGREEMENT**

- 2.1. The Issuer, the Arranger and the Dealer entered into the Programme Agreement. The Programme Agreement includes the arrangements under which Mortgage Pandbrieven may from time to time be agreed to be issued by the Issuer to, and subscribed by, the Dealer. The Programme Agreement makes, *inter alia*, provision for the form and terms and conditions of the relevant Mortgage Pandbrieven, the price at which such Mortgage Pandbrieven will be subscribed by the Dealer (or, as the case may be, the Mortgage Pandbrieven Holders) and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription.
- 2.2. The Programme Agreement makes provision for the resignation or termination of appointment of the existing Dealer and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Series of Mortgage Pandbrieven.

## **3. MORTGAGE PANDBRIEVEN HOLDERS REPRESENTATIVE AGREEMENT**

### **3.1 Introduction**

- (a) Pursuant to the terms of the Mortgage Pandbrieven Holders Representative Agreement dated on or about the date hereof (as amended from time to time), Stichting BNP Paribas Fortis Retained Pandbrieven Representative has been appointed as the Mortgage Pandbrieven Holders' Representative of the Mortgage Pandbrieven Holders (the **Mortgage Pandbrieven Holders' Representative**).
- (b) The Mortgage Pandbrieven Holders' Representative has been appointed by the Issuer as representative of the Mortgage Pandbrieven Holders in accordance with Article 14, §2 of Annex III to the Banking Law upon the terms and conditions set out in the Mortgage Pandbrieven Holders Representative Agreement and the section "*Meeting Rules of the Mortgage Pandbrieven Holders*" of this Base Prospectus.
- (c) The Mortgage Pandbrieven Holders' Representative can also be appointed to represent the Other Cover Pool Creditors provided that those Other Cover Pool Creditors agree with such representation.

### **3.2 Powers, authorities and duties**

The powers, authorities and duties of the Mortgage Pandbrieven Holders' Representative are specified under Part 2 "*Mortgage Pandbrieven Holders' Representative*" of the section "*Meeting Rules of the Mortgage Pandbrieven Holders*" of this Base Prospectus.

### **3.3 Retirement and removal**

The provisions for the retirement or removal of the Mortgage Pandbrieven Holders' Representative are set out in Part 2 "*Mortgage Pandbrieven Holders' Representative*" of the section "*Meeting Rules of the Mortgage Pandbrieven Holders*" of this Base Prospectus.



### **3.4 Liability, exoneration and indemnity of the Mortgage Pandbrieven Holders' Representative**

See Part 2 "*Mortgage Pandbrieven Holders' Representative*" of the section "*Meeting Rules of the Mortgage Pandbrieven Holders*" of this Base Prospectus for a summary of the provisions relating to the liability, relief from liability and entitlement to indemnity of the Mortgage Pandbrieven Holders' Representative.

### **3.5 Amendments**

- (a) The Mortgage Pandbrieven Holders' Representative may upon the request of the Issuer on behalf of the Mortgage Pandbrieven Holders and without the consent or sanction of any of the Mortgage Pandbrieven Holders of any Series or the Other Cover Pool Creditors it represents at any time and from time to time, concur with the Issuer or any other person in making:
  - (i) any modification (other than in respect of a Basic Term Change) of the terms and conditions applying to the Mortgage Pandbrieven of one or more Series (including the Conditions) or any Programme Document provided that in the sole opinion of the Mortgage Pandbrieven Holders' Representative such modification is not materially prejudicial to the interests of any of the Mortgage Pandbrieven Holders of such Series; or
  - (ii) any modification of the terms and conditions applying to Mortgage Pandbrieven of any one or more Series (including the Conditions) or any Programme Document which is in the sole opinion of the Mortgage Pandbrieven Holders' Representative of a formal, minor or technical nature or is to correct a manifest error or to comply with the mandatory statutory provisions or would cause such Mortgage Pandbrieven or such Programme Documents to better reflect or comply with the provisions and requirements of the Belgian Covered Bond Regulations;
- (b) Any such modification shall be binding on the Mortgage Pandbrieven Holders.
- (c) In no event may such modification be a Basic Term Change. Reference is made to section "*Meeting Rules of the Mortgage Pandbrieven Holders*" of this Base Prospectus for further details in this respect.

### **3.6 Waivers**

The Mortgage Pandbrieven Holders' Representative may in its sole discretion, without the consent of the Mortgage Pandbrieven Holders and without prejudice to its rights in respect of any further or other breach, condition, event or act from time to time and at any time, but only if and in so far as in its opinion the interests of the Mortgage Pandbrieven Holders will not be materially prejudiced thereby, (i) authorise or waive, on such terms and conditions (if any) as shall seem expedient to it, any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Mortgage Pandbrieven Holders Representative Agreement, the Mortgage Pandbrieven or any of the Programme Documents, or (ii) determine that any breach shall not be, or shall not be subject to specified conditions, treated as such. Any such authorisation, waiver or determination pursuant to this clause shall be binding on the Mortgage Pandbrieven Holders and notice thereof shall be given by the Issuer (or the Cover Pool Administrator, as applicable) to the Mortgage Pandbrieven Holders and the Rating Agency.

### **3.7 Conflicts of interest**

- (a) In exercising any of the powers, authorities and discretions vested in it, the Mortgage Pandbrieven Holders' Representative shall have regard to the overall interests of the Mortgage Pandbrieven Holders of all Series taken together and of the Other Cover Pool Creditors that have agreed to be represented by the Mortgage Pandbrieven Holders' Representative. The Mortgage Pandbrieven Holders' Representative shall not be obliged to have regard to any interests arising from circumstances particular to individual Mortgage Pandbrieven Holders or such Other Cover Pool Creditors.
- (b) The Mortgage Pandbrieven Holders' Representative shall, as regards the powers, authorities and discretions vested in it, except where expressly provided otherwise, have regard to the interests of both the Mortgage Pandbrieven Holders of all Series and the Other Cover Pool Creditors that have agreed to be represented by the Mortgage Pandbrieven Holders' Representative but, if, in the opinion of the Mortgage Pandbrieven Holders' Representative, there is a conflict between the interests the Mortgage Pandbrieven Holders and those Other Cover Pool Creditors, the Mortgage Pandbrieven Holders' Representative will have regard solely to the interest of the Mortgage Pandbrieven Holders, but, for the avoidance of doubt, without prejudice to the applicable priority of payments.

## **4. AGENCY AGREEMENT**

- 4.1 Under the Agency Agreement, the Domiciliary Agent, the Principal Paying Agent, the Paying Agent, the Registrar and the Listing Agent will undertake to ensure the payment of the sums due on the Mortgage Pandbrieven and perform all other obligations and duties imposed on it by the Conditions and the Agency Agreement.
- 4.2 In addition, the Domiciliary Agent will perform the tasks described in the Clearing Services Agreement dated 15 February 2019, as amended from time to time, which comprise inter alia providing the NBB as operator the Securities Settlement System with information relating to the issue of the Mortgage Pandbrieven, the Base Prospectus and other documents required by law.
- 4.3 The Listing Agent will cause an application to be made to Euronext Brussels for the admission to trading of the Mortgage Pandbrieven.
- 4.4 The Registrar will maintain a register for the registration of Registered Mortgage Pandbrieven which shall show the principal amount of Registered Mortgage Pandbrieven (as well as their date of issue and the Special Estate relating to such Registered Mortgage Pandbrieven). The Register shall be available for inspecting by the Issuer, Domiciliary Agent or any person authorised by any of them. The Registrar will cancel any redeemed Mortgage Pandbrieven.
- 4.5 The Issuer shall pay or procure the payment of such commissions in respect of the services of the Domiciliary Agent, the Paying Agents and the Listing Agent under the Agency Agreement as shall be agreed between the Issuer and the relevant Agent.
- 4.6 The Issuer and each Agent may at any time, subject to prior written notice, terminate the appointment of a relevant Agent under the Agency Agreement. In addition, in certain events, the Issuer may terminate the appointment of an Agent forthwith. The termination of the appointment of an Agent (whether by the Issuer or by the resignation of the Agent) shall not be effective unless upon the expiry of the relevant notice there is:

- (a) a Domiciliary Agent and a Principal Paying Agent (which may be the same entity) that will at all times be a participant in the Securities Settlement System;
- (b) so long as the Mortgage Pandbrieven are listed on any stock exchange or admitted to listing by any other relevant authority, a Paying Agent (which may be the Domiciliary Agent) that has its specified office in such place as may be required by the rules and regulations of such stock exchange or other relevant authority (which, so long as the Mortgage Pandbrieven are listed on Euronext Brussels, shall be Brussels);
- (c) so long as there are Registered Mortgage Pandbrieven, a Registrar (which may be the Issuer itself); and
- (d) in the case of Floating Rate Mortgage Pandbrieven, a Calculation Agent (which may be the Issuer itself).

4.7 The Agency Agreement provides for the appointment from time to time of a Calculation Agent to determine the interest rate in relation to any Floating Rate Mortgage Pandbrieven. Such Calculation Agent may be appointed pursuant to a Calculation Agency Agreement which supplements the arrangements in the Agency Agreement.

## 5. COVER POOL MONITOR AGREEMENT

### 5.1. Introduction

- (a) Pursuant to the terms of the Cover Pool Monitor Agreement, David De Schacht, accredited auditor for financial institutions, domiciled at 3391 Tielt-Winge, Kapellekensweg 57 and Jurgen De Raedemaeker, accredited auditor for financial institutions, domiciled at 3210 Lubbeek, Molendries 42, acting joint and severally have been appointed as cover pool monitor pursuant to 16, §1 of Annex III to the Banking Law. The appointment of David De Schacht and Jurgen De Raedemaeker jointly as Cover Pool Monitor was approved by the NBB on 26 June 2018 as stated in a confirmation letter dated 27 June 2018.
- (b) Each of David De Schacht and Jurgen De Raedemaeker is a recognized banking auditor (*revisor/réviseur*) other than the statutory auditor of the Issuer (Article 11 §3 of the Covered Bonds Royal Decree). During the term of the appointment of Cover Pool Monitor, David De Schacht and Jurgen De Raedemaeker shall not act as statutory auditor of the Issuer.

### 5.2. Tests and Reporting

- (a) The Cover Pool Monitor has agreed to perform the tasks and services entrusted to a cover pool monitor under the Belgian Covered Bond Regulations in relation to the Issuer as issuer of Belgian covered bonds and the Special Estate. These tasks include, inter alia:
  - (i) the issue of periodic reports to the NBB on compliance by the Issuer with the legal and regulatory framework in relation to Belgian covered bonds, including (among other things) the qualitative requirements in relation to the cover assets, the requirements for the cover register, the Statutory Tests and the Stress Tests; and
  - (ii) such other tasks and verifications as may be requested by the NBB.

- (b) Prior to the first issuance of Mortgage Pandbrieven, the Cover Pool Monitor will among other things:
  - (i) verify that all requirements applicable to the Cover Assets are fulfilled;
  - (ii) analyse the Issuer's assessment of its organisational capacity to issue Mortgage Pandbrieven, including the Issuer's risk management policies to mitigate interest rate and currency exchange risks and report its findings to the NBB; and
  - (iii) perform the procedures set out in the annex to the NBB Cover Pool Monitor Circular and such other procedures as it deems necessary to assess the Issuer's organisational suitability.
- (c) Following the issuance of Mortgage Pandbrieven, the Cover Pool Monitor will among other things:
  - (i) verify, at least once a year whether all requirements applicable to the Cover Assets are fulfilled;
  - (ii) verify at least once a month whether the Statutory Tests and the requirements in relation to the Cover Register are met;
  - (iii) inform the NBB and the Mortgage Pandbrieven Holders' Representative at least every three months of the results of the Statutory Tests and the Stress Tests and the measures that were taken if the requirements of such tests were not met; and
  - (iv) immediately inform the NBB and the Issuer if the Issuer does not comply with such requirements.
- (d) The Cover Pool Monitor shall perform its tasks in accordance with the provisions of the Belgian Covered Bond Regulations and in particular the NBB Cover Pool Monitor Circular.

### 5.3. Termination of appointment

- (a) The Issuer may terminate the appointment of the Cover Pool Monitor on 30 calendar days' prior written notice provided that it has the prior consent of the NBB.
- (b) The Cover Pool Monitor has agreed to provide its services under the Cover Pool Monitor Agreement for an indefinite period. The Cover Pool Monitor may resign from its appointment under the Cover Pool Monitor Agreement upon providing the Issuer, the Mortgage Pandbrieven Holders' Representative and the NBB with at least one year's prior written notice. Notwithstanding the foregoing, the Cover Pool Monitor may with the prior consent of the NBB resign from its appointment immediately by giving written notice to the Issuer and the NBB in the event a professional conflict of interest for the Cover Pool Monitor is caused by an action of the Issuer (or its shareholders) or the Mortgage Pandbrieven Holders' Representative or in the event the performance of its services would become illegal following a change of law. The Cover Pool Monitor is required to resign if it becomes the statutory auditor of the Issuer or otherwise becomes ineligible to act as a Cover Pool Monitor pursuant to the Belgian Covered Bond Regulations.

- (c) Upon the Cover Pool Monitor giving 30 calendar days' prior written notice of resignation, the Issuer shall immediately use all reasonable endeavours to appoint a replacement (such replacement to be approved by the NBB which agrees to perform the duties of the Cover Pool Monitor set out in the Belgian Covered Bond Regulations and in the Cover Pool Monitor Agreement).

#### 5.4. Costs

Pursuant to the terms of the Cover Pool Monitor Appointment Agreement, the fees and cost of the Cover Pool Monitor will be borne by the Issuer.

### 6. SUBSCRIPTION AGREEMENT

The Programme Agreement may be supplemented on or around the date of each issuance by a subscription agreement, which will set out, *inter alia*, the relevant underwriting commitments (such agreement, the **Subscription Agreement**).

### 7. SPECIAL ESTATE ADMINISTRATION AGREEMENT

- 7.1. The Special Estate Administration Agreement dated on or about the date hereof provides that all Mortgage Pandbrieven issued under the Programme shall be subject to and have the benefit of certain common terms (the **Special Estate Administration Terms**) regardless of whether the Mortgage Pandbrieven are issued under the Base Prospectus or not. These Special Estate Administration Terms specify that all Mortgage Pandbrieven Holders will be represented by the Mortgage Pandbrieven Holders' Representative and will benefit from a recourse to the same Special Estate. Such recourse shall only extend to the Mortgage Pandbrieven Holders and the Other Cover Pool Creditors under the Programme.

- 7.2. The other Special Estate Administration Terms provided for in the Special Estate Administration Agreement are:

- (a) the establishment and maintenance of the Cover Register in accordance with the requirements of the Belgian Covered Bond Regulations;
- (b) compliance of the Special Estate with the Statutory Tests;
- (c) the provision of the Investor Report;
- (d) the events of default to apply to all Series of Mortgage Pandbrieven (which are the same as those set out in Condition 8.1 (*Events of Default*));
- (e) the priorities of payment to apply following an Event of Default or an early repayment of the Mortgage Pandbrieven (which are the same as those set out in Condition 9 (*Priority of Payment*));
- (f) the types of assets which are to be used by the Issuer to comply with its revindication obligations should Cover Assets become commingled with the General Estate of the Issuer (which are the same as those set out in Condition 12.1 (*Criteria for the transfer of assets by the General Estate to the Special Estate*));
- (g) the priority of application for recoveries from security which secures both Cover Assets (to which such recoveries shall first be applied until such Cover Assets have been satisfied in full) and assets forming part of the General Estate (which shall only receive such recoveries when the relevant Cover Assets have been repaid in full);

- (h) the collateral provided under Hedging Agreements which are Cover Assets shall only be used for obligations in relation to the Special Estate and in accordance with the relevant Hedging Agreement; and
  - (i) the appointment and maintenance of the appointment of the Cover Pool Monitor.
- 7.3. The Special Estate Administration Agreement may only be amended by a Programme Resolution (as defined in the Mortgage Pandbrieven Holders Representative Agreement). However, the Special Estate Administration Agreement may be amended in writing between the Issuer, the Mortgage Pandbrieven Holders' Representative and the Cover Pool Monitor, without the agreement or consent of the Mortgage Pandbrieven Holders if:
  - (a) the Mortgage Pandbrieven Holders' Representative is of the opinion that the amendment will not materially prejudice the interests of the Mortgage Pandbrieven Holders; or
  - (b) the Mortgage Pandbrieven Holders' Representative is of the opinion that the amendment is of a formal, minor or technical nature; or
  - (c) the Mortgage Pandbrieven Holders' Representative is of the opinion that the amendment is to correct a manifest error or to comply with mandatory statutory provisions; or
  - (d) to better reflect the requirements and provisions of the Belgian Covered Bond Regulations.
- 7.4. Upon the Issuer's request, the Mortgage Pandbrieven Holders' Representative shall, without the consent or sanction of any of the Mortgage Pandbrieven Holders, concur with the Issuer in making any modifications to the Conditions, to the Meeting Rules or to the Special Estate Administration Terms (together with any requisite or consequential modifications to the Programme Documents) that the Issuer may decide in its discretion to request in order to comply with mandatory provisions of law or with any criteria of a Rating Agency which may be published after the signing of the initial agreement(s) for the issuance of and subscription for the Mortgage Pandbrieven and which the Issuer certifies to the Mortgage Pandbrieven Holders' Representative in writing it reasonably believes are necessary to avoid a downgrade, withdrawal or suspension of the then current ratings assigned by a Rating Agency to any Series of Mortgage Pandbrieven, provided that the Mortgage Pandbrieven Holders' Representative shall not be obliged to agree to any modifications which, in the sole opinion of the Mortgage Pandbrieven Holders' Representative, as applicable, would have effect of (i) exposing the Mortgage Pandbrieven Holders' Representative, as applicable, to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction; or (ii) increasing the obligations or duties, or decreasing the protections, of the Mortgage Pandbrieven Holders' Representative, as applicable in the Meeting Rules or the Conditions. For avoidance of doubt, such modification may include, without limitation, modifications which would allow any hedge counterparty and/or liquidity facility provider not to post collateral in circumstances where it previously would have been obliged to do so.
- 7.5. Notwithstanding the foregoing, upon the Issuer's request, the Mortgage Pandbrieven Holders' Representative shall, without the consent or sanction of any of the Mortgage Pandbrieven Holders, concur with the Issuer in making any modifications to the Special Estate Administration Terms (together with any requisite or consequential modifications to the

Programme Documents) that the Issuer may decide in its own discretion in relation to future issues of Mortgage Pandbrieven under the Programme provided that:

- (a) such modifications will not affect the then current ratings assigned by a Rating Agency to any Series of Mortgage Pandbrieven issued under the Programme; and
- (b) the Issuer certifies to the Mortgage Pandbrieven Holders' Representative in writing that these modifications will not affect the rights of Mortgage Pandbrieven already issued under the Programme, provided that the Mortgage Pandbrieven Holders' Representative shall not be obliged to agree to any modification which, in the sole opinion of the Mortgage Pandbrieven Holders' Representative, as applicable, would have effect of:
  - (i) exposing the Mortgage Pandbrieven Holders' Representative, as applicable, to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction; or
  - (ii) increasing the obligations or duties, or increasing the protections, of the Mortgage Pandbrieven Holders' Representative, as applicable in the Meeting Rules or the Conditions. For avoidance of doubt, such modification may include, without limitation, modifications which would allow any hedge counterparty and/or liquidity facility provider not to post collateral in circumstances where it previously would have been obliged to do so.

## 8. CLEARING SERVICES AGREEMENT

Pursuant to the Clearing Services Agreement, the NBB as operator of the Securities Settlement System will provide clearing services for the Issuer.

## 9. HEDGING AGREEMENTS

- 9.1. The Issuer or, upon its appointment by the NBB, the Cover Pool Administrator may, from time to time during the Programme, enter into interest rate swap agreements, currency swap agreements and other relevant swap or hedging agreements (together the **Hedging Agreements**) with one or more hedging counterparties (the **Hedging Counterparties**) for the purpose of, *inter alia*, protecting itself against certain risks (including, but not limited to, interest rate, liquidity and credit) related to the Cover Assets and/or the Mortgage Pandbrieven.
- 9.2. The distribution or priority rules between the obligations towards Mortgage Pandbrieven Holders and the Hedging Counterparties are determined in the Conditions. Reference is made to Condition 9 (*Priority of Payments*) in this respect.

## 10. LIQUIDATION FACILITY AGREEMENTS

- 10.1. The Issuer or, upon its appointment by the NBB, the Cover Pool Administrator may, from time to time during the Programme, enter into liquidity facility agreements (the **Liquidity Facility Agreements**) in relation to the Special Estate with one or more liquidity facility providers (the **Liquidity Facility Providers**) in order to improve the liquidity of the Special Estate.
- 10.2. The distribution or priority rules between the obligations towards Mortgage Pandbrieven Holders and the Liquidity Facility Providers are determined in the Conditions. Reference is made to Condition 9 (*Priority of Payments*) in this respect.

## SECTION 6 – COVER ASSETS

The Belgian Covered Bond Regulations identify four categories of assets that may be included as cover assets in a special estate in relation to an issuance of Mortgage Pandbrieven (see “*Summary of the Belgian Covered Bond Regulations*” – section “4.B. Further qualitative requirements for Cover Assets relating to Belgian Pandbrieven” above). In accordance with the undertakings included in the Conditions (see Condition 2.6(b)) and the Programme Documents, the Issuer will further limit the types of assets that will be eligible as Cover Assets for the Special Estate as described below.

### 1. Main category of Cover Asset – Residential Mortgage Loans

The Special Estate may be composed of assets of each of the following categories: residential mortgage loans (category 1), public exposures (category 3), exposures to credit institutions, including derivative contracts (category 4).

The main asset category of the Special Estate will consist of Category 1 *i.e.* Residential Mortgage Loans.

The value of Cover Assets out of this Category 1 (Residential Mortgage Loans) as determined in accordance with the valuation rules set out in the Article 6 of the Covered Bonds Royal Decree must represent at least 85% of the aggregate principal amount outstanding of all Mortgage Pandbrieven of all Series outstanding (the 85% Asset Coverage Test). In exceptional circumstances the NBB may decrease the minimum percentage of 85 % of the 85% Asset Coverage Test.

### 2. Description of the Residential Mortgage Loans

#### (a) Interest Rates

The Residential Mortgage Loans comprising Cover Assets bear:

- (i) a fixed rate interest for the entire term of the Residential Mortgage Loan; or
- (ii) an interest rate which is subject to a reset from time to time, with the period between to reset dates being no less than one year and no more than ten years.

The actual amount of interest paid under the Residential Mortgage Loans will vary during the maturity of the Mortgage Pandbrieven as a result of the level of delinquencies, defaults, repurchases, repayments and prepayments in respect of the Residential Mortgage Loans.

#### (b) Prepayment Penalties

In accordance with applicable law, the Residential Mortgage Loan agreements allow for prepayment penalties equal to three months interest on the prepaid amount, calculated at the interest rate then applicable to the prepaid Residential Mortgage Loan (except in the case of: (a) death of a Borrower if the Residential Mortgage Loan is repaid from the proceeds of life insurance taken out in relation to the Residential Mortgage Loans; or (b) in case of destruction of or damage to the property because of hazard, to the extent that the prepayment occurs with funds paid pursuant to a hazard insurance policy relating to the Residential Mortgage Loan).

#### (c) Default Interest



In respect of arrears on the Residential Mortgage Loans, default interest (*nalatighedsinterest/intérêt moratoire*) at a rate of up to 0.5 per cent per annum is charged/applied in addition to the interest rate then applicable to the Residential Mortgage Loan.

**(d) Types of Residential Mortgage Loans**

The Residential Mortgage Loans comprising Cover Assets are of the following repayment terms:

- (i) **Linear Residential Mortgage Loan** means a mortgage loan under which the Borrower has to make a periodical repayment of principal which remains the same for the duration of the loan, so that the debt gradually decreases. Due to the decreasing outstanding balance, the interest payment decreases proportionally. As a result, the gross mortgage costs (interest plus repayment of principal) decreases over time;
- (ii) **Annuity Residential Mortgage Loan** means a mortgage loan under which the Borrower has to make a periodical repayment which remains the same for the duration of the loan consisting partly of interest and partly of principal, whereby the interest payments decrease and the repayments of principal increase. As of 1 January 1995, only monthly based Annuity Mortgage Loan can be offered. The monthly payment has been calculated based on monthly scheduled payments in arrears, as a result of which the distribution between the interest and principal component alters every month;
- (iii) **Interest-Only Residential Mortgage Loan** means a mortgage loan under which the Borrower does not have to reimburse principal amount until maturity of such loan, but only makes interest payments during the lifetime of the loan. The interest payment can be monthly, quarterly, semi-annually, or annually; and
- (iv) **Reconstitution Residential Mortgage Loan** means a Residential Mortgage Loan the terms of which provide that on its final maturity date the proceeds of a Reconstitution Insurance Policy will be used for its repayment. Under this type of Residential Mortgage Loan the Borrower does not repay any principal, but instead pays life insurance premiums to the Insurance Company and interest on the Mortgage Loans. The premiums are used to provide death cover and to accumulate capital. For that purpose the Borrower or a third party who has taken out the insurance on the life of the Borrower, transfers or pledges to the Originator its rights to payment and under the relevant Reconstitution Insurance Policy or appoints the Originator as the beneficiary of such policy.

A **Reconstitution Insurance Policy** is either an Investment Insurance Policy or a Savings Insurance Policy. An **Investment Insurance Policy** is a life insurance policy under which the premiums paid by the Borrower or the third party that has taken out the policy on the life of the Borrower, are invested in an investment fund. This type of policy is always combined with a prior death coverage. Upon maturity of the Reconstitution Loan the investments will be sold and the proceeds used to repay the loan (whether in full or in part, depending on the value of the investments). Should the Borrower de cease the proceeds will be used to repay the loan. **Savings Insurance Policy** is a life

insurance policy under which the premiums are used to accumulate capital at a guaranteed minimum rate of return. This type of policy is also always combined with a prior death coverage.

**(e) Loan Security**

The Residential Mortgage Loans are secured by (1) a first ranking mortgage, and, as the case may be, (2) a lower ranking mortgage provided that the Issuer also has the benefit of all higher ranking mortgages on the same real estate and, as the case may be, a mandate to create mortgages.

**(i) Mortgage**

A mortgage creates a priority right to payment out of the mortgaged assets, subject to mandatory statutory priorities (including beneficiaries of prior ranking mortgages).

Most of the Residential Mortgage Loans are secured by a Mortgage which is used to also secure all other amounts which the Borrower owes or in the future may owe to the Issuer (*alle sommen hypotheek/hypothèque pour toute somme*) (a **All Sums Mortgage**).

Pursuant to Article 81*quinquies* of the Mortgage Act a receivable secured by an All Sums Mortgage which is registered in the Cover Register shall, in respect of such mortgage, (i) rank in priority to any receivable which arises after the date of the registration and (ii) have equal ranking with loans or debts which existed at the time of the registration, unless stipulated otherwise in the issue conditions.

Other Mortgage Loans have been originated under credit facilities which have the form of a revolving facility (*kredietopening / ouverture de crédit*) (a **Credit Facility**). The Mortgage that is granted as security for this type of loans is used to secure all advances (*voorschotten / avances*) made available under such revolving facility. In many cases the Mortgage that is created in respect of this type of loans is also an All Sums Mortgage.

Pursuant to Article 81*quater* of the Mortgage Act, an advance granted under a revolving facility secured by a mortgage can be registered in the Cover Register. Such advance will benefit from the privileges and mortgages securing the revolving facility. The advance registered in the Cover Register shall, in respect of the mortgage securing the revolving facility, (i) rank in priority to further advances that are granted after the date of registration and (ii) have equal ranking with other advances which existed at the time of the registration, unless stipulated otherwise in the issue conditions.

Condition 12.3 (*Priority Rules regarding security interest securing both Cover Assets and assets in the General Estate*) provides that if a security interest (including any mortgage and mortgage mandate) secures both Cover Assets and assets in the General Estate, all sums received out of the enforcement of the security interest will be applied in priority to satisfy the obligations in relation to the Cover Assets. Any proceeds of enforcement of such security interest can only be applied in satisfaction of the obligations of

the relevant assets in the General Estate once all sums owed to the Special Estate in respect of the relevant Cover Assets are irrevocably repaid in full.

(ii) Mortgage Mandate

A mortgage mandate is often used in addition to a mortgage to limit registration duties payable by the Borrower.

A mortgage mandate does not create an actual security interest and does not therefore create an actual priority right of payment out of the proceeds of a sale of the mortgaged assets. The mortgage mandate is an irrevocable mandate granted by a Borrower or a third party collateral provider to certain attorneys to create a mortgage as security for the Residential Mortgage Loan and all other amounts which the Borrower owes or in the future may owe to the Issuer. Only after creation of the mortgage, the beneficiary of the mortgage will have a priority right to payment out of the proceeds of a sale of the mortgaged assets. See further *Risk Factors – Mortgage Loans – Mortgage Mandates*;

- (iii) as the case may be, life insurance policies and hazard insurance policies;
- (iv) as the case may be, an assignment of salary by the Borrower; and/or
- (v) as the case may be, any pledge, set-off or unicity of account rights of the Issuer pursuant to its applicable general banking terms and conditions.

Pursuant to Article 3, §2, 3° of Annex III to the Banking Law (and, as far as Mortgage Mandates are concerned, Articles 81sexies and 81septies of the Mortgage Act), all security interests and sureties, guarantees or privileges under whichever form that have been granted in relation to Cover Assets as well as rights under insurance policies and other contracts in relation to the Cover Assets or the management of the Special Estate are automatically part of the Special Estate.

## SECTION 7 – DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously within this Base Prospectus and have been filed with the *Commission de Surveillance du Secteur Financier* (CSSF) shall be deemed to be incorporated in, and to form part of, this Base Prospectus.

- The 2023 annual report of the Issuer (available on the website of the Issuer [https://www.bnpparibasfortis.com/docs/default-source/pdf-\(en\)/financial-reports-2023-2/annual-report-2023-bnp-paribas-fortis-en.pdf?sfvrsn=a1dd696f\\_6](https://www.bnpparibasfortis.com/docs/default-source/pdf-(en)/financial-reports-2023-2/annual-report-2023-bnp-paribas-fortis-en.pdf?sfvrsn=a1dd696f_6)) including in particular, the audited annual financial statements of the Issuer (including the unqualified opinion with an explanatory paragraph of the statutory auditors on the consolidated financial statements for the year ended 31 December 2023); the auditor consents with the following pages of the audit report being incorporated by reference into the Base Prospectus):

(a)	the audited consolidated profit and loss account of the Issuer for the financial year ended 31 December 2023	page 44
(b)	the statement of net income and change in assets and liabilities recognised directly in equity of the Issuer for the financial year ended 31 December 2023	page 45
(c)	the balance sheet of the Issuer for the financial year ended 31 December 2023	page 46
(d)	the cash flow statement of the Issuer for the financial year ended 31 December 2023	page 47
(e)	statement of changes in shareholders' equity	page 48
(f)	the notes to the consolidated financial statements for the financial year ended 31 December 2023 (including a summary of significant accounting policies applied by the Issuer, effect of IFRS 16 first time adoption, notes to the profit and loss account, segment information, notes to the balance sheet, commitments given or received, salaries and employee benefits and additional information)	pages 51 – 166
(g)	the section headed "Risk Management and Capital Adequacy", including:	pages 167 – 190
	Risk management organisation	pages 169 – 171
	Risk measurement and categories	Pages 172 – 173
	Capital Adequacy	pages 174 – 176
	Credit and counterparty credit risk	pages 177 – 181

	Market risk	pages 182 – 184
	Sovereign risk	page 185
	Operational risk	page 186
	Compliance and reputational risk	page 187
	Liquidity risk	page 188
(h)	the statutory auditor's report to the general shareholder's meeting on the consolidated financial statements of the Issuer as of and for the year ended 31 December 2023 (an unqualified opinion with an explanatory paragraph)	pages 191 – 197
(i)	the section headed 'Report of the Board of Directors' describing decisions of the Board of the Issuer pursuant to Article 3:32 of the Belgian Company Code	pages 200 – 204
•	The 2022 annual report of the Issuer (available on the website of the Issuer <a href="https://www.bnpparibasfortis.com/docs/default-source/pdf-(en)/financial-reports-2022-2/annual-report-2022-bnp-paribas-fortis-en.pdf?sfvrsn=1a5f686f_6">https://www.bnpparibasfortis.com/docs/default-source/pdf-(en)/financial-reports-2022-2/annual-report-2022-bnp-paribas-fortis-en.pdf?sfvrsn=1a5f686f_6</a> ) including, in particular, the audited annual financial statements of the Issuer (including the unqualified opinion with an explanatory paragraph on the consolidated financial statements for the year ended 31 December 2022); the auditor consents with the following pages in the audit report being incorporated by reference into the Base Prospectus):	
(a)	the audited consolidated profit and loss account of the Issuer for the financial year ended 31 December 2022	page 46
(b)	the statement of net income and change in assets and liabilities recognised directly in equity of the Issuer for the financial year ended 31 December 2022	page 47
(c)	the balance sheet of the Issuer for the financial year ended 31 December 2022	page 48
(d)	the cash flow statement of the Issuer for the financial year ended 31 December 2022	page 49
(e)	statement of changes in shareholders' equity between 1 January 2021 and 31 December 2022	page 50
(f)	the notes to the consolidated financial statements for the financial year ended 31 December 2022 (including a summary of significant accounting policies applied by the Issuer, segment information, financing commitments and guarantee	pages 51 – 169

- commitments, salaries and employee benefits and additional information)
- (g) the section headed "Risk Management and Capital Adequacy", including:
- |                                     |                 |
|-------------------------------------|-----------------|
| Risk management organisation        | pages 173 – 174 |
| Risk measurement and categories     | pages 175 – 176 |
| Capital Adequacy                    | pages 177 – 179 |
| Credit and counterparty credit risk | pages 180 – 184 |
| Market risk                         | pages 185 – 187 |
| Sovereign risk                      | page 188        |
| Operational risk                    | page 189        |
| Compliance and reputational risk    | page 190        |
| Liquidity risk                      | page 191        |
- (h) the statutory auditor's report to the general shareholder's meeting on the consolidated financial statements of the Issuer as of and for the year ended 31 December 2022 (unqualified opinion with an explanatory paragraph) pages 194 – 201
- (i) the section headed 'Report of the Board of Directors' describing decisions of the Board of the Issuer pursuant to Article 3:32 of the Belgian Company Code pages 204 – 210
- The articles of association of the Issuer dated 22 April 2021, available on the website of the Issuer <https://www.bnpparibasfortis.com>.
  - The corporate governance charter of the Issuer dated 6 October 2022, available on the website of the Issuer [https://www.bnpparibasfortis.com/docs/default-source/pdf-\(en\)/about-us/corporate-governance-charter---eng.pdf](https://www.bnpparibasfortis.com/docs/default-source/pdf-(en)/about-us/corporate-governance-charter---eng.pdf).
  - The following section of the Pillar 3 disclosures for the year 2023, available on the website of the Issuer [https://www.bnpparibasfortis.com/docs/default-source/pdf-\(en\)/financial-reports-2023-2/fortis-pillar-3-2023.pdf?sfvrsn=53c3696f\\_8](https://www.bnpparibasfortis.com/docs/default-source/pdf-(en)/financial-reports-2023-2/fortis-pillar-3-2023.pdf?sfvrsn=53c3696f_8):

Pillar 3 Disclosures for the Year 2023

pages 5-66

- The following section of the Additional Pillar 3 disclosures for the year 2023 published by BNPPF and available at [https://www.bnpparibasfortis.com/docs/default-source/pdf-\(en\)/financial-reports-2023-2/fortis-additional-pillar-3-2023.pdf?sfvrsn=3ac3696f\\_6](https://www.bnpparibasfortis.com/docs/default-source/pdf-(en)/financial-reports-2023-2/fortis-additional-pillar-3-2023.pdf?sfvrsn=3ac3696f_6).

Additional Pillar 3 Disclosures for the Year 2023

pages 3-27

Any non-incorporated parts of a document referred to herein which, for the avoidance of doubt, means any parts not listed in the cross-reference lists above are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

This Base Prospectus, any supplements to this Base Prospectus and the documents incorporated by reference in this Base Prospectus can be obtained from the statutory seat of the Issuer, on its website ([www.bnpparibasfortis.com](http://www.bnpparibasfortis.com)) and the website of Euronext Brussels ([www.euronext.com](http://www.euronext.com)). Other information contained on the website of the Issuer ([www.bnpparibasfortis.com](http://www.bnpparibasfortis.com)) and the website of Euronext Brussels ([www.euronext.com](http://www.euronext.com)) does not form part of this Base Prospectus and has not been scrutinised or approved by the FSMA, unless stated otherwise in this Base Prospectus.

The documents incorporated by reference into this Base Prospectus may contain further references or hyperlinks to other documents or websites. Such further references or hyperlinks are not incorporated by reference and do not form part of this Base Prospectus, and have not been scrutinised or approved by the FSMA. In case there is only reference to certain parts of a document in the above mentioned documents, the non-incorporated parts, to the extent they are not explained elsewhere in the Base Prospectus, are not relevant for investors.

## **SECTION 8 – SUPPLEMENTS TO THE BASE PROSPECTUS**

Following the publication of this Base Prospectus, a supplement may be prepared by the Issuer and approved by the FSMA in accordance with Article 23 of the Prospectus Regulation. The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of any Mortgage Pandbrieven and which arises or is noted between the time when the prospectus is approved and the closing of the offer period or the time when trading on a regulated market begins, whichever occurs later, or any change in the condition of the Issuer which is material in the context of the Programme or the issue of any Mortgage Pandbrieven, prepare and publish a supplement to this Base Prospectus or publish a new base prospectus for use in connection with any subsequent issue of Mortgage Pandbrieven to be listed and admitted to trading on an EU Regulated Market. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus. Furthermore, in connection with the listing of the Mortgage Pandbrieven on Euronext Brussels, so long as any Mortgage Pandbrief remains outstanding and listed on such exchange, in the event of any material adverse change in the financial condition of the Issuer which is not reflected in this Base Prospectus, the Issuer will prepare a further supplement to this Base Prospectus or publish a new base prospectus for use in connection with any subsequent issue of the Mortgage Pandbrieven to be listed on Euronext Brussels or another market.

If the terms of the Programme are modified or amended in a manner which would make this Base Prospectus, as supplemented, inaccurate or misleading, a new base prospectus will be prepared.

The obligation to supplement this Base Prospectus shall no longer apply after the expiry of the validity period of this Base Prospectus as specified on the front cover of this Base Prospectus.



## **SECTION 9 – GENERAL DESCRIPTION OF THE MORTGAGE PANDBRIEVEN**

Under the Programme, the Issuer may from time to time issue Mortgage Pandbrieven, subject as set out herein. The applicable terms of any Mortgage Pandbrieven will be agreed between the Issuer and the relevant Dealer(s) prior to the issue of the Mortgage Pandbrieven and will be set out in the Conditions of the relevant Mortgage Pandbrieven, as completed by the applicable Final Terms. The Issuer may also issue from time to time Mortgage Pandbrieven under the Programme which shall be subject to terms and conditions and/or final terms not contemplated by this Base Prospectus. In such circumstances, the relevant forms of terms of such Mortgage Pandbrieven will be set out in the relevant Final Terms.

This Base Prospectus and any supplement will only be valid for issuing Mortgage Pandbrieven in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Mortgage Pandbrieven previously or simultaneously issued under the Programme, does not exceed EUR 20,000,000,000, subject to increase as described herein.

## SECTION 10 – FORM OF THE MORTGAGE PANDBRIEVEN

### 1. FORM

The Mortgage Pandbrieven can be issued in dematerialised form (**Dematerialised Mortgage Pandbrieven**) or in registered form (**Registered Mortgage Pandbrieven**).

Registered Mortgage Pandbrieven will be registered in a register maintained by the Issuer or by a registrar on behalf of the Issuer (the **Registrar**) in accordance with Article 7:27 et seq. of the Belgian Company Code.

The Dematerialised Mortgage Pandbrieven will be issued in dematerialised form in accordance with Articles 7:35 et seq. of the Belgian Company Code.

The Dematerialised Mortgage Pandbrieven will be represented by a book entry in the records of the clearing system operated by the National Bank of Belgium (the **NBB**) or any successor thereto (the **Securities Settlement System**). The Dematerialised Mortgage Pandbrieven can be held by their holders through the participants in the Securities Settlement System, including Euroclear Bank SA/NV (**Euroclear**), Clearstream Banking AG, Germany (**Clearstream, Germany**), SIX SIS Ltd, Switzerland (**SIX SIS, Switzerland**), Monte Titoli S.p.A., Italy (**Euronext Securities Milan, Italy**), InterBolsa S.A., Portugal (**Euronext Securities Porto, Portugal**) and any other national or international NBB investors central securities depository (**NBB investor (I)CSDs**) and through other financial intermediaries which in turn hold the Dematerialised Mortgage Pandbrieven through Euroclear, Clearstream, Germany, SIX SIS, Switzerland, Euronext Securities Milan, Italy, Euronext Securities Porto, Portugal and any other NBB investor (I)CSDs or other participants in the Securities Settlement System.

The Dematerialised Mortgage Pandbrieven will be accepted for clearance (settlement) through the Securities Settlement System and will accordingly be subject to the Securities Settlement System Regulations. Holders of Dematerialised Mortgage Pandbrieven are entitled to exercise the rights they have, including exercising their voting rights and other associative rights (as defined for the purposes of Article 7:41 of the Belgian Company Code) against the Issuer in accordance with the Conditions and without prejudice to the powers of the Mortgage Pandbrieven Holders' Representative upon submission of an affidavit drawn up by the NBB, Euroclear, Clearstream, Germany, SIX SIS, Switzerland, Euronext Securities Milan, Italy, Euronext Securities Porto, Portugal and any other NBB investor (I)CSDs or any other participant duly licensed in Belgium to keep dematerialised securities accounts showing their position in the Dematerialised Mortgage Pandbrieven (or the position held by the financial institution through which their Mortgage Pandbrieven are held with the NBB, Euroclear, Clearstream, Germany, SIX SIS, Switzerland, Euronext Securities Milan, Italy, Euronext Securities Porto, Portugal and any other NBB investor (I)CSDs or such other participant, in which case an affidavit drawn up by that financial institution will also be required). References to the Securities Settlement System, Euroclear, Clearstream, Germany, SIX SIS, Switzerland, Euronext Securities Milan, Italy, Euronext Securities Porto, Portugal and/or any other NBB investor (I)CSDs shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer and the Domiciliary Agent.

The Issuer and the Domiciliary Agent will not have any responsibility for the proper performance by the Securities Settlement System or its Participants of their obligations under their respective rules and operating procedures.

The Dematerialised Mortgage Pandbrieven and the Registered Mortgage Pandbrieven may not be exchanged for Mortgage Pandbrieven in bearer form. Registered Mortgage Pandbrieven may not be exchanged for Dematerialised Mortgage Pandbrieven.

## **2. TITLE AND TRANSFER**

Title to and transfer of Dematerialised Mortgage Pandbrieven will be evidenced only by records maintained by the Securities Settlement System, Euroclear, Clearstream, Germany, SIX SIS, Switzerland, Euronext Securities Milan, Italy, Euronext Securities Porto, Portugal and any other NBB investor (I)CSDs or other Securities Settlement System participants and in accordance with the applicable rules and procedures for the time being of the Securities Settlement System, Euroclear, Clearstream, Germany, SIX SIS, Switzerland, Euronext Securities Milan, Italy, Euronext Securities Porto, Portugal and any other NBB investor (I)CSDs or other Securities Settlement System participants, as the case may be.

Title to and transfer of Registered Mortgage Pandbrieven shall pass by registration of the transfer by the Issuer or by the Registrar in a register in accordance with Article 7:27 *et seq.* of the Belgian Company Code.

Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Mortgage Pandbrieven shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

## **3. PAYMENTS**

All payments of principal or interest owing under the Dematerialised Mortgage Pandbrieven shall be made through the Domiciliary Agent and the Securities Settlement System in accordance with the Settlement System Regulations and the Clearing Services Agreement. The Issuer will validly discharge its payment obligations towards the Dematerialised Mortgage Pandbrieven Holders by payment to the Securities Settlement System through the intervention of the Domiciliary Agent.

The Securities Settlement System will not be involved in the payment of interest or principal payable on or in respect of the Dematerialised Mortgage Pandbrieven expressed in any currency other than Euro. Such amounts will be settled outside the Securities Settlement System and paid through the intervention of the Domiciliary Agent or the Paying Agents as appointed from time to time under the Agency Agreement to participants holding positions in the Dematerialised Mortgage Pandbrieven via Euroclear, Clearstream, Germany, SIX SIS, Switzerland, Euronext Securities Milan, Italy, Euronext Securities Porto, Portugal and any other NBB investor (I)CSDs. Payments of principal and interest in respect of Registered Mortgage Pandbrieven shall be paid to the person shown on the register of the Registered Mortgage Pandbrieven at the close of business on the 15th calendar day before the due date for payment thereof.

## SECTION 11 – TERMS AND CONDITIONS OF THE MORTGAGE PANDBRIEVEN

The following are the Terms and Conditions (the Conditions) of the Mortgage Pandbrieven which, as completed by the applicable Final Terms in relation to any Tranche of Mortgage Pandbrieven, will apply to the Mortgage Pandbrieven.

The applicable Final Terms in relation to any Tranche of Mortgage Pandbrieven may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Conditions, replace or modify the following Conditions for the purpose of such particular Tranche of Mortgage Pandbrieven, in the case of any Mortgage Pandbrieven which are neither to be admitted to trading on a regulated market within the European Economic Area nor offered to the public in an EEA State in circumstances which require the publication of a prospectus under the Prospectus Regulation (**Exempt Mortgage Pandbrieven**).

The Issuer may also issue from time to time Mortgage Pandbrieven under the Programme which shall be subject to terms and conditions and/or final terms not contemplated by this Base Prospectus, in the case of any Mortgage Pandbrieven which are neither to be listed or admitted to trading on a regulated market within the European Economic Area nor offered to the public in an EEA State in circumstances which require the publication of a prospectus under the Prospectus Regulation. In such circumstances, the relevant forms of terms of such Mortgage Pandbrieven will be set out in a schedule to the Agency Agreement.

BNP Paribas Fortis SA/NV (**BNP Paribas Fortis** or the **Issuer**) has established a Retained Mortgage Pandbrieven Programme (the **Programme**) for the issuance of Belgian *pandbrieven/lettres de gage* governed by the Law of 3 August 2012 on the legal framework of Belgian covered bonds (*Wet van 3 augustus 2012 tot invoering van een wettelijke regeling voor Belgische covered bonds/Loi du 3 août 2012 instaurant un régime légal pour les covered bonds belges*) (as implemented in Annex III to the Banking Law) as subsequently amended and/or supplemented (hereinafter the **Mortgage Pandbrieven**).

The Mortgage Pandbrieven under this Programme are intended to be issued to (i) BNP Paribas Fortis and/or any direct or indirect subsidiary of BNP Paribas Fortis, and/or (ii) any entity of the BNP Paribas Group. This Programme is to be distinguished from and is created in addition to the Non-Retained Programme.

The National Bank of Belgium (*Nationale Bank van België/Banque Nationale de Belgique*) (the **NBB** or the **Competent Authority**) has admitted the Issuer to the list of credit institutions that have obtained the authorisation to issue Belgian covered bonds pursuant to Article 80, §1 of the Banking Law on 9 February 2016. The Programme has been admitted by the NBB to the list of authorised programmes for issue of Belgian covered bonds pursuant to Article 81, §1 of the Banking Law. Upon so being notified by the Issuer, the NBB shall regularly update such list with the Mortgage Pandbrieven issued under the Programme and shall indicate that the Mortgage Pandbrieven constitute Belgian *pandbrieven/lettres de gage* under the Belgian Covered Bond Regulations.

As used herein, **Tranche** means Mortgage Pandbrieven which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Mortgage Pandbrieven together with any further Tranche or Tranches of Mortgage Pandbrieven which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Each Tranche is the subject of Final Terms which complete these Conditions.

All subsequent references in these Conditions to **Mortgage Pandbrieven** are, unless the context otherwise requires, to the Mortgage Pandbrieven of the relevant Series.

The relationship between BNP Paribas Fortis as issuer and BNP Paribas Fortis as domiciliary agent, paying agent and listing agent (hereinafter the **Domiciliary Agent**, the **Paying Agent** and the **Listing Agent** which expression includes any successor agent appointed from time to time in connection with the Mortgage Pandbrieven), any entity from time to time appointed as registrar (hereinafter the **Registrar**, which expression includes any successor registrar appointed from time to time in connection with the Mortgage Pandbrieven) and the other paying agents appointed from time to time under the agency agreement (together with the Domiciliary Agent, the Paying Agent, the Listing Agent and the Registrar, the **Agents**, which expression includes any successor agent appointed from time to time in connection with the Mortgage Pandbrieven) is determined in accordance with an agency agreement to be made between the Issuer, BNP Paribas Fortis and the Mortgage Pandbrieven Holders' Representative (such agency agreement as modified and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated on or about the date hereof.

The Mortgage Pandbrieven Holders' Representative acts as representative of the Mortgage Pandbrieven Holders within the meaning of Article 1, 4<sup>o</sup> of Annex III to the Banking Law in accordance with the provisions of the **Mortgage Pandbrieven Holders Representative Agreement** (such Mortgage Pandbrieven Holders Representative Agreement as modified and/or supplemented and/or restated from time to time, the Mortgage Pandbrieven Holders Representative Agreement) dated on or about the date hereof and made between the Issuer and Stichting BNP Paribas Fortis Retained Pandbrieven Representative as representative (in such capacity, the **Mortgage Pandbrieven Holders' Representative**, which expression shall include any successor Mortgage Pandbrieven Holders' Representative) and with the Belgian Covered Bond Regulations.

The Cover Pool Monitor has been appointed as cover pool monitor in relation to the Special Estate (as defined below) pursuant to Article 16, §1 of Annex III to the Banking Law and the Belgian Covered Bond Regulations and pursuant to the terms of the Cover Pool Monitor Agreement.

Pursuant to a special estate administration agreement to be entered into between the Issuer, the Mortgage Pandbrieven Holders' Representative and the Cover Pool Monitor (such special estate administration agreement as modified and/or supplemented and/or restated from time to time, the **Special Estate Administration Agreement**) dated on or about the date hereof, all Mortgage Pandbrieven issued under the Programme shall be subject to and have the benefit of certain common terms (the **Special Estate Administration Terms**) regardless of whether the Mortgage Pandbrieven are issued under the Base Prospectus or not.

The relationship between the Issuer and the NBB as operator of the Securities Settlement System (as hereinafter defined) in relation to the clearing of the Dematerialised Mortgage Pandbrieven is governed by a clearing services agreement (such clearing services agreement as modified and/or supplemented and/or restated from time to time, the **Clearing Services Agreement**) entered into between the Issuer, the Domiciliary Agent and the NBB.

The Issuer may, from time to time during the Programme, enter into interest rate swap agreements, currency swap agreements and other relevant swap or hedging agreements (together the **Hedging Agreements**) with one or more hedging counterparties (the **Hedging Counterparties**) for the purpose of, inter alia, protecting itself against certain risks (including, but not limited to, interest rate, currency exchange, liquidity and credit) related to the Cover Assets (as defined below) and/or the Mortgage Pandbrieven.

The Issuer may, from time to time during the Programme, enter into liquidity facility agreements (the **Liquidity Facility Agreements**) in relation to the Special Estate with one or more liquidity facility providers (the **Liquidity Facility Providers**) in order to improve the liquidity of the Special Estate.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of:

- (a) the Agency Agreement;
- (b) the Mortgage Pandbrieven Holders Representative Agreement;
- (c) the Programme Agreement;
- (d) the Special Estate Administration Agreement; and
- (e) the Clearing Services Agreement.

The Agency Agreement, the Mortgage Pandbrieven Holders Representative Agreement, the Programme Agreement, the Cover Pool Monitor Agreement, the Clearing Services Agreement, the Special Estate Administration Agreement, any Subscription Agreement, each of the Final Terms, any Hedging Agreement, any Liquidity Facility Agreement, any Calculation Agency Agreement and any additional document entered into in respect of the Mortgage Pandbrieven and/or the Special Estate and designated as a Programme Document by the Issuer and the Mortgage Pandbrieven Holders' Representative, are together referred to as the **Programme Documents**.

Copies of the Programme Documents are available for inspection during normal business hours at the statutory seat of the Issuer and at the Specified Office of the Domiciliary Agent and copies may be obtained from those offices save that, if the relevant Registered Mortgage Pandbrief is an Exempt Mortgage Pandbrief, the applicable Final Terms will only be obtainable by a Mortgage Pandbrieven Holder holding one or more Mortgage Pandbrieven and such Mortgage Pandbrieven Holder must produce evidence satisfactory to the Issuer and the Domiciliary Agent as to its holding of such Mortgage Pandbrieven and identity. The Mortgage Pandbrieven Holders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the Final Terms that are applicable to them. By subscribing for or otherwise acquiring the Mortgage Pandbrieven, the Mortgage Pandbrieven Holders will also be deemed to have knowledge of, accept and be bound by all the provisions of, the other Programme Documents.

## 1. INTERPRETATION

### *Definitions*

In these Conditions the following expressions have the following meanings

**85% Asset Coverage Test** means the requirement set out in the Belgian Covered Bond Regulations that the Asset Coverage Percentage must be at least 85% at all times.

**Accrual Yield** has, in relation to a Zero Coupon Mortgage Pandbrieven, the meaning given in the applicable Final Terms.

**Asset Coverage Percentage** means the proportion, expressed as a percentage, that the aggregate value of the Residential Mortgage Loans registered as Cover Assets in the Special Estate and determined in accordance with the valuation rules set out in the Covered Bonds Royal Decree bears to the aggregate Principal Amount Outstanding of the Mortgage Pandbrieven.

**Banking Law** means the law of 25 April 2014 on the legal status and supervision on credit institutions and stockbroking firms (*Wet op het statuut van en het toezicht op de kredietinstellingen en beursvennootschappen/Loi relative au statut et au contrôle des établissements de crédit et des sociétés de bourse*) as subsequently amended and/or supplemented and/or re-enacted.

**Base Prospectus** means the base prospectus in relation to the Programme dated 6 August 2024, as amended/supplemented from time to time.

**Belgian Company Code** means the *Belgian Wetboek van Vennootschappen en Verenigingen/Code des sociétés et des associations*.

**Belgian Covered Bond Regulations** means the Banking Law, the Mobilisation Law, the Covered Bonds Royal Decree, the Cover Pool Administrator Royal Decree, the NBB Covered Bonds Circular, the NBB Cover Pool Monitor Circular and any other law, royal decree, regulation or order that may be passed or taken in relation to Belgian covered bonds.

**Business Day** means a day which is a day other than a Saturday or Sunday on which the NBB Securities Settlement System is operating.

**Calculation Agency Agreement** means any calculation agency agreement that may be entered into by the Issuer with a third party in relation to the Mortgage Pandbrieven.

**Calculation Agent** means the Issuer or any other calculation agent appointed by the Issuer pursuant to a Calculation Agency Agreement, as specified in the applicable Final Terms.

**Cover Assets** means Residential Mortgage Loans and any other loans, securities, accounts, contracts or other assets which comply with the requirements of the Belgian Covered Bond Regulations and that are registered in the Cover Register, and all other assets listed in Article 1/2 of Annex III to the Banking Law that are included in the Special Estate pursuant to Article 3, §2 of Annex III to the Banking Law.

**Cover Asset Adequacy Test** means the requirement set out in Article 5 of the Covered Bonds Royal Decree that, with respect to the Special Estate, the sum of interest principal and all other revenues generated by the Cover Assets must be sufficient to cover the sum of all interest, principal and charges linked to maintenance and administration (including the winding down) of the issuance programme and the Mortgage Pandbrieven.

**Cover Pool Administrator** means any person or persons appointed (and any additional or replacement person or persons appointed or substituted) as a cover pool administrator (*portefeuillebeheerder/gestionnaire de portefeuille*) by the NBB pursuant to Article 8 of Annex III to the Banking Law.

**Cover Pool Administrator Royal Decree** means the Royal Decree of 11 October 2012 on the cover pool administrator in the context of the issue of Belgian covered bonds by a Belgian credit institution (*Koninklijk Besluit van 11 oktober 2012 betreffende de portefeuillebeheerder in het kader van de uitgifte van Belgische covered bonds door kredietinstellingen naar Belgisch recht/Arrêté Royal du 11 octobre 2012 relatif au gestionnaire de portefeuille dans le cadre de l'émission de covered bonds belges par un établissement de crédit de droit belge*) as subsequently amended and/or supplemented and/or re-issued.

**Cover Pool Creditors** means the Mortgage Pandbrieven Holders and the Other Cover Pool Creditors.

**Cover Pool Monitor** means a cover pool monitor (*portefeuillesurveillant/surveillant de portefeuille*) appointed in accordance with Article 16, §1 of Annex III to the Banking Law and its representative (as approved by the NBB in accordance with the Belgian Covered Bond Regulations).

**Cover Register** means the cover register established by the Issuer for the Mortgage Pandbrieven issued under the Programme in accordance with Article 15 of Annex III to the Banking Law and Article 9 of the Covered Bonds Royal Decree.

**Cover Tests** means the Cover Asset Adequacy Test, the 85% Asset Coverage Test and the Over-Collateralisation Test.

**Covered Bonds Royal Decree** means the Royal Decree of 11 October 2012 on the issue of Belgian covered bonds by Belgian credit institutions (*Koninklijk Besluit van 11 oktober 2012 betreffende de uitgifte van Belgische covered bonds door kredietinstellingen naar Belgisch recht/Arrêté Royal du 11 octobre 2012 relatif à l'émission de covered bonds belges par des établissements de crédit de droit belge*) as subsequently amended and/or supplemented and/or re-issued.

**CRR** means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms as subsequently amended and/or supplemented and/or re-issued.

**Day Count Fraction** means, in respect of the calculation of an amount of interest for any Interest Period in accordance with Condition 4.2 (*Interest on Floating Rate Mortgage Pandbrieven*):

- (a) if **Actual/Actual** or Actual/Actual (ISDA) is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (b) if **Actual/365** (Fixed) is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (c) If **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (d) if **30/360, 360/360** or **Bond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;



"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D2 is greater than 29, in which case D2 will be 30;

- (e) if **30E/360** or Eurobond Basis is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

- (f) if **30E/360 (ISDA)** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless

(x) that day is the last day of February or (y) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (x) that day is the last day of February but not the Maturity Date or (y) such number would be 31, in which case D2 will be 30; and

(g) if 1/1 is specified in the applicable Final Terms, 1.

**Dematerialised Mortgage Pandbrieven** has the meaning given in Condition 2.2 (*Form*).

**Determination Date** has the meaning given in the applicable Final Terms.

**Determination Period** means the period from (and including) a Determination Date to (but excluding) the next Determination Date (including where either the Interest Commencement Date or the final Interest Period End Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

**Early Redemption Amount** means the amount calculated in accordance with Condition 6.4 (*Early Redemption Amounts*).

**ECB Eligible** means debt claims (other than those of the Issuer or any of its group companies) that are, at the relevant time, included on the list of assets eligible to be used as collateral for monetary policy operations published by the European Central Bank on its website.

**Eligible Investor** means a person who is entitled to hold securities through a so-called "X-account" (being an account exempted from withholding tax) in a settlement system in accordance with Article 4 of the Belgian Royal Decree of 26 May 1994 on the collection and refund of withholding tax (as amended or replaced from time to time).

**Euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty, as amended.

**Event of Default** has the meaning given in Condition 8.1 (*Events of Default*).

**Excess Swap Collateral** means an amount equal to the value of any collateral transferred to the Issuer by a Hedging Counterparty under a Hedging Agreement: (A) in respect of which the terms of such Hedging Agreement do not, at the relevant time, provide for such collateral to be applied in satisfaction of the Hedging Counterparty's obligations to the Issuer; or (B) that is in excess of the Hedging Counterparty's liability to the Issuer thereunder (i) as at the termination date of the transaction entered into under such Hedging Agreement or (ii) as at any other date of valuation in accordance with the terms of the Hedging Agreement.

**Exempt Investor** has the meaning given in Condition 7 (*Tax gross-up*).

**Extraordinary Resolution** has the meaning given in the Meeting Rules.

**Final Redemption Amount** has the meaning given in the applicable Final Terms.

**Fixed Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with Condition 4.1 (*Interest on Fixed Rate Mortgage Pandbrieven*):

- (a) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms:
  - (i) in the case of Mortgage Pandbrieven where the number of days in the relevant period from (and including) the most recent Interest Period End Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year;
  - (ii) in the case of Mortgage Pandbrieven where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
    - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
    - (C) if **Actual/Actual** or **Actual/Actual (ISDA)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
    - (D) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
    - (E) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360
    - (F) if **30/360,360/360** or Bond Basis is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows

$$\text{Fixed Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D2 is greater than 29, in which case D2 will be 30;

- (G) if **30E/360** or **Eurobond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Fixed Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

- (H) if **30E/360 (ISDA)** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Fixed Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1, will be 30;

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30; and

- (I) if 1/1 is specified in the applicable Final Terms, 1

**General Estate** means the assets of the Issuer that at such time do not form part of a special estate(s) of the Issuer constituted pursuant to Article 3 of Annex III to the Banking Law.

**Interest Commencement Date** means, in the case of interest-bearing Mortgage Pandbrieven, the date specified in the applicable Final Terms from (and including) which the relevant Mortgage Pandbrieven will accrue interest.

**Interest Determination Date** has the meaning specified in the applicable Final Terms.

**Interest Payment Date** means, in the case of interest-bearing Mortgage Pandbrieven, the Interest Payment Date(s) in each year specified in the applicable Final Terms.

**Interest Period** means, in the case of interest-bearing Mortgage Pandbrieven, the period from (and including) an Interest Period End Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Period End Date.

**Interest Period End Date** means, in the case of interest-bearing Mortgage Pandbrieven, the Interest Period End Date(s) in each year specified in the applicable Final Terms.

**Issue Date** has the meaning given in the applicable Final Terms.

**Junior Liquidity Amount** means any amount, including any costs, charges, liabilities and expenses, due and payable to a Liquidity Provider which under the relevant Liquidity Facility Agreement are expressed to rank junior to interest and principal due to Mortgage Pandbrieven Holders and any other party ranking senior in accordance with the Priority of Payments.

**Liquidity Test** means the requirement to have a liquidity buffer as set out in Article 7 of the Covered Bonds Royal Decree.

**Margin** has the meaning given in the applicable Final Terms.

**Maximum Rate of Interest** means, in the case of Floating Rate Mortgage Pandbrieven, the Rate of Interest (if any) specified as such in the applicable Final Terms.

**Meeting Rules** has the meaning assigned to it in Condition 13 (*Meeting Rules of Mortgage Pandbrieven Holders*).

**Minimum Rate of Interest** means, in the case of Floating Rate Mortgage Pandbrieven, the Rate of Interest (if any) specified as such in the applicable Final Terms.

**Mobilisation Law** means the Law of 3 August 2012 on various measures to facilitate the mobilisation of receivables in the financial sector (*Wet van 3 augustus 2012 betreffende diverse maatregelen ter vergemakkelijking van de mobilisering van schuldvorderingen in de financiële sector/Loi du 3 août 2012 relative à des mesures diverses pour faciliter la mobilisation de créances dans le secteur financier*) as subsequently amended and/or supplemented and/or re-enacted.

**Moody's** means Moody's France SAS.

**Mortgage Pandbrieven Holders or Holders of Mortgage Pandbrieven** means the persons in whose name a Registered Mortgage Pandbrief is registered or, as the case may be, the holders from time to time of Dematerialised Mortgage Pandbrieven as determined by reference to the records of the relevant clearing systems or financial intermediaries and the affidavits referred to in Condition 2 (*Type, Form, Denomination and Title*).

**NBB Cover Pool Monitor Circular** means the circular (NBB\_2022\_16) of the NBB addressed to the cover pool monitors of Belgian credit institutions that issue Belgian covered bonds dated 14 June 2022 (*Circulaire aan de portefeuille surveillanten van kredietinstellingen naar Belgisch recht die Belgische covered bonds uitgeven/Circulaire aux surveillants de portefeuille auprès d'établissements de crédit de droit belge qui émettent des covered bonds belges*) as subsequently amended and/or supplemented and/or re-issued.

**NBB Covered Bonds Circular** means the circular (NBB\_2022\_15) of the NBB concerning the practical rules for the application of the law of 25 April 2014 establishing a legal framework for Belgian covered bonds (*Praktische regels voor de toepassing van de wet van 25 april 2014 op het statuut van en het toezicht op kredietinstellingen en beursvennootschappen zoals gewijzigd door de wet van 26 november 2021 met het oog op de omzetting van Richtlijn 2019/2162 betreffende de uitgifte van en het overheidstoezicht op gedekte obligaties/Modalités pratiques d'application de la loi du 25 avril 2014 relative au statut et au contrôle des établissements de crédit telle que modifiée par la loi du 26 novembre 2021 afin de transposer la directive 2019/2162 relative à l'émission et à la surveillance publique des obligations sécurisées*) as subsequently amended and/or supplemented and/or re-issued.

**Notice of Default** has the meaning given to it in Condition 8 (*Events of Default and Enforcement*).

**Operational Creditors** means (1) any servicer appointed to service the Cover Assets, (2) any account bank appointed to hold accounts of the Issuer in relation to the Special Estate, (3) any stock exchange on which the Mortgage Pandbrieven are listed and/or admitted to trading, (4)

any auditor, legal counsel and tax advisor of the Issuer in relation to the Special Estate or the Programme, (5) any custodian of Cover Assets or assets in the Special Estate, (6) any rating agency appointed by the Issuer to rate the Programme or the Mortgage Pandbrieven, (7) any agent or party appointed in accordance with the Programme Documents, (8) any other creditor of amounts due in connection with the management or administration of the Special Estate, and (9) any other creditor of the Issuer pursuant to any services provided or any transaction entered into in connection with the Special Estate or the Programme, and notified to the Mortgage Pandbrieven Holders' Representative or as may from time to time be specified in the Conditions of any Mortgage Pandbrieven issued under the Programme.

**Ordinary Resolution** has the meaning given in the Meeting Rules.

**Other Cover Pool Creditors** means the Mortgage Pandbrieven Holders' Representative, any Cover Pool Administrator, the Cover Pool Monitor, the Agents, the Registrar, the Hedging Counterparties (if any), any Liquidity Facility Providers (if any) and any Operational Creditors.

**Over-Collateralisation Test** means the requirement set out in the Belgian Covered Bond Regulations that the value of the Cover Assets determined in accordance with the valuation rules set out in the Covered Bonds Royal Decree must represent at least 105% of the Principal Amount Outstanding of Mortgage Pandbrieven.

**Principal Amount Outstanding** means, in respect of a Mortgage Pandbrief, on any day, the principal amount of that Mortgage Pandbrief on the Issue Date thereof less principal amounts received by the relevant Mortgage Pandbrieven Holder in respect thereof on or prior to that day, provided that the Principal Amount Outstanding in respect of a Mortgage Pandbrief that has been purchased and cancelled by the Issuer shall be zero.

**Programme Resolution** has the meaning given in the Meeting Rules.

**Rate of Interest** means, in the case of interest-bearing Mortgage Pandbrieven, the rate of interest payable from time to time as described in Condition 4 (*Interest*).

**Rating Agency** means any rating agency (or its successor) who, at the request of the Issuer, assigns and for as long as it assigns, one or more ratings to the Mortgage Pandbrieven under the Programme from time to time, which may include Moody's and S&P.

**Record Date** has the meaning given in Condition 5.1(b) (*Payments in relation to Registered Mortgage Pandbrieven*).

**Reference Banks** means the principal Eurozone office of four major banks in the Eurozone interbank market, in each case selected by the Calculation Agent in its sole discretion.

**Reference Price** has, in respect of a Zero Coupon Mortgage Pandbrieven, the meaning given in the applicable Final Terms.

**Reference Rate** has the meaning given in the applicable Final Terms.

**Registered Mortgage Pandbrieven** has the meaning given in Condition 2.2 (*Form*).

**Related Security** means all security interests and sureties, guarantees or privileges under whichever form that have been granted in relation to Cover Assets as well as rights under insurance policies and other contracts in relation to the Cover Assets or the management of the Special Estate.

**Relevant Screen Page** has the meaning given to it in the relevant Final Terms.

**Resolution** means an Ordinary Resolution, an Extraordinary Resolution or a Programme Resolution.

**Residential Mortgage Loans** means residential mortgage loans within the meaning of Article 1/2, a) of Annex III to the Banking Law.

**S&P** means S&P Global Ratings Europe Limited.

**Screen Rate Determination** means, if specified as applicable in the applicable Final Terms, the manner in which the Rate of Interest on Floating Rate Mortgage Pandbrieven is to be determined in accordance with Condition 4.2 (*Interest on Floating Rate Mortgage Pandbrieven*).

**Securities Settlement System** has the meaning given in Condition 2.2 (*Form*).

**Series Principal Amount Outstanding** means, in respect of a Series of Mortgage Pandbrieven on any day, the aggregate of the Principal Amount Outstanding of each of the Mortgage Pandbrieven comprised in that Series.

**Settlement System Regulations** means Belgian clearing regulations, including the Belgian law of 6 August 1993 on transactions in certain securities, its implementing Belgian Royal Decrees of 26 May 1994 and 14 June 1994 and the rules of the Securities Settlement System and its annexes, as issued or modified by the NBB from time to time.

**Special Estate** means the special estate (*bijzonder vermogen/patrimoine spécial*) of the Issuer constituted pursuant to Article 3 of Annex III to the Banking Law in relation to the Programme.

**Specified Currency** means Euro or such other currency as may be specified in the applicable Final Terms.

**Specified Office** means 1000 Brussels, Montagne du Parc 3, Belgium, or such office as notified to the Mortgage Pandbrieven Holders by the Domiciliary Agent in accordance with Condition 19 (*Notices*).

**Specified Time** means 11.00 a.m. (Brussels time) in the case of EURIBOR.

**Statutory Tests** means the Cover Tests and the Liquidity Test.

**Subordinated Termination Payment** means any termination payments due and payable to any Hedging Counterparty under a Hedging Agreement where such termination results from (a) an Additional Termination Event relating to the credit rating or credit worthiness of the Hedging Counterparty as specified in the schedule to the relevant Hedging Agreement, (b) the bankruptcy of the relevant Hedging Counterparty, or (c) any default and/or failure to perform by such Hedging Counterparty under the relevant Hedging Agreement, other than, in the event of (a) or (b) above, the amount of any termination payment due and payable to such Hedging Counterparty in relation to the termination of such transaction to the extent of any premium received by the Issuer from a replacement hedging counterparty.

**Sub-unit** with respect to Euro, means, one cent.

**T2 System** means the real time gross settlement system operated by the Eurosystem, which was launched on 20 March 2023 or any successor thereto.



**Treaty** means the Treaty establishing the European Community, as amended.

**VAT** means:

- (A) any tax chargeable under or pursuant to the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112) or any legislation implemented by any member state of the European Union by virtue of EC Directive 2006/112; and
- (B) any other tax of a similar nature, whether chargeable in a member state of the European Union or elsewhere.

**Winding-up Proceedings** means winding-up proceedings (*liquidatieprocedures/procédures de liquidation*) within the meaning of Article 3, 59° to the Banking Law.

## 2. TYPE, FORM, DENOMINATION AND TITLE

### 2.1. Residential Mortgage Pandbrieven

The Mortgage Pandbrieven will be issued as Belgian pandbrieven (*belgische pandbrieven/lettres de gage belges*) in accordance with the Belgian Covered Bond Regulations. The Mortgage Pandbrieven will be covered in accordance with the Belgian Covered Bond Regulations by the same Special Estate of which the main asset category will consist of residential mortgage loans within the meaning of the Belgian Covered Bond Regulations. The Mortgage Pandbrieven can also be referred to as "European covered bonds (premium)" (*Europese gedekte obligaties (premium)/obligation garantie européenne (de qualité supérieure)*) in accordance with the Belgian Covered Bond Regulations.

### 2.2. Form

The Mortgage Pandbrieven can be issued in dematerialised form in accordance with Article 7:35 *et seq.* of the Belgian Company Code (**Dematerialised Mortgage Pandbrieven**) or in registered form in accordance with Article 7:27 *et seq.* of the Belgian Company Code (**Registered Mortgage Pandbrieven**).

Registered Mortgage Pandbrieven will be registered in a register maintained by the Issuer or by the Registrar on behalf of the Issuer in accordance with Article 7:27 *et seq.* of the Belgian Company Code. Holders of Registered Mortgage Pandbrieven can obtain a certificate demonstrating the registration of the Registered Mortgage Pandbrieven in the register.

The Dematerialised Mortgage Pandbrieven are issued in dematerialised form in accordance with Articles 7:35 *et seq.* of the Belgian Company Code. The Dematerialised Mortgage Pandbrieven will be represented by a book entry in the records of the clearing system operated by the NBB or any successor thereto (the **Securities Settlement System**). The Dematerialised Mortgage Pandbrieven can be held by their holders through the participants in the Securities Settlement System, including Euroclear Bank SA/NV (**Euroclear**), Clearstream Banking AG, Germany (**Clearstream, Germany**), SIX SIS Ltd, Switzerland (**SIX SIS, Switzerland**), Monte Titoli S.p.A., Italy (**Euronext Securities Milan, Italy**), InterBolsa S.A., Portugal (**Euronext Securities Porto, Portugal**) and any other national or international NBB investors central securities depository (**NBB investor (ICSDs)**) and through other financial intermediaries which in turn hold the Dematerialised Mortgage Pandbrieven through Euroclear, Clearstream, Germany, SIX SIS, Switzerland, Euronext Securities Milan, Italy, Euronext Securities Porto, Portugal and any other NBB investor (ICSDs) or other participants in the Securities Settlement System. Payments of

principal, interest and other sums due under the Dematerialised Mortgage Pandbrieven will be made in accordance with the rules of the Securities Settlement System through the NBB. Holders of Dematerialised Mortgage Pandbrieven are entitled to exercise the rights they have, including exercising their voting rights and other associative rights (as defined for the purposes of Article 7:41 of the Belgian Company Code) against the Issuer in accordance with the Conditions and without prejudice to the powers of the Mortgage Pandbrieven Holders' Representative, upon submission of an affidavit drawn up by the NBB, Euroclear, Clearstream, Germany, SIX SIS, Switzerland, Euronext Securities Milan, Italy, Euronext Securities Porto, Portugal, any other NBB investor (ICSDs or any other participant duly licensed in Belgium to keep dematerialised securities accounts showing their position in the Dematerialised Mortgage Pandbrieven (or the position held by the financial institution through which their Dematerialised Mortgage Pandbrieven are held with the NBB, Euroclear, Clearstream, Germany, SIX SIS, Switzerland, Euronext Securities Milan, Italy, Euronext Securities Porto, Portugal, any other NBB investor (ICSDs or such other participant, in which case an affidavit drawn up by that financial institution will also be required).

References to the Securities Settlement System, Euroclear, Clearstream, Germany, SIX SIS, Switzerland, Euronext Securities Milan, Italy, Euronext Securities Porto, Portugal and/or any other NBB investor (ICSDs shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer and the Domiciliary Agent.

The Dematerialised Mortgage Pandbrieven and the Registered Mortgage Pandbrieven may not be exchanged for Mortgage Pandbrieven in bearer form. Registered Mortgage Pandbrieven may not be exchanged for Dematerialised Mortgage Pandbrieven.

### 2.3. Title and transfer

#### a) Title

Title to and transfer of Dematerialised Mortgage Pandbrieven will be evidenced only by records maintained by the Securities Settlement System, Euroclear, Clearstream, Germany, SIX SIS, Switzerland, Euronext Securities Milan, Italy, Euronext Securities Porto, Portugal and any other NBB investor (ICSDs or other Securities Settlement System participants and in accordance with the applicable rules and procedures for the time being of the Securities Settlement System, Euroclear, Clearstream, Germany, SIX SIS, Switzerland, Euronext Securities Milan, Italy, Euronext Securities Porto, Portugal and any other NBB investor (ICSDs or other Securities Settlement System participants, as the case may be.

Title to and transfer of Registered Mortgage Pandbrieven shall pass by registration of the transfer by the Issuer or by the Registrar in a register in accordance with Article 7:27 *et seq.* of the Belgian Company Code.

Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Mortgage Pandbrieven shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, or its theft or loss and no person shall be liable for so treating the holder.

#### b) Transfer

##### (i) Transfer free of charge

Transfer of Mortgage Pandbrieven on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer and/or the Registrar, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar may require).

(ii) Transfer documents and certificates

Upon a sale or transfer of Registered Mortgage Pandbrieven, the seller thereof will be required to complete the relevant transfer documents and certificates which can be found at the website of the Issuer or can be obtained from the Registrar.

(iii) Closed Period

No Mortgage Pandbrieven Holder may require the transfer of a Registered Mortgage Pandbrief to be registered (i) during the period of 15 calendar days ending on the due date for full redemption of that Registered Mortgage Pandbrief, (ii) after any such Registered Mortgage Pandbrief has been called for full redemption or (iii) during the period of 15 calendar days ending on (and including) the due date for payment of principal and/or interest in respect of Registered Mortgage Pandbrieven.

#### 2.4. Denomination

The Covered Bond will be issued in such denomination as may be agreed between the Issuer and the relevant Dealer(s) and set out in the applicable Final Terms (the **Specified Denomination**) with a minimum specified denomination of EUR 100,000 or its equivalent in any other relevant Specified Currency as at the date of issuance of the relevant Mortgage Pandbrieven.

All Mortgage Pandbrieven of the same Series will have the same Specified Denomination shown in the applicable Final Terms in relation to each Tranche comprising such Series.

#### 2.5. Fixed rate, Floating Rate Mortgage Pandbrieven or Zero Coupon Mortgage Pandbrieven

The applicable Final Terms will indicate whether the Mortgage Pandbrieven are Fixed Rate Mortgage Pandbrieven, Floating Rate Mortgage Pandbrieven or Zero Coupon Mortgage Pandbrieven, or a combination of the foregoing, depending upon the interest basis shown in the applicable Final Terms (the **Interest Basis**).

#### 2.6. Issuer undertaking

For so long as the Mortgage Pandbrieven are outstanding, the Issuer will ensure that:

- (a) it will comply with the obligations applicable to it under the Belgian Covered Bond Regulations;
- (b) that the Special Estate will mainly consist of Residential Mortgage Loans and will not include mortgage loans other than Residential Mortgage Loans;
- (c) that the Special Estate will at all times include a number of liquid bonds (i) which have an aggregate market value which, after applying the ECB haircut in accordance with the Guideline of the ECB of 19 December 2014 on the implementation of the Eurosystem monetary policy (as may be amended, supplemented, replaced and/or restated from time to time), is higher than the amount of interest due and payable on the outstanding Mortgage Pandbrieven within a period of three months meeting the criteria set out in

section 7 of the NBB Covered Bonds Circular and (ii) which (1) are eligible as collateral for Eurosystem monetary policy purposes and intra-day credit operations by the Eurosystem, (2) have a credit quality step 1 as defined in the CRR, (3) are subject to a daily mark-to-market, (4) have a remaining maturity of more than three months and, (5) are not debt issued by the Issuer (the **Undertaking of the Issuer with regard to Liquidity of the Special Estate**); and

- (d) to provide an investor report (the **Investor Report**), containing information, as set out in Article 15/1 of Annex III to the Banking Law and Article 12 of the Covered Bonds Royal Decree, regarding, amongst others, the Mortgage Pandbrieven and the composition of the Special Estate, on a monthly basis, on the 15th Business Day of each calendar month (each an **Investor Report Date**), which will be made available on the website of the Issuer.

### **3. STATUS OF THE MORTGAGE PANDBRIEVEN**

The Mortgage Pandbrieven will be issued as Belgian pandbrieven (belgische pandbrieven/lettres de gage belges) in accordance with the Belgian Covered Bond Regulations and will constitute direct, unconditional and unsubordinated obligations of the Issuer. The Mortgage Pandbrieven will rank *pari passu* without any preference or priority among themselves, irrespective of their Series, and at least *pari passu* with all other present and future outstanding unsecured obligations of the Issuer, save for such obligations as may be preferred by law that are both mandatory and of general application. In addition, the Mortgage Pandbrieven will be covered in accordance with the Belgian Covered Bond Regulations by the Special Estate and the Mortgage Pandbrieven Holders and the Other Cover Pool Creditors will have an exclusive right of recourse to the Special Estate.

### **4. INTEREST**

#### **4.1. Interest on Fixed Rate Mortgage Pandbrieven**

Each Fixed Rate Mortgage Pandbrieven bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest determined in accordance with this Condition 4. Interest will accrue in respect of each Interest Period and will be payable in arrear on the Interest Payment Date(s).

Interest shall be calculated in respect of any period by applying the Rate of Interest to, in the case of Dematerialised Mortgage Pandbrieven, the Principal Amount Outstanding or, in the case a Registered Mortgage Pandbrief, the Principal Amount Outstanding of such Registered Mortgage Pandbrief and, in either case, multiplying such sum by the applicable Fixed Day Count Fraction, the outcome being rounded down to the nearest cent or otherwise in accordance with applicable market convention.

#### **4.2. Interest on Floating Rate Mortgage Pandbrieven**

- (a) ***Interest Period End Dates and Interest Payment Date***

Each Floating Rate Mortgage Pandbrieven bears interest at the rate per annum (expressed as a percentage) equal to the Rate of Interest (determined in accordance with Condition 4.2(b) (*Rate of Interest*)), from (and including) the Interest Commencement Date. Interest will accrue in respect of each Interest Period and will be payable in arrear on the Interest

Payment Date(s). The amount of interest payable shall be calculated in accordance with Condition 4.2(d) (*Determination of Rate of Interest and calculation of Interest Amounts*).

(b) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Mortgage Pandbrieven will be equal to the rate of interest determined in the following manner, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms.

(i) **ISDA Determination for Floating Rate Mortgage Pandbrieven**

Where **ISDA Determination** is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph 4.2(b)(i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Issuer or other person specified in the applicable Final Terms under an interest rate swap transaction if the Issuer or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Mortgage Pandbrieven (the **ISDA Definitions**), and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is the period specified in the applicable Final Terms;  
and
- (C) the relevant Reset Date is either (I) if the applicable Floating Rate Option is based on the Eurozone inter-bank offered rate (**EURIBOR**), the first day of that Interest Period or (II) in any other case, as specified in the applicable Final Terms

For the purposes of this subparagraph 4.2(b)(i), (1) **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions and (2) **Eurozone** means the region comprising the member states of the European Union that adopt or have adopted the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.

When this Condition 4.2(b)(i) (*ISDA Determination for Floating Rate Mortgage Pandbrieven*) applies, in respect of each relevant Interest Period the Calculation Agent will be deemed to have discharged its obligations under Condition 4.2(d) (*Determination of Rate of Interest and calculation of Interest Amounts*) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this subparagraph 4.2(b)(i).

(ii) **Screen Rate Determination**

- (A) Where **Screen Rate Determination** is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation (if there is only one quotation appearing on the relevant Screen Page); or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page at the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent

(B) If the Reference Rate is EURIBOR, and

- (1) the Relevant Screen Page is not available or if, in the case of (A)(1) above, no such offered quotation appears or, in the case of (A)(2) above, fewer than three such offered quotations appear, in each case as at the Specified Time on the Interest Determination Date in question, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question;
- (2) on any Interest Determination Date,
  - two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent; or
  - fewer than two of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for the relevant Interest Period shall be the offered quotation for deposits in Euro for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered quotations for deposits in Euro for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Calculation Agent suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Eurozone inter bank market, as the case may be, plus or minus (as appropriate) the Margin (if any);
- (3) five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining

the arithmetic mean (rounded as provided above) of such offered quotations; and

- (4) the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

(c) ***Minimum Rate of Interest and/or Maximum Rate of Interest***

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) ***Determination of Rate of Interest and calculation of Interest Amounts***

The Calculation Agent will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. The Calculation Agent will notify the Domiciliary Agent and the Issuer, as applicable, of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable on the Mortgage Pandbrievien for the relevant Interest Period by applying the Rate of Interest to, in the case of Dematerialised Mortgage Pandbrievien, the relevant Series Principal Amount Outstanding or, in the case a Registered Mortgage Pandbrief, the Principal Amount Outstanding of such Registered Mortgage Pandbrief and, in either case, multiplying such sum by the applicable Day Count Fraction, the outcome being rounded down to the nearest cent or otherwise in accordance with applicable market convention.

(e) ***Notification of Rate of Interest and Interest Amounts***

The Calculation Agent will promptly notify the Domiciliary Agent and the Issuer, as applicable, of each Interest Amount and the Domiciliary Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the other Agents and any stock exchange on which the relevant Floating Rate Mortgage Pandbrievien are for the time being listed (to the extent required by the rules applicable to the relevant stock exchange) and notice thereof to be published in accordance with Condition 19 (*Notices*) as soon as possible after their determination but in no event later than the fourth Business Day thereafter. Each Interest Amount and Rate of Interest so notified may subsequently be amended (or appropriate

alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Mortgage Pandbrieven are for the time being listed (to the extent required by the rules applicable to the relevant stock exchange) and to the Mortgage Pandbrieven Holders in accordance with Condition 19 (*Notices*).

(f) ***Calculation Agent***

If for any reason at any relevant time after the Issue Date, the Calculation Agent defaults in its obligation to determine the Rate of Interest and any Interest Amount in accordance with Conditions 4.2(b)(i) (*ISDA Determination for Floating Rate Mortgage Pandbrieven*) or 4.2(b)(ii) (*Screen Rate Determination*) above, and in each case in accordance with Condition 4.2(d) (*Determination of Rate of Interest and calculation of Interest Amounts*), the Issuer or upon the opening of Winding-up Proceedings against the Issuer, the Cover Pool Administrator, if the Calculation Agent is not the Issuer or the Mortgage Pandbrieven Holders' Representative, if the Calculation Agent is the Issuer, may determine the Rate of Interest at such rate as, in its absolute discretion having such regard as it may think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms, it shall deem fair and reasonable in all the circumstances or, as the case may be, the Issuer, the Cover Pool Administrator or the Mortgage Pandbrieven Holders' Representative, as applicable, may calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances but taking into account the provisions of the applicable Final Terms. In making any such determination or calculation, the Issuer, the Cover Pool Administrator or the Mortgage Pandbrieven Holders' Representative, as applicable, may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute). If such determination or calculation is made, the Issuer, the Cover Pool Administrator or the Mortgage Pandbrieven Holders' Representative, as applicable, shall as soon as reasonably practicable notify the Issuer, the Domiciliary Agent, the other Agents, the Issuer or the Mortgage Pandbrieven Holders' Representative, as applicable, and each stock exchange on which the relevant Floating Rate Mortgage Pandbrieven are for the time being listed (to the extent required by the rules applicable to the relevant stock exchange), of such determination or calculation and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

(g) ***Notifications to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2 (*Interest on Floating Rate Mortgage Pandbrieven*), whether by the Issuer or the Mortgage Pandbrieven Holders' Representative shall (in the absence of wilful default, gross negligence, fraud or manifest error) be binding on the Issuer, the Domiciliary Agent, the other Agents and all Mortgage Pandbrieven Holders and (in the absence as aforesaid) no liability to the Issuer or the Mortgage Pandbrieven Holders, as applicable, shall attach to the Issuer or the Mortgage Pandbrieven Holders' Representative, as applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(h) ***Benchmark replacement***



Without prejudice to the other provisions in this Condition 4, if the Issuer determines that a Benchmark Event occurs in relation to the relevant Reference Rate specified in the applicable Final Terms when any Rate of Interest (or the relevant component part thereof) remains to be determined by reference to such Reference Rate, then the following provisions shall apply to the relevant Mortgage Pandbrieven:

- (i) the Issuer shall use reasonable endeavours, as soon as reasonably practicable, to appoint and consult with an Independent Adviser with a view to the Issuer determining (without any requirement for the consent or approval of the Mortgage Pandbrieven Holders) (A) a Successor Rate or, failing which, an Alternative Reference Rate, for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Mortgage Pandbrieven and (B) in either case, an Adjustment Spread;
- (ii) if the Issuer is unable to appoint an Independent Adviser prior to the IA Determination Cut-Off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may still determine (A) a Successor Rate or, failing which, an Alternative Reference Rate and (B) in either case, an Adjustment Spread in accordance with this Condition 4.2(h);
- (iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with paragraphs (i) or (ii) above, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 4.2(h));
- (iv) if the Issuer, following consultation with the Independent Adviser (if any) and acting in good faith, determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Issuer is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread;
- (v) if the Issuer, following consultation with the Independent Adviser (if any) and acting in good faith, determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Issuer may (without any requirement for the consent or approval of the Mortgage Pandbrieven Holders) also specify changes to these Conditions and/or the Agency Agreement in order to ensure the proper operation of such Successor Rate or Alternative Reference Rate or any Adjustment Spread (as applicable), including, but not limited to, (A) the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date, and/or the definition of Reference Rate applicable to the Mortgage Pandbrieven and (B) the method for determining the fall-back rate in relation to the Mortgage Pandbrieven. For the avoidance of doubt, the Agent and any other agents party to the Agency Agreement shall, at the direction and expense of the Issuer, effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to the application of this Condition 4.2(h). No consent shall be required from the Mortgage Pandbrieven Holders in connection

with determining or giving effect to the Successor Rate or Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps to be taken by the Agent and any other agents party to the Agency Agreement (if required or useful); and

- (vi) the Issuer shall promptly, following the determination of any Successor Rate, Alternative Reference Rate or Adjustment Spread (as applicable), give notice thereof to the Agent, the Calculation Agent and, in accordance with Condition 19 (Notices), the Mortgage Pandbrieven Holders. Such notice shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any consequential changes made to the Agency Agreement and these Conditions (if any),

*provided that* the determination of any Successor Rate, Alternative Reference Rate or Adjustment Spread (as applicable) and any other related changes to the Mortgage Pandbrieven, shall be made in accordance with the relevant Applicable Banking Regulations (if applicable).

An Independent Adviser appointed pursuant to this Condition 4.2(h) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Agent, the Calculation Agent or the Mortgage Pandbrieven Holders for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 4.2(h).

Without prejudice to the obligations of the Issuer under this Condition 4.2(h), the Reference Rate and the other provisions in this Condition 4 will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any consequential changes made to the Agency Agreement and the Conditions (if any).

For the purposes of this Condition 4.2(h):

**Adjustment Spread** means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Issuer, following consultation with the Independent Adviser (if any) and acting in good faith, determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the relevant circumstances, any economic prejudice or benefit (as applicable) to the Mortgage Pandbrieven Holders as a result of the replacement of the Reference Rate or Mid-Swap Rate (as applicable) with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (a) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (b) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Issuer, following consultation with the Independent Adviser (if any) and acting in good faith, determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or
- (c) if no such customary market usage is recognised or acknowledged, the Issuer, following consultation with the Independent Adviser (if any) and acting in good faith, determines

is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or

- (d) if no such industry standard is recognised or acknowledged, the Issuer, in its discretion, following consultation with the Independent Adviser (if any) and acting in good faith, determines to be appropriate.

**Alternative Reference Rate** means the rate that the Issuer determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in respect of bonds denominated in the Specified Currency of the Mortgage Pandbrieven and of a comparable duration to the relevant Interest Period, or, if the Issuer determines that there is no such rate, such other rate as the Issuer determines in its discretion is most comparable to the relevant Reference Rate.

**Applicable Banking Regulations** means, at any time, the laws, regulations, rules, guidelines and policies of the Relevant Regulator, or of the European Parliament and Council then in effect in Belgium, applicable to the Issuer at such time.

**Benchmark Event** means:

- (a) the relevant Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (b) a public statement by the administrator of the relevant Reference Rate stating that it will, by a specified date within the following six months, cease to publish the relevant Reference Rate, permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate); or
- (c) a public statement by the supervisor of the administrator of the relevant Reference Rate stating that the relevant Reference Rate has been or will be, by a specified date within the following six months, permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor or the administrator of the relevant Reference Rate that means that the relevant Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or
- (e) it has become unlawful for the Agent, the Calculation Agent or any other agents party to the Agency Agreement to calculate any payments due to be made to any Mortgage Pandbrieven Holders using the relevant Reference Rate.

**IA Determination Cut-Off Date** means no later than five Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period.

**Independent Adviser** means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case selected and appointed by the Issuer at its own expense.

**Relevant Nominating Body** means, in respect of a Reference Rate:

- (a) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the Reference Rate relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate, (C) a group of the aforementioned central banks or other supervisory authorities or (D) the Financial Stability Board or any part thereof.

**Relevant Regulator** means the National Bank of Belgium, the European Central Bank or any successor or replacement entity having primary responsibility for the prudential oversight and supervision of the Issuer.

**Successor Rate** means the rate that the Issuer determines is a successor to, or replacement of, the Reference Rate which is formally recommended by any Relevant Nominating Body.

#### 4.3. **Accrual of Interest**

Each Mortgage Pandbrief (or in the case of the redemption of part only of a Mortgage Pandbrief, that part only of such Mortgage Pandbrief) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of: (a) the date on which all amounts due in respect of such Mortgage Pandbrief have been paid; and (b) five (5) calendar days after the date on which the full amount of the moneys payable has been received by the Domiciliary Agent and notice to that effect has been given to the Mortgage Pandbrieven Holders in accordance with Condition 19 (*Notices*).

#### 4.4. **Interest on Zero Coupon Mortgage Pandbrieven**

Zero Coupon Mortgage Pandbrieven will be offered and sold at a discount to their nominal amount and will, subject to Condition 4.5 (*Interest Payments up to the Extended Maturity Date*), not bear periodic interest. When a Zero Coupon Mortgage Pandbrieven becomes repayable prior to its Maturity Date, it will be redeemed at the Early Redemption Amount calculated in accordance with Condition 6.4 (*Early Redemption Amounts*). In the case of late payment the amount due and repayable shall be calculated in accordance with Condition 6.8 (*Late Payment for Zero Coupon Mortgage Pandbrieven*).

#### 4.5. **Interest Payments up to the Extended Maturity Date**

If the maturity of the Mortgage Pandbrieven is extended beyond the Maturity Date in accordance with Condition 6.2 (*Extension of Maturity Date*):

- (a) the Mortgage Pandbrieven then outstanding shall bear interest from (and including) the Maturity Date to (but excluding) the Extended Maturity Date or, if earlier, the relevant Interest Payment Date after the Maturity Date on which the Mortgage Pandbrieven are redeemed in full, subject to Condition 4.3 (*Accrual of Interest*). In that event, interest shall be payable on the Mortgage Pandbrieven at the rate determined in accordance with Condition 4.5(b) below on each Mortgage Pandbrief then outstanding on each Interest Payment Date after the Maturity Date in respect of the Interest Period ending

immediately prior to the relevant Interest Payment Date, subject as otherwise provided in the applicable Final Terms. The final Interest Payment Date shall fall no later than the Extended Maturity Date;

- (b) the rate of interest payable from time to time under Condition 4.5(a) above will be as specified in the applicable Final Terms and, where applicable, determined by the Calculation Agent fourteen (14) calendar days after the Maturity Date in respect of the first such Interest Period and thereafter as specified in the applicable Final Terms; and
- (c) in the case of Mortgage Pandbrieven which are Zero Coupon Mortgage Pandbrieven, for the purposes of this Condition 4.5(a), the principal amount outstanding of each Covered Bond shall be the total amount otherwise payable by the Issuer on the Maturity Date in respect of such Covered Bond less any payments made by the Issuer in respect of such amount in accordance with the Conditions.

#### **4.6. Business Day Conventions**

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (i) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, or (ii) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day, or (iii) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

In the event of Mortgage Pandbrieven cleared through the Securities Settlement System, the Following Business Day Convention will always be applicable.

### **5. PAYMENTS**

#### **5.1. Method of payment**

##### **(a) Payments in relation to Dematerialised Mortgage Pandbrieven**

Subject as provided below, all payments of principal or interest owing under the Dematerialised Mortgage Pandbrieven shall be made through the Domiciliary Agent and the Securities Settlement System in accordance with the Settlement System Regulations and the Clearing Services Agreement.

Any payment of interest, principal or other sums payable on Dematerialised Mortgage Pandbrieven expressed in any currency other than Euro will be settled outside the Securities Settlement System and paid by the Domiciliary Agent and paying agents (appointed from time to time under the Agency Agreement) via Euroclear, Clearstream, Germany, SIX SIS, Switzerland, Euronext Securities Milan, Italy, Euronext Securities Porto, Portugal and any other NBB investor (ICSDs).

##### **(b) Payments in relation to Registered Mortgage Pandbrieven**

Payments of principal and interest in respect of Registered Mortgage Pandbrieven shall be paid to the person shown on the register of the Registered Mortgage Pandbrieven at the close

of business on the fifteenth calendar day before the due date for payment thereof (the **Record Date**).

#### 5.2. **Payments subject to fiscal laws**

Payments will be subject in all cases to (a) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Tax gross-up*) as applicable and (b) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

No commissions or expenses shall be charged by the Issuer or the Domiciliary Agent to the Mortgage Pandbrievens Holders in respect of such payments.

#### 5.3. **Payment Day**

If the date for payment of any amount in respect of any Mortgage Pandbrief is not a Payment Day (as defined below), the holder thereof shall not be entitled to payment of the relevant amount due until the next following Payment Day and shall not be entitled to any interest or other payment in respect of any delay. For these purposes, **Payment Day** means any day which (subject to Condition 10 (*Prescription*)) is:

- (a) a day on which the T2 System is open; and
- (b) a day (other than Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre specified in the applicable Final Terms.

#### 5.4. **Interpretation of principal and interest**

Any reference in the Conditions to principal in respect of the Mortgage Pandbrievens shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 7 (*Tax gross-up*) or under any undertakings or covenants given in addition thereto, or in substitution therefore, pursuant to the Agency Agreement;
- (b) the Final Redemption Amount;
- (c) the Early Redemption Amount; and
- (d) in relation to Zero Coupon Mortgage Pandbrievens, the Amortised Face Amount (as defined in Condition 6.4(c) (*Early Redemption Amounts*))

Any reference in these Conditions to interest in respect of the Mortgage Pandbrievens shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (*Tax gross-up*) or under any undertakings given in addition thereto, or in substitution therefore, pursuant to the Agency Agreement.

### 6. **REDEMPTION AND PURCHASE**

## 6.1. Final redemption

Unless previously redeemed or purchased and cancelled as specified below, each Mortgage Pandbrief will be redeemed by the Issuer at the Final Redemption Amount specified in the applicable Final Terms in the Specified Currency on the Maturity Date, subject to Condition 6.2 (*Extension of Maturity Date*) below.

## 6.2. Extension of Maturity Date

- (a) This Condition 6.2, other than paragraph (b) below, applies to Mortgage Pandbrieven in respect of which an Extended Maturity Date is specified in the applicable Final Terms. Paragraph (b) below applies to all Series of Mortgage Pandbrieven issued pursuant to this Base Prospectus.
- (b) For purposes of the Liquidity Test, the calculation of the principal amount of any Mortgage Pandbrief in respect of which an Extended Maturity Date is specified in the Final Terms will be based on the Extended Maturity Date specified in the Final Terms, in accordance with Article 7, §1, par. 1, final sentence of the Covered Bonds Royal Decree.
- (c) The relevant Extension Trigger Event will be specified in the applicable Final Terms and can be one or any combination of the following:

**Failure To Pay** means that the Issuer has determined that it is unable to repay all amounts that are due on the applicable original Maturity Date (“failure to pay”);

**Liquidation** or **Resolution**: a liquidation procedure (as defined in Article 3, 59° of the Banking Law) is initiated in respect of the Issuer or the Issuer is resolved (as defined in Article 3, 55° of the Banking Law).

- (d) If an Extension Trigger Event as specified in the applicable Final Terms occurs, the Issuer (or, in case of a liquidation procedure (as defined in Article 3, 59° of the Banking Law) or resolution (as defined in Article 3, 55° of the Banking Law) in respect of the Issuer, the Cover Pool Administrator) may extend the applicable original Maturity Date to the applicable Extended Maturity Date (and the obligation of the Issuer to redeem the relevant Mortgage Pandbrief shall be deferred accordingly) in accordance with the provisions of this Condition 6.2 and in each case subject to Article 13/1 to Annex III to the Banking Law.
- (e) The **Extended Maturity Date** in respect of any Series of Mortgage Pandbrieven (the **Relevant Mortgage Pandbrief**) shall be the earlier of (i) the Extended Maturity Date as specified in the applicable Final Terms and (ii) the maturity date (as extended, if applicable) of any other Series of Mortgage Pandbrieven falling after the original Maturity Date of the Relevant Mortgage Pandbrief.
- (f) If the original Maturity Date is extended in accordance with this Condition 6.2, the relevant Extension Trigger Event and the action plan that the Issuer will follow to ensure that all amounts due are repaid on the Extended Maturity Date shall be documented and notified to the NBB within 15 Business Days of the extension in accordance with Article 13/1, §2 of Annex III to the Banking Law. If the relevant Extension Trigger Event is Failure To Pay, the Issuer shall demonstrate that it has taken all reasonable measures to prevent the Extension Trigger Event from occurring.
- (g) If the original Maturity Date is extended in accordance with this Condition 6.2, the obligation of the Issuer to redeem the relevant Mortgage Pandbrief shall be deferred until the

Extended Maturity Date and in such case the Final Redemption Amount will not be considered to have been due and payable on the original Maturity Date, and no Event of Default will be deemed to have occurred as a result of non-payment of the Final Redemption Amount on the original Maturity Date. The extension of the original Maturity Date in accordance with this Condition 6.2 shall not affect the situation of the Mortgage Pandbrieven Holders of such Series and the Other Cover Pool Creditors in terms of their exclusive right to the Cover Assets constituting the Special Estate.

- (h) Following an extension of the Maturity Date in accordance with this Condition 6.2, the Issuer may redeem the Mortgage Pandbrieven in whole or in part on any Interest Payment Date falling after the original Maturity Date but prior to the Extended Maturity Date, provided that on such Interest Payment Date there are no outstanding Mortgage Pandbrieven of another Series with an original maturity date falling before the original Maturity Date of the Mortgage Pandbrieven (or that such outstanding Mortgage Pandbrieven of another Series are redeemed in full on such Interest Payment Date).
- (i) Subject to Condition 4 below, if and to the extent that on any subsequent Interest Payment Date falling prior to the Extended Maturity Date (each an **Extension Payment Date**), the Issuer has sufficient available funds to redeem the relevant Mortgage Pandbrieven, then the Issuer shall (a) give notice thereof to the Mortgage Pandbrieven Holders of such Series, the Mortgage Pandbrieven Holders' Representative and the Paying Agent as soon as reasonably practicable and in any event at least two Business Days prior to such Extension Payment Date and (b) apply such available funds to redeem the Mortgage Pandbrieven of such Series on such Extension Payment Date at their Final Redemption Amount.
- (j) The Issuer, or as the case may be the Cover Pool Administrator on its behalf, shall give notice of the extension of the Maturity Date to the Extended Maturity Date in accordance with this Condition 6.2 as soon as reasonably practicable, to the Cover Pool Monitor, the Rating Agency, the Mortgage Pandbrieven Holders' Representative, the Domiciliary Agent, the Paying Agent, and the Mortgage Pandbrieven Holders of the relevant Series as soon as reasonably practicable. Any failure by the Issuer (or the Cover Pool Administrator, as the case may be) to notify such parties shall not affect the validity or effectiveness of the extension.
- (k) If the maturity of any Mortgage Pandbrieven is extended up to the Extended Maturity Date in accordance with this Condition 6.2, for so long as any of those Mortgage Pandbrieven remain outstanding, the Issuer shall not issue any further Mortgage Pandbrieven, unless the proceeds of issuance of such further Mortgage Pandbrieven are applied by the Issuer on issuance in redeeming in whole or in part the relevant Mortgage Pandbrieven in accordance with the terms hereof.

### 6.3. **Redemption for taxation reasons**

The Mortgage Pandbrieven may be redeemed at the option of the Issuer in whole, but not in part, at any time (if the relevant Mortgage Pandbrieven is not a Floating Rate Mortgage Pandbrieven) or on any Interest Payment Date (if the relevant Mortgage Pandbrieven is a Floating Rate Mortgage Pandbrieven), on giving not less than 30 nor more than 60 calendar days' notice to the Domiciliary Agent and the Mortgage Pandbrieven Holders' Representative and, in accordance with Condition 19 (*Notices*), the Mortgage Pandbrieven Holders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Mortgage Pandbrieven, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Tax*



*gross-up*), as a result of any change in, or amendment to, the laws or regulations of Belgium or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Mortgage Pandbrieven; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 calendar days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts where a payment in respect of the Mortgage Pandbrieven then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Domiciliary Agent and the Mortgage Pandbrieven Holders' Representative a certificate signed by two authorised signatories of the Issuer, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Mortgage Pandbrieven redeemed pursuant to this Condition 6.3 (*Redemption for taxation reasons*) will be redeemed at their Early Redemption Amount referred to in Condition 6.4 (*Early Redemption Amounts*) together (if appropriate) with interest accrued to (but excluding) the date of early redemption.

#### 6.4. **Early Redemption Amounts**

For the purpose of Condition 6.3 (*Redemption for taxation reasons*), Condition 6.5 (*Illegality*) and Condition 8 (*Events of Default and Enforcement*), the Early Redemption Amount in respect of any Mortgage Pandbrieven shall be calculated as follows:

- (a) in the case of a Mortgage Pandbrief with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof, unless otherwise specified in the applicable Final Terms;
- (b) in the case of a Mortgage Pandbrief (other than a Zero Coupon Mortgage Pandbrief) with a Final Redemption Amount which is or may be less or greater than the Issue Price, at the amount specified in the applicable Final Terms or, if no such amount is so specified in the applicable Final Terms, at its Principal Amount Outstanding; and
- (c) in the case of a Zero Coupon Mortgage Pandbrief, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

Where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

**y** is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Mortgage Pandbrieven to (but excluding) the

date fixed for redemption or (as the case may be) the date upon which such Mortgage Pandbrief becomes due and repayable and the denominator of which is 360, provided that where such calculation is to be made for a period which is not a whole number of years, it shall be made (i) in the case of Zero Coupon Mortgage Pandbrieven payable in a Specified Currency other than Euro, on the basis of a 360-day year consisting of 12 months of 30 days each or (ii) in the case of Zero Coupon Mortgage Pandbrieven payable in Euro, on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of (x) the number of those days falling in a leap year divided by 366 and (y) the number of those days falling in a non-leap year divided by 365) or (iii) other such redemption amount of a Zero Coupon Mortgage Pandbrieven as may be specified in the applicable Final Terms.

#### **6.5. Illegality**

In the event that the Issuer determines that the performance of the Issuer's obligations under the Mortgage Pandbrieven has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, the Issuer having given not less than thirty (30) nor more than sixty (60) calendar days' notice to Mortgage Pandbrieven Holders and the Mortgage Pandbrieven Holders' Representative in accordance with Condition 19 (*Notices*) (which notice shall be irrevocable), may, on expiry of such notice redeem all, but not some only, of the Mortgage Pandbrieven of the relevant Series, each Mortgage Pandbrief being redeemed at the Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Domiciliary Agent and the Mortgage Pandbrieven Holders' Representative a certificate signed by two authorised signatories of the Issuer, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

#### **6.6. Purchases**

The Issuer, any subsidiary, affiliate or holding company of the Issuer or, for the avoidance of doubt, any other member of the BNP Paribas Group may at any time purchase or otherwise acquire Mortgage Pandbrieven at any price in the open market either by tender or private agreement or otherwise.

Any Mortgage Pandbrieven acquired by the Issuer may be held, resold or, at the option of the Issuer, transferred to the Domiciliary Agent for cancellation.

In accordance with Article 10, §1 of Annex III to the Banking Law, it is hereby specifically provided that the Issuer (or any other member of the BNP Paribas Group) holding Mortgage Pandbrieven will be entitled to exercise all rights related to such Mortgage Pandbrieven, including all rights in respect of Meetings of Mortgage Pandbrieven Holders, unless otherwise specified in these Conditions (including the Meeting Rules).

#### **6.7. Subscription to own Mortgage Pandbrieven**

The Issuer may subscribe to its own Mortgage Pandbrieven in accordance with Article 10, §1 of Annex III to the Banking Law.

Any Mortgage Pandbrieven subscribed by the Issuer may be held, resold or, at the option of the Issuer, transferred to the Domiciliary Agent for cancellation.

In accordance with Article 10, §1 of Annex III to the Banking Law, it is hereby specifically provided that the Issuer (or any other member of the BNP Paribas Group) holding Mortgage Pandbrieven will be entitled to exercise all rights related to such Mortgage Pandbrieven, including all rights in respect of Meetings of Mortgage Pandbrieven Holders, unless otherwise specified in these Conditions (including the Meeting Rules).

#### **6.8. Late Payment for Zero Coupon Mortgage Pandbrieven**

If the amount payable in respect of any Zero Coupon Mortgage Pandbrieven upon redemption of such Covered Bond pursuant to Condition 6.1, 6.3 or 6.5 above or upon its becoming due and repayable as provided in Condition 8 (*Events of Default and Enforcement*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Mortgage Pandbrieven shall be the amount calculated as provided in Condition 6.4 (*Early Redemption Amounts*) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Mortgage Pandbrieven becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Mortgage Pandbrieven have been paid; and
- (b) five calendar days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Mortgage Pandbrieven has been received by the Domiciliary Agent and notice to that effect has been given to the Mortgage Pandbrieven Holders in accordance with Condition 19 (*Notices*).

#### **6.9. Removal of Cover Assets from the Cover Register**

For the avoidance of any doubt, upon the redemption of Mortgage Pandbrieven in accordance with this Condition 6 (or the cancellation of Mortgage Pandbrieven as referred to in Conditions 6.7 and 6.8), the Issuer will be entitled to remove Cover Assets from the Cover Register provided that Cover Assets remaining in the Special Estate following such removal would ensure that the Issuer continues to satisfy the Statutory Test and the obligations under the Programme Documents.

### **7. TAX GROSS-UP**

All payments of principal and interest in respect of the Mortgage Pandbrieven by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed, levied, collected, withheld or assessed by or on behalf of Belgium or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such Taxes is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Mortgage Pandbrieven Holders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable:

- (a) with respect to any payment in respect of any Dematerialised Mortgage Pandbrief:
  - (i) held by a holder of a Dematerialised Mortgage Pandbrief which is liable to Taxes in respect of such Dematerialised Mortgage Pandbrief by reason of its having some

connection with the jurisdiction by which such Taxes have been imposed, levied, collected, withheld or assessed other than the mere holding of the Dematerialised Mortgage Pandbrief; or

- (ii) where such withholding or deduction is imposed on a payment and is required to be made pursuant to FATCA; or
- (iii) held by a holder of a Dematerialised Mortgage Pandbrief who would have been able to avoid such withholding or deduction by arranging to receive the relevant payment through another paying agent of the Issuer in a member state of the European Union; or
- (iv) where such withholding or deduction is imposed because the holder of the Dematerialised Mortgage Pandbrief is not an Eligible Investor (unless that person was an Eligible Investor at the time of its acquisition of the relevant Mortgage Pandbrief but has since ceased (as such term is defined from time to time under Belgian law) being an Eligible Investor by reason of a change in the Belgian tax laws or regulations or in the interpretation or application thereof or by reason of another change which was outside that person's control), or is an Eligible Investor but is not holding the relevant Dematerialised Mortgage Pandbrief in an exempt securities account with a qualifying clearing system in accordance with the Belgian law of 6 August 1993 relating to transactions in certain securities and its implementation decrees; or
- (v) to a holder who is liable to such Taxes because the Dematerialised Mortgage Pandbrief were converted into registered Mortgage Pandbrief upon his/her request and could no longer be cleared through the Securities Settlement System; or
- (vi) to a holder who is entitled to avoid such deduction or withholding by making a declaration of non-residence or other similar claim for exemption;

(b) with respect to any payment in respect of any Registered Mortgage Pandbrief:

- (i) held by a holder of a Registered Mortgage Pandbrief which is liable to Taxes in respect of such Mortgage Pandbrief by reason of its having some connection with the jurisdiction by which such Taxes have been imposed, levied, collected, withheld or assessed other than the mere holding of the Registered Mortgage Pandbrief; or
- (ii) where such withholding or deduction is imposed on a payment and is required to be made pursuant to FATCA; or
- (iii) held by a holder of a Registered Mortgage Pandbrief who would have been able to avoid such withholding or deduction by arranging to receive the relevant payment through another paying agent of the Issuer in a member state of the European Union; or
- (iv) where such withholding or deduction is imposed because the holder of the Registered Mortgage Pandbrief is not to a holder who is an Exempt Investor (as defined below) (unless that person was an Exempt Investor at the time of its acquisition of the relevant Mortgage Pandbrief but has since ceased (as such term is defined from time to time under Belgian law) being an Exempt Investor by

reason of a change in the Belgian tax laws or regulations or in the interpretation or application thereof); or

- (v) where such withholding or deduction is imposed for reason of the holder of the Registered Mortgage Pandbrieven, at the time of the relevant interest payment, not benefitting from a full exemption from Belgian interest withholding tax due to the Issuer no longer qualifying as a financial institution as referred to in the Articles 105, 1°, a) and 107, §2, 5°, b) of the Royal Decree implementing the Belgian Income Tax Code 1992; or
- (vi) to a holder who is entitled to avoid such deduction or withholding by making a declaration of non-residence or other similar claim for exemption; or
- (vii) presented for payment more than 30 calendar days after the Relevant Date (as defined below) except to the extent that the holder of the Registered Mortgage Pandbrief would have been entitled to additional amount on presenting the same for payment on the expiry of such period of 30 calendar days; or
- (viii) which is issued as a Zero Coupon Mortgage Pandbrieven or any other Registered Mortgage Pandbrief which provides for the capitalisation of interest.

As used in this Condition:

**Exempt Investor** means a holder of a Registered Mortgage Pandbrief that, as of the relevant interest payment date, (i) is not resident for tax purposes in Belgium and does not use the income producing assets to exercise a business or professional activity in Belgium, (ii) has been the legal owner (*eigenaar/proprietaire*) or usufructuary (*vruchtgebruiker/usufruitier*) of the Registered Mortgage Pandbrief during the entire relevant interest period, (iii) has been registered with the Issuer as the holder of the Registered Mortgage Pandbrief during the entire relevant interest period, (iv) has provided the Issuer with an affidavit in which it is certified that the conditions mentioned in points (i) and (ii) are complied with, with respect to such interest payment on or before the date such affidavit is required to be delivered to the Issuer and (v) complies with any further requirement imposed by any successor provision to the current relevant Belgian tax provisions.

**Relevant Date** in respect of any payment means the date on which such payment first becomes due.

## 8. EVENTS OF DEFAULT AND ENFORCEMENT

### 8.1. Events of default

If any of the following events occurs and is continuing (each an **Event of Default**):

- (a) on the Extended Maturity Date (in respect of any Series in respect of which an Extended Maturity Date applies in accordance with the applicable Final Terms) or on the Maturity Date (in respect of any Series in respect of which an Extended Maturity Date does not apply) in respect of any Series, there is a failure to pay any amount of principal due on the Mortgage Pandbrieven on such date and such default is not remedied within a period of fourteen (14) calendar days from the due date thereof; or

- (b) on any Interest Payment Date, a default in the payment of the amount of interest due on any Series occurs and such default is not remedied within a period of fourteen (14) calendar days from the due date thereof;

then the Mortgage Pandbrieven Holders' Representative may and, if it has been so directed by a request in writing by the holders of not less than 25% of the aggregate of the Series Principal Amount Outstanding of the Mortgage Pandbrieven of all Series then outstanding but excluding the Mortgage Pandbrieven held by the Issuer for the calculation of the percentage (with the Mortgage Pandbrieven of all Series taken together as a single Series) or if so directed by a Programme Resolution (subject to being indemnified and/or secured and/or prefunded to its satisfaction), shall serve a notice (a **Notice of Default**) on the Issuer (copied to the Cover Pool Monitor, the NBB, the Rating Agency and, if appointed, the Cover Pool Administrator). Following the service of a Notice of Default, (i) no further Mortgage Pandbrieven will be issued and (ii) the Mortgage Pandbrieven of each Series shall become immediately due and repayable on the date specified in the Notice of Default at the Early Redemption Amount, together with accrued interest thereon to the date of repayment.

## 8.2. **Enforcement**

The Mortgage Pandbrieven Holders' Representative may at any time after the occurrence of an Event of Default, at its discretion and without further notice, take such proceedings against the Issuer and/or any other person as it may think fit to enforce the provisions of the Mortgage Pandbrieven or any Programme Document.

No Mortgage Pandbrieven Holder shall be entitled to proceed directly against the Issuer or to take any action with respect to the Programme Documents, the Mortgage Pandbrieven or the Cover Assets unless the Mortgage Pandbrieven Holders' Representative, having become bound so to proceed pursuant to a Resolution or a direction of the Mortgage Pandbrieven Holders in accordance with the Conditions, as applicable, fails so to do within a reasonable period, fourteen (14) Business Days being considered reasonable in this respect, and such failure shall be continuing.

## 8.3. **Mortgage Pandbrieven Holders' Waiver**

Each of the Mortgage Pandbrieven Holders hereby acknowledges that the provisions of Article 5.74 of the Belgian Civil Code shall not apply with respect to its obligations under these Conditions and that it shall not be entitled to make any claim under Article 5.74 of the Belgian Civil Code.

For the avoidance of doubt, the Mortgage Pandbrieven Holders waive, to the fullest extent permitted by law (i) all their rights whatsoever pursuant to Articles 5.90 and 5.91 of the Belgian Civil Code to rescind (*ontbinden/résoudre*), or demand in legal proceedings the rescission (*ontbinding/résolution*) of, the Mortgage Pandbrieven and (ii) all their rights whatsoever in respect of Mortgage Pandbrieven pursuant to Article 7:64 of the Belgian Company Code (right to rescind (*ontbinding/résolution*)).

## 9. **PRIORITY OF PAYMENTS**

### 9.1. **Priority of Payments**

Following (i) delivery of a Notice of Default or (ii) a decision by the Cover Pool Administrator to early redeem the Mortgage Pandbrieven of all Series pursuant to Article 11, 6° or 7° of Annex III to the Banking Law and as long as no Notice of Default has been delivered, all funds deriving

from the Cover Assets or otherwise received or recovered by the Special Estate and subject to Condition 9.2 (*Excess Cover Assets*) (whether in the administration, liquidation of the Special Estate or otherwise) (other than amounts or financial instruments representing Excess Swap Collateral (if any), which amounts shall be applied in accordance with the terms of the relevant Hedging Agreement(s)) shall be applied on any Business Day in accordance with the following order of priority of payments (the **Priority of Payments**) (in each case only if and to the extent that payments of a higher priority have been made in full) provided that any such amount that is due to be paid hereunder has not been paid by the Issuer using funds not forming part of the Special Estate:

- (a) first, *pari passu* and *pro rata* according to the respective amounts thereof, (i) to pay all amounts then due and payable to the Mortgage Pandbrieven Holders' Representative (including remuneration or amounts by way of indemnity payable to it) under the provisions of the Mortgage Pandbrieven Holders Representative Agreement or any other Programme Document together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein, (ii) to pay all amounts then due and payable to the Agents and/or the Registrar (if any) under the provisions of the Agency Agreement, any Calculation Agency Agreement or any other Programme Document together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein; (iii) to pay all amounts then due and payable to the Cover Pool Monitor under the provisions of the Cover Pool Monitor Agreement or any other Programme Document together with interest and applicable VAT (or other similar taxes) thereon to the extent provided therein; (iv) upon its appointment in accordance with the Belgian Covered Bond Regulations, to pay all amounts then due to any Cover Pool Administrator (including any of its representatives or delegates) pursuant to the conditions of its appointment together with interest and applicable VAT or other similar taxes and any costs and expenses incurred by or on behalf of the Special Estate; and (v) to pay any amounts, fees, costs, charges, liabilities, expenses and taxes due and payable by the Issuer or the Special Estate to the Operational Creditors;
- (b) second, *pari passu* and *pro rata* according to the respective amounts thereof, (i) to pay all amounts of interest and principal then due and payable on any Mortgage Pandbrieven, (ii) any amounts due and payable under any Hedging Agreement other than the Subordinated Termination Payments to any Hedging Counterparties under any such Hedging Agreements, and (iii) to pay all amounts due and payable under any Liquidity Facility Agreement to any Liquidity Facility Provider (other than any Junior Liquidity Amounts);
- (c) third, *pari passu* and *pro rata*, (i) payment of any amount due and payable to any Hedging Counterparties arising out of any Subordinated Termination Payment, and (ii) payment of any Junior Liquidity Amounts due and payable under any Liquidity Facility Agreement to any Liquidity Facility Provider; and
- (d) fourth, once all Mortgage Pandbrieven have been redeemed and following the payment in full of all items under (a) to (c) above, to pay any excess to the General Estate of the Issuer.

## 9.2. **Excess cover Assets**

Nothing in Condition 9.1 shall operate to prevent the Issuer, the Special Estate, the Mortgage Pandbrieven Holders' Representative, the Cover Pool Monitor or any Cover Pool Administrator from complying with any direction made in accordance with Article 11, 8° of Annex III to the Banking Law from the bankruptcy trustee of the General Estate of the Issuer to transfer to the General Estate of the Issuer such Cover Assets as the bankruptcy trustee of the General Estate of the Issuer has determined, after consultation with the NBB (taking into account the Belgian

Covered Bond Regulations and, as the case may be, the rating assigned to the Mortgage Pandbrieven), to be no longer required to form part of the Special Estate.

## **10. PRESCRIPTION**

Claims against the Issuer for payment of principal and interest in respect of the Mortgage Pandbrieven will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after their due date, unless application to a court of law for such payment has been initiated on or before such respective time. The due date for Mortgage Pandbrieven of which the Maturity Date has been extended shall be the Extended Maturity Date.

## **11. AGENTS**

- (a) In acting under the Agency Agreement and in connection with the Mortgage Pandbrieven, the Calculation Agent, the Domiciliary Agent, any (Principal) Paying Agent, the Listing Agent and the Registrar (the **Agents**) act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Mortgage Pandbrieven Holders.
- (b) The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor Agent provided, however, that:
  - (i) the Issuer shall at all times maintain a Domiciliary Agent and a Principal Paying Agent (which may be the same entity) which will at all times be a participant in the Securities Settlement System;
  - (ii) so long as the Mortgage Pandbrieven are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (which may be the Domiciliary Agent) with a specified office in such place as may be required by the rules and regulations of such stock exchange or other relevant authority (which, so long as the Mortgage Pandbrieven are listed on Euronext Brussels, shall be Brussels);
  - (iii) so long as there are Registered Mortgage Pandbrieven, the Issuer shall maintain a Registrar for the relevant Series of Registered Mortgage Pandbrieven (which may be the Issuer itself); and
  - (iv) in the case of Floating Rate Mortgage Pandbrieven, the Issuer shall at all times maintain a Calculation Agent for the relevant Series of Mortgage Pandbrieven (which may be the Issuer itself).

Notice of any change in any of the Agents, the Registrar or the Calculation Agent or in their specified offices shall promptly be given to the Mortgage Pandbrieven Holders in accordance with Condition 19 (*Notices*).

## **12. MORTGAGE PANDBRIEVEN PROVISIONS**

### **12.1. Criteria for the transfer of assets by the General Estate to the Special Estate**

In accordance with Article 3, §2, 2<sup>nd</sup> indent of Annex III to the Banking Law, the following criteria shall be applied in circumstances where amounts must be transferred to the Special Estate but cannot be identified within the General Estate of the Issuer. In such circumstances, the General Estate shall transfer to the Special Estate (in consultation between the Cover Pool Administrator and the bankruptcy trustee of the Issuer), instead of the relevant amounts, the



following unencumbered assets available within the General Estate in an equal amount determined in the following order of priority:

- (a) first, credit quality step 1 bonds that are ECB eligible and/or level 1 assets as described in the liquidity risk framework calculation of the liquidity coverage ratio (as implemented through the CRR);
- (b) failing which, credit quality step 2 bonds that are ECB eligible and/or level 2 assets as described in the liquidity risk framework calculation of the liquidity coverage ratio (as implemented through CRR);
- (c) failing which, bonds other than (a) or (b) above that are ECB eligible;
- (d) failing which, bonds other than (a), (b) or (c) above;
- (e) failing which, public sector exposure other than (a), (b), (c) or (d);
- (f) failing which, residential mortgage loans; and
- (g) failing any of the above, such assets as the Cover Pool Administrator in the name and for the account of the Special Estate may select in its sole discretion.

#### **12.2. Use of swap collateral**

Any collateral provided to the Issuer in the context of a Hedging Agreement that constitutes a Cover Asset, may only be used in order to satisfy the obligations that relate to the Special Estate and in accordance with the provisions of the relevant Hedging Agreement.

#### **12.3. Priority Rules regarding security interest securing both Cover Assets and assets in the General Estate**

If a security interest (including any mortgages or mortgage mandates) secures claims of both the Special Estate and the General Estate of the Issuer, proceeds from the enforcement of any such security interest shall be applied in priority to satisfy the obligations due in respect of the Cover Assets shown in the Cover Register as comprising part of the Special Estate. Only upon satisfaction in full of the relevant claims of the Cover Assets shown in the Cover Register as comprising part of the Special Estate shall any of the proceeds be applied against the claims of the General Estate which are also secured by such security interest.

#### **12.4. Priority Rules regarding security interests securing both Cover Assets and cover assets of other special estate(s)**

If a security interest (including any mortgages and mortgage mandates) secures both Cover Assets and cover assets of other special estate(s) of the Issuer, proceeds from the enforcement of any such security interest shall be applied *pari passu* and *pro rata* to satisfy the obligations in relation to the different special estates of the Issuer.

### **13. MEETING RULES**

The Meeting Rules of Mortgage Pledgeholders (the **Meeting Rules**) are attached to, and form an integral part of, these Conditions. References in these Conditions to the Meeting Rules include such rules as from time to time modified in accordance with the provisions contained therein and any agreement or other document expressed to be supplemental thereto.

The Articles 7:161 to 7:176 of the Belgian Company Code relating to Mortgage Pandbrieven Holders' meetings shall only apply to the extent that (i) the Conditions (including the Meeting Rules) and (ii) the articles of association of the Issuer, do not contain provisions which differ from the provisions contained in such articles.

#### **14. THE MORTGAGE PANDBRIEVEN HOLDERS' REPRESENTATIVE**

The Mortgage Pandbrieven Holders' Representative has been appointed by the Issuer as representative of the Mortgage Pandbrieven Holders in accordance with Article 14, §2 of Annex III to the Banking Law upon the terms and conditions set out in the Mortgage Pandbrieven Holders Representative Agreement and herein.

As long as the Mortgage Pandbrieven are outstanding, there shall at all times be a representative of the Mortgage Pandbrieven Holders in accordance with Article 14, §2 of Annex III to the Banking Law, which has the power to exercise the rights conferred on it by these Conditions, the Meeting Rules, the Mortgage Pandbrieven Holders Representative Agreement and the Belgian Covered Bond Regulations in order to protect the interests of the Mortgage Pandbrieven Holders.

By reason of holding Mortgage Pandbrieven, each Mortgage Pandbrieven Holder:

- (a) recognises the Mortgage Pandbrieven Holders' Representative as its representative and (to the fullest extent permitted by law) agrees to be bound by any agreement entered into from time to time by the Mortgage Pandbrieven Holders' Representative in such capacity as if such Mortgage Pandbrieven Holder was a signatory thereto; and
- (b) acknowledges and accepts that the Issuer shall not be liable, except in case of fraud, in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the Mortgage Pandbrieven Holders as a result of the performance by the Mortgage Pandbrieven Holders' Representative of its duties or the exercise of any of its rights under these Conditions (including the Meeting Rules).

The Mortgage Pandbrieven Holders' Representative may also be appointed to represent Other Cover Pool Creditors provided that such Other Cover Pool Creditors agree with such representation.

#### **15. CONFLICTS OF INTEREST**

The Mortgage Pandbrieven Holders' Representative shall, as regards the powers, authorities and discretions vested in it, except where expressly provided otherwise, have regard to the overall interests of the Mortgage Pandbrieven Holders of all Series taken together and of the Other Cover Pool Creditors that have agreed to be represented by the Mortgage Pandbrieven Holders' Representative provided that if, in the opinion of the Mortgage Pandbrieven Holders' Representative, there is a conflict between the interests the Mortgage Pandbrieven Holders and those Other Cover Pool Creditors, the Mortgage Pandbrieven Holders' Representative will have regard solely to the interest of the Mortgage Pandbrieven Holders. The Mortgage Pandbrieven Holders' Representative shall not have regard to any interests arising from circumstances particular to individual Mortgage Pandbrieven Holders or such Other Cover Pool Creditors.

#### **16. MEETINGS OF MORTGAGE PANDBRIEVEN HOLDERS**

##### **16.1. Meetings of Mortgage Pandbrieven Holders**

The Meeting Rules contain provisions for convening meetings of the Mortgage Pandbrieven Holders of each Series to consider matters relating to the Mortgage Pandbrieven, including the modification or waiver of any provision of the Conditions. For the avoidance of doubt any such modification or waiver shall be subject to the consent of the Issuer or, upon the opening of Winding-up Proceedings against the Issuer, the Cover Pool Administrator on behalf of the Special Estate, except as provided otherwise in the Meeting Rules.

All meetings of Mortgage Pandbrieven Holders will be held in accordance with the Meeting Rules. The Articles 7:161 to 7:173 of the Belgian Company Code relating to Mortgage Pandbrieven Holders' meetings shall only apply to the extent that (i) the Conditions (including the Meeting Rules) and (ii) the articles of association of the Issuer do not contain provisions which differ from the provisions contained in such articles.

## **16.2. Written Resolution**

Except in relation to a Programme Resolution to direct the Cover Pool Administrator to proceed with the liquidation of the Special Estate and with the early redemption of the Mortgage Pandbrieven pursuant to Article 11, 7° of Annex III to the Banking Law, a resolution in writing signed by or on behalf of holders of 50% or more of the aggregate of the Series Principal Amount Outstanding of the Mortgage Pandbrieven of all Series then outstanding shall take effect as a Programme Resolution. A resolution in writing to direct the Cover Pool Administrator to proceed with the liquidation of the Special Estate and with the early redemption of the Mortgage Pandbrieven pursuant to Article 11, 7° of Annex III to the Banking Law signed by or on behalf of holders of 75 per cent. or more of the aggregate of the Series Principal Amount Outstanding of the Mortgage Pandbrieven of all Series then outstanding shall take effect as a Programme Resolution. A resolution in writing signed by or on behalf of holders of two thirds of the Series Principal Amount Outstanding of the relevant Series of Mortgage Pandbrieven outstanding shall take effect as an Extraordinary Resolution. A written resolution signed by the holders of 50% or more of the Series Principal Amount Outstanding of the relevant Series of the Mortgage Pandbrieven outstanding shall take effect as if it were an Ordinary Resolution. Such resolutions in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Mortgage Pandbrieven Holders.

## **17. AMENDMENTS TO THE CONDITIONS AND WAIVERS**

Amendments to and waivers of the Conditions shall be made in accordance with the Meeting Rules.

## **18. FURTHER ISSUES**

The Issuer may from time to time, subject to Condition 6.2 (*Extension of Maturity Date*) and in accordance with the Statutory Tests, without the consent of the Mortgage Pandbrieven Holders, create and issue further Mortgage Pandbrieven having either: (i) the same terms and conditions as the Mortgage Pandbrieven in all respects (or in all respects except for the first payment of interest thereon, issue date and/or issue price) so as to form a single series with the Mortgage Pandbrieven; or (ii) different terms from any existing Mortgage Pandbrieven, where Mortgage Pandbrieven shall constitute a new Series of Mortgage Pandbrieven.

## **19. NOTICES**

Notices to be given by any holder of Mortgage Pandbrieven (including notices to convene a meeting of Mortgage Pandbrieven Holders) shall be in writing and given by lodging the same, with the Domiciliary Agent and the Mortgage Pandbrieven Holders' Representative. Notices to

be given to the holders of Dematerialised Mortgage Pandbrieven (including notices to convene a meeting of Mortgage Pandbrieven Holders) shall be deemed to have been duly given to the relevant Mortgage Pandbrieven Holders if sent to the Securities Settlement System, Euroclear, Clearstream, Germany, SIX SIS, Switzerland, Euronext Securities Milan, Italy, Euronext Securities Porto, Portugal and any other NBB investor (ICSDs for communication by them to the holders of the Dematerialised Mortgage Pandbrieven and shall be deemed to be given on the date on which it was so sent.

All notices to holders of Registered Mortgage Pandbrieven (including notices to convene a meeting of Mortgage Pandbrieven Holders) will be mailed by regular post, by fax or by e-mail to the holders at their respective addresses or fax numbers appearing in the register of Registered Mortgage Pandbrieven.

If sent by post, notices will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. If sent by fax, notices will be deemed to have been given upon receipt of a confirmation of the transmission. If sent by e-mail, when the relevant receipt of such communication being read is given, or where no read receipt is requested, by the sender at the time of sending provided that no delivery failure notification is received by the sender within 24 hours of sending the communication.

So long as the Mortgage Pandbrieven are listed on any stock exchange or admitted to listing by any other relevant authority and if the rules of the exchange so require, any notice shall also be published in accordance with the rules and regulations of such stock exchange or other relevant authority.

No notifications in any such form will be required for convening meetings of Mortgage Pandbrieven Holders if all Mortgage Pandbrieven Holders have been identified and have been given an appropriate notice by registered mail.

Notwithstanding the above, the Mortgage Pandbrieven Holders' Representative shall be at liberty to approve any other method of giving notice to Mortgage Pandbrieven Holders if, in its opinion, such other method is reasonable having regard to the then-prevailing market practice and rules of the competent authority, stock exchange, clearing system or, as the case may be, quotation system on which the Mortgage Pandbrieven are then listed or admitted to trading.

## **20. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

The Mortgage Pandbrieven and all matters arising from or connected with the Mortgage Pandbrieven (and any non-contractual obligations arising out of or in connection with the Mortgage Pandbrieven) are governed by, and shall be construed in accordance with, Belgian law.

The courts of Brussels, Belgium are to have exclusive jurisdiction to settle any dispute, arising from or connected with the Mortgage Pandbrieven (including any disputes relating to any non-contractual obligations arising out of or in connection with the Mortgage Pandbrieven).

## SECTION 12 – MEETING RULES OF THE MORTGAGE PANDBRIEVEN HOLDERS

### PART 1 – GENERAL PROVISIONS AND INTERPRETATION

#### 1. GENERAL PROVISIONS

- 1.1. Each Mortgage Pandbrieven Holder is a member of the meeting of Mortgage Pandbrieven Holders held in accordance with these meeting rules (the **Meeting Rules**). The Articles 7:161 to 7:173 of the Belgian Company Code shall only apply to the extent that (1) the Conditions (including these Meeting Rules) or (2) the articles of association of the Issuer do not contain provisions which differ from the provisions contained in such articles.
- 1.2. The Meeting Rules, which are deemed to be an integral part of the Conditions of the Mortgage Pandbrieven of each Series issued by the Issuer under the Programme, aim to co-ordinate the exercise of the rights of the Mortgage Pandbrieven Holders and, more generally, to protect the interest of the Mortgage Pandbrieven Holders. To this end:
  - (a) Part 2 of these Meeting Rules contains provisions applicable to the Mortgage Pandbrieven Holders' Representative; and
  - (b) Part 3 of these Meeting Rules contains the rules that apply in particular to the meeting of Mortgage Pandbrieven Holders.
- 1.3. The Meeting Rules shall remain in full force and effect until full repayment or cancellation of all Mortgage Pandbrieven of whatever Series.

#### 2. INTERPRETATION

##### 2.1. Definitions

Unless otherwise defined in these Meeting Rules or unless the context otherwise requires, in these Meeting Rules the following words shall have the following meanings:

<b>Basic Term Change</b>	means a change to any of the matters referred to under Clauses 13.2(f) to 13.2(i) (inclusive) of the Meeting Rules;
<b>Block Voting Instruction</b>	means a document issued by a Recognised Accountholder or the Securities Settlement System in accordance with Clause 8.3.(c) of the Meeting Rules;
<b>Conditions</b>	means the terms and conditions of the Mortgage Pandbrieven of the relevant Series or Tranche issued by the Issuer;
<b>Extraordinary Resolution</b>	means a resolution passed at a Meeting duly convened and held in accordance with the Meeting Rules by a majority of at least two thirds of the aggregate Series Principal Amount Outstanding of the Series of Mortgage Pandbrieven for which votes have been cast;
<b>Ordinary Resolution</b>	means any resolution passed at a Meeting duly convened and held in accordance with the Meeting Rules by a simple majority of at least 50 per cent. of the aggregate Series Principal Amount

Outstanding of the Series of Mortgage Pandbrieven for which votes have been cast plus one vote;

**Programme Resolution**

means any resolution passed at a Meeting duly convened and held in accordance with the Meeting Rules by a simple majority of at least 50 per cent. of the aggregate Series Principal Amount Outstanding of the Mortgage Pandbrieven of all Series under the Programme for which votes have been cast plus one vote, with the Mortgage Pandbrieven of all Series taken together as a single Series;

**Recognised Accountholder**

means, in relation to one or more Dematerialised Mortgage Pandbrieven, the recognised accountholder (*erkende rekeninghouder/teneur de compte agréé*) within the meaning of Article 7:35 of the Belgian Company Code with which a Mortgage Pandbrieven Holder holds such Dematerialised Mortgage Pandbrieven on a securities account;

**Resolution**

means an Ordinary Resolution, an Extraordinary Resolution or a Programme Resolution;

**Voting Certificate**

means a certificate issued by a Recognised Accountholder or the Securities Settlement System in accordance with Clause 8.3. (b) of the Meeting Rules.

Any other capitalized terms used in the Meeting Rules and not otherwise defined herein, shall have the meaning and the construction ascribed to them in the Conditions.

**2.2. Interpretation**

All references in the Meeting Rules to:

- (a) ***Mortgage Pandbrieven*** are, unless the context otherwise requires, references to the Mortgage Pandbrieven of the relevant Series;
- (b) a ***Clause*** shall, except where expressly provided to the contrary, be a reference to a Clause of the Meeting Rules; and
- (c) a ***Meeting*** references to a meeting of Mortgage Pandbrieven Holders of a single Series of Mortgage Pandbrieven (except in case of a meeting to pass a Programme Resolution, in which case the Mortgage Pandbrieven of all Series are taken together as a single Series) and includes, unless the context otherwise requires, any adjournment.

## **PART 2 – MORTGAGE PANDBRIEVEN HOLDERS’ REPRESENTATIVE**

### **3. APPOINTMENT AND REMOVAL**

#### **3.1. Appointment**

The Mortgage Pandbrieven Holders’ Representative has been appointed by the Issuer as Mortgage Pandbrieven Holders’ Representative of the Mortgage Pandbrieven Holders in accordance with Article 14, §2 of Annex III to the Banking Law upon the terms and conditions set out in the Mortgage Pandbrieven Holders Representative Agreement and herein.

As long as the Mortgage Pandbrieven are outstanding, there shall at all times be a Mortgage Pandbrieven Holders’ Representative of the Mortgage Pandbrieven Holders in accordance with Article 14, §2 of Annex III to the Banking Law.

The Mortgage Pandbrieven Holders’ Representative protects the interests of the Mortgage Pandbrieven Holders and hereto has the power to exercise the rights conferred on it by the Conditions, the Meeting Rules, the Mortgage Pandbrieven Holders Representative Agreement and the Belgian Covered Bond Regulations. In connection with the exercise of its functions (including but not limited to those referred to in these Meeting Rules) the Mortgage Pandbrieven Holders’ Representative shall have regard to the interests of the Mortgage Pandbrieven Holders under the Programme and Other Cover Pool Creditors (in accordance with Clause 4.3), and shall not have regard to the consequences of such exercise for individual Mortgage Pandbrieven Holders and the Mortgage Pandbrieven Holders’ Representative shall not be entitled to require, nor shall any Mortgage Pandbrieven Holder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Mortgage Pandbrieven Holders.

By reason of holding Mortgage Pandbrieven, each Mortgage Pandbrieven Holder:

- (a) recognises the Mortgage Pandbrieven Holders’ Representative as its Mortgage Pandbrieven Holders’ Representative and (to the fullest extent permitted by law) agrees to be bound by any agreement entered into from time to time by the Mortgage Pandbrieven Holders’ Representative in such capacity as if such Mortgage Pandbrieven Holder were a signatory thereto;
- (b) acknowledges and accepts that the Issuer shall not be liable, except in case of fraud, in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the Mortgage Pandbrieven Holders as a result of the performance by the Mortgage Pandbrieven Holders’ Representative of its duties or the exercise of any of its rights under the Conditions; and
- (c) agrees that the Issuer, as agreed in the Mortgage Pandbrieven Holders Representative Agreement, shall pay to the Mortgage Pandbrieven Holders’ Representative a remuneration for its services as Mortgage Pandbrieven Holders’ Representative.

#### **3.2. Retirement and removal**

##### **3.2.1. Conditions for Removal**

As long as Mortgage Pandbrieven are outstanding, the Mortgage Pandbrieven Holders’ Representative shall not retire and may only be removed from its duties under the Mortgage Pandbrieven Holders Representative Agreement, the Meeting Rules or any other Programme Document by means of a Programme Resolution:

- (a) if any of the following events occurs, namely:
- (i) an order is made or an effective resolution is passed for the dissolution (*ontbinding / dissolution*) of the Mortgage Pandbrieven Holders' Representative except a dissolution (*ontbinding / dissolution*) for the purpose of a merger where the Mortgage Pandbrieven Holders' Representative remains solvent; or
  - (ii) the Mortgage Pandbrieven Holders' Representative ceases or threatens to cease to carry on its business or a substantial part of its business or stops payment or threatens to stop payment of its debts or becomes unable to pay its debts as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account for both these purposes its contingent and prospective liabilities) or otherwise becomes insolvent; or
  - (iii) the Mortgage Pandbrieven Holders' Representative defaults in the performance or observance of any of its material covenants and obligations under the Conditions, Mortgage Pandbrieven Holders Representative Agreement or any other Programme Document and (except where such default is incapable of remedy, when no such continuation and/or notice shall be required) such default continues unremedied for a period of thirty (30) Business Days after the earlier of the Mortgage Pandbrieven Holders' Representative becoming aware of such default and receipt by the Mortgage Pandbrieven Holders' Representative of written notice from the Issuer requiring the same to be remedied; or
  - (iv) the Mortgage Pandbrieven Holders' Representative becomes subject to any bankruptcy (*faillissement / faillite*), judicial reorganisation (*gerechtelijke reorganisatie / réorganisation judiciaire*), as applicable, or other insolvency procedure under applicable laws; or
  - (v) the Mortgage Pandbrieven Holders' Representative is unable to perform its material obligations under the Conditions or the Mortgage Pandbrieven Holders Representative Agreement for a period of twenty (20) Business Days by circumstances beyond its reasonable control or *force majeure*;
- (b) provided that:
- (i) in the same Programme Resolution a substitute Mortgage Pandbrieven Holders' Representative is appointed; and
  - (ii) such substitute Mortgage Pandbrieven Holders' Representative meets all legal requirements to act as Mortgage Pandbrieven Holders' Representative and accepts to be bound by the terms of the Conditions, the Meeting Rules and the Programme Documents in the same way as its predecessor.

### 3.2.2.Procedure

#### (a) Termination

Upon the Programme Resolution as provided for by Clause 3.2.1 (*Conditions for Removal*) the Issuer shall provide notice in writing to the Mortgage Pandbrieven Holders' Representative of the termination of the powers delegated to it under the



Mortgage Pandbrieven Holders Representative Agreement and the Programme Documents.

The termination of the Mortgage Pandbrieven Holders Representative Agreement (1) shall take effect from a date (not earlier than the date of the notice) specified in the notice and (2) shall also terminate the appointment and power of attorney by the Other Cover Pool Creditors.

(b) Substitute Mortgage Pandbrieven Holders' Representative

The appointment of the substitute Mortgage Pandbrieven Holders' Representative in accordance with the Programme Resolution referred to in Clause 3.2.2(a) above shall become automatically effective upon the termination of the Mortgage Pandbrieven Holders' Representative becoming effective and at such time all rights and powers granted to the then acting Mortgage Pandbrieven Holders' Representative shall terminate and shall automatically be vested in the substitute Mortgage Pandbrieven Holders' Representative. All references to the Mortgage Pandbrieven Holders' Representative in the Programme Documents shall where and when appropriate be read as references to the substitute Mortgage Pandbrieven Holders' Representative as selected and upon vesting of rights and powers pursuant this Clause.

**3.3. Appointment of the Management Board of the Mortgage Pandbrieven Holders' Representative**

Pursuant to the Mortgage Pandbrieven Holders' Representative's articles of association, the management board (*bestuur*) of the Mortgage Pandbrieven Holders' Representative shall initially consist of one (1) member, being Amsterdamsch Trustee's Kantoor B.V..

Except as set forth in Clause 3.4 below, any other board member to the management board will be appointed by the management board or, if there are no more board members in office, one or more board members can be appointed by a Programme Resolution.

**3.4. Resignation and Removal of the Management Board of the Mortgage Pandbrieven Holders' Representative**

Pursuant to the Mortgage Pandbrieven Holders' Representative's articles of association, membership of the management board shall end in the following cases:

- (a) by written resignation;
- (b) in case of a natural person, by death;
- (c) by bankruptcy, moratorium or if and when a debt application natural persons (*schuldsanering natuurlijke personen*) becomes applicable on a board member;
- (d) by placement under guardianship (*ondercuratelestelling*), as well as by a court order whereby as a result of his physical or mental condition an administrator is appointed over one or more of the goods of the board member concerned;
- (e) by dismissal ordered by the Court;
- (f) if the board consists of more than two members, by dismissal by board resolution adopted unanimously by all board members in position, the person involved excluded;

(g) by dismissal by the Mortgage Pandbrieven Holders Meeting;

(h) in case of a legal person, by dissolution.

#### **4. POWERS**

##### **4.1. Powers**

The Mortgage Pandbrieven Holders' Representative, acting in its own name and on behalf of the Mortgage Pandbrieven Holders shall have the powers and authorities set forth in the Belgian Covered Bond Regulations, the Mortgage Pandbrieven Holders Representative Agreement, the Conditions and in any of the Programme Documents to which it is a party and such powers incidental thereto, which it will exercise in accordance with and subject to the provisions of the Belgian Covered Bond Regulations, the Mortgage Pandbrieven Holders Representative Agreement, the Conditions and the Programme Documents. In particular, but without limitation, the Mortgage Pandbrieven Holders' Representative, acting in its own name and on behalf of the Mortgage Pandbrieven Holders shall have the power:

- (a) to represent the Mortgage Pandbrieven Holders as provided for in Article 14 of Annex III to the Banking Law;
- (b) to exercise all other powers and rights and perform all duties given to the Mortgage Pandbrieven Holders' Representative under the Conditions including the Meeting Rules, the Programme Documents and the Belgian Covered Bond Regulations;
- (c) upon service of a Notice of Default, to proceed against the Issuer to enforce the performance of the Programme Documents and the Conditions on behalf of the Mortgage Pandbrieven Holders and the Other Cover Pool Creditors represented by it;
- (d) to collect all proceeds in the course of enforcing the rights of the Mortgage Pandbrieven Holders and the Other Cover Pool Creditors represented by it;
- (e) to apply or to direct the application of the proceeds of enforcement in accordance with the Conditions; and
- (f) generally, to do all things necessary in connection with the performance of such powers and duties.

The Mortgage Pandbrieven Holders' Representative may act in court and represent the Mortgage Pandbrieven Holders or Other Cover Pool Creditors (provided such Other Cover Pool Creditors previously agreed with the representation in accordance with the provisions of the Mortgage Pandbrieven Holders Representative Agreement) in any bankruptcy or similar insolvency proceedings, without having to reveal the identity of the Mortgage Pandbrieven Holders or Other Cover Pool Creditors it represents.

##### **4.2. Delegation**

The Mortgage Pandbrieven Holders' Representative may delegate the performance of any of the powers listed in this Clause 4 (*Powers*) to any persons (including any legal entity) whom it may designate.

Notwithstanding any sub-contracting or delegation of the performance of its obligations hereunder or under the Programme Documents or under the Mortgage Pandbrieven Holders Representative Agreement, the Mortgage Pandbrieven Holders' Representative shall not thereby

be released or discharged from any liability hereunder and shall remain responsible for the performance of the obligations of the Mortgage Pandbrieven Holders' Representative and shall be jointly and severally liable for the performance or non-performance or the manner of performance of any sub-contractor, agent or delegate and such sub-contracting or delegation shall not affect the Mortgage Pandbrieven Holders' Representative's obligations hereunder, under the Programme Documents to which it is a party or under the Mortgage Pandbrieven Holders Representative Agreement. The Mortgage Pandbrieven Holders' Representative shall, prior to such appointment, give notice to the Issuer of the appointment of any delegate and any renewal, extension and termination of such appointment.

#### **4.3. Representation of Other Cover Pool Creditors**

##### **4.3.1. Representation of Other Cover Pool Creditors**

The Mortgage Pandbrieven Holders' Representative may also be appointed to represent Other Cover Pool Creditors provided that such Other Cover Pool Creditors agree with such representation.

In relation to any duties, obligations and responsibilities of the Mortgage Pandbrieven Holders' Representative to these Other Cover Pool Creditors in its capacity as agent of these Other Cover Pool Creditors, the Mortgage Pandbrieven Holders' Representative and these Other Cover Pool Creditors will agree and the Issuer will concur, that the Mortgage Pandbrieven Holders' Representative shall discharge these duties, obligations and responsibilities by performing and observing its duties, obligations and responsibilities as representative of the Mortgage Pandbrieven Holders in accordance with the provisions of the Mortgage Pandbrieven Holders Representative Agreement, the Programme Documents and the Conditions including these Meeting Rules.

##### **4.3.2. Conflicts between Mortgage Pandbrieven Holders and Other Cover Pool Creditors**

The Mortgage Pandbrieven Holders' Representative shall, as regards the powers, authorities and discretions vested in it, except where expressly provided otherwise, have regard to the interests of both the Mortgage Pandbrieven Holders of all Series and the Other Cover Pool Creditors that have agreed to be represented by the Mortgage Pandbrieven Holders' Representative but if, in the opinion of the Mortgage Pandbrieven Holders' Representative, there is a conflict between the interests the Mortgage Pandbrieven Holders and those Other Cover Pool Creditors, the Mortgage Pandbrieven Holders' Representative will have regard solely to the interest of the Mortgage Pandbrieven Holders, but, for the avoidance of doubt, without prejudice to the applicable priority of payments.

### **5. INSTRUCTIONS AND INDEMNITY**

The Mortgage Pandbrieven Holders' Representative shall not be bound to take any action under its powers or duties unless:

- (a) it shall have been directed to do so by an Extraordinary Resolution of the Mortgage Pandbrieven Holders in accordance with the Meeting Rules or, in relation to the service of a Notice of Default pursuant to Condition 8.1 (*Events of Default*), it shall have been (x) requested to do so by a request in writing by the holders of not less than 25% of the aggregate Series Principal Amount Outstanding of the Mortgage Pandbrieven of all Series then outstanding (but excluding the Mortgage Pandbrieven held by the Issuer for the calculation of the percentage) or (y) so directed by a Programme Resolution; and

- (b) it shall in all cases have been indemnified, prefunded or secured to its satisfaction against all liability, proceedings, claims and demands to which it may be or become liable and all costs, charges and expenses which may be incurred by it in connection therewith, save where these are due to its own gross negligence, wilful misconduct or fraud.

Whenever the interests of the Mortgage Pandbrieven Holders are or can be affected in the opinion of the Mortgage Pandbrieven Holders' Representative, the Mortgage Pandbrieven Holders' Representative may – if indemnified, prefunded or secured to its satisfaction – take legal action on behalf of the Mortgage Pandbrieven Holders and represent the Mortgage Pandbrieven Holders in any insolvency proceeding and any other legal proceedings initiated against the Issuer or any other party to a Programme Document.

The Mortgage Pandbrieven Holders' Representative can under no circumstances, including the situation wherein Mortgage Pandbrieven Holders' instruction or approval cannot be obtained for whatever reason, be required to act without it being remunerated and indemnified or secured to its satisfaction.

The Mortgage Pandbrieven Holders' Representative shall be indemnified by the Issuer and held harmless, in respect of any and all liabilities and expenses incurred by it or by anyone appointed by it or to whom any of its functions may be delegated by it in carrying out its functions.

## **6. REPORTING, LIABILITY, EXONERATION AND INDEMNIFICATION OF THE MORTGAGE PANDBRIEVEN HOLDERS' REPRESENTATIVE**

### **6.1. Reporting**

If so requested in advance by the Issuer or the Cover Pool Administrator, as applicable, the Mortgage Pandbrieven Holders' Representative shall report to the Meeting on the performance of its duties under the Mortgage Pandbrieven Holders Representative Agreement, the Meeting Rules and the Programme Documents (the **Report**) provided such request is notified by registered mail no later than ten (10) Business Days prior to the relevant Meeting.

The Issuer or the Cover Pool Administrator, as applicable, shall require a Report if so instructed by those Mortgage Pandbrieven Holders who have requested that such Meeting be convened.

### **6.2. Liabilities and Exoneration**

The Mortgage Pandbrieven Holders Representative Agreement contains provisions governing the responsibility (and relief from responsibility) of the Mortgage Pandbrieven Holders' Representative and providing for its indemnification in certain circumstances, including provisions relieving the Mortgage Pandbrieven Holders' Representative from taking enforcement proceedings unless indemnified to its satisfaction.

The Mortgage Pandbrieven Holders' Representative shall not be liable to the Issuer or any of the Mortgage Pandbrieven Holders or the Other Cover Pool Creditors represented by it in respect of any loss or damage which arises out of the exercise, or the attempted exercise of, or the failure to exercise any of its powers or any loss resulting therefrom, except that the Mortgage Pandbrieven Holders' Representative shall be liable for such loss or damage that is caused by its gross negligence, wilful misconduct or fraud.

The Mortgage Pandbrieven Holders' Representative shall not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Cover Assets, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to

the order of the Issuer or any agent or related company of the Issuer or by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons.

The Mortgage Pandbrieven Holders' Representative shall have no liability for any breach of or default under its obligations under the Mortgage Pandbrieven Holders Representative Agreement if and to the extent that such breach is caused by any failure on the part of the Issuer or any of the Other Cover Pool Creditors (other than the Mortgage Pandbrieven Holders' Representative) to duly perform any of their material obligations under any of the Programme Documents. In the event that the Mortgage Pandbrieven Holders' Representative is rendered unable to duly perform its obligations under the Mortgage Pandbrieven Holders Representative Agreement by any circumstances beyond its control (*overmacht/force majeure*), the Mortgage Pandbrieven Holders' Representative shall not be liable for any failure to carry out its obligations under the Mortgage Pandbrieven Holders Representative Agreement which are thus affected by the event in question and, for so long as such circumstances continue, its obligations under the Mortgage Pandbrieven Holders Representative Agreement which are thus affected will be suspended without liability for the Mortgage Pandbrieven Holders' Representative.

The Mortgage Pandbrieven Holders' Representative shall not be responsible for monitoring the compliance by any of the other parties (including the Issuer and the Cover Pool Monitor) with their obligations under the Programme Documents. The Mortgage Pandbrieven Holders' Representative may, until it has actual knowledge or express notice to the contrary, assume the Issuer and the Cover Pool Monitor are observing and performing all their obligations under any of the Programme Documents and in any notices or acknowledgements delivered in connection with any such Programme Documents.

The Mortgage Pandbrieven Holders' Representative shall not be responsible for ensuring that the Issuer complies with the obligations applicable to it under the Belgian Covered Bond Regulations or that any asset is duly registered in the Cover Register and the Cover Register is duly maintained.

Except if such meeting is convened by the Mortgage Pandbrieven Holders' Representative or the passing of a Written Resolution has been organised by the Mortgage Pandbrieven Holders' Representative, the Mortgage Pandbrieven Holders' Representative shall not be liable for acting upon (i) any resolution purporting to be a Written Resolution or to have been passed at any Meeting in respect whereof minutes have been made and signed or (ii) a direction of the requisite percentage of Mortgage Pandbrieven Holders. This limitation of liability will apply, even though subsequent to its acting it may be found that there was some defect in the constitution of the meeting or passing of the Written Resolution or the giving of such direction or that for any reason the resolution purporting to be a Written Resolution or to have been passed at any meeting or the giving of the direction was not valid or binding upon such Mortgage Pandbrieven Holders, except if and to the extent any defect has arisen directly from the Mortgage Pandbrieven Holders' Representative's gross negligence, wilful misconduct or fraud.

### 6.3. Indemnity

If the Mortgage Pandbrieven Holders' Representative has acted upon a resolution, Written Resolution or direction as referred to in 6.2 above, each Mortgage Pandbrieven Holder shall forthwith on demand indemnify the Mortgage Pandbrieven Holders' Representative for its *pro rata* share in any liability, loss or expense incurred or expected to be incurred by the Mortgage Pandbrieven Holders' Representative in any way relating to or arising out of its acting as Mortgage Pandbrieven Holders' Representative in respect of that resolution, Written Resolution or direction, except if and to the extent that the liability or loss arises directly from the Mortgage Pandbrieven Holders' Representative's gross negligence, wilful misconduct or fraud. The liability shall be

divided between the Mortgage Pandbrieven Holders *pro rata* according to the respective Principal Amount Outstanding of the Mortgage Pandbrieven held by each of them respectively.

## **7. MODIFICATIONS BY THE MORTGAGE PANDBRIEVEN HOLDERS' REPRESENTATIVE**

### **7.1. Waivers**

#### 7.1.1. Waivers

The Mortgage Pandbrieven Holders' Representative may in its sole discretion, without the consent of the Mortgage Pandbrieven Holders and without prejudice to its rights in respect of any further or other breach, condition, event or act from time to time and at any time, but only if and in so far as in its opinion the interests of the Mortgage Pandbrieven Holders will not be materially prejudiced thereby:

- (a) authorise or waive, on such terms and conditions (if any) as shall seem expedient to it, any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Mortgage Pandbrieven Holders Representative Agreement, the Mortgage Pandbrieven or any of the Programme Documents, or
- (b) determine that any breach shall not be (subject to specified conditions or not) treated as such.

Any such authorisation, waiver or determination pursuant to this clause shall be binding on the Mortgage Pandbrieven Holders and notice thereof shall be given to the Mortgage Pandbrieven Holders and the Rating Agency.

#### 7.1.2. Reliance

In determining whether or not any power, trust, authority, duty or discretion or any change, event or occurrence under or in relation to the Conditions or any of the Programme Documents will be materially prejudicial to the interests of Mortgage Pandbrieven Holders, the Mortgage Pandbrieven Holders' Representative shall be able to rely on, and act on any advice or opinion of or any certificate obtained from a valuer, accountant, banker, broker, securities company or other company other than the Rating Agency whether obtained by itself or the Issuer and it shall not be liable for any loss occasioned by such action, save where such loss is due to its gross negligence, wilful misconduct or fraud.

### **7.2. Amendments**

The Mortgage Pandbrieven Holders' Representative may upon the request of the Issuer on behalf of the Mortgage Pandbrieven Holders and without the consent or sanction of any of the Mortgage Pandbrieven Holders of any Series or the Other Cover Pool Creditors it represents at any time and from time to time, concur with the Issuer or any other person in making:

- (a) any modification (other than in respect of a Basic Term Change) of the terms and conditions applying to the Mortgage Pandbrieven of one or more Series (including the Conditions) or any Programme Document provided that in the sole opinion of the Mortgage Pandbrieven Holders' Representative such modification is not materially prejudicial to the interests of any of the Mortgage Pandbrieven Holders of such Series, or

- (b) any modification of the terms and conditions applying to Mortgage Pandbrieven of any one or more Series (including the Conditions) or any Programme Document which is in the sole opinion of the Mortgage Pandbrieven Holders' Representative of a formal, minor or technical nature or is to correct a manifest error or to comply with applicable mandatory statutory provisions or would cause such terms and conditions of the Mortgage Pandbrieven or provision of any Programme Document to better reflect or comply with the provisions and requirements of the Belgian Covered Bond Regulations.

In no event may such modification be a Basic Term Change. The Mortgage Pandbrieven Holders' Representative shall not be bound to give notice to Mortgage Pandbrieven Holders of any modifications to the Programme Documents agreed pursuant to this Clause.

The Issuer or the Cover Pool Administrator, as applicable, shall cause notice of any modification in this Clause 7.2 to be given to the Rating Agency and the Domiciliary Agent.

If, in the Mortgage Pandbrieven Holders' Representative's opinion it is not sufficiently established that the proposed amendment or variation can be approved by it in accordance with this Clause, it will determine in its full discretion whether to submit the proposal to a duly convened Meeting or to refuse the proposed amendment or variation.

Upon the Issuer's request, the Mortgage Pandbrieven Holders' Representative shall, without the consent or sanction of any of the Mortgage Pandbrieven Holders, concur with the Issuer in making any modifications to the Conditions, to the Meeting Rules or to the Special Estate Administration Terms that the Issuer may decide in its discretion in order to comply with any criteria of the Rating Agency which may be published after the signing of the initial agreement(s) for the issuance of and subscription for the Mortgage Pandbrieven and in respect of which the Issuer certifies to the Mortgage Pandbrieven Holders' Representative in writing that it reasonably believes such modifications are necessary to avoid a downgrade, withdrawal or suspension of the then current ratings assigned by a Rating Agency to any Series of Mortgage Pandbrieven, provided that the Mortgage Pandbrieven Holders' Representative shall not be obliged to agree to any modification which, in the sole opinion of the Mortgage Pandbrieven Holders' Representative, as applicable, would have the effect of (i) exposing the Mortgage Pandbrieven Holders' Representative, as applicable, to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the protections, of the Mortgage Pandbrieven Holders' Representative, as applicable in these Meeting Rules or the Conditions. For avoidance of doubt, such modification may include, without limitation, modifications which would allow any hedge counterparty and/or liquidity facility provider not to post collateral in circumstances where it previously would have been obliged to do so.

Notwithstanding the foregoing, upon the Issuer's request, the Mortgage Pandbrieven Holders' Representative shall, without the consent or sanction of any of the Mortgage Pandbrieven Holders, concur with the Issuer in making any modifications to the Special Estate Administration Terms in relation to future issues of Mortgage Pandbrieven under the Programme provided that (i) the Issuer certifies to the Mortgage Pandbrieven Holders' Representative in writing that it reasonably believes such modifications will not affect the then current ratings assigned by a Rating Agency to any Series of Mortgage Pandbrieven issued under the Programme and (ii) the Issuer certifies to the Mortgage Pandbrieven Holders' Representative in writing that these modifications will not affect the rights of holders of Mortgage Pandbrieven already issued under the Programme, provided that the Mortgage Pandbrieven Holders' Representative shall not be obliged to agree to any modification which, in the sole opinion of the Mortgage Pandbrieven Holders' Representative, as applicable,

would have the effect of (i) exposing the Mortgage Pandbrieven Holders' Representative, as applicable, to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the protections, of the Mortgage Pandbrieven Holders' Representative, as applicable in the Meeting Rules. For avoidance of doubt, such modification may include, without limitation, modifications which would allow any hedge counterparty and/or liquidity facility provider not to post collateral in circumstances where it previously would have been obliged to do so.



## PART 3 – MEETING RULES

### 8. MEETING ATTENDANCE

#### 8.1. General

Subject to the provisions of this Clause 8 (*Meeting Attendance*) the following persons may attend and speak at a Meeting:

- (a) Mortgage Pandbrieven Holders and their proxies;
- (b) the chairman; and
- (c) the Issuer, the Mortgage Pandbrieven Holders' Representative, the Cover Pool Monitor, the Cover Pool Administrator, the Dealer (through their respective officers, employees, advisers, agents or other Mortgage Pandbrieven Holders' Representatives) and their financial and legal advisers.

#### 8.2. Proxies

Mortgage Pandbrieven Holders may be represented at a Meeting by proxies authorised by a power of attorney that is duly dated and signed by a Mortgage Pandbrieven Holder (a **Power of Attorney**). Proxies need not to be Mortgage Pandbrieven Holders.

The Issuer or the Cover Pool Administrator, as applicable, may determine the form of the Power of Attorney.

#### 8.3. Dematerialised Mortgage Pandbrieven

- (a) With respect to Dematerialised Mortgage Pandbrieven, save as expressly provided otherwise herein, no person shall be entitled to attend or to vote at any Meeting unless he (1) is a proxy or (2) he produces the Voting Certificate as defined in Clause 8.3 (b).
- (b) **Voting Certificate** means: a voting certificate in Dutch or French (with a translation in English) issued by the Recognised Accountholder or the Securities Settlement System and dated in which it is stated:
  - (i) that on the date thereof Dematerialised Mortgage Pandbrieven (not being Dematerialised Mortgage Pandbrieven in respect of which a Block Voting Instruction (as defined below in Clause 8.3.(c)) has been issued and is outstanding in respect of the Meeting specified in such certificate (and any such adjourned Meeting) of a specified Principal Amount Outstanding were (to the satisfaction of such Recognised Accountholder or Securities Settlement System) held to its order or under its control and blocked by it and that no such Dematerialised Mortgage Pandbrieven will cease to be so held and blocked until the first to occur of:
    - the conclusion of the Meeting specified in such certification or, if applicable, any adjourned Meeting; and
    - the surrender of the certificate to the Recognised Accountholder or Securities Settlement System who issued the same; and
  - (ii) that until the release of the Dematerialised Mortgage Pandbrieven represented thereby the bearer thereof is entitled to attend and vote at such Meeting and any such

adjourned meeting in respect of the Dematerialised Mortgage Pandbrieven represented by such certificate.

- (c) Block Voting Instruction means a document in Dutch or French (with a translation in English) issued by the Recognised Accountholder or Securities Settlement System and dated in which:
- (i) it is certified that Dematerialised Mortgage Pandbrieven (not being Dematerialised Mortgage Pandbrieven in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction and any such adjourned meeting) of a specified Principal Amount Outstanding were (to the satisfaction of such Recognised Accountholder or Securities Settlement System) held to its order or under its control and blocked by it and that no such Dematerialised Mortgage Pandbrieven will cease to be so held and blocked until the first to occur of:
    - the conclusion of the Meeting specified in such document or, if applicable, any such adjourned Meeting; and
    - the giving of notice by the Recognised Accountholder or the Securities Settlement System to the Issuer in accordance with Clause 14.3 hereof, stating that certain of such Dematerialised Mortgage Pandbrieven cease to be held with it or under its control and blocked and setting out the necessary amendment to the Block Voting Instruction;
  - (ii) it is certified that each holder of such Dematerialised Mortgage Pandbrieven has instructed such Recognised Accountholder or Securities Settlement System, that the vote(s) attributable to the Dematerialised Mortgage Pandbrieven so held and blocked should be cast in a particular way in relation to the resolution or resolutions to be put to such Meeting or any such adjourned meeting and that all such instructions are during the period commencing three (3) Business Days prior to the time for which such Meeting or any such adjourned meeting is convened and ending at the conclusion or adjournment thereof neither revocable nor capable of amendment;
  - (iii) the nominal amount of the Dematerialised Mortgage Pandbrieven so held and blocked is stated, distinguishing with regard to each resolution between those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
  - (iv) one or more persons named in such document (each hereinafter called a proxy) is or are authorised and instructed by such Recognised Accountholder or Securities Settlement System to cast the votes attributable to the Dematerialised Mortgage Pandbrieven so listed in accordance with the instructions referred to in paragraph (ii) above as set out in such document.

#### **8.4. Registered Mortgage Pandbrieven**

With respect to Registered Mortgage Pandbrieven, save as expressly provided otherwise herein, no person shall be entitled to attend or vote at any Meeting unless:

- (a) it appears from the register held in accordance with Article 7:27 et seq. of the Belgian Company Code that the relevant person is registered as a holder of Registered Mortgage Pandbrieven, or
- (b) such person is authorised and instructed, by means of a Power of Attorney to cast the votes attributable to a holder of Registered Mortgage Pandbrieven.

## **9. CONVENING A MEETING**

### **9.1. Initiative**

#### 9.1.1. Single Series

The meeting:

- (a) may be convened by the Issuer, or upon its appointment the Cover Pool Administrator, as applicable, or the Mortgage Pandbrieven Holders' Representative; and
- (b) shall be convened by the Issuer, or upon its appointment the Cover Pool Administrator, as applicable, upon the request in writing signed by Mortgage Pandbrieven Holders holding not less than one fifth of the aggregate Series Principal Amount Outstanding of the Mortgage Pandbrieven of the relevant Series.

#### 9.1.2. Multiple Series

The Mortgage Pandbrieven Holders' Representative can convene a meeting of Mortgage Pandbrieven Holders of more than one Series if in the opinion of the Mortgage Pandbrieven Holders' Representative (i) the subject matter of the Meeting is relevant to the Mortgage Pandbrieven Holders of each of those Series and (ii) there is no conflict between the Mortgage Pandbrieven Holders of the relevant Series, in which case these Meeting Rules shall apply *mutatis mutandis*

### **9.2. Time, Place and Notice**

#### 9.2.1. Time and Place

Every Meeting shall be held at a time and place approved by the Mortgage Pandbrieven Holders' Representative.

#### 9.2.2. Notice

At least fifteen (15) calendar days' notice (exclusive of the day on which the notice is given and the day on which the Meeting is held) specifying the day, time and place of the Meeting shall be given to the Mortgage Pandbrieven Holders in the manner provided by Condition 19 (*Notices*).

Such notice shall include the agenda of the Meeting. The agenda shall state the nature of the business to be transacted at the Meeting thereby convened and specify the terms of any resolution to be proposed. Such notice shall include a statement to the effect that Dematerialised Mortgage Pandbrieven must be held with or under the control of and blocked by (i) a Recognised Accountholder (as defined below) (ii) as the case may be, the Securities Settlement System for the purpose of obtaining Voting Certificates or

appointing proxies until three (3) Business Days before the time fixed for the Meeting but not thereafter.

## **10. CHAIRMAN**

### **10.1. Appointment**

The Issuer may appoint a chairman (who may, but need not be, a Mortgage Pandbrieven Holder). Failing such choice the Mortgage Pandbrieven Holders' Representative may appoint a chairman in writing, but if no such appointment is made or if the person appointed is not present within fifteen (15) minutes after the time fixed for the Meeting, the Meeting shall be chaired by the person elected by the majority of the voters present, failing which, the Mortgage Pandbrieven Holders' Representative shall appoint a chairman.

### **10.2. Adjourned Meeting**

The chairman of an adjourned Meeting held in accordance with the provisions in Clause 12 (*Adjourned Meeting*) needs not to be the same person as was chairman at the original Meeting.

## **11. QUORUM**

### **11.1. General provisions**

For the avoidance of doubt, any modification (regardless of whether such modification is a Basic Term Change or not), shall require the consent of the Issuer, except that no such consent shall be required in relation to a Programme Resolution.

### **11.2. Ordinary Resolutions and Extraordinary Resolutions (other than a Basic Term Change)**

The quorum at any Meeting the purpose of which is to pass an Ordinary Resolution or an Extraordinary Resolution concerning matters referred to under Clauses 13.2(a) to 13.2(e), will be one or more persons holding or representing at least 50 per cent. of the aggregate Series Principal Amount Outstanding of the Mortgage Pandbrieven of the relevant Series, or, at an adjourned meeting in accordance with the provisions of Clause 12 (*Adjourned Meeting*), one or more persons being or representing Mortgage Pandbrieven Holders of the relevant Series for the time being outstanding, whatever the Series Principal Amount Outstanding of the Mortgage Pandbrieven so held or represented.

### **11.3. Basic Term Change**

At any Meeting the purpose of which is to pass an Extraordinary Resolution concerning a Basic Term Change, the quorum will be one or more persons holding or representing not less than two thirds of the aggregate Series Principal Amount Outstanding of the Mortgage Pandbrieven of such Series or, at any adjourned meeting, one or more persons being or representing not less than one third of the aggregate Series Principal Amount Outstanding of the Mortgage Pandbrieven of such Series for the time being outstanding.

### **11.4. Programme Resolutions**

The quorum at any Meeting the purpose of which is to pass a Programme Resolution concerning matters referred to under Clauses 13.3(a) to 13.3(d), will be one or more persons holding or representing at least 50 per cent. of the aggregate Principal Amount Outstanding of the Mortgage Pandbrieven of all Series taken together as a single Series, or, at an adjourned meeting in accordance with the provisions of Clause 12 (*Adjourned Meeting*), one or more persons being or

representing Mortgage Pandbrieven Holders for the time being outstanding, whatever the Series Principal Amount Outstanding of the Mortgage Pandbrieven so held or represented.

At any Meeting the purpose of which is to pass a Programme Resolution concerning matters referred to under Clause 13.3(e), the quorum will be one or more persons holding or representing not less than two thirds of the aggregate Principal Amount Outstanding of the Mortgage Pandbrieven of all Series taken together as a single Series, including at an adjourned meeting.

#### 11.5. Non-quorate meeting

No business (except choosing a chairman) shall be transacted at a Meeting unless a quorum as required by this Clause 11 (*Quorum*) is present at the commencement of the Meeting.

If a quorum is not present within fifteen (15) minutes from the time initially fixed for the Meeting, it shall, if convened on the request of the Mortgage Pandbrieven Holders, be dissolved. In any other case it shall be adjourned in accordance with the provisions with regard to Adjourned Meetings under Clause 12 (*Adjourned Meeting*).

#### 11.6. Overview

<b>Purpose of the meeting</b>	<b>Required proportion for an initial meeting to be quorate</b>	<b>Required proportion for an adjourned meeting to be quorate</b>
To pass any Ordinary Resolution	50%	No minimum proportion
To pass any Extraordinary Resolution concerning matters referred to under Clauses 13.2(a) to 13.2(e)	50%	No minimum proportion
To pass any Extraordinary Resolution concerning matters referred to under Clauses 13.2(f) to 13.2(i)	Two thirds	One third
To pass any Programme Resolution concerning matters referred to under Clauses 13.3(a) to 13.3(d)	50%	No minimum proportion
To pass any Programme Resolution concerning matters referred to under Clause 13.3(e)	Two thirds	Two thirds

## **12. ADJOURNING MEETING**

### **12.1. Convening**

The chairman may with the consent of (and shall if directed by) the Meeting, adjourn the same “from time to time and from place to place” (the **Adjourned Meeting**).

The chairman may determine the time and place of the Adjourned Meeting that shall take place. In the event of a non-quorate Meeting (in accordance with the provisions of Clause 11.5) the Adjourned Meeting shall take place not less than fourteen (14) nor more than forty-two (42) calendar days upon the original Meeting from which the adjournment took place.

Notice of any Adjourned Meeting shall be given in the same manner as for a Meeting, and such notice shall state the quorum required at the Adjourned Meeting.

### **12.2. Agenda**

No business shall be transacted at any Adjourned Meeting except business which could have been transacted at the original Meeting from which the adjournment took place.

## **13. POWERS OF MEETINGS**

### **13.1. Ordinary Resolutions**

A Meeting shall, subject to the Conditions and only with the consent of the Issuer, and without prejudice to any powers conferred on other persons by these Meeting Rules, have power to decide by Ordinary Resolution on any business which is not listed under Clause 13.2 (*Extraordinary Resolutions*) or under Clause 13.3 (*Programme Resolutions*).

### **13.2. Extraordinary Resolutions**

A Meeting shall, subject to the Conditions and only with the consent of the Issuer, and without prejudice to any powers conferred on other persons by these Meeting Rules, have power by Extraordinary Resolution:

- (a) to approve any modification, abrogation, variation or compromise in respect of (i) the rights of the Mortgage Pandbrieven Holders’ Representative, the Issuer, the Mortgage Pandbrieven Holders or any of them, whether such rights arise under the Programme Documents or otherwise, and (ii) these Meeting Rules, the Conditions, any Programme Document or any arrangement in respect of the obligations of the Issuer under or in respect of the Mortgage Pandbrieven, other than a Basic Term Change;
- (b) to discharge or exonerate, whether retrospectively or otherwise, the Mortgage Pandbrieven Holders’ Representative from any liability in relation to any act or omission for which the Mortgage Pandbrieven Holders’ Representative has or may become liable pursuant or in relation to these Meeting Rules, the Conditions or any Programme Document;
- (c) to give any authority or approval which under these Meeting Rules or the Conditions is required to be given by Extraordinary Resolution;

- (d) to authorise the Mortgage Pandbrieven Holders' Representative (subject to it being indemnified and/or secured to its satisfaction) or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- (e) to waive any breach or authorise any proposed breach by the Issuer of its obligations in respect of the Mortgage Pandbrieven or to waive the occurrence of an Event of Default;
- (f) to approve any reduction or cancellation of the amount payable or, where applicable, a modification of the method of calculating the amount payable or a modification of the date of payment or, where applicable, a modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Mortgage Pandbrieven other than in accordance with the terms thereof;
- (g) to approve any alteration of the currency in which payments under the Mortgage Pandbrieven are to be made;
- (h) to approve any alteration of the quorum or majority required to pass an Extraordinary Resolution; and
- (i) to approve any scheme or proposal for the exchange or sale of the Mortgage Pandbrieven for or the conversion of the Mortgage Pandbrieven into, or the cancellation of the Mortgage Pandbrieven in consideration of, shares, stock, Mortgage Pandbrieven, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, bonds, Mortgage Pandbrieven, debentures, debenture stock and/or other obligations.

### 13.3. Programme Resolutions

A Meeting shall, subject to the Conditions, and without prejudice to any powers conferred on other persons by these Meeting Rules, have power by Programme Resolution:

- (a) to appoint, remove or replace the Mortgage Pandbrieven Holders' Representative in accordance with Clause 3.2 (*Retirement and Removal*) above or a member of the management board in accordance with Clause 3.4 (*Resignation and Removal of the Management Board of the Mortgage Pandbrieven Holders' Representative*) above;
- (b) to direct the Mortgage Pandbrieven Holders' Representative to service a Notice of Default;
- (c) with the consent of the Issuer (or, if applicable, the Cover Pool Administrator on behalf of the Special Estate), to amend the Special Estate Administration Terms;
- (d) to consider the decision or proposal of the Cover Pool Administrator to proceed with the liquidation of the Special Estate and with the early redemption of the Mortgage Pandbrieven pursuant to Article 11, 6° of Annex III to the Banking Law; and
- (e) to direct the Cover Pool Administrator to proceed with the liquidation of the Special Estate and with the early redemption of the Mortgage Pandbrieven pursuant to Article 11, 7° of Annex III to the Banking Law.

## 14. VOTING

### 14.1. General Provisions

#### 14.1.1. Voting by show of hands

Every question submitted to a Meeting shall be decided in the first instance by a show of hands, then by a poll subject to the provisions of Clause 14.1.2 (*Voting by poll*).

#### 14.1.2. Voting by poll

At any meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, the Issuer or the Cover Pool Administrator, as applicable, one or more persons holding Voting Certificates in respect of the Dematerialised Mortgage Pandbrieven or proxies holding or representing in the aggregate not less than 2 per cent. of the relevant Series of the aggregate Series Principal Amount Outstanding of the Mortgage Pandbrieven, a declaration by the chairman that a resolution has passed or not passed, shall be conclusive evidence, without proof of the number or proportion of the votes recorded in favour of or against such resolution.

If at any Meeting a poll is so demanded, it shall be taken in such manner and (subject as hereinafter provided) either at once or after such an adjournment as the chairman directs. The result of such poll shall be deemed to be the resolution of the Meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the Meeting for the transaction of any business other than the question on which the poll has been demanded.

Any poll demanded at any Meeting on the election of a chairman or on any question of adjournment shall be taken at the Meeting without adjournment.

#### 14.1.3. Mortgage Pandbrieven held by the Issuer

In case Mortgage Pandbrieven are held by the Issuer, the Issuer shall have the voting rights with respect to such Mortgage Pandbrieven as if it were any other Mortgage Pandbrieven Holder.

#### 14.1.4. Registered Mortgage Pandbrieven

The formalities and procedures to validly cast a vote at a Meeting in respect of Registered Mortgage Pandbrieven shall be such formalities and procedures as described by the Mortgage Pandbrieven Holders' Representative.

#### 14.1.5. Equality of votes

In case of equality of votes the chairman shall have a casting vote in addition to any other votes which he may have.

### 14.2. **Majority**

#### 14.2.1. Ordinary Resolutions

An Ordinary Resolution shall be validly passed by a simple majority of at least 50% of the aggregate Series Principal Amount Outstanding of the Series of Mortgage Pandbrieven for which votes have been cast plus one vote.

#### 14.2.2. Extraordinary Resolutions



An Extraordinary Resolution shall be validly passed by a voting majority of at least two thirds of the aggregate Series Principal Amount Outstanding of the Series of Mortgage Pandbrieven for which votes have been cast.

#### 14.2.3. Programme Resolutions

A Programme Resolution shall be validly passed by a simple majority of at least 50% of the aggregate Series Principal Amount Outstanding of the Mortgage Pandbrieven for which votes have been cast plus one vote.

#### 14.3. **Voting Certificates and Block Voting Instructions regarding Dematerialised Mortgage Pandbrieven**

Any vote given in accordance with the terms of a Block Voting Instruction shall be valid notwithstanding the previous revocation or amendment of the Block Voting Instruction or of any Mortgage Pandbrieven Holder's instructions pursuant to which it was executed, provided that no confirmation in writing of such revocation or amendment shall have been received from the Securities Settlement System or Recognised Accountholder by the Issuer at its headquarters (Montagne du Parc 3, 1000 Brussels, Belgium or such other address as notified to the Mortgage Pandbrieven Holders in accordance with the Conditions) by the time being 24 hours before the commencement of the Meeting or Adjourned Meeting at which the Block Voting Instruction is intended to be used.

Voting Certificates and Block Voting Instructions will only be issued in respect of Dematerialised Mortgage Pandbrieven (to the satisfaction of such Recognised Accountholder or Securities Settlement System) held to the order or under the control and blocked by a Recognised Accountholder or Securities Settlement System not less than three (3) Business Days before the time for which the Meeting or the poll to which the same relate has been convened or called and shall be valid for so long as the relevant Dematerialised Mortgage Pandbrieven continue to be so held and blocked and during the validity thereof the holder of any such Voting Certificate or (as the case may be) the proxies named in any such Block Voting Instruction shall, for all purposes in connection with the relevant Meeting, be deemed to be the holder of the Dematerialised Mortgage Pandbrieven to which such Voting Certificate or Block Voting Instruction relates and the Recognised Accountholder or Securities Settlement System with which such Dematerialised Mortgage Pandbrieven have been deposited or to whose order or under whose control they are held or the person holding them blocked as aforesaid shall be deemed for such purpose not to be the holder of those Dematerialised Mortgage Pandbrieven.

Each Voting Certificate and each Block Voting Instruction shall be deposited at the statutory seat of the Issuer not less than three Business Days before the time appointed for holding the meeting or adjourned meeting at which the holder of the Voting Certificate or the proxies named in the Block Voting Instruction propose to vote and in default of such deposit the Voting Certificate or Block Voting Instruction shall not be treated as valid unless the chairman of the general meeting decides otherwise before such Meeting or Adjourned Meeting proceeds to business.

### **15. MINUTES**

#### **15.1. General**

Minutes of all resolutions and proceedings at every Meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer and signed by the chairman and any such minutes as aforesaid shall be conclusive evidence of the matters therein contained, and until the contrary is proved each such meeting in respect of the proceedings of which minutes

have been made and signed as aforesaid shall be deemed to have been duly held and convened and all resolutions passed or proceedings transacted thereat to have been duly passed or transacted.

#### **15.2. Attachments**

An attendance list will be attached to the minutes.

#### **15.3. Certified Copies**

Certified copies or extracts of the minutes shall be signed by two directors of the Issuer.

### **16. BINDING RESOLUTIONS**

#### **16.1. Ordinary or Extraordinary Resolutions**

Any Ordinary or Extraordinary Resolution passed at a Meeting duly convened and held in accordance with these Meeting Rules shall be binding on all the Mortgage Pandbrieven Holders of the relevant Series, whether or not they are present at the Meeting and whether or not they vote in favour of such resolution.

#### **16.2. Programme Resolutions**

Any Programme Resolution passed at a Meeting of all Series duly convened and held in accordance with these Meeting Rules shall be binding on all Mortgage Pandbrieven Holders of all Series, whether or not they are present at the Meeting and whether or not they vote in favour of such resolution.

#### **16.3. Notice to Mortgage Pandbrieven Holders**

Save as the Mortgage Pandbrieven Holders' Representative may otherwise agree, the Issuer or the Cover Pool Administrator (as the case may be) shall give notice of the passing of a Resolution to the Mortgage Pandbrieven Holders in accordance with Condition 19 (*Notices*), within fourteen (14) calendar days of the conclusion of the meeting, but failure to do so shall not invalidate the Resolution.

### **17. WRITTEN RESOLUTIONS**

#### **17.1. Format**

Written resolutions may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Mortgage Pandbrieven Holders.

#### **17.2. Thresholds**

##### **17.2.1. Ordinary Resolutions**

A written resolution signed by the holders of 50 per cent. of the Series Principal Amount Outstanding of the relevant Series of the Mortgage Pandbrieven outstanding shall take effect as if it were an Ordinary Resolution.

##### **17.2.2. Extraordinary Resolutions**

A resolution in writing signed by or on behalf of holders of 75 per cent. of the Series Principal Amount Outstanding of the relevant Series of Mortgage Pandbrieven outstanding shall take effect as an Extraordinary Resolution.

#### 17.2.3. Programme Resolutions

Except in relation to a Programme Resolution to direct the Cover Pool Administrator to proceed with the liquidation of the Special Estate and with the early redemption of the Mortgage Pandbrieven pursuant to Article 11, 7° of Annex III to the Banking Law, a resolution in writing signed by or on behalf of holders of 50 per cent. of the Series Principal Amount Outstanding of the Mortgage Pandbrieven of all Series then outstanding shall take effect as a Programme Resolution.

A resolution in writing to direct the Cover Pool Administrator to proceed with the liquidation of the Special Estate and with the early redemption of the Mortgage Pandbrieven pursuant to Article 11, 7° of Annex III to the Banking Law signed by or on behalf of holders of 75 per cent. of the Series Principal Amount Outstanding of the Mortgage Pandbrieven of all Series then outstanding shall take effect as a Programme Resolution.

### **18. OTHER REGULATIONS**

Subject to the provisions contained in these Meeting Rules and with the consent of the Issuer, the Mortgage Pandbrieven Holders' Representative may determine, in its sole discretion, further regulations regarding the holding of Meetings of Mortgage Pandbrieven Holders and attendance and voting as the Mortgage Pandbrieven Holders' Representative may determine in its sole discretion.

## SECTION 13 – FORM OF FINAL TERMS

Set out below is the form of Final Terms which, subject to any necessary amendment, will be completed for each Tranche of Mortgage Pandbrieven issued under the Programme pursuant to the Base Prospectus. Text in this section appearing in italics does not form part of the Final Terms but provides directions for completing the Final Terms.

Final Terms dated [•]

### **BNP Paribas Fortis SA/NV**

*Issue of [Aggregate Nominal Amount of Tranche] [Title of Mortgage Pandbrieven ]*

Issued under the EUR 20,000,000,000

### **Retained Mortgage Pandbrieven Programme**

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Mortgage Pandbrieven will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the Mortgage Pandbrieven. Accordingly, any person making or intending to make an offer of the Mortgage Pandbrieven may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Mortgage Pandbrieven in any other circumstances.

**MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer’s (i.e. each person deemed a manufacturer for purposes of the EU Delegated Directive 2017/593, hereafter referred to as a **Manufacturer**) product approval process, the target market assessment in respect of the Mortgage Pandbrieven has led to the conclusion that: (i) the target market for the Mortgage Pandbrieven is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Mortgage Pandbrieven to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Mortgage Pandbrieven (a **distributor**) should take into consideration the Manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Mortgage Pandbrieven (by either adopting or refining the Manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.

**PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** – The Mortgage Pandbrieven are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**) or in the United Kingdom (**UK**). 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; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the **Insurance Distribution Directive** or **IDD**), 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 no key information document required by Regulation (EU) No 1286/2014 (as amended the **PRIIPs Regulation**) for offering or selling the Mortgage Pandbrieven or otherwise

making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Mortgage Pandbrieven or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO CONSUMERS IN BELGIUM** - The Mortgage Pandbrieven are not intended to be offered, sold or otherwise made available to and, may 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*) in Belgium.

## **PART A - CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [date] [and the supplement to the Base Prospectus dated [date]] which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (the **Prospectus Regulation**), as amended from time to time. This document constitutes the final terms of the Mortgage Pandbrieven described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Mortgage Pandbrieven is only available on the basis of the combination of this Final Terms and the Base Prospectus. The Base Prospectus [and the Supplement to the Base Prospectus] is available for viewing at the Issuer's website (<https://www.bnpparibasfortis.com/investors/coveredbonds/retained-pandbrief-programme>) and copies may be attained from BNP Paribas Fortis SA/NV, Montagne du Parc 3, 1000 Brussels, Belgium. Other information contained on the website of the Issuer (<https://www.bnpparibasfortis.com/nl/investeerdere/coveredbonds/residential-mortgage-pandbrief-programme>) does not form part of this Base Prospectus and has not been scrutinised or approved by the FSMA, unless stated otherwise in this Base Prospectus.

*[The following alternative language applies if the first Tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in the Base Prospectus dated [original date] [and the supplement to the Base Prospectus dated [date]]. This document constitutes the final terms of the Mortgage Pandbrieven described herein for the purposes of the Prospectus Regulation, as amended, and must be read in conjunction with the Base Prospectus dated [current date] [and the supplement to the Base Prospectus dated [date]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation, including the Terms and Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Mortgage Pandbrieven is only available on the basis of the combination of these Final Terms and the Base Prospectus dated [original date] and [current date] [and the supplement to the Base Prospectus dated [date]]. The Base Prospectus [and the Supplement to the Base Prospectus] is available for viewing at the Issuer's website (<https://www.bnpparibasfortis.com/investors/coveredbonds/retained-pandbrief-programme>) and copies may be attained from BNP Paribas Fortis SA/NV, Montagne du Parc 3, 1000 Brussels, Belgium. Other information contained on the website of the Issuer (<https://www.bnpparibasfortis.com/nl/investeerdere/coveredbonds/residential-mortgage-pandbrief-programme>) does not form part of this Base Prospectus and has not been scrutinised or approved by the FSMA, unless stated otherwise in this Base Prospectus.

*[The following alternative language applies if no prospectus is required in accordance with the Prospectus Regulation.]*

The Final Terms do not constitute final terms for the purposes of the Prospectus Regulation. The Issuer is not offering the Mortgage Pandbrieven in any jurisdiction in circumstances which would require a prospectus pursuant to the Prospectus Regulation. Nor is any person authorised to make such an offer of the Mortgage Pandbrieven on behalf of the Issuer in any jurisdiction. In addition, no application has been made (nor is it proposed that any application will be made) for listing the Mortgage Pandbrieven on any stock exchange.

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs.]*

*[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.]*

- |   |                                                   |                                                                                                                                                          |
|---|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Issuer:                                           | BNP Paribas Fortis SA/NV                                                                                                                                 |
| 2 | (a) Series Number:                                | [•]                                                                                                                                                      |
|   | (b) Tranche Number:                               | [•]                                                                                                                                                      |
|   |                                                   | <i>(If fungible with an existing Series, details of that Series, including the date on which the Mortgage Pandbrieven become fungible).</i>              |
| 3 | Specified Currency:                               | [•]                                                                                                                                                      |
| 4 | Aggregate Nominal Amount of Mortgage Pandbrieven: | [•]                                                                                                                                                      |
|   | (a) [Series:                                      | [•]]                                                                                                                                                     |
|   | (b) [Tranche:                                     | [•]]                                                                                                                                                     |
| 5 | Issue Price:                                      | [•]% of the Aggregate Nominal Amount<br>[plus accrued interest from <i>[insert date]</i><br><i>(in the case of fungible issues only, if applicable)]</i> |
| 6 | Specified Denomination:                           | [•]                                                                                                                                                      |
| 7 | (a) Issue Date:                                   | [•]                                                                                                                                                      |
|   | (b) Interest Commencement Date:                   | [•]                                                                                                                                                      |
| 8 | (a) Maturity Date:                                | <i>[Fixed rate - specify date/Floating Rate - Interest Payment Date falling in or nearest to the relevant month and year]</i>                            |

- (i) Business Day Convention for Maturity Date: [Following Business Day Convention/ Not Applicable]
- (ii) Additional Business Centre(s): [•] (please specify other financial centres required for the Business Day definition)
- (b) Extended Maturity Date: [Not Applicable][Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year, in each case falling no more than one year after the Maturity Date]]
- (i) Business Day Convention for Maturity Date: [Following Business Day Convention/ Not Applicable]
- (ii) Additional Business Centre(s): [•] (please specify other financial centres required for the Business Day definition)
- (iii) Extension Trigger Event:
- [Failure To Pay]
  - [AND/OR]
  - [Liquidation Or Resolution]
- 9 Interest Basis:
- (a) Period to (but excluding) Maturity Date: [[•]% Fixed Rate]  
[Floating Rate]  
[Zero Coupon]  
(further particulars specified below)
- (b) Period from Maturity Date to (but excluding) Extended Maturity Date: [[•]% Fixed Rate]  
[Floating Rate]  
[Zero Coupon]  
(further particulars specified below)
- 10 Redemption/Payment Basis: [Redemption at par]/[Specify others]
- 11 Change of Interest Basis: [Applicable. The Interest Basis changes from fixed to floating from and including [•]]/[Not Applicable]
- 12 (a) Status of the Mortgage Pandbrieven: *Belgische pandbrieven/ lettres de gage belges*

(b) Date [board (or similar)] approval for issuance of Mortgage Pandbrieven obtained:

[•]

*(N.B Only relevant where board (or similar) authorisation is required for the particular tranche of Mortgage Pandbrieven)*

13 Method of Distribution:

[Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14 Fixed Rate Mortgage Pandbrieven Provisions:

[Applicable/Not Applicable][to and including [•]]

(a) To Maturity Date:

[Applicable/Not Applicable]

(b) From Maturity Date to Extended Maturity Date:

[Applicable/Not Applicable]

*(If (a) and (b) are not applicable, delete the remaining sub-paragraphs of this paragraph)*

(c) Rate[(s)] of Interest:

(i) To Maturity Date:

[•]% per annum [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrear]

(ii) From Maturity Date to Extended Maturity Date:

[Not Applicable] [•]% per annum [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrear]

(d) Interest Period End Date(s):

(i) To Maturity Date:

[•] in each year, starting on [•], up to and including the [•]

(ii) From Maturity Date to Extended Maturity Date:

[•] [[month] [and [•] [month]]] in each year] / [in each month] from and including [•] up to and including the Extended Maturity Date, or the Interest Payment Date on which the Mortgage Pandbrieven are redeemed in full, whichever occurs earlier [ subject in each case to adjustment in accordance with the specified Business Day Convention]/[not subject to any adjustment]



*(NB: This will need to be amended in the case of long or short coupons)*

- (e) Business Day Convention for Interest Period End Dates:
- (i) To Maturity Date: [Following Business Day Convention/Not Applicable]
  - (ii) From Maturity Date to Extended Maturity Date: [Not Applicable] [Following Business Day Convention /Not Applicable]
- (f) Interest Payment Date(s):
- (i) To Maturity Date: [[•] in each year up to and including the Maturity Date]/[Interest Payment Dates will correspond to Interest Period End Dates]
  - (ii) From Maturity Date to Extended Maturity Date: [•] [[*month*] [and [•] [month]] in each year] / [in each month] from and including [•] up to and including the Extended Maturity Date, or the Interest Payment Date on which the Mortgage Pandbrieven are redeemed in full, whichever occurs earlier [ subject in each case to adjustment in accordance with the specified Business Day Convention]/[not subject to any adjustment]
- (g) Fixed Coupon Amount[(s)]:
- (i) To Maturity Date: [•] per [100,000] of Principal Amount Outstanding
  - (ii) From Maturity Date up to Extended Maturity Date: [Not Applicable] [•] per [100,000] of Principal Amount Outstanding
- (h) Broken Amount(s):
- (i) To Maturity Date: [•] per Calculation Amount payable on the Interest Payment Date falling [in/on] [•]
  - (ii) From Maturity Date up to Extended Maturity Date: [Not Applicable] [•] per Calculation Amount payable on the Interest Payment Date falling [in/on] [•]
- (i) Business Day Convention for Interest Payment Dates:

- (i) To Maturity Date: [Following Business Day Convention/Not Applicable]
- (ii) From Maturity Date to Extended Maturity Date: [Not Applicable] [Following Business Day Convention]
- (j) Additional Business Centre(s):
- (i) To Maturity Date: [●] (*please specify other financial centres required for the Business Day definition*)
- (ii) From Maturity Date to Extended Maturity Date: [Not Applicable] [●] (*please specify other financial centres required for the Business Day definition*)
- (k) Day Count Fraction:
- (i) To Maturity Date: (*Specify one of the options listed below*)
- [Actual/Actual (ICMA)]
- [[Actual/Actual] or [Actual/Actual] (ISDA)]
- Actual/365 (Fixed)
- Actual/360
- [30/360] or [360/360] or [Bond Basis]
- [[30E/360] or [Eurobond Basis]]
- [30E/360] (ISDA)
- 1/1
- (ii) From Maturity Date to Extended Maturity Date: [Not Applicable] (*Specify one of the options listed below*)
- [Actual/Actual (ICMA)]
- [[Actual/Actual] or [Actual/Actual] (ISDA)]
- Actual/365 (Fixed)
- Actual/360
- [30/360] or [360/360] or [Bond Basis]

[[30E/360] or [Eurobond Basis]]

[30E/360] (ISDA)

1/1

*(see Condition 4.1 for alternatives)*

(l) Determination Date:

(i) To Maturity Date: [•] in each year

(ii) From Maturity Date to Extended Maturity Date: [•] [[*month*] [and [•] [month]] in each year] / [in each month] from and including [•] up to and including the Extended Maturity Date, or the Interest Payment Date on which the Mortgage Pandbrieven are redeemed in full, whichever occurs earlier [ subject in each case to adjustment in accordance with the specified Business Day Convention]/[not subject to any adjustment]

*[Insert regular Interest Period End Dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]*

*(This will need to be amended in the case of regular Interest Period End Dates which are not of equal durations)*

*(N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))*

(m) Other terms relating to the method of calculating interest for Fixed Rate Mortgage Pandbrieven:

[•]

15 Floating Rate Mortgage Pandbrieven Provisions:

[Applicable/Not Applicable] [from and including [•]]

(a) To Maturity Date: [Applicable/Not Applicable]

(b) From Maturity Date to Extended Maturity Date: [Applicable/Not Applicable]

*(If (a) and (b) are not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (c) Interest Period End Dates:
- (i) To Maturity Date: [●] in each year, starting on [●], up to and including the [●]
  - (ii) From Maturity Date to Extended Maturity Date: [[●] in each [month/year] from and including [●] up to and including the Extended Maturity Date, or the Interest Payment Date on which the Mortgage Pandbrieven are redeemed in full, whichever occurs earlier [ subject in each case to adjustment in accordance with the specified Business Day Convention]]/[not subject to any adjustment] *(NB: This will need to be amended in the case of long or short coupons)*
- (d) Business Day Convention for Interest Period End Dates:
- (i) To Maturity Date: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Not Applicable]
  - (ii) From Maturity Date to Extended Maturity Date: [Not Applicable] [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Not Applicable]
- (e) Interest Payment Dates:
- (i) To Maturity Date: [[●] in each year, starting on [●], up to and including the Maturity Date] [Interest Payment Dates will correspond to Interest Period End Dates]
  - (ii) From Maturity Date to Extended Maturity Date: [[●] in each [month/year] from and including [●] up to and including the Extended Maturity Date, or the Interest Payment Date on which the Mortgage Pandbrieven are redeemed in full, whichever occurs earlier [ subject in each case to adjustment in accordance with the specified Business Day Convention]]/[not subject to any adjustment]

- (f) Business Day Convention for Interest Payment Dates:
- (i) To Maturity Date: [Floating Rate Convention/Not Applicable]
- (ii) From Maturity Date to Extended Maturity Date: [Not Applicable] [Floating Rate Convention/Not Applicable]
- (g) Additional Business Centre(s):
- (i) To Maturity Date: [●] (*please specify other financial centres required for the Business Day definition*)
- (ii) From Maturity Date to Extended Maturity Date: [Not Applicable] [●] (*please specify other financial centres required for the Business Day definition*)
- (h) Manner in which the Rate(s) of Interest is/are to be determined:
- (i) To Maturity Date: [Screen Rate Determination / ISDA Determination]
- (ii) From Maturity Date to Extended Maturity Date: [Not Applicable] [Screen Rate Determination / ISDA Determination]
- (i) Party responsible for calculating the Rate of Interest and Interest Amount:
- (i) To Maturity Date: (*Give name and address*)
- (ii) From Maturity Date to Extended Maturity Date: [Not Applicable] (*Give name and address*)
- (j) Screen Rate Determination: [Applicable/Not Applicable]
- (i) To Maturity Date:

- Reference Rate: [•]/[Specify Others]  
*(Insert Euribor)*
- Interest Determination Date(s): [•] *[the second day on which the T2 System is open prior to the start of each Interest Period]*
- Relevant Screen Page: [•]  
*(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- Relevant Time: [•]
- Relevant Financial Centre: [•]
- (ii) From Maturity Date to Extended Maturity Date: [Not Applicable]
- Reference Rate: [•]/[Specify others]  
*(Insert relevant Euribor)*
- Interest Determination Date(s): [•] *(the second day on which the T2 System is open prior to the start of each Interest Period)*  
*N.B. Specify the Interest Determination Date(s) up to and including the Extended Maturity Date, if applicable*
- Relevant Screen Page: [•]  
*(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (k) ISDA Determination:
- (i) To Maturity Date: [•]
- Floating Rate Option: [•]
- Designated Maturity: [•]

- Reset Date: [•]
- (ii) From Maturity Date to Extended Maturity Date: [Not Applicable]
- Floating Rate Option: [•]
- Designated Maturity: [•]
- Reset Date: [•]
- (l) Margin(s):
- (i) To Maturity Date: [+/-][•]% per annum
- (ii) From Maturity Date to Extended Maturity Date: [Not Applicable] [+/-][•]% per annum
- (m) Minimum Rate of Interest:
- (i) To Maturity Date: [Not Applicable] [•]% per annum
- (ii) From Maturity Date to Extended Maturity Date: [Not Applicable] [•]% per annum
- (n) Maximum Rate of Interest:
- (i) To Maturity Date: [Not Applicable] [•]% per annum
- (ii) From Maturity Date to Extended Maturity Date: [Not Applicable] [•]% per annum
- (With respect to any Interest Period, insert (i) Minimum Rate of Interest to floor the Rate of Interest; (ii) Maximum Rate of Interest to cap the Rate of Interest and (iii) Minimum Rate of Interest and Maximum Rate of Interest to collar the Rate of Interest)*
- (o) Day Count Fraction:
- (i) To Maturity Date: *(Specify one of the options listed below)*
- [[Actual/ Actual] or [Actual/Actual]]  
(ISDA)
- Actual/365 (Fixed)
- Actual/360
- [30/360] or [360/360] or [Bond Basis]

- [30E/360] or [Eurobond Basis]
- 30E/360 (ISDA)
- 1/1
- (ii) From Maturity Date to Extended Maturity Date: [Not Applicable] (*Specify one of the options listed below*)
- [[Actual/ Actual] or [Actual/Actual] (ISDA)
- Actual/365 (Fixed)
- Actual/360
- [30/360] or [360/360] or [Bond Basis]
- [30E/360] or [Eurobond Basis]
- 30E/360 (ISDA)
- 1/1
- (*See Condition 4.2(b) for alternatives*)
- 16 Zero Coupon Mortgage Pandbrieven Provisions: [Applicable/Not Applicable][up to and including the Maturity Date]
- (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (a) Accrual Yield: [●]% per annum
- (b) Reference Price: [●]
- (c) Business Day Convention: [Floating Rate Convention[*specify other*]]
- (d) Additional Business Centre(s): [●] (*please specify other financial centres required for the Business Day definition*)
- (e) Day Count Fraction in relation to Early Redemption Amounts and late payments: Conditions [●] and [●] apply/*specify other*

**PROVISIONS RELATING TO REDEMPTION OF THE MORTGAGE PANDBRIEVEN**



- |    |                                                                                                                                                                                 |                                                                                |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| 17 | Final Redemption Amount of each Covered Bond:                                                                                                                                   | Principal Amount Outstanding/ <i>specify other</i> /[•] per Calculation Amount |
| 18 | Early Redemption Amount:                                                                                                                                                        | [•]                                                                            |
| 19 | Early Redemption Amount(s) per 100,000 of Principal Amount Outstanding payable on redemption for taxation reasons, illegality or on event of default or other early redemption: | [[•]/Condition 6.4 applies]                                                    |
| 20 | Notice Period:                                                                                                                                                                  | [•]                                                                            |

**GENERAL PROVISIONS APPLICABLE TO THE MORTGAGE PANDBRIEVEN**

- |    |                                                                                                |                                                                                                                                                                                                                                                                                                          |
|----|------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 21 | Form of Mortgage Pandbrieven:                                                                  | [Dematerialised Mortgage Pandbrieven / Registered Mortgage Pandbrieven ]                                                                                                                                                                                                                                 |
| 22 | Additional Business Centre(s) or other special provisions relating to [Interest Payment Days]: | [Not Applicable/ <i>give details</i> ].<br><i>[Mortgage Pandbrief that this item relates to and the date and place of payment]</i><br><i>(Do not specify interest period end dates, to which item [15(j)] relates here)</i>                                                                              |
| 23 | Redenomination, renominatisation and reconventioning provisions:                               | [Redenomination [not] applicable]<br><i>(If redenomination is applicable, specify the terms of the redenomination in an annex to the Final Terms)</i>                                                                                                                                                    |
| 24 | [Consolidation provisions:]                                                                    | [Not Applicable/The provisions [in Condition 18 ( <i>Further Issues</i> )] apply]                                                                                                                                                                                                                        |
| 25 | Other final terms:                                                                             | [Not Applicable/ <i>give details</i> ] ( <i>When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.</i> ) |

**DISTRIBUTION**

- |    |                                      |                                                                                                                                                                  |
|----|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 26 | (a) If syndicated, names of Dealers: | [Not Applicable/ <i>give names, addresses and underwriting commitments</i> ]<br><i>[Can be BNP Paribas Fortis SA/NV and/or any direct or indirect subsidiary</i> |
|----|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|

*of BNP Paribas Fortis SA/NV, and/or  
(ii) any entity of the BNP Paribas  
Group.]*

- (b) Date of Subscription Agreement: [•]
- (c) Stabilising Manager(s) (if any): [Not Applicable/*give name and address*]
- 27 If non-syndicated, name of relevant Dealer: [Not Applicable/*give name and address*]
- 28 U.S. Selling Restrictions: [The C Rules are applicable / The C Rules are not applicable]
- 29 Additional selling restrictions: [Not Applicable/*give details*]

### **PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for the issue [and admission to trading on [the regulated market of Euronext Brussels][specify relevant market]] of the Mortgage Pandbrieven described herein pursuant to the EUR 20,000,000,000 Retained Mortgage Pandbrieven Programme of BNP Paribas Fortis SA/NV.

### **STABILISATION**

In connection with this issue, [insert name of Stabilising Manager(s)] (the Stabilising Manager(s)) (or any person acting for the Stabilising Manager(s)) may over-allot or effect transactions with a view to supporting the market price of the Mortgage Pandbrieven at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager(s) (or any agent of the Stabilising Manager(s)) to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

### **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [(Relevant third party information) has been extracted from [(specify source)].] The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [(specify source)], no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Issuer:

By:

*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (a) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Mortgage Pandbrieven to be admitted to trading on the regulated market of the *[specify relevant regulated market (for example Euronext Brussels, the Bourse de Luxembourg, the London Stock Exchange's Regulated Market or the Regulated Market of the Irish Stock Exchange) and if relevant, admission to an official list (for example, the Official List of the U.K. Listing Authority)]/[specify relevant other market]* with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Mortgage Pandbrieven to be admitted to trading on the *[specify relevant regulated market (for example Euronext Brussels, the Bourse de Luxembourg, the London Stock Exchange's Regulated Market or the Regulated Market of the Irish Stock Exchange) and if relevant, admission to an official list (for example, the Official List of the U.K. Listing Authority)] [specify relevant other market]* with effect from [●].] [Not Applicable.]
- (b) Listing: *(Where documenting a fungible issue need to indicate that original Mortgage Pandbrieven are already admitted to trading.)*
- (c) Estimate of total expenses related to admission to trading: [●]

### 2. RATINGS

Ratings of the Mortgage Pandbrieven: The Mortgage Pandbrieven to be issued have been rated:

[S&P]

[Moody's]

[[Other]: [●]]

*(The above disclosure should reflect the rating allocated to Mortgage Pandbrieven of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

Ratings of the Issuer: The following senior debt ratings have been assigned to the Issuer with the cooperation of the Issuer in the rating process:

[S&P]

[Moody's]

[[Other]:[•]]

These credit ratings relate to the Issuer's financial obligations generally, and not to any specific financial obligation such as the Mortgage Pandbrieven or any Series or Tranche thereof.

*[•/•] [is/are] established in the European Union and [is/are] registered for the purposes of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the **CRA Regulation**), as amended. As such [•/•] [is/are] included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.*

*[Other] is established in the European Union and [has made an application to be (but as at the date hereof is not)]/[is] registered for the purposes of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the **CRA Regulation**), as amended.*

*A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.*

### 3. [HEDGING AGREEMENT

Hedging Agreement Provider: [•]

Nature of Hedging Agreement: [•]]

### 4. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

[Include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the Mortgage Pandbrieven has an interest material to the offer."  
*Amend as appropriate if there are other interests*

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)]*

## **5. REASONS FOR THE OFFER, ESTIMATED NET AMOUNT AND TOTAL EXPENSES**

Reasons for the offer: [•]

Estimated net amount: [•]

Estimated total expenses: [•]

## **6. YIELD (Fixed Rate Mortgage Pandbrievn Only)**

Indication of yield: [•]

*[The yield is calculated on the basis of the Issue Price, the Rate of Interest applicable from and including the Interest Commencement Date until and excluding the Maturity Date, and the Final Redemption Amount. It is not an indication of future yield.]*

## **7. OPERATIONAL INFORMATION**

ISIN Code: [•]

Common Code: [•]

*(insert here any other relevant codes such as CINS codes):* [•]

Any clearing system(s) other than the Securities Settlement System, Euroclear, Clearstream, Germany, SIX SIS, Switzerland, Euronext Securities Milan, Italy, Euronext Securities Porto, Portugal and any other NBB investor (I)CSDs and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

Names and addresses of Registrar (if different than Issuer): [•]

Names and addresses of initial Paying Agent(s): [•]

Names and addresses of additional Paying Agent(s) (if other than the Issuer): /Not Applicable

Name and address of the Calculation Agent (if any):

Names and addresses of the Domiciliary Agent (if any):

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No] [Note that the designation "yes" simply means that the Mortgage Pandbrievien to be held in a manner which would allow Eurosystem eligibility and does not necessarily mean that the Mortgage Pandbrievien will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

Benchmark: [Not applicable]/ [*specify benchmark*] is provided by [*administrator legal name*]. As at the date hereof, [*administrator legal name*] [appears]/[does not appear] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation.]/[As far as the Issuer is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of the Benchmark Regulation.]

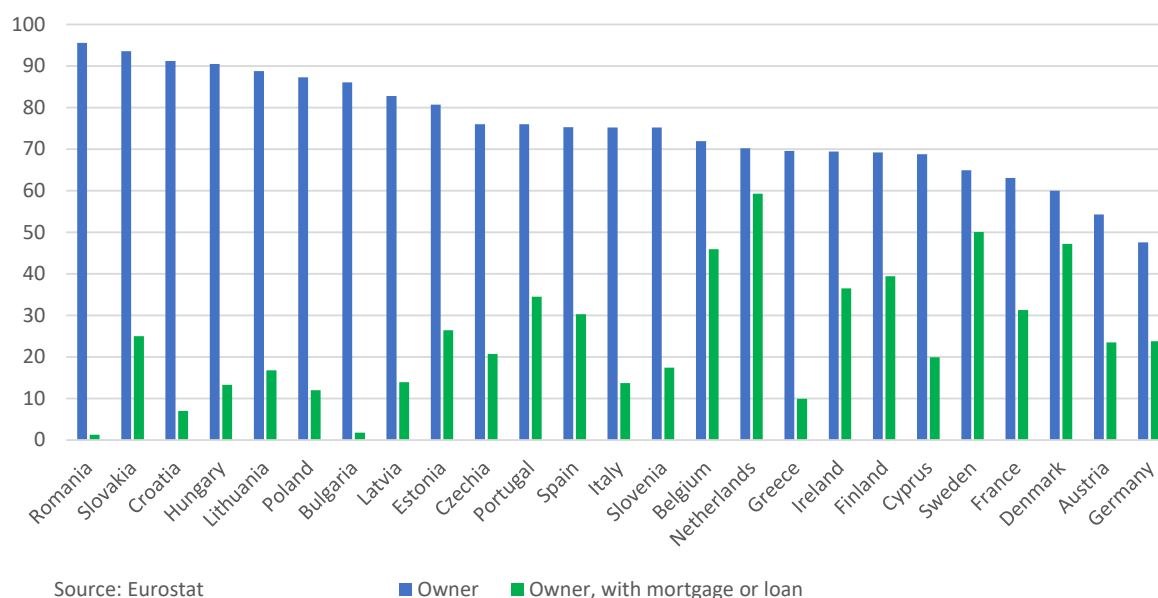
#### **SECTION 14 – USE OF PROCEEDS**

The net proceeds from each issue of Mortgage Pandbrieven will be applied by the Issuer for its general corporate purposes (including, without limitation, in relation to Mortgage Pandbrieven that are acquired by the Issuer itself, the refinancing of the acquisition of such Mortgage Pandbrieven and/or the underlying Residential Mortgage Loans). If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## SECTION 15 – OVERVIEW OF BELGIAN HOUSING AND MORTGAGE MARKET SOUND FUNDAMENTALS

Home-ownership in Belgium is stable at around 70%, with the majority of the owners carrying at least some outstanding mortgage debt (Graph 1). As such Belgium compares favourably to most neighbouring countries. Its homeownership rate is higher than that of France, Germany and the Netherlands. Belgium has a higher share of houses owned without outstanding housing debt than the Netherlands.

Graph 1: Homeownership (% of households, 2023)



This following report provides an overview of the Belgian housing market. First, the general macroeconomic situation in the country is discussed, highlighting GDP growth and consumer sentiment. A second part covers the prevailing forces of supply and demand on the housing market. Then follows an overview of the Belgian mortgage market. The last part covers the stability of housing prices in Belgium. We pay especially attention to the outlook for the next couple of quarters as both transaction-volume and price-growth are clearly shifting gears.

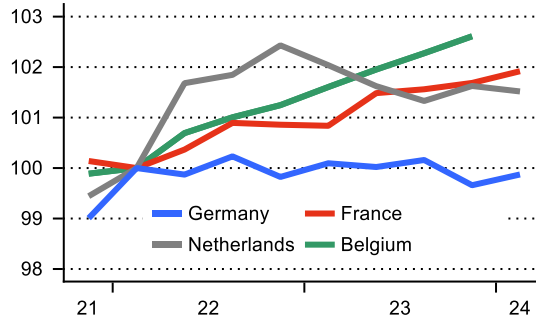
### 1. GENERAL MACRO ECONOMICS

#### 1.1. GDP growth: stable, but slower

The Belgian economy was expected to remain on an upward trajectory for the next couple of years, up until the start of the Coronavirus crisis. In fact, since the start of 2022, the Belgian economy's growthpace has exceeded that of most of its European peers. With these countries now catching up, our Belgian outlook for 2024-2025 is pretty much on trend, with a growth rate of 1.3% for both years.



**Graph 2: GDP Evolution (2022Q14 = 100)**



Source: BNPP Fortis, Macrobond

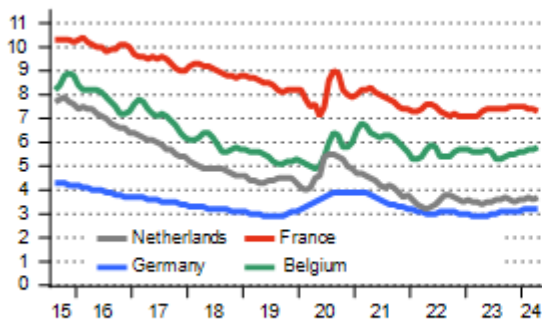
**1.2. Stable and low unemployment**

The unemployment rate, the number of jobseekers as a part of the total active population, was well below the European average (Graph 3). It remained stable throughout the first months of the health crisis. This was largely a consequence of the expanded temporary unemployment scheme, which allowed companies to keep employers on their payroll, while the government subsidised part of their wages. Since then, the labour market remained in good health, with persistent employment growth since the start of the pandemic. Lately, the first signs of a slowdown are appearing, with for example the Federgon index of temporary employment trending downwards. A soft landing looks however by far the most likely scenario.

**1.3. Consumer confidence recovering from double dip**

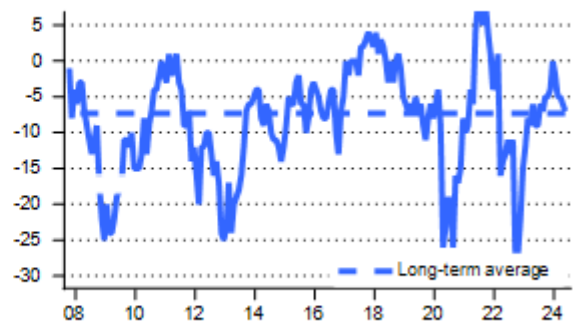
Consumer confidence had recovered after a couple of difficult years (Graph 4), but the Coronavirus crisis put an end to this trend. Confidence-levels have since then nosedived twice: first at the start of the first lockdown and then again, after having recovered gradually, when the Russian invasion commenced. A perceived shortage of supply and rising energy-prices pushed confidence down again at the end of last year, but since then it has improved steadily. The recent dip is mostly caused by increased fear of unemployment as the labour market inevitably cools off somewhat.

**Graph 3: Unemployment rate**



Source: BNPP Fortis, Macrobond

**Graph 4: Consumer Confidence**

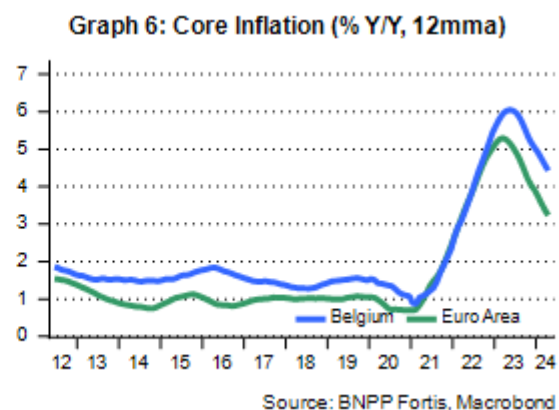
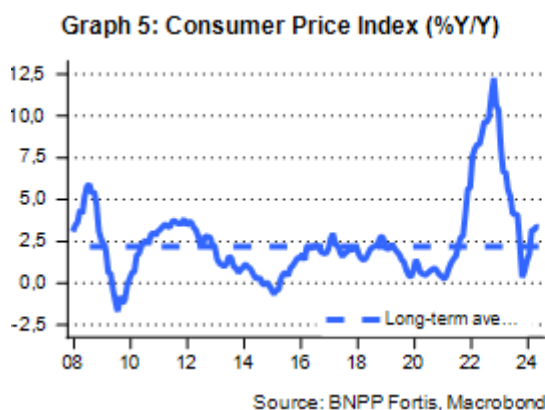


Source: BNPP Fortis, Macrobond

**1.4. Inflation: past the peak**

Historically, Belgian headline inflation was mostly in excess of the ECB policy target of 2% (Graph 5). Inflation peaked at the start of Q4 2022. Meanwhile core inflation (excluding energy and food

prices) has started to trend down. We still expect inflation close to 4% for this year. Farther out, our main scenario is now “above but close to 2%” in the subsequent years (Graph 6).



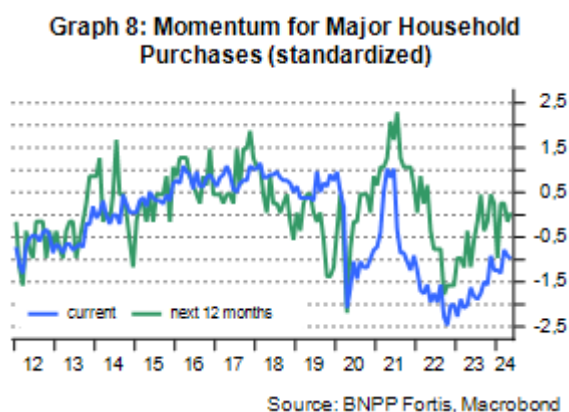
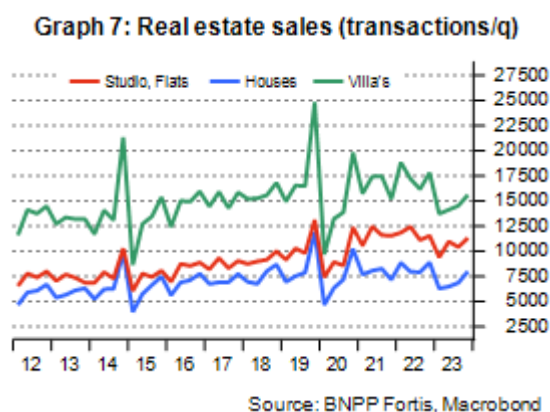
## 2. OVERVIEW OF THE HOUSING MARKET

### 2.1. Number of transactions: slowdown ahead

Activity has been experiencing steady growth, as number of sales transactions show, for all types of homes (Graph 7). The surge in transactions at the end of 2014, following the end of various purchase-promoting government schemes, gave way to a normalisation to trend. A similar dynamic could be observed at the end of 2019, when the Flemish government ended a specific measure to support first-time home-ownership. The resulting surge in transactions, effectively pulled some transactions forward in time, resulting in lower activity levels in the first quarter of this year. The NBB reported that last year the number of transactions dropped by 18%, with increased interest rates a key driver.

### 2.2. Little appetite for real estate spending

After a couple of strong years, appetite for major household purchase cooled down during the first half of 2020 (Graph 8). After a swift recovery, the current appetite for large purchases hit an all-time-low at the end of 2022 but has been recovering gradually ever since.



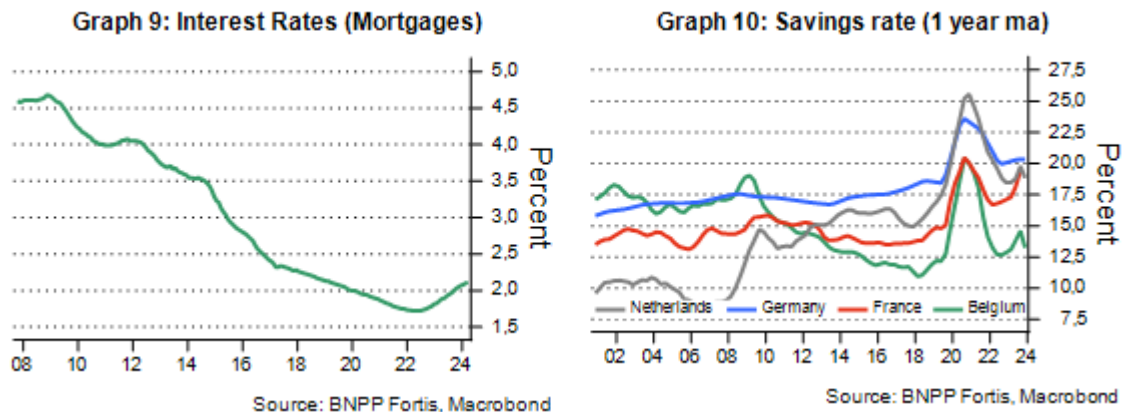
## 3. OVERVIEW OF THE MORTGAGE MARKET

### 3.1. Interest rates rising

Interest rates were declining steadily since the start of the financial crisis of 2008. They came down almost 2.5%-points over the last 10 years (Graph 9). Meanwhile, for March 2024 the NBB reports interest rates on new mortgages of on average 3.23% for maturities of at least 10 years, down from the December 2023 peak of 3.6%.

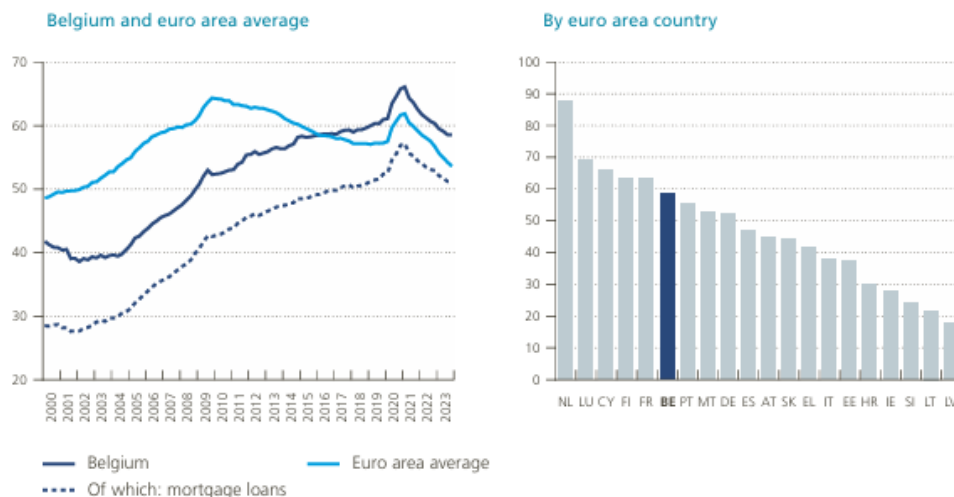
### 3.2. Savings rate normalising

The savings rate was spiked in the 2nd quarter of 2020, just as it did in the neighbouring countries. (Graph 10). It has normalised somewhat in the mean time, barring a temporary pickup, spurred on by wage-indexations and higher interest rates.



### 3.3. Household debt in excess over EA-average

Household debt as % of GDP has exceeded the average of the Eurozone since 2016. Also in terms of income, Belgian households are more indebted than the Eurozone-average. In its latest Financial Stability Report, the NBB points out that "... The share of loans with a loan to value ratio (LTV) of more than 90 % dropped from 37 % in 2018 to 14 % in the last few years ... All in all, the risks associated with new mortgage loans are thus much lower today than in the past."



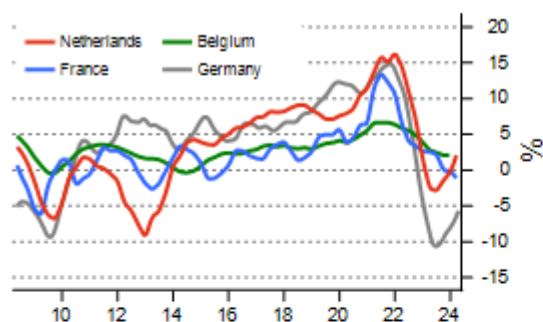
The Issuer confirms that the information above has been accurately reproduced and that, so far as it is aware, and is able to ascertain from the information publish by the NBB , no facts have been omitted which would render the reproduced information inaccurate or misleading. The information

contained on the website of the NBB (www.nbb.be) does not form part of this Base Prospectus and has not been scrutinised or approved by the FSMA.

## 4. PRICES

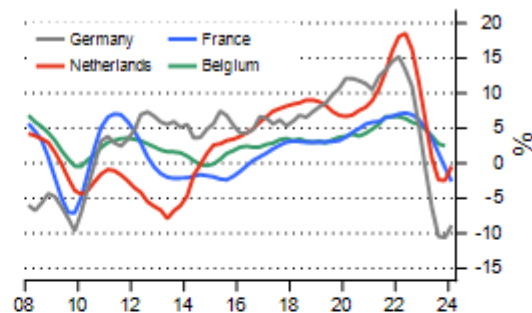
### 4.1. Prices have been rising...

Graph 12: Average house prices (12-mma)



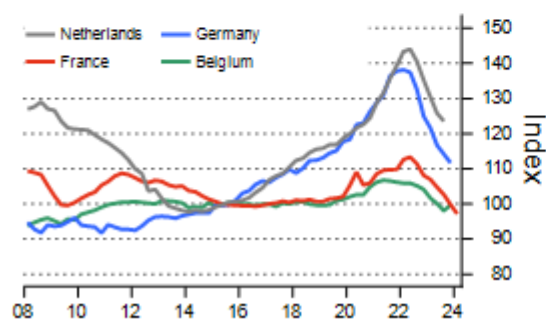
Source: BNPP Fortis, Macrobond

Graph 13: Real estate price (YoY%, 12-mma)



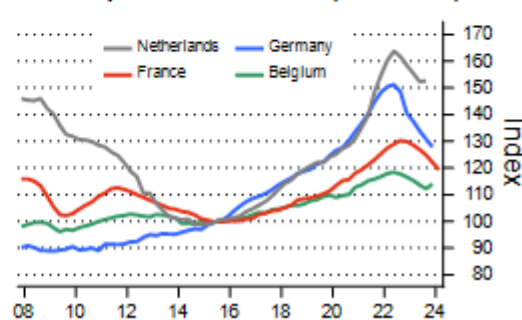
Source: BNPP Fortis, Macrobond

Graph 14: Price-to-Income (Base: 2010)



Source: BNPP Fortis, Macrobond

Graph 15: Price-to-Rent (Base: 2010)



Source: BNPP Fortis, Macrobond

The 2008 financial crisis had a temporary and only mild impact on average house prices in Belgium. When compared to the Euro area, it is fair to say that the sector held up quite well. (Graph 12 & 13). Both price-to-income and price-to-rent ratios were stable in the periode 2010-2020, similar to those of France (Graph 14 & 15). Prices started rising faster in the second half of 2020, but less so in Belgium than in the neighbouring countries. And more importantly, they remain at least anchored to the underlying fundamentals.

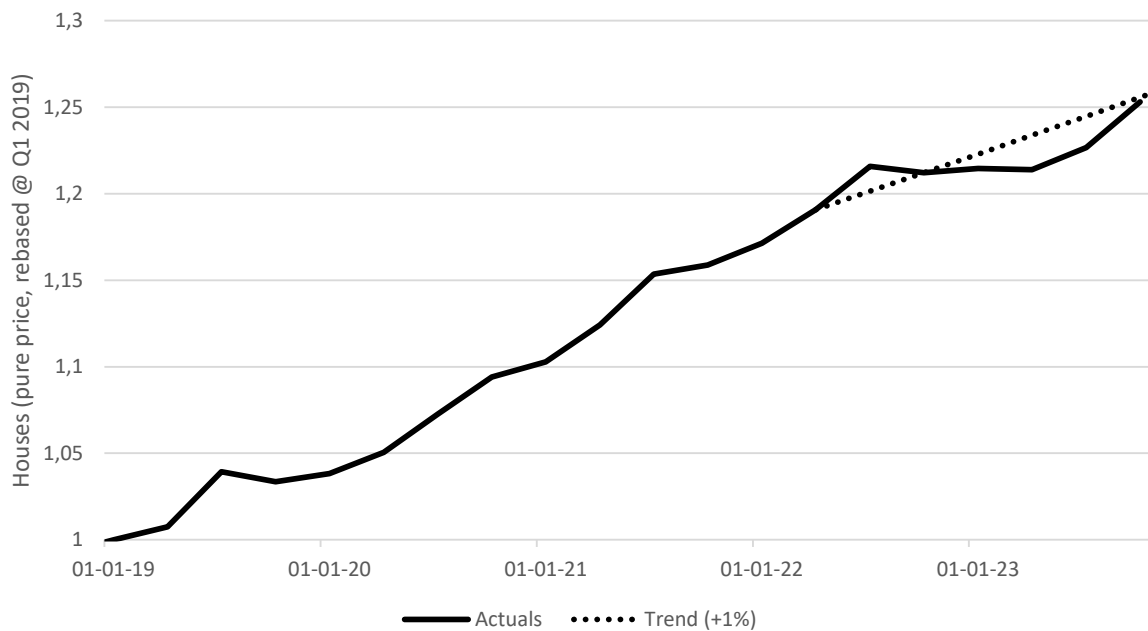
### 4.2. ...and kept rising

Rising interest rates and ever higher housing prices are weighing down house-affordability. Monthly housing costs have increased as a result. The National Bank estimates that the current level is an all-time high, tied with the peak in the '80s.

Our own outlook since the start of the ECB-hike-cycle had been quite cautious. Now, near the end of said cycle, dust is settling. Transaction volumes have declined markedly, and mortgage production even more so. These look currently to be bottoming out and are expected to gradually pickup over the next couple of quarters, if the current consensus downward rate-trajectory indeed materialises.

Not so for prices. Despite some initial volatility in the wake of the twin covid-energy price-shock, quarterly price growth more or less adhered to the long term growth rate of close to 1% price growth per quarter. Our base case is that this trend continues over the next couple of years.

Graph 16: Housing prices: since ECB started hiking, barely below trend growth (+1% QoQ)



## SECTION 16 – DESCRIPTION OF THE ISSUER

### 1. General

BNPPF is a public company with limited liability (*naamloze vennootschap/société anonyme*) under Belgian law.

BNPPF is registered in the Register of Legal Entities of Brussels under the number 0403.199.702. The Legal Entity Identifier with regards to BNPPF is: KGCEPHLVVKVRZYO1T647.

BNPPF was incorporated in Belgium on 5 December 1934. BNPPF has been established for an indefinite period.

In Belgium, BNPPF is subject to supervision by the ECB, the prudential authority of the NBB and the market authority of the Belgian FSMA.

As stated in article 3 of its Articles of Association, BNPPF's purpose is to undertake all and any business consistent with its status as a credit institution. It may also carry out any other operations or transactions that are directly or indirectly connected with its objects or conducive to their attainment. BNPPF may hold interests in partnerships and companies within the limits of the law relating to credit institutions.

BNPPF's registered office is located at rue Montagne du Parc 3, 1000 Brussels, Belgium where its headquarters are based (Tel: +32 2 433 4202 (in French) and +32 2 433 4202 (in Dutch)).

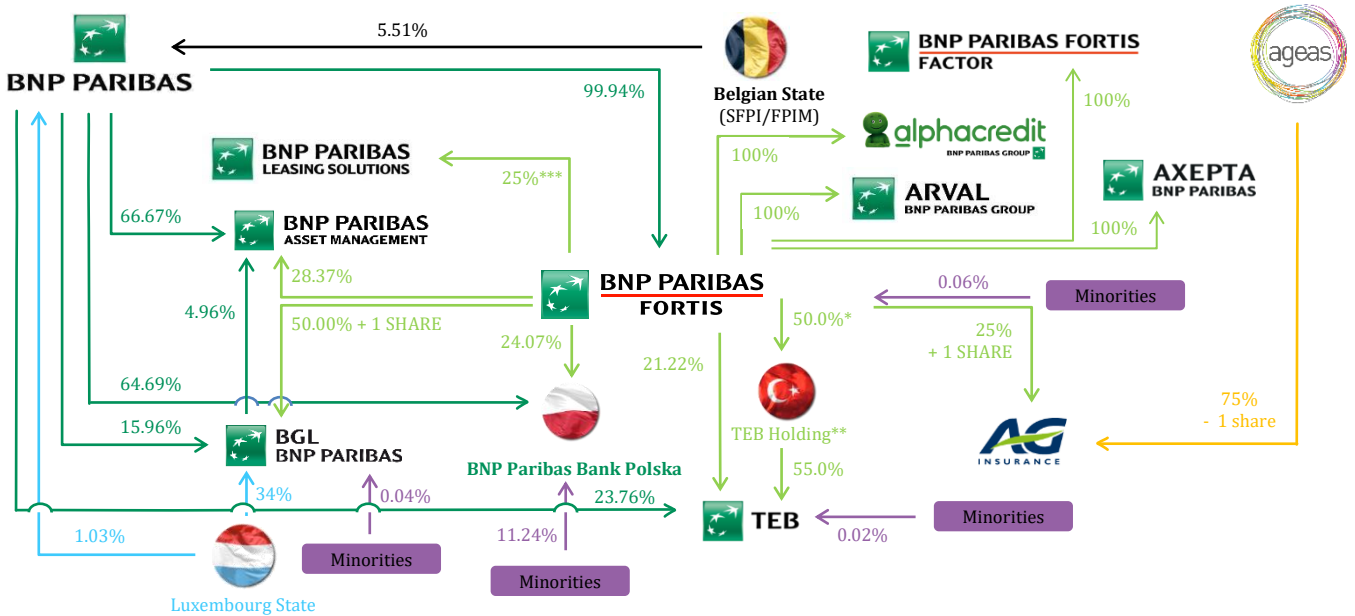
The websites of BNPPF are: [www.bnpparibasfortis.be](http://www.bnpparibasfortis.be) and [www.bnpparibasfortis.com](http://www.bnpparibasfortis.com). The information on this website does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised or approved by the FSMA, except for information that is incorporated by reference in accordance with Section 5 of this Base Prospectus.

The BNPPF 2023 Annual Report, the BNPPF 2022 Annual Report, the BNPPF 2023 Pillar 3 Disclosure and the BNPPF 2022 Pillar 3 Disclosure are available on <https://www.bnpparibasfortis.com/investors/financial-reports>. The information on this website does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised or approved by the FSMA, except for information that is incorporated by reference in accordance with Section 5 of this Base Prospectus.

### 2. Organisational structure

Simplified legal structure chart:

# BNP PARIBAS FORTIS, SIMPLIFIED LEGAL STRUCTURE



\* Via SPV BNP Paribas Fortis Yatirimlar Holding; \*\* Other 50% owned by Çolakoglu Group; \*\*\* Indirect via BGL; Direct shareholders BNPP Leasing Solutions are BGL (50%) and BNPP Group (50%)

BNPP has a stake of 99.94 per cent. in BNPPF. The remaining shares (0.06 per cent.) are held by the public. The SFPI/FPIM has a stake of 5.51 per cent. in BNPP's capital. BNPPF holds stakes in a range of subsidiaries, associates and joint ventures (subsidiaries are those companies in which BNPPF holds a controlling interest), the most important of which are:

Name of subsidiary	Country of incorporation or residence	Proportion of ownership interest held and, if different, proportion of voting power held (directly and indirectly)
BGL BNP Paribas S.A.	Luxembourg	50 % + 1 share
Türk Ekonomi Bankası A.S. (" <b>TEB</b> ") (+)	Türkiye	48.72%
TEB Holdings A.S. (a joint venture with the Colakoglu Group which holds 55 % of TEB's share capital) (+)	Türkiye	50 %
Arval Service Lease S.A.	France	100 %
AG Insurance	Belgium	25 % + 1 share
BNP Paribas Bank Polska	Poland	24.07 %
BNP Paribas Asset Management Holding	France	30.90 % (33.3% in voting interest)

<sup>0</sup> Participation via SPV BNP Paribas Fortis Yatirimlar Holding A.S. (99.99% owned by BNPPF)



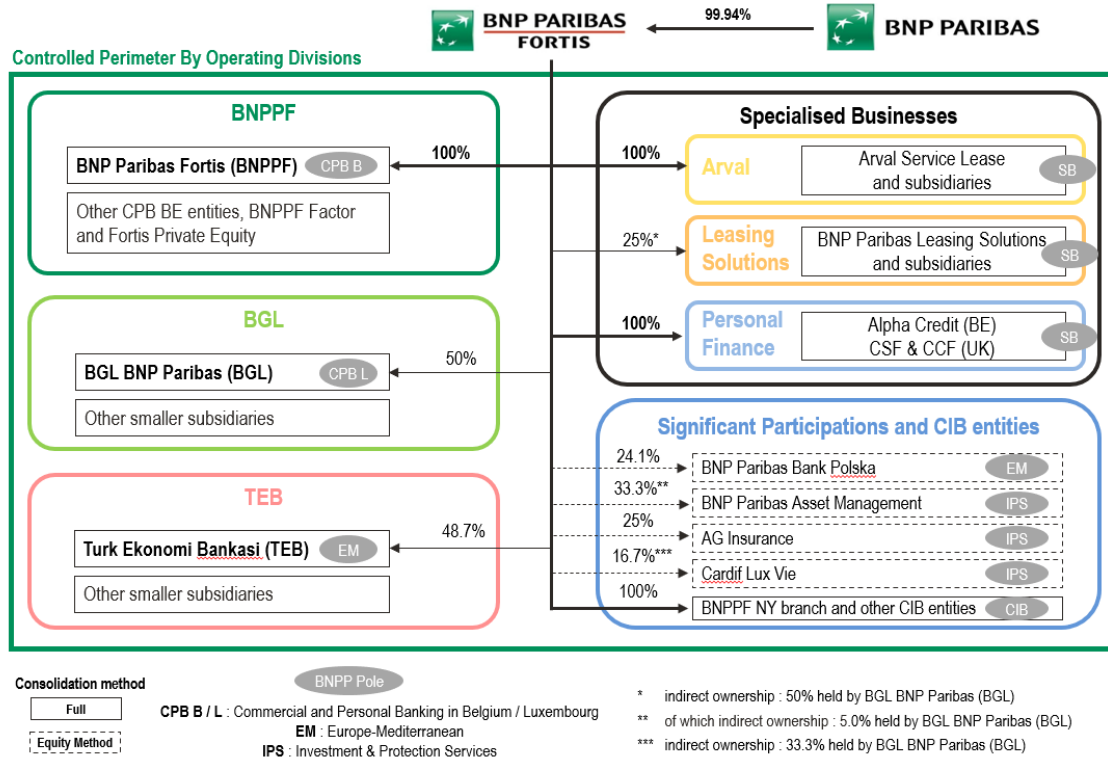
## Structure of BNP Paribas Fortis Controlled Perimeter

The analysis is organised by operating divisions

At 31 March 2024

The below operating divisions correspond to the following operating segments presented in the Annual report 2023:

- BNPPF: Banking activities in Belgium
- BGL: Banking activities in Luxembourg
- TEB: Banking activities in Turkey
- Specialised Businesses and Other are the same



### 3. Business overview

BNPPF offers a comprehensive package of financial services through its own channels and via other partners to private, professional and wealthy clients in the Belgian market, as well as in Luxembourg and Türkiye. BNPPF also provides corporations and public and financial institutions with customised solutions, for which it can draw on BNPP's know-how and international network. In the insurance sector, BNPPF works closely with the Belgian market leader AG Insurance, in which it owns a 25 per cent. stake. BNPPF employs around 10,350 people (full-time equivalents) in Belgium.

BNPPF has built up a strong presence in the retail and private banking market, operating through a variety of distribution channels. In Belgium the company delivers universal banking and insurance services and solutions to its retail customers. In other countries, the product offer is tailored to specific customer segments. Private Banking offers integrated and international asset and liability management solutions to high net worth individuals in Belgium, their businesses and their advisers.

BNPPF also offers financial services to companies and institutional clients and provides integrated solutions to enterprise and entrepreneur. Corporate Banking fulfils the financial needs of corporate and midcap enterprises, public entities and local authorities through an integrated international network of business centres.

BNPPF is part of the BNP Paribas group (the "**BNP Paribas Group**") (of which BNPP is the parent company), a leading bank in Europe with an international reach. It operates in 63 countries and territories and has almost 183,000 employees, including more than 145,000 in Europe. The BNP

Paribas Group has key positions in its three main activities: Commercial, Personal Banking & Services (bringing together all of the BNP Paribas Group's retail activities and specialised business lines), Investment & Protection Services (including specialised businesses offering a wide range of savings, investment and protection services) and Corporate & Institutional Banking (offering tailored financial solutions for corporate and institutional clients). The BNP Paribas Group helps all its clients (individuals, community associations, entrepreneurs, small and medium enterprises ("SMEs"), corporates and institutional clients) to realise their projects through solutions spanning financing, investment, savings and protection insurance. In Europe, the BNP Paribas Group has four domestic markets (Belgium, France, Italy and Luxembourg) and BNP Paribas Personal Finance is the leader in consumer lending. BNPP is rolling out its integrated retail-banking model in Mediterranean countries, in Türkiye and in Eastern Europe. In its Corporate & Institutional Banking and Investment & Protection Services, BNPP also enjoys top positions in Europe, a strong presence in the Americas as well as a solid and fast-growing business in Asia-Pacific.

At 31 December 2023, the BNP Paribas Group had consolidated assets of EUR 2,591.5 billion (compared to EUR 2,666.4 billion at 31 December 2022), consolidated loans and receivables due from customers of EUR 859.2 billion (compared to EUR 857 billion at 31 December 2022), consolidated items due to customers of EUR 988.5 billion (compared to EUR 1,008 billion at 31 December 2022) and shareholders' equity (the BNP Paribas Group share including income for 2023) of EUR 123.7 billion (compared to EUR 121.8 billion at 31 December 2022). Pre-tax income for the year ended 31 December 2023 was EUR 11.73 billion (compared to EUR 13.21 billion for the year ended 31 December 2022). Net income, attributable to equity holders, for the year ended 31 December 2023 was EUR 10.98 billion (compared to EUR 9.85 billion for the year ended 31 December 2022). On 31 December 2023, BNP Paribas Fortis had consolidated assets of EUR 373.9 billion (compared to EUR 350.3 billion at 31 December 2022), consolidated loans and receivables due from customers of EUR 254.0 billion (compared to EUR 244.5 billion at 31 December 2022), consolidated items due to customers of EUR 203.3 billion (compared to EUR 212.6 billion at 31 December 2022) and shareholders' equity (the BNP Paribas Fortis share including income for 2023) of EUR 25.4 billion (compared to EUR 25.3 billion at 31 December 2022). Pre-tax income for the year ended 31 December 2023 was EUR 5,024 million (compared to EUR 4,809 million for the year ended 31 December 2022). Net income, attributable to equity holders, for the year ended 31 December 2023 was EUR 3,095 million (compared to EUR 3,136 million for the year ended 31 December 2022).

### **Principal activities**

The major changes in the consolidation scope of BNPPF during 2016-2023<sup>8</sup> were related to the acquisition of Arval Service Lease SA and the purchase from bpost of the remaining 50 per cent. of its 50/50 bpost bank joint venture. Changes in the BNPPF consolidation perimeter comprised, inter alia:

- On 8 December 2016 BNPPF acquired Arval Service Lease ("**Arval**"), the European leader in the automobile leasing sector, formerly a 100 per cent.-owned subsidiary of BNPP. This transaction concerned the contribution in kind by BNP Paribas S.A. of 100 per cent. minus five shares in Arval Service Lease S.A. to the share capital, the sale of five shares in Arval Service Lease S.A. by a number of subsidiaries of BNP Paribas S.A. to a subsidiary of BNPPF and the funding of most of the new business of the Arval group, from the date of closing of the Transaction.

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<sup>8</sup> The period 2016-2023 is targeted to give the investors a history of the important consolidation events in terms of impact on balance sheet and business mix of BNPPF, starting with the significant Arval consolidation in 2016.

- The transfer of the activities, assets and liabilities of eight European CIB branches and one representative office of BNPPF located in Austria, Czech Republic, Denmark, Finland, the Netherlands, Norway, Romania, Sweden and Spain to BNP Paribas S.A. was completed during the years 2017 and 2018. It also involved the transfer to BNP Paribas S.A. of the funding commitments of BNPPF towards the transferred businesses.
- Von Essen Bank GmbH, previously fully consolidated, was sold in January 2019 to BNP Paribas S.A. and merged with the German Branch of BNP Paribas S.A.. Von Essen Bank GmbH provides retail banking services in Germany. It offers savings and investing products, financing services, such as consumer credit, loan rescheduling, real estate credit, mortgage loans and leasing for equipment.
- Greenval Insurance DAC is a fleet motor insurance company registered in Ireland dedicated to customers of Arval. Following approval by the Irish regulatory authorities, Greenval Insurance DAC was sold by BNP Paribas Ireland to Arval Service Lease in December 2020.
- On 3 January 2022, BNPPF purchased the residual 50 per cent. stake of its 50/50 bpost bank joint-venture with bpost. As a consequence, BNPPF has exclusive control of bpost bank and the bpost bank entity has been fully consolidated as of the first quarter of 2022. At the same time, bpost and BNPPF signed an exclusive, seven-year commercial agreement under which bpost continues to offer BNPPF services and products in its network of post offices. Since 22 January 2024, bpost bank has been integrated within BNPPF and bpost bank customers have joined BNPPF. The bpost bank brand has now disappeared from high streets and post offices and has been replaced by the BNPPF brand and logo.
- On 30 November 2022, Arval Service Lease purchased 100 per cent. of Terberg Leasing Group BV, a full-service vehicle leasing entity active mainly in the Netherlands and with a limited presence in Belgium. BNP Paribas Fortis took exclusive control of these entities and fully consolidated them from 1 December 2022.
- The acquisition and full consolidation of Creation Financial Services and Creation Consumer Finance, as from 1 April 2023. Creation Financial Services and Creation Consumer Finance market all types of instalment loans (including personal loans, car loans, motorbike loans and kitchen loans), as well as payment cards with a permanent cash reserve (revolving credit) in the United Kingdom.

#### **(a) Commercial & Personal Banking**

BNPPF includes an important part of the Commercial, Personal Banking & Services as well as the CIB activities of the BNP Paribas Group in Belgium. BNPPF's Commercial & Personal Banking activities comprise banking services to a range of client types, including individual customers, self-employed people and those in the liberal professions, small and medium-sized companies, local businesses, corporate clients and non-profit organisations.

#### **Commercial & Personal Banking in Belgium**

##### *Market position*

BNPPF is the number-one bank for retail customers in Belgium in terms of market share and it has a strong market position among professionals and small businesses. BNPPF is also the leading private bank in Belgium. It ranks number one in Corporate Banking, offering a full range of financial services to corporate clients, public-sector entities and local authorities. With its dedicated teams, BNPPF aims

to fund the specific needs of its customers and make an active contribution to the development of the Belgian economy.

Since 1 January 2023, BNPPF has a new commercial organisation that has been redesigned to meet customer expectations more effectively, comprising:

- Retail Banking, with 2.9 million active customers, which serves individual customers, self-employed people and small businesses with a multi-disciplinary team;
- Affluent & Private Banking, with 0.37 million active clients, which serves individuals with more than EUR 85,000 of assets, along with self-employed people and firms in the liberal professions, through dedicated relationship managers. Private Banking services are aimed at individual customers with invested assets of more than EUR 250,000. Within Private Banking, the Wealth Management department caters to customers with invested assets of more than EUR 5 million;
- Corporate Banking, with 87,000 clients, serves businesses with more complex needs through dedicated relationship managers. The Enterprises business line serves small and medium-sized businesses while Corporate Coverage handles large corporations, public-sector entities and institutional clients.

BNPPF serves its customers through various networks, as part of a hybrid banking strategy that combines physical branches and digital channels, comprising:

- 308 branches (including 132 independent branches) organised into four regions, handling individual customers, self-employed people and small businesses. In addition, there are 193 Fintro branches operated under franchise, and 656 sales points in bpost branches;
- 31 dedicated private banking centres including one remote centre and two Wealth Management centres;
- Specialist teams in Brussels dealing with large corporations, public-sector companies and institutional clients, along with a network of 14 Business Centres across Belgium for medium-sized companies and dedicated relationship managers in the branch network for small Corporate Banking customers;
- A digital platform comprising online banking services (Easy Banking) and the Easy Banking App (2.75 million active users in total, including Fintro). Easy Banking Business is the online banking platform for businesses and self-employed people. PaxFamilia, a secure platform offering customers tools for managing, monitoring and passing on their wealth, has 29,700 active contracts. This offering is supplemented by digital bank Hello Bank!, which has more than 537,000 customers. These digital platforms are constantly improved through active collaborations with fintechs, an example being the development of a high-performance budget management tool with TINK;
- A network of 608 ATMs (including Fintro), supplemented by 973 cash machines run by Batopin, a joint venture between BNPPF, KBC, ING and Belfius, each of which owns a 25 % stake. Batopin is installing bank-neutral CASH points across Belgium in locations with high customer footfall;

- BNPPF makes itself available to its customers through the Easy Banking Centre, which handles up to 60,000 customer calls per week.

### *Key developments in 2023*

In 2023, BNPPF introduced a New Commercial Organisation, which is intended to improve the service BNPPF provides to its customers by offering new service models. The New Commercial Organisation is based around three new customer segments: Retail Banking, Affluent & Private Banking and Corporate Banking. In terms of the practical implications for BNPPF's customers, the new organisation has resulted in new service models and solution packs.

### **Greater accessibility and a proactive approach**

In early 2023, BNPPF began a large-scale direct communication campaign aimed at all Retail Banking customers, explaining the changes in BNPPF's services and the ways in which the branch-based multi-disciplinary teams will be able to guide and advise such customers for all of their banking and insurance needs. This includes making it easier to make appointments directly with experts in the areas in which customers – both individuals and businesses – need help. Internally, BNPPF's teams of in-branch advisors have gradually adopted agile principles, in order to create a more effective and flexible way of working. As regards the Easy Banking Centre, teams have been strengthened so that they can suggest solutions to BNPPF's customers.

BNPPF is developing new digital solutions, both on the Easy Banking website, the content of which has been updated, and the Easy Banking App, particularly with the addition of the Easy Cashback loyalty programme.

BNPPF has maintained its digital inclusion efforts by resuming in-branch digital workshops, along with work to prevent phishing- and fraud-related risks. BNPPF developed new content and articles on its public website and carried out email communication campaigns and has also developed new ways of communicating via Facebook and Instagram.

In September 2023, a publicity campaign was launched for BNPPF's new Easy Guide and Easy Go packs, which allow individual customers to choose which accounts and cards they want, but also how they wish to interact with BNPPF depending on their needs: Easy Go covers simple requirements and allows customers to interact directly with an advisor in a post office, while Easy Guide covers more complex needs, allowing customers to make appointments and get support from multi-disciplinary teams in-branch. The aim of the campaign was to guide customers through the various options as effectively as possible before the new packs came into force on 1 January 2024.

As regards to insurance and pensions, BNPPF continued its efforts to help customers insure their possessions, businesses, themselves and their loved ones through a more integrated cross-selling approach, but also by providing new digital solutions. As in 2022, BNPPF's Car Repair days allowed customers to have small repairs done to their cars for free by its partner AG Insurance.

For business customers, BNPPF continued to integrate AG Insurance's solutions into its portfolio and carried out communication campaigns focusing on the good fit between BNPPF's lending and insurance solutions, particularly in terms of helping businesses to optimise their liquidity.

At a time when the economy and society are shifting rapidly towards greater sustainability, BNPPF's role in supporting that move was central to its concerns more than ever in 2023. BNPPF seeks to do this

not only through the specific loans it grants, but most importantly by informing and helping its customers. In the mobility space, for example, BNPPF held webinars and published articles involving experts from Arval to give businesses a better understanding of tax changes.

As regards to real estate, BNPPF carried out several direct communication campaigns and a paid media campaign in three high-profile waves – in February/March, June/July and October/November, across radio, TV, online, social media and digital channels – and installed in-branch displays, highlighting its financing solutions for customers wanting to make their homes more sustainable by refurbishing and insulating them. Finally, BNPPF introduced a special service for co-owner associations to help them finance projects such as those involving structural and sustainable renovation work and energy-efficiency upgrades.

As a leading player in the business banking market, BNPPF's role is to be a driving force in the local economy, particularly by helping young entrepreneurs set up their own businesses.

In 2022, BNPPF started a comprehensive review of the way it attracts people starting their own businesses, and has stepped up those efforts in 2023. BNPPF has repackaged its offering, which now revolves around a Starter Kit that includes various banking, insurance, pension and payment solutions, but also marketing solutions and digital tools, as part of a one-stop-shop approach. In particular, BNPPF has revised the Starters section of its Easy Banking website and carried out communication campaigns aimed at promoting its ecosystem of partners and solutions. BNPPF has also made it easier for people to access help and support during the early stages of setting up their business through dedicated specialists in the Easy Banking Centre's Easy Starters Team.

In addition, BNPPF continued its media strategy, investing in both the BNPPF and Hello bank! Brands, in order to promote its solutions and approaches in an integrated way among pre-starters and starters. This involved radio, digital and social media advertising campaigns. BNPPF emphasised the initial support provided by its specialists in the Easy Starters Team, while Hello bank! Highlighted its integrated digital solution, which allows people to start setting up their business account and request a company registration number and VAT number as part of a single digital flow.**Affluent & Private Banking**

The Affluent & Private Banking segment covers BNPPF's Priority Banking, Private Banking and Wealth Management services, which are all based on close collaboration between clients and their relationship managers. BNPPF's service model includes a new approach to relationships: clients can entrust their private and business banking needs to a single relationship manager.

With the introduction of BNPPF's New Commercial Organisation, Priority Banking, Private Banking and Wealth Management clients can have a single contact person for all of their private and business banking needs. This new approach was the subject of a radio, digital and social media campaign, aimed at establishing BNPPF's market position.

In 2023, in highly volatile market conditions resulting from the conflicts in Ukraine and Israel/Palestine, BNPPF increased its efforts to provide information and insight regarding the geopolitical, economic, financial and social contexts, in order to strengthen ties with its clients further. To do this, BNPPF continued to develop and post expert content on its exclusive My Experts platform, but also via market flashes when market events took place. BNPPF sends its clients in-depth analysis from its economists once a year in the form of an Economic Outlook.

## **BNPPF's expertise widely recognised**

The quality of the service BNPPF provides to its customers was acknowledged several times in 2023. In 2023, BNPPF was named "Best bank for digital services in Belgium" and "Best Investment Bank in Belgium" by the international finance magazine, Euromoney, "Bank of the Year in Belgium" by leading financial magazine, The Banker (part of the Financial Times group), "Best Private Bank in Belgium" by PWM/The Banker and "Best Bank in Belgium" by publisher, Global Finance.

## **BGL BNP Paribas SA**

BGL BNP Paribas in Luxembourg, a fully consolidated entity of BNP Paribas Fortis in which BNPPF holds a 50.01% stake, offers a comprehensive range of financial products and services tailored to the needs of its customers in Luxembourg and is the largest employer in the Luxembourg financial sector.

## **BGL BNP Paribas activities**

The BGL BNP Paribas business line provides private individuals, self-employed professionals and entrepreneurs with products and services ranging from daily banking needs to financing, plus also savings and "bancassurance" solutions and investment products. It has one of the widest ranges of retail banking products in Luxembourg, including private leasing.

BGL BNP Paribas Banque Privée provides clients resident in Luxembourg or the Greater Region with comprehensive and customised financial and wealth management solutions.

The Wealth Management business line targets an international client base, in particular business owners and families, assisting them with their specific needs through tailored asset and financial management solutions, in addition to a suite of high-quality services: investment advice, discretionary management, wealth planning and organisation, asset diversification and financing.

Through the Corporate Banking business line, BGL BNP Paribas is a significant banking partner for Luxembourg's large firms, the public sector and institutions, social organisations, real estate professionals and startups. The product range is structured around various specific areas, including Financing (classic, project, transfers and acquisitions, real estate), Trade (letters of credit, documentary credit), Cash Management (cash pooling, multibank cash management tools, cards programs, etc), Rate (exchange or interest) risk coverage and Escrow Accounts. As part of the BNP Paribas Group, BGL BNP Paribas also provides its corporate clients with access to the full spectrum of the BNP Paribas Group's specialist business expertise and services.

Corporate and Institutional Banking provides corporate and institutional clients with products and services related to the capital and financing markets in Luxembourg.

BGL BNP Paribas Development was created in 2021 to support Luxembourg businesses by acquiring minority stakes in companies. Through direct investment in unlisted Luxembourg commercial, industrial and technology firms, BGL BNP Paribas Development aims to play a supportive role in their organic and external growth plans and assist them with business transfers.

## **TEB**

BNPPF operates in Türkiye through Türk Ekonomi Bankası ("**TEB**"), a fully consolidated entity in which BNPPF holds a 48.72 per cent. stake. TEB ranks 10th in the country's banking sector in terms of

market share in loans and deposits, and provides the full range of the BNP Paribas Group's Retail products and services in Türkiye.

In Retail Banking, TEB provides debit and credit cards, mortgage loans, personal loans, plus investment and insurance products, which are distributed through the branch network and via internet, phone and mobile banking.

Through its commercial and small business banking departments, TEB offers a full range of banking services to small and medium-sized enterprises and is also recognised as having strong expertise in non-financial services.

Corporate Banking services include international trade finance, asset and cash management, credit services, hedging of currency, interest and commodity risk, plus factoring and leasing.

TEB's Retail and Private Banking division is steadily attracting greater numbers of customers through both its branch network and online channels, with its diversified product range, quality of service and the banking experience it offers. Its goal is to be the primary bank for all its customers and it is therefore pursuing a digital transformation strategy geared to improving its service channels and the overall customer experience, which is central to all its activities. TEB applies human-centric design and customer journey methodologies and runs advocacy programmes designed to obtain and make good use of customer insights.

#### **(b) Corporate Banking**

With its well-developed, diversified and integrated business model and services, the BNPPF Corporate Banking division is well equipped to serve a wide range of clients, including small and medium-sized companies, Belgian and other European corporates, financial institutions, institutional investors, public-sector entities and local authorities. Corporate Banking ("**CB**") has an extensive and diversified clientele among large and medium-sized companies and is the market leader in these two categories.

BNPPF's Relationship Managers are central to CB's relationship model. They can call upon a wide variety of experts in all kinds of banking solutions to provide bespoke services to their clients. Within the CB division, the Enterprises team serves small and medium-sized companies through a network of 14 Business Centres and a presence across BNPPF's Belgian branch network. Relationships with large corporates, financial institutions and public-sector entities are handled by dedicated central teams based at BNPPF's head office in Brussels.

CB provides a wide range of specialised solutions and services – both traditional and bespoke – and draws on the BNP Paribas Group's international network across more than 60 countries, enabling it to meet the specific financing, transaction, investment and insurance needs of its clients in Belgium and abroad.

In 2023, CB continued to play a major role in providing support to the Belgian economy. BNPPF's Transaction Banking unit was able to provide robust assistance to clients seeking to navigate supply-chain disruptions brought about by geopolitical events, and the Global Markets specialists helped clients hedge their risks with regard to interest rates, exchange rates and inflation. BNPPF's Private Equity teams, meanwhile, continued to invest in Belgian companies throughout the year, in line with BNPPF's 2025 Strategy.



During the year, the CB division pursued its roadmap for achieving digital transformation and improving the efficiency of its processes. CB also enhanced its service model by accelerating the rollout of digital features and remote contact channels.

BNPPF's partnerships with EMAsphere and Climact are examples of how CB adds value for its clients by broadening the scope of the solutions it offers them beyond the confines of traditional banking services.

In 2023, BNPPF also introduced its New Commercial Organisation: as a result, businesses with a dedicated relationship manager have been covered by CB since January 2023.

With its Sustainable Business Competence Centre, CB is firmly positioning itself as a Sustainable Corporate Bank. During the year, CB stepped up its efforts to help clients make the transition to more sustainable practices and business models and to invest in the transformative projects needed to address the challenges of climate change and biodiversity loss, with specific attention to the areas of energy transition, decarbonisation, biochemicals and the circular and regenerative economy. CB also enhanced its expertise regarding the EU Green Deal regulatory framework and in the environmental, social and governance ("**ESG**") field..

#### *Market positions*

BNPPF has:

- a strong leadership position in Belgium with more than 300 corporate client relations and more than 8,000 midcap client relations, and a challenger in public banking; and
- a high penetration rate among selected European customers (such as internationally active SMEs).

#### **Arval**

Arval, a fully consolidated entity of BNP Paribas Fortis in which BNPPF holds a 100% stake, is a major player in long-term vehicle leasing and a specialist in mobility solutions. As a specialist business belonging to BNP Paribas' Commercial, Personal Banking & Services division, Arval is central to the BNPP Group's integrated model and its new "BNP Paribas Mobility" brand. Arval provides customised mobility services to business clients – from major multinationals to small and medium-sized enterprises – as well as to its partners, their employees and individual customers.

At the end of 2023, Arval had almost 8,400 employees operating in the 29 countries, and approximately 1.7 million vehicles leased to 300,000 customers (an increase of 7 per cent. compared to the end of 2022). It also had almost 20,000 worldwide users of mobility solutions that offer an alternative to private cars, such as car-sharing, mobility payment cards and bicycle rental. Arval is Europe's second-largest player in multi-brand long-term vehicle leasing, ranking number one in Poland, number two in France, Spain, Italy and Belgium, and number three in the Netherlands. It also benefits from strategic partnerships through the Element-Arval Global Alliance, the world leader in this sector with a total of more than 4.4 million vehicles in 56 countries.

In 2023, Arval continued to provide its customers with products tailored to their needs, particularly in terms of supporting energy transition in their vehicle fleets. To encourage the adoption of electric vehicles, Arval announced its new Arval Charging Services offering, through which both businesses

and individual customers can lease an electric vehicle and charger together. Arval's aim is to lease 350,000 battery electric vehicles and 700,000 electrified vehicles in total by 2025, which will help it to achieve its target of cutting fleet CO2 emissions by 35 per cent. compared with 2020. At the end of 2023 it had leased more than 166,000 battery electric vehicles, up 85 per cent. relative to 2022.

#### *Additional information*

BNPPF has established a EUR 10,000,000,000 covered bond (residential mortgage *pandbrieven/lettres de gage*) programme dated 22 August 2023 with BNPPF and BNPP acting as arrangers and dealers. As of the date of this Base Prospectus, BNPPF has already issued under that programme. This Base Prospectus will replace the base prospectus dated 22 August 2023.

BNPPF has also established a EUR 20,000,000,000 retained covered bond (*retained mortgage pandbrieven/lettres de gage*) programme dated 22 August 2023 with BNPPF acting as arranger and dealer. As of the date of this Base Prospectus, BNPPF has not issued yet under that programme.

### **Principal Markets - Segment Information**

#### *Banking activities in Belgium*

In Belgium, BNPPF offers a comprehensive package of financial services to private individuals, the self-employed, members of the professions and SMEs. BNPPF also provides high net worth individuals, corporations and public and financial institutions with customised solutions, for which it is able to draw on the know-how and international network of the parent company, BNPP.

In Retail and Affluent & Private Banking, BNPPF has a solid footprint, serving individuals, professionals, SMEs and private banking customers. It has a very strong presence in the local market, through a network of 308 BNPPF branches, 193 Fintro branches and 656 sales points in post offices, plus other channels such as ATMs and online banking facilities, including mobile banking. In its retail banking activities, BNPPF operates under three complementary brands: the main brand BNPPF, plus Fintro and Hello bank!, a 100% digital mobile banking service. In the insurance sector, BNPPF works in close cooperation with the Belgian market leader, AG Insurance.

CB serves a wide range of clients, including small and medium-sized companies, Belgian and European corporates, financial institutions, institutional investors, public entities and local authorities. CB has a strong client base among large and medium-sized companies and is the market leader in these two categories, as well as a strong challenger in the public sector.

Providing a wide range of both traditional and bespoke specialised solutions and services, and drawing on the international network of the BNP Paribas Group in 63 countries, CB continues to meet the precise financing, transaction banking, investment banking and insurance needs of its clients.

From 1 January 2023, BNPPF has a new commercial organisation based around three customer segments:

- Retail Banking for personal and self-employed customers, served by a multidisciplinary team;
- Affluent and Private Banking for personal and self-employed customers with more than EUR 85,000 of assets, who each have a dedicated relationship manager; and

- Corporate Banking for business clients with a dedicated relationship manager. The Enterprises business line serves small and medium-sized businesses while Corporate Coverage handles large corporations, public-sector entities and institutional clients.

#### *Banking activities in Luxembourg*

BGL BNP Paribas ranks among the leading banks operating in the Luxembourg financial marketplace. It has made a significant contribution to the country's emergence as a major international financial centre and is deeply rooted in Luxembourg's economic, cultural, sporting and social life.

As a partner with a longstanding commitment to the national economy, BGL BNP Paribas offers a wide range of products both for individuals and for professional and institutional clients. Ranked as the number one bank for corporates and the number two bank for resident individuals in the Grand Duchy of Luxembourg, BGL BNP Paribas is also the leader in *bancassurance*, providing combined offerings of insurance and banking services.

#### *Banking activities in Türkiye*

BNPPF operates in Türkiye via TEB, in which it has a 48.7 per cent. stake. Retail Banking products and services consist of debit and credit cards, personal loans, and investment and insurance products distributed through the TEB branch network and via internet and phone banking. Corporate banking services include international trade finance, asset and cash management, credit services, currency hedging, interest and commodity risk, plus factoring and leasing. Through its commercial and SME banking departments, the bank offers an array of banking services to small and medium-sized enterprises.

#### *Specialised businesses*

The operating segment "Other Domestic Markets" mainly comprises Arval, BNP Paribas Leasing Solutions and Personal Finance (AlphaCredit).

Fully owned by BNPPF, Arval specialises in full service vehicle leasing. Arval offers its customers – large international corporates, SMEs and professionals – tailored solutions that optimise their employees' mobility and outsource the risks associated with fleet management. Expert advice and service quality, which are the foundations of Arval's customer promise, are delivered in 29 countries.

BNP Paribas Leasing Solutions is a European leader in leasing for corporate and small business clients. It specialises in rental and finance solutions, ranging from professional equipment leasing to fleet outsourcing.

AlphaCredit – a wholly-owned subsidiary of BNPPF – is the leading provider of consumer credits in Belgium and the Grand Duchy of Luxembourg. AlphaCredit markets all types of instalment loans (personal loans, car loans, motorbike loans, kitchen loans, etc.), as well as payment cards with a permanent cash reserve (revolving credit). Alpha Credit offers its services to both private individuals and professionals.

#### *Other*

This segment mainly comprises BNP Paribas Asset Management, AG Insurance, BNP Paribas Bank Polska, Cardif Lux Vie and the foreign branches of BNPPF.

## **BNPPF 2023 Financial Results**

BNPPF's consolidated net income attributable to equity holders in 2023 amounted to EUR 3,095 million. Compared to 2022, the reported evolution of the net income attributable to equity holders showed a decrease of -1.3 per cent.

When excluding the retreated items for the scope changes, the foreign exchange and the other one-off results such as the noticeable impact of the change of consolidation of bpost bank in Q1 2022 (resulting in a badwill of EUR +245 million in non-operating income), the underlying evolution of the net income attributable to equity holders showed an increase of +8.7 per cent.. The below analysis focuses on the underlying evolution. The consolidation scope includes BNPPF in Belgium, BGL BNP Paribas in Luxembourg, TEB in Türkiye, specialised businesses with international activities, and other strong growth of revenues supported by most activities.

At BNPPF and BGL BNP Paribas, the evolution of the revenues was driven by a strong growth of revenues in the Commercial & Personal Banking business with a higher net interest income supported by both margins and average lending volumes. The net commission income was slightly lower than in 2022.

The revenues of the Corporate & Institutional Banking business were lower than in 2022 (which was an exceptional year), mainly due to market activities servicing clients and despite a good performance coming from lending activities.

The growth of the consolidated revenues was also substantially driven by the higher results at specialised businesses. The higher results were mainly driven by Arval with a further enlargement of the financed fleet by +6.9 per cent. compared to 2022, and the gradual normalisation, still at a high level, of the prices of second-hand vehicles. At Leasing Solutions and Personal Finance, there was also an expansion of the financed outstandings supporting higher revenues, which was partly offset by pressure on margins due to higher funding costs in a context of rising interest rates.

Revenues also increased significantly at TEB mainly driven by a further growth of the results coming from market activities servicing clients in a context of high volatility in interest rates and currency exchange rates, higher volumes of customer loans and deposits, partly offset by lower margins.

### **Cost increase to support the business development**

At BNPPF and BGL BNP Paribas, the costs increase was mainly driven by higher staff expenses, mostly due to the wage drift induced by inflation. The increase in the other operating expenses was contained due to cost-saving measures and lower contributions required by the European Single Resolution Fund and Deposit Guarantee Scheme, that partly offset the impact of inflation.

The growth of the costs was also driven by specialised businesses where staff expenses and other operating expenses were impacted by inflation. Next to that, the overall increase was driven by the continuous development in, amongst other things, the digital domains and the growth of activities.

The increase of costs at TEB was substantial in an economy that is still in hyperinflation, impacting mostly staff expenses, with a more limited expansion in other operating expenses due to the achievement of material savings.

### **Strong operational performance and positive jaws effect<sup>9</sup>**

Gross operating income stood at EUR 5,056 million, increasing by +10.6 per cent. The consolidated jaws effect was positive (1.0 points) and the cost income ratio improved from 52.6 per cent. in 2022 to 52.1 per cent. in 2023.

### **Structurally low cost of risk at 11bp**

At BNPPF and BGL BNP Paribas, there was an overall decrease in the cost of risk<sup>10</sup> driven by the Corporate & Institutional Banking business with lower provisions on performing and non-performing loans due to the favourable evolution of the macroeconomic context. The cost of risk increased in the Commercial & Personal Banking business due to higher provisions in relation with the exposures on commercial real estate, compared to a historically low level in 2022. The Commercial & Personal Banking cost of risk on average outstanding loans of the period remained at a low level of 6 basis points (one point is equivalent to 0.01% or 1/100<sup>th</sup> of a percent) for both BNPPF and BGL BNP Paribas.

The increase in the cost of risk at specialised businesses is mainly related to the growth of the financed outstandings.

The cost of risk at TEB was lower than in 2022, due to lower provisions on performing loans and non-performing loans, driven by a release of provisions previously booked in the context of the COVID pandemic.

### **The consolidated operating income increased by +13.3 percent**

The **share of earnings of equity-method entities** amounted to EUR 311 million in 2023 compared to EUR 263 million in 2022. The increase is explained mainly by the participations held in AG Insurance and BNP Paribas Bank Polska, partly offset by lower results at BNP Paribas Asset Management.

**The pre-tax income** increased by +13.8 per cent. compared to 2022. The difference between the underlying variance of +13.8 per cent. and the reported variance of +4.5 per cent. mainly comes from the evolution of the non-operating income that is excluded from the underlying variance.

**The corporate income taxes** amounted to EUR 1,482 million in 2023, an increase of +30.7 per cent. In 2023, the effective tax rate stood at 31 per cent., versus 28 per cent. in 2022.

**The net income attributable to equity holders** amounted to EUR 3,095 million, an increase of +8.7 per cent. compared to 2022.

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<sup>9</sup> Jaws compare income and operating expenses growth trends. If gross income growth exceeds expense growth, then there is a positive jaws effect.

<sup>10</sup> “Cost of risk” includes the following items of profit or loss: (i) impairment gains and losses resulting from the accounting of loss allowances for 12-month expected credit losses and lifetime expected credit losses (“Stage 1” and “Stage 2”) relating to debt instruments measured at amortised cost or at fair value through shareholders’ equity, loan commitments and financial guarantee contracts that are not recognised at fair value as well as lease receivables, contract assets and trade receivables; (ii) impairment gains and losses resulting from the accounting of loss allowances relating to financial assets (including those at fair value through profit or loss) for which there is objective evidence of impairment (“Stage 3”), write-offs on irrecoverable loans and amounts recovered on loans written-off. It also includes expenses relating to fraud and to disputes inherent to the financing activity.

## **Balance sheet and financial structure**

**The consolidated balance sheet** totalled EUR 374 billion on 31 December 2023, an increase of EUR 24 billion compared to 31 December 2022, of which EUR 254 billion of customer loans increasing by EUR 10 billion, including EUR 4 billion of scope change mainly related to the acquisition of Creation Financial Services and Creation Consumer Finance, two consumer finance entities in the UK, on 1 April 2023.

The **non-consolidated Liquidity Coverage Ratio** stood at 118 per cent. compared to 126 per cent. as of 31 December 2022.

## **Strategy and objectives**

On 8 February 2022, the BNP Paribas Group presented the main areas and priorities of its strategic plan for 2025, called "Growth, Technology & Sustainability 2025", as well as its financial ambitions. This presentation is available on the investors' website <https://invest.bnpparibas.com>. The information on this website does not form part of, and is not incorporated by reference into, this Base Prospectus and has not been scrutinised or approved by the FSMA.

## **Growth, Technology & Sustainability 2025**

The BNP Paribas Group has built an integrated and diversified model that has proven its performance in all environments.

This model translates in an organisation based on three pillars, integrated to focus on the needs of clients and partners: Corporate & Institutional Banking; Commercial and Personal Banking and Services, which encompasses all the Group's Commercial and personal banking as well as specialised businesses such as BNP Paribas Personal Finance or Arval; and Investment and Protection Services, which brings together Wealth and Asset Management businesses and Insurance.

Leveraging the strengths of its platforms and favourably positioned client franchises with the full benefit of its integrated and transformed operating model, the BNP Paribas Group aims to deliver profitable growth, while making technology and industrialisation a hallmark of its development, scaling up sustainable finance and social and environmental responsibility, as well as developing its employees' potential and engagement.

Accordingly, and building on the strength of its model, the BNP Paribas Group aims to maintain disciplined organic growth while gaining market share at marginal cost, thus generating new growth opportunities and substantial economies of scale.

The BNP Paribas Group thus reaffirms the importance and relevance of the pillars that have structured its development and its value creation model, with the objective of ensuring that growth in revenues outstrips growth in operating expenses and growth in risk-weighted assets, along with a return on tangible equity above the cost of capital in 2025.

## **Possible dependency**

Except for the banking licence of BNPPF, there is no patent or licence, industrial, commercial or financial contract or new manufacturing processes that is material to BNPPF's business or profitability.

## **Basis for any statements made by BNPPF regarding its competitive position**

The basis for any statements in this Base Prospectus made by BNPPF regarding its competitive position originate from BNPPF's evaluation of market trends and should generally reflect market views.

**Information relating to the joint ventures and undertakings in which BNPPF holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses**

Financial information on joint ventures can be found in note 4.k of the BNPPF 2023 Annual Report, as well as in the simplified legal structure chart at paragraph 3 below.

**Environmental issues that may affect BNPPF's utilisation of its tangible fixed assets**

Currently no environmental issues are affecting BNPPF's use of its tangible fixed assets. This topic is monitored, both from a perspective of the CO<sub>2</sub> impact of its building and data centres on the environment (BNP Paribas has been climate neutral since the end of 2017), as from the perspective of possible impact of new regulation/existing regulation on current/new facilities or impact of severe weather phenomena on BNPPF's assets. Local climate activists have, on occasion (for example, on 1 April 2021), symbolically blocked the entrance of one of the buildings, without impact on the operations.

**4. Operating and financial review**

**Financial situation**

For an understanding of BNPPF's business as a whole, a fair review of the development and performance of BNPPF's business and of its position for 2021, 2022 and 2023, including the causes of material changes, see the management reports of 2021, 2022 and 2023, which are included in the BNPPF 2023 Annual Report and the BNPPF 2022 Annual Report, each of which is incorporated by reference in this Base Prospectus.

**Operating results**

For a description of (i) information regarding significant factors, including unusual or infrequent events or new developments, materially affecting BNPPF's income from operations and indicate the extent to which income was so affected and (ii) where financial information incorporated by reference in this Base Prospectus discloses material changes in net sales or revenues, a narrative discussion of the reasons for such changes, see the BNPPF 2023 Annual Report, which is incorporated by reference in this Base Prospectus.

**5. Capital resources**

**BNPPF's capital resources**

Please see the balance sheet of BNPPF as at 31 December 2023 included in the BNPPF 2023 Annual Report, which is incorporated by reference in this Base Prospectus.

**Sources and amounts of cash flows**

Please see the cash flow statement for the year ended 31 December 2023 included in the BNPPF 2023 Annual Report, which is incorporated by reference in this Base Prospectus .

**Borrowing requirements and funding structure**

Please see the balance sheet of BNPPF as at 31 December 2023 included in the BNPPF 2023 Annual Report, which is incorporated by reference in this Base Prospectus.

**Restrictions on the use of capital resources that have materially affected, or could materially affect, BNPPF's operations**

There are no restrictions on the use of capital resources that have materially affected, or could materially affect, BNPPF's operations.

**Anticipated sources of funds needed to fulfil commitments for any material investments of BNPPF**

N/A

**6. Administrative, management and supervisory bodies, and senior management**

**Board of Directors and Executive Board**

In general, the Board of Directors (*Raad van Bestuur/Conseil d'Administration*) is responsible for BNPPF in accordance with applicable law. The Board of Directors defines and controls in particular (i) the strategy and goals of BNPPF, (ii) the risk policy (including the risk appetite) of BNPPF, (iii) the organisation of BNPPF for the provision of investment services and activities, (iv) the integrity related policies, BNPPF's Internal Governance Memorandum and its Corporate Governance Policy.

As provided for in the Belgian Banking Law and in the Articles of Association, an Executive Board has been set up (*directiecomité/comité de direction*), composed exclusively out of directors. The members of the Executive Board are also referred to as 'executive directors'.

Since 18 April 2024, the composition of the Board of Directors is as follows: 15 members, of which 9 members are non-executive and 6 members are executive. The business address for each of the members of the Board of Directors is Montagne du Parc 3, B-1000 Brussels, Belgium.

The composition of the Board of Directors is as follows:

Nine Non-Executive members:

Name	Capacity/Function	Start first mandate	End mandate
Maxime Jadot	Chairperson	2011	2027
Philippe Bordenave	Director	2023	2027
Laurence de l'Escaille	Director	2024	2028
Wouter De Ploey	Director	2022	2026
Nathalie Hartmann	Director	2023	2027
Anne Leclercq	Director	2022	2026
Sofia Merlo	Director	2016	2028
Titia Van Waeyenberge	Director	2019	2027
Thierry Varène	Director	2009	2028



Six Executive members, comprising also the Executive Board (*Directiecomité/Comité de Direction*):

Name	Capacity/Function	Start first mandate	End mandate
Michael Anseeuw	Member of the Board of Directors and Chairman of the Executive Board	2018	2026
Didier Beauvois	Member of the Executive Board	2014	2027
Daniel de Clerck	Member of the Executive Board	2019	2027
Piet Van Aken	Member of the Executive Board	2016	2028
Stéphane Vermeire	Member of the Executive Board	2018	2026
Sandra Wilikens	Member of the Executive Board	2022	2026

### Executive Committee

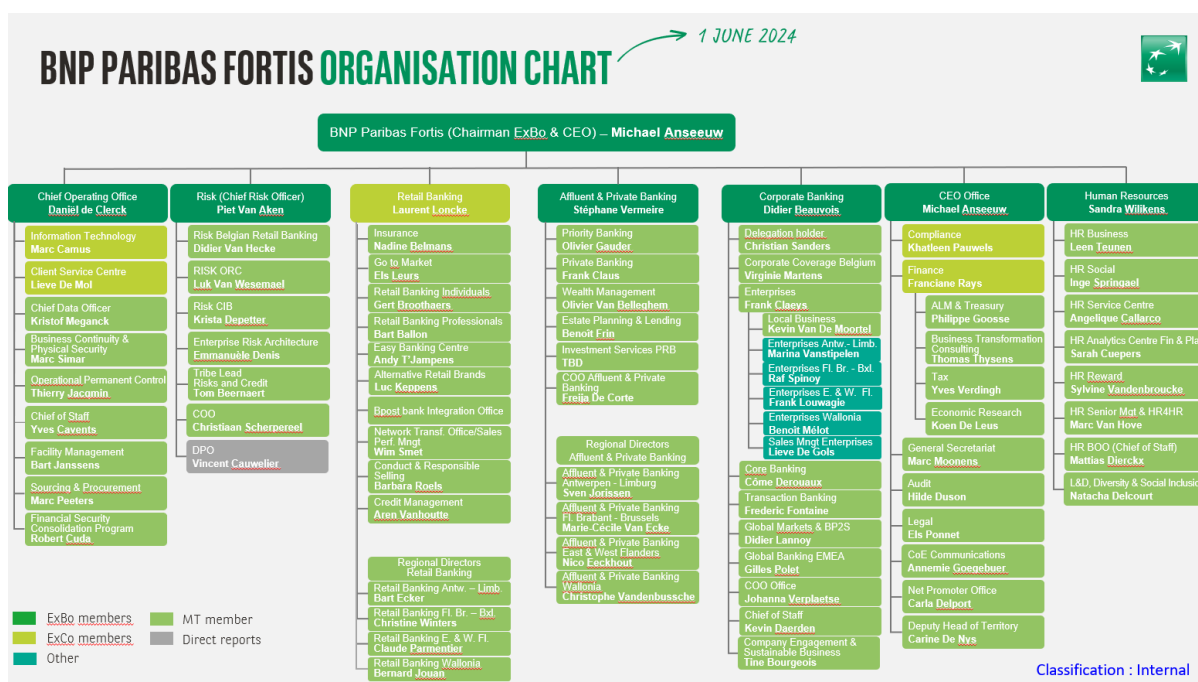
The Executive Committee ("**ExCo**") consists of 11 members, the six members of the Executive Board ("**ExBo**") in their respective responsibilities, together with five heads of businesses or support services (reporting line between brackets). The ExCo has been set-up to assist the ExBo with the fulfilment of its role and responsibilities and to advise the ExBo as and when needed.

For the purpose of this Base Prospectus, the business address for each of the members of the ExCo is Montagne du Parc 3, B-1000 Brussels, Belgium.

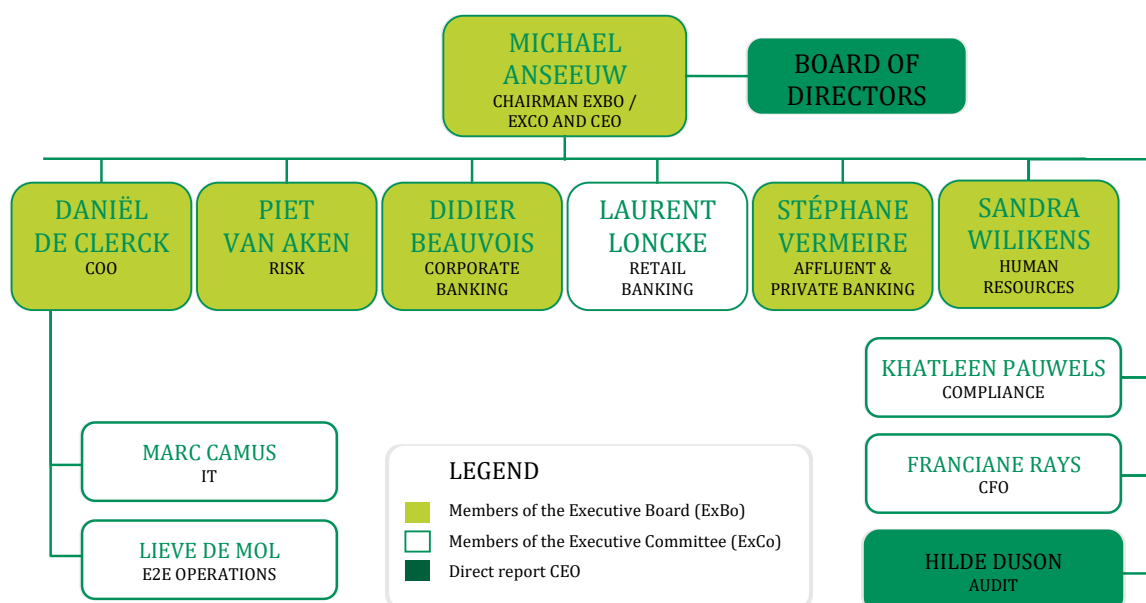
Name	Capacity/Function
Michael Anseeuw	Chairman of the Executive Committee (specific responsibilities include global responsibility for all banking activities, in particular, banking activities in Belgium, Retail Banking, Finance, Tax, Compliance, Legal, Communications, Secretary General and Audit)
Didier Beauvois	Head of Corporate Banking
Daniel de Clerck	Chief Operating Officer (specific responsibilities include, HR, IT & Operations)
Piet Van Aken	Chief Risk Officer
Stéphane Vermeire	Head of Affluent and Private Banking
Sandra Wilikens	Chief Human Resources Officer
Franciane Rays	Chief Financial Officer
Marc Camus	Chief Information Officer
Kathleen Pauwels	Chief Compliance Officer (subject to regulatory approval)
Laurent Loncke	Head of Retail Banking
Lieve De Mol	Head of Client Service Centre

# BNP PARIBAS FORTIS ORGANISATION CHART

As of the date of this Base Prospectus the BNPPF organisation chart is as follows:



As of the date of this Base Prospectus, the executive board and executive committee is as follows:



Names of all companies and partnerships (excl. non profit, patrimonial companies and management companies) in which members of the Board of Directors have been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years, indicating whether or not the individual is still a member of the administrative, management or supervisory bodies or partner

<b>Name</b>	<b>Company/Partnership and Capacity/Function</b>	<b>When</b>
Maxime Jadot	BNP Paribas Fortis SA/NV, Chairman of the Board of Directors	Since 2023
	BGL BNP Paribas SA, Director	Since 2012
	Baltisse SA/NV, Director	Since 2017
	Sibelco SCR SA/NV, Director	Since 2024
Michael Anseeuw	BNP Paribas Fortis SA/NV, Director	Since 2018
	BNP Paribas Fortis SA/NV, Chairman of the Executive Board	Since 2023
	AG Insurance SA/NV, Director	Since 2017
Didier Beauvois	BGL BNP Paribas SA, Director	Since 2015
	BNP Paribas Fortis SA/NV, Director	Since 2014
	BNP Paribas Fortis Private Equity Belgium NV, Director	Since 2017
	Axepta BNP Paribas Benelux, Director	Since 2024
Philippe Bordenave	BNP Paribas Fortis SA/NV, Director	Since 2023
Daniel de Clerck	BNP Paribas Fortis SA/NV, Director	Since 2019
	Batopin SA/NV, Director	Since 2020
Laurence de l'Escaille	BNP Paribas Fortis SA/NV, Director	Since 2024
	Elia Group, Director	Since 2022
	Elia Transmission Belgium, Director	Since 2022
Wouter De Ploey	BNP Paribas Fortis SA/NV, Director	Since 2022
	Unibreda SA/NV, Director	Since 2017
	Vanbreda Risk & Benefits, Director	Since 2017
Nathalie Hartmann	BNP Paribas Fortis SA/NV, Director	Since 2023
	BNP Paribas Asset Management, Director	Since 2023
Anne Leclercq	BNP Paribas Fortis SA/NV, Director	Since 2022
	Warehouses De Pauw SA/NV, Director	Since 2015
	Fluxys Belgium, Director	Since 2018
Sofia Merlo	BNP Paribas Fortis SA/NV, Director	Since 2016
Piet Van Aken	BNP Paribas Fortis SA/NV, Director	Since 2016
	Arval Service Lease SA, Director	Since 2017
	BNP Paribas Fortis Private Equity Belgium SA/NV, Director	Since 2017
Titia Van Waeyenberge	BNP Paribas Fortis SA/NV	Since 2019

	De Eik SA/NV, Director and Chairwoman of the Board of Directors	Director since 2017, Chairwoman since 2018
	Paratodos NV, Managing Director	Since 2009
	Industria San Cosme SA, Director	Since 2022
	Pikyry SA, Director	Since 2022
	Ganadaera El Roble SA, Director	Since 2022
	Estancia Montania SA, Director	Since 2022
	Tattersal Leasing SA, Director	Since 2015
	Indufin Investment Fund NV, Director	Since 2019
	Zinner NV, Director	Since 2024
Thierry Varène	BNP Paribas Fortis SA/NV, Director	Since 2009
Stéphane Vermeire	BNP Paribas Fortis SA/NV, Director	Since 2018
	BNP Paribas Asset Management Holding SA, Director (as permanent representative of BNP Paribas Fortis)	Since 2017
	Abbove SRL, Director	Since 2018
	BNP Paribas Fortis Private Equity Belgium SA/NV, Director	Since 2023
Sandra Wilikens	BNP Paribas Fortis SA/NV, Director	Since 2022
	Vanbreda Risk and Benefits SA/NV, Director	Since 2019

### **Administrative, management, and supervisory bodies conflicts of interests**

To the best of BNPPF's knowledge, no conflicts of interest exist between any duties to BNPPF of the persons set out above and their private interests and/or other duties. However, functional conflicts of interest may exist due to roles held (which may also relate to roles previously held) by these persons in entities of the BNPP Group. Should such conflicts of interest occur, they are managed in accordance with the existing internal policies.

Reference is also made to article 72 of the Belgian Banking Law that has introduced a strict framework regarding contracts, credits, guarantees and loans to be granted to certain identified persons. BNPPF does strictly comply with this legislation.

### **Audit Committee**

In accordance with the Belgian Banking Law, BNPPF is required to set up a separate audit committee to assist the Board of Directors with audit related matters.

Role and responsibilities:

The competencies of the Audit Committee are set forth in the Belgian Banking Law and the Belgian Code on Companies and Associations and are as follows: provision of information, finance monitoring, internal control and risk management, internal audit and external audit. The Audit Committee shall, upon request of the Board of Directors, assist (and make recommendations to) the Board of Directors in all audit and accounting related matters.

Members:

Name	Capacity/Function
Wouter De Ploey	Chairman of the Audit Committee; independent, non-executive director
Nathalie Hartmann	Member of the Audit Committee; non-executive director
Anne Leclercq	Member of the Audit Committee; independent, non-executive director
Laurence de l'Escaille	Member of the Audit Committee; independent, non-executive director

### **Risk committee**

In accordance with the Belgian Banking Law, BNPPF is required to set up a separate risk committee to assist the board of directors with risk (related) matters.

Role and responsibilities:

The Risk Committee shall, upon request of the Board of Directors, assist (and make recommendations to) the Board of Directors in all risk (related) matters. In particular, the Risk Committee reports to the Board of Directors on all major litigations and regulatory developments of which it has been informed.

Several special competences of the Risk Committee are set forth in the Belgian Banking Law and are listed herewith: (i) strategy and risk appetite, (ii) price setting and (iii) remuneration policy.

Members:

Name	Capacity/Function
Anne Leclercq	Chairwoman of the Risk Committee; independent, non-executive director
Philippe Bordenave	Member of the Risk Committee; non-executive director
Titia Van Waeyenberge	Member of the Risk Committee; independent, non-executive director

### **Governance and nomination committee (GNC)**

In accordance with the Belgian Banking Law, BNPPF is required to set up a separate governance and nomination committee to assist the board of directors with nomination (related) matters.

Role and responsibilities:

The competences of the Governance and Nomination Committee are set forth in the Banking Law and the regulations of the Belgian National Bank and include being capable of rendering a sound and independent judgment on the composition and functioning of the Board of Directors and other management bodies of BNPPF and specifically on the individual and collective expertise of their members, their integrity, reputation, independence of mind and availability.

Members:

Name	Capacity/Function
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Titia Van Waeyenberge	Chairwoman of the Governance and Nomination Committee; independent, non-executive director
Maxime Jadot	Member of the Governance and Nomination Committee; chairman of the Board of Directors
Laurence de l'Escaille	Member of the Governance and Nomination Committee; independent, non-executive director

### **Remuneration committee (RemCo)**

In accordance with the Belgian Banking Law, BNPPF is required to set up a separate remuneration committee to assist the board of directors with remuneration (related) matters.

Role and responsibilities:

The competences of the remuneration committee are set forth in the Belgian Banking Law and include being capable to provide a sound and independent judgement on the remuneration policies and reward practices and related incentives taking into account risk control, net equity needs and liquidity position.

Members:

<b>Name</b>	<b>Capacity/Function</b>
Titia Van Waeyenberge	Chairwoman of the Remuneration Committee; independent, non-executive director
Laurence de l'Escaille	Member of the Remuneration Committee; independent, non-executive director
Sofia Merlo	Member of the Remuneration Committee; non-executive director

*Family relationship between any of the members of the administrative, management or supervisory bodies*

There are no family relationships between any of the members of the administrative, management or supervisory bodies.

*Management expertise*

For more information on the management expertise of the above members of the supervisory bodies, see the corporate website of BNPPF (<https://www.bnpparibasfortis.com/your-bank/directors>). The information on the this website does not form part of and is not incorporated by reference into, this Base Prospectus and has not been scrutinised or approved by the FSMA.

*Convictions in relation to fraudulent offences for at least the previous five years of any member of the administrative, management or supervisory bodies*

To the best of BNPPF's knowledge, no member of the administrative, management or supervisory bodies has been convicted in relation to fraudulent offences for the last five years.

*Bankruptcies, receiverships, liquidations or companies put into administration in respect of any member of the administrative, management or supervisory bodies who acted in one or more of those capacities for at least the previous five years*

To the best of the BNPPF's knowledge, no member of the administrative, management or supervisory bodies has fallen in the scope of this section for the last five years.

*Official public incrimination and/or sanctions involving any member of the administrative, management or supervisory bodies by statutory or regulatory authorities (including designated professional bodies) and whether they have ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years*

To the best of the BNPPF's knowledge, no member of the administrative, management or supervisory bodies has been subject to an official incrimination nor has been sanctioned by statutory or regulatory authorities, nor have been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

*Arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any member of the Board of Directors was selected as a member of the administrative, management or supervisory bodies or member of senior management*

To the best of BNPPF's knowledge, there are no such known arrangements with major shareholders, customers, suppliers or others, pursuant to which any member of the Board of Directors was selected as a member of the administrative, management or supervisory bodies or member of senior management.

*Restrictions agreed by any member of the Board of Directors or Executive Board on the disposal within a certain period of time of their holdings in BNPPF's securities*

To the best of BNPPF's knowledge, there are no such restrictions.

### **Statement of the Board of Directors on the Corporate Governance Charter**

BNP Paribas Fortis SA/NV is a limited liability company, incorporated under Belgian law. It qualifies as credit institution and as an organisation of public interest, according to the BCCA.

Although BNPPF is not a listed company as defined by the applicable legislation, it issues debt securities that are listed on a regulated market in the meaning of article 2, 3° of the law of 2 August 2002 (as amended) regarding the supervision of the financial sector and financial services. In addition, but without the involvement of BNPPF itself, its shares are traded from time to time on a multilateral trading facility in the meaning of article 2, 4° of the same law of 2 August 2002.

Taking into account the above, BNPPF has drafted and approved its Corporate Governance Charter that covers certain requirements set forth by article 75, §1, second alinea of the law of 25 April 2014 on the statute and supervision on credit institutions and stockbroking firms (the "**Banking Law**").

This Corporate Governance Charter has been created in accordance with the abovementioned references, as well as with the European Banking Authority ("**EBA**") Guidelines EBA/GL/2021/05 on internal governance and the related National Bank of Belgium ("**NBB**") circular NBB\_2021\_28.

In accordance with article 3:8 of the BCCA and article 1 of the Royal Decree of 12 May 2019 designating the corporate governance Code to be applied by listed companies, BNPPF decided to apply to the extent possible the "Belgian Corporate Governance Code 2020" (the "**2020 CG Code**").

The 2020 CG Code is available at <http://www.corporategovernancecommittee.be>. The information on this website does not form part and is not incorporated by reference into, this Base Prospectus and has not been scrutinised or approved by the FSMA.

More specifically, this Corporate Governance Charter contains information on (i) the shareholders' structure, (ii) the group to which BNPPF belongs, (iii) the corporate bodies of BNPPF, and (iv) the internal control organisation, (v) the principles governing its integrity code and the management of conflicts of interest; and (vi) the main business continuity principles. A view is furthermore given on the Secretary General's Office and on the Auditors.

For all other matters as referred to in article 75, §1, second alinea of the Banking Law, reference is made to the annual report and Corporate Social Responsibility report of BNPPF.

BNPPF's Corporate Governance Charter is available at [www.bnpparibasfortis.com](http://www.bnpparibasfortis.com). The information on this website does not form part of and is not incorporated by reference into, this Base Prospectus and has not been scrutinised or approved by the FSMA, except for information that is incorporated by reference in accordance with Section 5 of this Base Prospectus.

### **Potential material impacts of corporate governance**

BNPPF does not foresee any potential material changes for corporate governance, including future changes in the board and committees composition.

## **7. Trend information**

### **Macroeconomic environment**

Macroeconomic and market conditions affect BNPPF's results. The nature of BNPPF's business makes it particularly sensitive to macroeconomic and market conditions in Europe.

Global activity decelerated in 2023, in the context of interest rates and inflation that remain high. According to the latest IMF projections of January 2024, global GDP grew by only 3.1 per cent. (compared with 3.5 per cent. in the previous year), mainly reflecting weakening of European economies. In the Eurozone, activity growth indeed decelerated with growth of 0.5 per cent. (compared with +3.4 per cent. in the previous year), reflecting much less dynamic domestic demand, both in terms of consumption and investment.

While inflation has receded at a quite rapid pace in the course of 2023, it has remained significantly above central bank targets in many countries. This high inflation environment has pushed central banks to implement the most pronounced monetary tightening in recent decades.

The main central banks have most likely completed their interest rate hiking cycle in the second half of 2023. Both short-term and long-term interest rates have reached levels not seen since the year 2000 and are expected to remain relatively high for some time. These rate conditions should thus continue to weigh on activity in 2024. In this context, the following risk categories can be identified:



### *Risks related to high inflation, supply chain disruptions and tensions on commodity markets*

Inflation has receded at quite a rapid pace since late 2022 and is generally expected to continue to moderate in 2024, reflecting both reduced tensions in some specific sectors (such as energy and food) and a modest pace of activity growth. However, the risk that inflation remains durably above central bank targets remains. In the short term, key factors developments seem worth monitoring from this point of view, such as the possible impacts of geopolitical tensions, the risk of shocks on commodity prices, and labour market developments. In a medium-term perspective, the energy transition also carries inflationary risks.

The risks of supply chain disruptions and shortages of inputs are likely to remain key themes in the years ahead. First, geopolitical tensions generate risks from this point of view (e.g. enforcement of sanctions). Second, the transition towards a low-carbon economy increases the competition for commodities that may not be easily available in sufficient quantities. These difficulties could lead to price volatility. They could also directly affect activity (such as, lack of inputs or unprofitable production) and lead to difficulties in the most exposed sectors (including, losses and defaults).

### *Risks linked to the impact of higher interest rates, in particular for the real estate sector and indebted economic agents*

The high levels of interest rates generate risks for the economy and the financial system and are susceptible to trigger unfavourable market reactions (such as, equity market, foreign exchange and capital flows).

Interest-rate sensitive sectors are more exposed than others. In particular, the downward trend in the real estate sector (residential and commercial) has materialised in many countries and has not come to an end yet in most cases (with additional price corrections expected in the coming quarters).

More generally, in the private sector, some economic agents with high levels of debt may find it more difficult to pay off their debt, especially when variable interest rates are applied. The modest growth environment adds to such risks, notably through weaker expected labour market developments.

The combination of low growth and higher interest rates also increases pressures on public finances, especially given the increase in public debt observed in many countries in recent years, due to the health crisis and the high inflation environment. In this context, fiscal policy is expected to contribute less to growth in the near future than in previous years. The related tensions (higher sovereign spreads) are a risk in the presence of less favourable deficit trajectories than previously anticipated.

The vulnerability of some economies of emerging countries to these risks could lead to a deterioration in the rating of these countries by agencies, which can be followed by an increase in risk premiums and debt servicing BNPPF's exposure in emerging market countries is limited.

### *Geopolitical and geoeconomic fragmentation risks*

Geopolitical and geoeconomic fragmentation Geopolitical risks have increased significantly in recent years. Beyond the invasion of Ukraine and its economic consequences (e.g. gas prices, food prices), the situation in the Middle East seems susceptible to generate significant risks for the global economy, depending on developments. These conflicts, combined with other geopolitical tensions between the US and China, are contributing to some fragmentation of the global economy.

Türkiye holds a key position in this context, due to its geographical location and complex and variable relationships with various major actors. The worsening of the situation in the Middle East adds another dimension. These geopolitical risks combine with economic risks related to high inflation and the associated depreciation of its currency over the recent period. BNPPF's presence in Türkiye is primarily through its TEB subsidiary.

Geopolitical tensions can weigh on the global economy through various channels, including shocks on commodity prices, financial markets, business confidence, supply chains and trade. Such developments are susceptible to lead to higher inflation developments and weaker activity developments simultaneously, complicating the task of central banks. The growing use of international sanctions also increases the possible magnitude of consequences of such events.

### **Laws and regulations applicable to financial institutions**

Recent and future changes in the laws and regulations applicable to financial institutions may have a significant impact on BNPPF. Measures recently adopted or still under consideration, that have or are likely to have an impact on BNPPF notably include:

- prudential regulations: with the finalisation of Basel 3 published by the Basel Committee in December 2017, supplemented by the fundamental review of the trading book ("**FRTB**") in January 2019 and of credit value adjustment ("**CVA**") risk in July 2020, which introduces a revision of the credit risk, operational risk, market risk and CVA risk measurement in the calculation of risk-weighted assets. The new Basel framework also provides for the gradual introduction of an overall floor which will be based on standardised approaches. These measures are due to come into force once they are transposed into European law. To this end, on 27 October 2021, the European Commission published a draft transposition of the Basel Accord in the form of amendments to the Capital Requirements Regulation and the Capital Requirements Directive. The European Union Council and the European Parliament have settled their positions. Negotiations between the three institutions have been completed and adoption of the finalised text is expected to take place in the first half of 2024. This text also provides for the issuance by the EBA of a number of regulatory or implementing technical standards as well as guidelines;
- the Directive of 16 April 2014 related to deposit guarantee systems and its delegated and implementing acts, the Directive of 15 May 2014 ("**BRRD**") and its revision on 20 May 2019 ("**BRRD2**"), as well as the Regulation of 15 July 2014 ("**SRM**") and its revision of 20 May 2019 ("**SRM2**") establishing a bank recovery and resolution framework, including the determination of MREL requirements, the Single Resolution Mechanism establishing the Single Resolution Council and the Single Resolution Fund;
- the Final Rule by the U.S. Federal Reserve imposing tighter prudential rules on the U.S. transactions of large foreign banks, notably the obligation to create a separate intermediary holding company in the U.S. (capitalised and subject to regulation) to hold their U.S. subsidiaries;
- the regulation of over-the-counter derivative activities pursuant to Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the European Market Infrastructure Regulation ("**EMIR**") in Europe, notably margin requirements for uncleared derivative products, transparency and reporting requirements for derivatives transactions in securities, as well as the obligation to set off certain derivatives traded over the counter by clearing houses;

- the new Markets in Financial Instruments Directive ("**MiFID 2**") and the Markets in Financial Instruments Regulation ("**MiFIR**"); and
- the General Data Protection Regulation ("**GDPR**"), which came into force on 25 May 2018. This regulation aims to move the European data confidentiality environment forward and improve personal data protection within the European Union. Businesses run the risk of severe penalties if they do not comply with the standards set by the GDPR. This regulation applies to all banks and companies providing services to European citizens;

Moreover, in this strengthened regulatory context, the risk of non-compliance with existing laws and regulations, in particular those relating to the protection of the interests of customers and personal data, is a significant risk for the banking industry, potentially resulting in significant losses and fines. In addition to its compliance system, which specifically covers this type of risk, the BNP Paribas Group places the interest of its customers, and more broadly that of its stakeholders, at the heart of its mechanism. Thus, the code of conduct adopted by the BNP Paribas Group in 2016, updated in 2021, sets out detailed values and rules of conduct in this area.

### **Environmental risks**

BNPPF is exposed to risks related to climate change, based on a double materiality approach, either directly through its own operations or for certain of its assets or indirectly through its financing and investment activities. The main risks related to climate change are as follows:

- transition risks resulting from a change in the behaviour of economic and financial agents in response to the implementation of energy policies, change in regulation, technological innovations or changes in consumer preferences; and
- physical risks resulting from the direct impact of climate change on people and assets due to extreme weather events or long-term shifts in climate patterns, such as rising sea levels or rising temperatures.

In addition, consequences in terms of reputation and liability may arise from these risk factors as a consequence of potential negative impacts that BNPPF may have either directly or indirectly on the climate or if its public commitments or disclosures are not perceived as accurate by some of its stakeholders. They may end up with potential disputes, claims for compensation, legal proceedings brought against a company, a state or a financial institution that could be held liable by any stakeholder or citizen who has suffered from climate change. In line with international work and in particular that of the Network of Supervisors and Central Banks for Greening the Financial System, BNPPF considers the risks associated with the emergence of legal proceedings related to climate change for companies and investors, including liability risks, as a subset of physical and transition risks.

The BNP Paribas Group monitors the potential impact of these risk factors in the conduct of its business, in that of its counterparties or in its investments on its own behalf or on behalf of third parties. The BNP Paribas Group thus integrates these risk factors into its risk management process and gradually strengthens its assessment, as the methodologies for measuring and analysing these factors and their impact on traditional risks, in particular, those relating to credit quality, are developed.

## **Cyber security and technology risk**

BNPPF's ability to do business is intrinsically tied to the fluidity of electronic transactions as well as the protection and security of information and technology assets.

The technological change is accelerating with the digital transformation and the resulting increase in the number of communications circuits, proliferation in data sources, growing process automation, and greater use of electronic banking transactions.

The progress and acceleration of the technological changes needed to respond to customer requirements are giving cybercriminals new options for altering, stealing and disclosing data. Attacks are more frequent, with a bigger reach and sophistication across all sectors, including financial services. Besides, in the current context of geopolitical tensions and development of hybrid war, cyber threat is heightened.

The outsourcing of a number of processes is also likely to expose the BNP Paribas Group to structural cybersecurity and technology risks which can lead to the appearance of potential attack vectors that cybercriminals can exploit.

Accordingly, BNPPF has reinforced its lines of defence dedicated to managing technological and cyber security risks and operational standards are regularly adapted to support BNPPF's digital evolution and innovation while managing existing and emerging threats (such as cyber-crime, espionage).

## **Emerging Risks**

An emerging risk is defined as a new or evolving risk which potential impact could be material in the future but is currently not fully known or is difficult to quantify.

The BNP Paribas Group identified emerging risks related to technological innovations, the evolving regulatory environment, as well as certain health, demographic and societal risks.

## **Evolutions in insurance and reinsurance markets**

Insurance and re-insurance play a critical role in the financial management of disaster risks, organising mutualisation, absorbing the costs of damage and losses and supporting post-disaster economic recovery by providing a source of funds for recovery and reconstruction.

With the intensification of extreme weather events associated with climate change and the progression of the claims' frequency and severity, one can already observe structural changes there is a risk, over the coming years that:

- substantial increase of insurance deductibles and premiums;
- multiplication of exceptions in insurance contracts;
- certain risks becoming non-insurable;
- difficulties of reinsurance facing catastrophic risks progression.

In this context, financial institutions, including BNPPF, have to develop a particular vigilance with regard to the effectiveness of insurance protections from which they, directly or indirectly, benefit.

## **Technological innovations**

Technological developments related to the growing use of data in all production, marketing, and distribution processes, and to data sharing among economic players (producers, suppliers, and customers) will impact the economic models of clients and counterparties in a lasting way. These impacts, which are sometimes hard to assess in a context where new standards, economic balances, and regulatory entities are in the process of evolving and adapting, are being analysed internally by industry experts focused on the economic sectors most exposed to this evolution.

In addition, the use of algorithms and artificial intelligence techniques, which are becoming increasingly sophisticated, combined with the spectacular development of computing power (with the emblematic emergence of quantum computing), considerably modifies decision making and exposes people to risks of a new nature with, notably, a modified relationship with information and truth (appearance of “post-truth” concept) and even reality and standardised behaviour that can quickly affect certain markets. The emergence of decentralised finance and digital assets based on distributed ledger technologies (blockchain) and the development of digital currencies of central banks are changes that may ultimately have a structural impact on the banking sector.

Furthermore, in this regard, BNPPF’s competitive environment is undergoing profound change, with the presence of fintech, emerging new players in the activities of the financial sector as Google, Apple, Facebook, Amazon, Microsoft (and other actors that concentrate a very substantial part of numerical power) and technological innovations which disrupt the traditional value chains of BNPPF's businesses, and place the quality of the customer experience, and the use of new technologies to reduce the cost of low added-value operations, as their competitive factors.

Maintenance of the BNP Paribas Group's information systems must be done in this context of evolving value chains and increasing protection needs (of systems, data, etc.). The BNP Paribas Group is deploying a proactive strategy in this area to adapt its activities to these major technological developments and promote some industrial cooperation with fintech players. This strategy and the initiatives developed could nevertheless prove to be insufficient and introduce a risk of a competitive nature..

## **Evolving regulatory environments**

In addition to the regulatory measures recently adopted or pending adoption, and already cited as top risks, the trend towards growing complexity and regional differences in the regulatory environment for banks and related supervision is creating relative uncertainty over future developments, compliance costs, and proper performance risk concerning the various measures. BNP Paribas Group has established an active monitoring system for its regulatory environment, enabling it to minimise these risks.

Possible future divergence by type of regulated entity, for example, depending on their degree of innovation, may also introduce risk of a competitive nature.

## **Health risks**

The threat presented by bacteria, viruses, parasites or fungi that cause an uncontrolled spread of infectious diseases leading to widespread fatalities and economic disruption is a growing concern. It is aggravated by the resistance developed by bacteria to antibiotics, by viruses to antivirals or by fungi to antifungals, a situation that heightens the probability of large-scale health problems.

Furthermore, health risks are clouded by the possible effects of climate change and man-made damage to nature that are heightening the risk of emergence and re-emergence of diseases or pathogenic agents, known or new, leading to wide-spread infections or pandemics, thus pushing healthcare systems to the brink of failure.

The impact of the COVID health crisis on the economy and the risk of extreme shocks have decreased since 2020. However, the emergence of a variant or other virus, resulting in restrictions, remains possible. If countries with low vaccination rates or strict restrictions are particularly exposed to the economic consequences of such developments, other countries could be affected by negative spillovers, due, in particular, to supply chain disruptions

In this context, a new widespread infection or pandemic, with a bacterial, viral or fungal origin, potentially resistant to antibiotics, antiviral drugs or other treatments, and therefore difficult to eradicate, is an increasing concern, and that becomes increasingly preoccupying.

Despite the experience gained with the health crisis linked to COVID-19, such an infection could lead to new failures in infrastructure and production chains, with significant consequences for all stakeholders.

### **Demographic risk**

Demographic transition (i.e., a decrease in fertility rate and/or increase in life expectancy) is a major underlying development in many countries. In the years and decades to come, it will have a significant impact on economic growth, but also on health and retirement budgets, and on savings and consumption behaviour.

### **Societal issues**

In addition to responses designed to meet its customers' changing needs, the Group is, on a more general basis, adapting its responses to the expectations of the society in which it operates in terms of how it conducts its business, respect for human rights and environmental protection. Thus, in a context where societal fragmentation and polarisation risks grow, banks must deal with the increasing sensitivity of their customers and partners to environmental, social and governance issues.

The BNP Paribas Group's "Code of Conduct" which is also applicable to BNPPF defines standards of conduct in line with the values and missions determined by the BNP Paribas Group.

### **Areas of Special Interest in 2023**

#### *Türkiye*

The cumulative inflation over four years of the Turkish economy reached over 200%. The Turkish lira suffered from these conditions. Türkiye is also directly and indirectly affected by the consequences of the invasion in Ukraine. While these developments did not prevent the expansion of the Turkish economy in 2023, they could, at one point, affect investor confidence, financial volatility and ultimately economic growth and the country's rating.

BNPPF's presence in Türkiye is primarily through its TEB subsidiary. At 31 December 2023, BNP Paribas Fortis generated 4.9 per cent. of its pre-tax operating income in this country. The TEB entity

had a solvency ratio (Capital Adequacy Ratio ("CAR")) of 16.85 per cent. at 31 December 2023, in excess of the regulatory requirements.

In 2023, the TEB Group's balance sheet liquidity remained solid, with a Liquidity Coverage Ratio ("LCR") of 239 per cent. at 31 December 2023, versus 209 per cent. at 31 December 2022. With loans outstanding of TRY 213.2 billion and deposits of TRY 284.5 billion, the TEB Group's financing structure is largely self-financed.

With respect to exposure to counterparties whose main business is in Türkiye, commercial commitments as at 31 December 2023 represented 4 per cent. of BNP Paribas Group's total gross commitments, on- and off-balance sheet. Exposure to Turkish sovereign risk is contained at 7 per cent. of the banking book's sovereign exposure and is essentially borne by the TEB Group.

### *Others*

While the invasion in Ukraine is one of the main geopolitical risks, tensions are also palpable in Asia, in the Korean peninsula and the China Sea and remain high in some other areas, such as in the Middle East, with the potential involvement of Western powers to varying degrees.

Although the possible consequences of such risks are difficult to assess, the regional economies in question, and the global economy, could be affected through different channels (such as confidence, financial markets, trade, supply chains and commodity prices).

## **8. Remuneration and benefits**

For a detailed overview of the remuneration and benefits of the members of the administrative, management or supervisory bodies, see pages 149 to 153 of the BNPPF 2023 Annual Report, which is incorporated by reference in this Base Prospectus.

## **9. Employees**

BNP Paribas Fortis is part of BNP Paribas, a leading bank in Europe with an international reach. BNP Paribas operates in 63 countries and has almost 183,000 employees, including over 145,000 in Europe. Around 10,350 employees work for BNPPF.

See Notes 1.j (Employee Benefits) on pages 74 and 75 of the BNPPF 2023 Annual Report, which is incorporated by reference in this Base Prospectus

## **10. Major shareholders**

### **Notifiable interests**

BNPPF is 99.94 per cent. owned by BNPP and for 0.06 per cent. by minority shareholders.

As at the date of this Base Prospectus, BNPPF has not received any notifications pursuant to article 7:225, last paragraph of the BCCA and article 14, paragraph 4 of the law of 2 May 2007 on the disclosure of major shareholders or pursuant to article 5 of the Royal Decree of 24 August 2008 on the rules for certain multilateral trading facilities.

### **Existence of different voting rights**

The major shareholders do not have different voting rights.

## Control of BNPPF

As also provided above under "Declaration regarding corporate governance" and "Notifiable interests", BNPPF is controlled by BNPP which holds 99.94 per cent. of the shares of BNPPF and the remaining 0.06 per cent. of the shares is held by minority shareholders. In order to ensure such control is not abused, BNPPF communicates on an ongoing basis with its various stakeholders through its website and other media and actively answers to the questions raised by its minority shareholders in the framework of the general shareholders' meetings. Further, the Board of Directors of BNPPF is also determined to protect the interests of all its shareholders at all times and to provide them with the necessary information and facilities to exercise their rights, in compliance with the BCCA.

In this respect, see Section 1 ("Compliance with the Code") of the Chapter entitled "Corporate Governance Statement" on page 32 of the BNPPF 2023 Annual Report, which is incorporated by reference in this Base Prospectus.

### **Any arrangements, known to BNPPF, the operation of which may at a subsequent date result in a change of control of BNPPF**

N/A

## 11. Related party transactions

Please see the Board of Directors' procedure described on page 195 of the BNPPF 2023 Annual Report.

For an overview of the transactions between BNPPF and its related parties, see Section 8.h (Other related parties) of the BNPPF 2023 Annual Report, which is incorporated by reference in this Base Prospectus. BNPPF further confirms that there are no transactions with related parties with are not at arm's length.

## 12. Selected key historical financial information in relation to BNPPF

<b>Comparative Annual Financial Data – In millions of EUR</b>		
	<b>31/12/2023</b> <b>(audited)</b>	<b>31/12/2022 (restated</b> <b>according to IFRS 17 and</b> <b>IFRS 9)</b> <b>(audited)</b>
Revenues	10,551	9,640
Cost of risk	(280)	(328)
Net income	3,542	3,598
Net income attributable to shareholders	3,095	3,136
Total consolidated balance sheet	373,880	350,265



Shareholders' equity (without minority interests)	25,413	25,296
Consolidated loans and receivables due from customers	219,303	216,785
Consolidated items due to customers	203,931	212,692
Tier 1 Capital	21,715	21,820
Tier 1 Ratio	16.8%	17,8%
Total Capital	22,701	22,816
Total Capital Ratio	17.6%	18,6%

### **Change of accounting reference date**

The accounting reference date has not been changed during the last three financial years.

### **Accounting standards**

The consolidated financial statements of BNPPF for the years 2023 and 2022 have been prepared according to International Financial Reporting Standards as endorsed in the European Union based on Regulation (EC) No 1606/2002 ("**IFRS**").

### **Change of accounting framework**

Since 1 January 2023, the BNP Paribas Group's insurance entities applied IFRS 17 'Insurance Contracts' issued in May 2017 and amended in June 2020, adopted by the European Union in November 2021, with a transition date of 1 January 2022 for the opening balance sheet requirements of the comparative period required by the standard.

As the BNP Paribas Group deferred the application of IFRS 9 'Financial Instruments', for insurance entities until the entry into force of IFRS 17, it applies this standard from 1 January 2023.

The main effect of these changes in the balance sheet of 31 December 2022 is in Shareholder's Equity amounting to EUR (0.09) billion. The impact is mainly related to a non-controlled entity consolidated via equity method.

In this respect, see Note 2 (IRFS 17 and IFRS 9 first time application impacts on the balance sheet at 31 December 2023) on pages 79 to 80 of the BNPPF 2022 Annual Report, which is incorporated by reference in this Base Prospectus.

### **National accounting standards**

As confirmed above, the consolidated financial statements of BNPPF have not been prepared according to national accounting standards, but according to IFRS.

## **Consolidated financial statements**

BNPPF prepares both stand-alone and consolidated financial statements. Only the consolidated financial statements are incorporated by reference in this Base Prospectus.

## **Age of financial information**

The balance sheet of the 2023 audited consolidated financial statements is dated as at 31 December 2023.

## **Interim and other financial information**

BNPPF has not published any interim financial information since the date of its last audited financial statements, being 31 December 2023.

## **Auditing of historical annual financial information**

The consolidated financial statements of BNPPF incorporated by reference in this Base Prospectus have been independently audited and the audit reports thereon have been prepared in accordance with the Directive 2014/56/EU of the European Parliament and Council Directive 2014/56/EU of the European Parliament and Council of 16 April 2014 amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts (OJ L 158, 27.5.2014, p. 196) and Regulation (EU) No 537/2014 of the European Parliament and of the Council Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (OJ L 158, 27.5.2014, p. 77).

No information (other than the consolidated financial statements of BNPPF incorporated by reference herein) in this Base Prospectus has been audited by the statutory auditor.

### *Extraction of financial information*

N/A

### *Pro forma financial information*

There has not been a significant gross change since the end of the last accounting year. As a result, no pro forma financial information needs to be disclosed.

## **13. Accredited statutory auditors of BNPPF**

As at 31 December 2023, Deloitte Bedrijfsrevisoren BV / Réviseurs d'Entreprises SRL, represented by Yves Dehogne, is the sole statutory auditor of BNP Paribas Fortis SA/NV. Yves Dehogne is a member of the *Instituut van Bedrijfsrevisoren (IBR)/Institut des Réviseurs d'Entreprises (IRE)*.

The financial statements for the year ending 31 December 2023 of BNPPF have been audited by Deloitte Bedrijfsrevisoren BV / Réviseurs d'Entreprises SRL, represented by Yves Dohogne, Partner, Luchthaven Brussel Nationaal 1 J Zaventem Belgium, in accordance with the laws of Belgium. An unqualified opinion on the consolidated financial statements was issued on 25 March 2024.

The financial statements for the year ending 31 December 2022 of BNPPF have been audited by PwC Réviseurs d'Entreprises SRL, represented by Jeroen Bockaert, Partner, Culliganlaan 5, 1831 Diegem,

in accordance with the laws of Belgium. An unqualified opinion on the consolidated financial statements was issued on 27 March 2023.

**14. Significant change in BNPPF's financial performance or position**

There has been no significant change in the financial performance or position of BNPPF and its subsidiaries since 31 December 2023.

**15. Material adverse change**

There has been no material adverse change in the prospects of BNPPF since 31 December 2023.

**16. Share capital**

Please see the statement of changes in shareholders' equity between 31 December 2021 and 31 December 2023 on page 48 of the BNPPF 2023 Annual Report, which is incorporated by reference in this Base Prospectus.

**17. Material contracts**

Neither BNPPF, nor any of its subsidiaries, have entered into any material contracts that create an obligation or commitment for BNPPF and/or its subsidiaries, other than contracts entered in the ordinary course of business, during the two years immediately preceding publication of this Base Prospectus.

**18. Profit forecasts or estimates**

This Base Prospectus does not include any profit forecasts or estimates with regard to BNPPF.

**19. Legal and arbitration proceedings**

Save as disclosed in the section "*Risk Factors relating to BNPPF*" set out above under "*Regulatory Risk*" and under Note 8.a (*Contingent liabilities: legal proceedings and arbitration*) on page 142 in the BNPPF 2023 Annual Report (which is incorporated by reference in this Base Prospectus), there have been no governmental, legal and arbitration proceedings during a period covering 12 months prior to this Base Prospectus which may have, or have had in the recent past, significant effects on BNPPF's and/or the BNP Paribas Group's financial position or profitability.

## SECTION 17 - TAXATION

### Belgium

*The following summary describes the principal Belgian tax considerations of acquiring, holding and selling the Mortgage Pandbrieven. This information is of a general nature and does not purport to be a comprehensive description of all Belgian tax considerations that may be relevant to a decision to acquire, to hold or to dispose of the Mortgage Pandbrieven. In some cases, different rules may apply. This summary does not describe the tax consequences for a holder of Mortgage Pandbrieven that are redeemable in exchange for, or convertible into assets, of the exercise, settlement or redemption of such Mortgage Pandbrieven or any tax consequences after the moment of exercise, settlement or redemption. Furthermore, this description is based on current legislation, published case law and other published guidelines and regulations as in force at the date of this document and remains subject to any future amendments, which may or may not have retroactive effect.*

*The prospective Mortgage Pandbrieven Holders are urged to consult their own professional advisers with respect to the tax consequences of an investment in the Mortgage Pandbrieven, taking into account their own particular circumstances and the possible impact of any regional, local or national laws.*

### General

For the purpose of the below summary, a Belgian resident is (i) an individual subject to Belgian personal income tax (i.e. an individual who has his domicile in Belgium or has his seat of wealth in Belgium, or a person assimilated to a Belgian resident for purposes of Belgian tax law), (ii) a legal entity subject to Belgian corporate income tax (i.e. a company that has its main establishment or its seat of effective management or control in Belgium and that is not excluded from corporate income tax), (iii) an Organisation for Financing Pensions subject to Belgian corporate income tax (i.e. a Belgian pension fund incorporated under the form of an Organisation for Financing Pensions) or (iv) a legal entity subject to Belgian income tax on legal entities (i.e. an entity other than a legal entity subject to corporate income tax, having its main establishment or its seat of effective management or control in Belgium). A Belgian non-resident is any person that is not a Belgian resident.

For Belgian income tax purposes, interest includes (i) periodic interest income, (ii) any amounts paid by the Issuer in excess of the issue price (upon full or partial redemption whether or not at maturity, or upon purchase by the Issuer), and (iii) if the Mortgage Pandbrieven qualify as "fixed income securities" (in the meaning of Article 2, §1, 8° of the Belgian Income Tax Code 1992) in case of a sale of the Mortgage Pandbrieven between two interest payment dates to any third party, excluding the Issuer, the pro rata of accrued interest corresponding to the detention period. "Fixed income securities" are defined as bonds, specific debt certificates issued by banks (*kasbon / bon de caisse*) and other similar securities, including securities where income is capitalised or securities which do not generate a periodic payment of income but are issued with a discount corresponding to the capitalised interest up to the maturity date of the security.

### Belgian withholding tax

#### General

The interest component of payments on the Mortgage Pandbrieven made by or on behalf of the Issuer is as a rule subject to Belgian withholding tax, currently at a rate of 30 per cent. on the gross amount of such interest. Both Belgian domestic tax law and applicable tax treaties may provide for a lower or zero rate subject to certain conditions.

## **Belgian interest withholding tax exemption for certain holders of Dematerialised Mortgage Pandbrieven (X/N withholding tax exemption)**

The holding of the Mortgage Pandbrieven in the X/N clearing system of the NBB (the **Securities Settlement System**) permits investors to collect interest on their Mortgage Pandbrieven free of Belgian withholding tax if and as long as at the moment of payment or attribution of interest the Mortgage Pandbrieven are held by certain types of investors (the **Eligible Investors**, see below) in an exempt securities account (**X-account**) that has been opened with a financial institution that is a direct or indirect participant (a **Participant**) in the Securities Settlement System of the *Nationale Bank van België/Banque Nationale de Belgique*. Euroclear and Clearstream, Germany, SIX SIS, Switzerland, Euronext Securities Milan, Italy, Euronext Securities Porto, Portugal and any other NBB investor (I)CSDs are directly or indirectly Participants for this purpose.

Holding the Mortgage Pandbrieven through the Securities Settlement System enables Eligible Investors to receive the interest income on their Mortgage Pandbrieven free of Belgian withholding tax and to transfer the Mortgage Pandbrieven on a gross basis.

Eligible Investors are those entities referred to in Article 4 of the Belgian Royal Decree of 26 May 1994 (as amended from time to time) on the deduction of withholding tax (*koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing/arrêté royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier*), which include *inter alia*:

- (i) Belgian resident companies referred to in Article 2, §1, 5°, b) Belgian Income Tax Code of 1992 (*wetboek van inkomstenbelastingen 1992 / code des impôts sur les revenus 1992*) (**BITC**);
- (ii) Without prejudice to Article 262,1° and 5° of the BITC, the institutions, associations or companies referred to in Article 2, §3 of the law of 9 July 1975 on the control of insurance companies other than those referred to in 1° and 3°;
- (iii) Semi-governmental institutions (*institutions parastatales / parastatale instellingen*) for social security or institutions assimilated therewith, as referred to in Article 105, 2° of the Royal Decree of 27 August 1993 implementing the BITC (**RD/BITC**);
- (iv) Non-resident investors referred to in Article 105, 5° RD/BITC;
- (v) Investment funds referred to in Article 115 of the RD/BITC;
- (vi) Investors referred to in Article 227, 2° BITC, that are subject to non-resident income tax (*belasting van niet-inwoners / impôt des non-résidents*) in accordance with Article 233 of the BITC and which have used the Mortgage Pandbrieven for the exercise of their professional activities in Belgium;
- (vii) The Belgian State, in respect of investments which are exempt from withholding tax in accordance with Article 265 BITC;
- (viii) Investment funds governed by foreign law (such as *fonds de placement / beleggingsfondsen*) that are an undivided estate managed by a management company for the account of the participants, provided the funds units are not publicly issued in Belgium or traded in Belgium; and
- (ix) Belgian resident companies, not referred to under (i), whose sole or principal activity consists of the granting of credits and loans.

Eligible Investors do not include, *inter alia*, Belgian resident individuals and Belgian non-profit organisations, other than those mentioned under (ii) and (iii) above.

Participants to the Securities Settlement System must keep the Mortgage Pandbrieven which they hold on behalf of non-Eligible Investors in a non-exempt securities account (**N-account**). In such instance all payments of interest are subject to withholding tax, currently at a rate of 30 per cent. This withholding tax is withheld by the NBB from the interest payment and paid to the tax authorities.

Transfers of Mortgage Pandbrieven between an X-account and an N-account give rise to certain adjustment payments on account of withholding tax:

- (i) A transfer from an N-account (to an X-account or N-account) gives rise to the payment by the transferring non-Eligible Investor to the NBB of withholding tax on the accrued interest calculated from the last interest payment date up to the transfer date.
- (ii) A transfer from an X-account (or N-account) to an N-account gives rise to the refund by the NBB to the transferee non-Eligible Investor of withholding tax on the accrued interest calculated from the last interest payment date up to the transfer date.
- (iii) Transfers of Mortgage Pandbrieven between two X-accounts do not give rise to any adjustment on account of withholding tax.

When opening an X-account for the holding of Mortgage Pandbrieven, an Eligible Investor will be required to certify its eligible status on a standard form approved by the Belgian Minister of Finance and send it to the participant to the Securities Settlement System where this account is kept (**Reporting Requirement**). This statement needs not be periodically reissued (although Eligible Investors must update their certification should their eligible status change). Participants to the Securities Settlement System are however required to annually report to the NBB as to the eligible status of each investor for whom they hold Mortgage Pandbrieven in an X-account during the preceding calendar year (**Identification requirement**).

An X-Account may be opened with a Participant by an intermediary in respect of the Mortgage Pandbrieven that such intermediary holds for the account of its clients, provided that such clients are Eligible Investors. In such case, the intermediary must certify to the Securities Settlement System Participant on a form approved by the Minister of Finance that (a) the intermediary itself is an Eligible Investor and (b) the relevant client holding its Mortgage Pandbrieven through the intermediary is also an Eligible Investor.

These Reporting and Identification Requirements do not apply to Dematerialised Mortgage Pandbrieven held by Eligible Investors with Euroclear, Clearstream, Germany, SIX SIS, Switzerland, Euronext Securities Milan, Italy, Euronext Securities Porto, Portugal and any other NBB investor (I)CSDs acting as Participants to the Securities Settlement System, provided that they only hold X-accounts and that they are able to identify the holders for whom they hold Mortgage Pandbrieven in such account. In order for these Reporting and Identification Requirements not to apply, the Eligible Investors will need to confirm their status as Eligible Investor (as defined in Article 4 of the *Koninklijk Besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing/Arrêté Royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier* (Royal Decree of 26 May 1994 on the deduction and indemnification of withholding tax)) in the account agreement to be concluded with Euroclear or Clearstream, Germany, SIX SIS, Switzerland, Euronext Securities Milan, Italy, Euronext Securities Porto, Portugal and any other NBB investor (I)CSDs. Moreover, the contracts concluded by Euroclear, Clearstream, Germany, SIX SIS, Switzerland, Euronext Securities Milan, Italy,

Euronext Securities Porto, Portugal or any other NBB investor (I)CSDs should contain the commitment that all of their clients-accountholders qualify as Eligible Investors.

### **Belgian interest withholding tax exemption for certain holders of Registered Mortgage Pandbrieven**

Payments of interest and principal by the Issuer under the Registered Mortgage Pandbrieven (except Zero Coupon Mortgage Pandbrieven and other Registered Mortgage Pandbrieven which provide for the capitalisation of interest) may be made without deduction of withholding tax provided that the following conditions are cumulatively met (Article 107, §2, 5°, b) and 8°, and Article 118, §1, 1°, 2° and 3° of the RD/BITC):

- (i) the Registered Mortgage Pandbrieven are registered in the name of the holder with the Issuer during the entire relevant Interest Period;
- (ii) the holder is the legal owner (*eigenaar/propriétaire*) or usufructuary (*vruchtgebruiker/usufruitier*) of Registered Mortgage Pandbrieven in respect of which it is entitled to payment of interest, uninterruptedly for the entire relevant Interest Period;
- (iii) the holder is either (A) not resident for tax purposes in Belgium and does not use the income producing assets to exercise a business or professional activity in Belgium; or (B) a financial institution or institution which is assimilated therewith, provided for in Article 105, 1° of the RD/BITC; or (C) a state regulated institution (*parastatale/institution parastatale*) for social security, or institution which is assimilated therewith, provided for in Article 105, 2° of the RD/BITC; and
- (iv) upon each interest payment, the holder must provide the Issuer with an affidavit in which it is certified that the conditions mentioned above are complied with.

If Belgian withholding tax was levied by the Issuer further to non-compliance of condition (ii) above, then the transferor and/or the transferee have the right, subject to certain time limitations and provided conditions (i) and (iii) are fulfilled, to file a claim with the Belgian tax authorities to request a refund of Belgian withholding tax on the pro rata amount of interest attributable to them (Article 119, §1 of the RD/BITC).

### **Belgian income tax and capital gains**

#### **Belgian resident individuals**

For individuals who are Belgian residents for tax purposes, *i.e.* who are subject to the Belgian personal income tax (*Personenbelasting/Impôt des personnes physiques*), payment of the 30 per cent. interest withholding tax fully discharges them from their personal income tax liability with respect to interest received on the Mortgage Pandbrieven (*précompte mobilier libérateur/bevrijdende roerende voorheffing*). This means that they do not have to report the interest obtained from the Mortgage Pandbrieven in their personal income tax return, provided that Belgian withholding tax was in fact levied on the interest.

Belgian resident individuals may nevertheless elect to report the interest in their personal income tax return. Where the beneficiary opts to report the interest, interest payments will normally be taxed at a separate tax rate of 30 per cent. (or at the progressive personal tax rates taking into account the taxpayer's other reported income, whichever is more beneficial). If the interest payment is reported, the Belgian withholding tax retained may be credited in accordance with the applicable legal provisions.

Capital gains realised on the sale of the Mortgage Pandbrieven are in principle tax exempt, unless the capital gains are realised outside the scope of the management of the transferor's private estate or unless the capital gains qualify as interest (as defined above). Capital losses are in principle not tax deductible.

Different tax rules apply to Belgian resident individuals who do not hold the Mortgage Pandbrieven as a private investment.

### **Belgian resident companies**

Interest attributed or paid to corporate Mortgage Pandbrieven Holders who are Belgian residents for tax purposes, i.e. who are subject to Belgian corporate income tax (*vennootschapsbelasting / impôt des sociétés*), as well as capital gains realised upon disposal of the Mortgage Pandbrieven are taxable at the ordinary corporate income tax rate of, in principle, 25 per cent. As an exception, small and medium-sized enterprises may be taxable at a lower rate of 20 per cent. on the first EUR 100,000 of their taxable base. Any Belgian interest withholding tax retained will generally, subject to certain conditions, be creditable against any corporate income tax due and the excess amount will be refundable. Capital losses realised upon disposal of the Mortgage Pandbrieven are in principle tax deductible.

Other tax rules apply to investment companies within the meaning of Article 185bis of the BITC.

### **Other Belgian resident legal entities**

Belgian legal entities subject to the Belgian legal entities tax (*rechtspersonenbelasting/impôt des personnes morales*) which do not qualify as Eligible Investors and/or which do not hold the Mortgage Pandbrieven through an X-account in the Securities Settlement System are subject to a withholding tax of 30 per cent. on any interest payments received under the Mortgage Pandbrieven. Such withholding tax then generally constitutes the final taxation in the hands of the relevant beneficiaries.

Belgian legal entities which qualify as Eligible Investors and which hold the Mortgage Pandbrieven through an X-account in the Securities Settlement System, and which consequently have received gross interest income on the Mortgage Pandbrieven are required to report and to pay the 30 per cent. withholding tax to the Belgian tax authorities themselves. Capital gains realised on the transfer of the Mortgage Pandbrieven are in principle tax exempt, unless and to the extent the capital gains qualify as interest (as defined above). Capital losses are in principle not tax deductible.

### **Organisation for Financing Pensions**

Interest and capital gains derived by Organisations for Financing Pensions (**OFP**) in the meaning of the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision, are in principle not included in the OFP's corporate income tax base and are therefore, as a rule, not subject to corporate income tax at the level of the latter. Subject to certain conditions, the Belgian withholding tax that may have been levied on the interest due under the Mortgage Pandbrieven can be credited against any corporate income tax due and any excess amount is in principle refundable.

### **Belgian non-residents**

#### *Dematerialized Mortgage Pandbrieven*

Dematerialized Mortgage Pandbrieven Holders who are non-residents of Belgium for Belgian tax purposes and are not holding the Dematerialized Mortgage Pandbrieven through a Belgian establishment, do not invest the Dematerialized Mortgage Pandbrieven in the course of their Belgian professional activity and are not carrying out any activities in Belgium that exceed that normal management of one's private estate, will not incur or become liable for any Belgian tax on income or



capital gains by reason only of the acquisition, ownership or disposal of the Dematerialized Mortgage Pandbrieven, provided that they qualify as Eligible Investors and hold their Dematerialized Mortgage Pandbrieven through an X-account in the Securities Settlement System.

If the Dematerialized Mortgage Pandbrieven are not entered into an X-account by the Eligible Investor, withholding tax on the interest is in principle applicable at the current rate of 30 per cent., possibly reduced pursuant to Belgian domestic tax law or applicable tax treaties, on the gross amount of the interest.

A non-resident company having allocated the Dematerialized Mortgage Pandbrieven to the exercise of a professional activity in Belgium through a Belgian establishment is subject to in substance the same rules as a Belgian resident company (see above).

#### *Registered Mortgage Pandbrieven*

Holders of Mortgage Pandbrieven who are non-residents of Belgium for Belgian tax purposes and are not holding the Registered Mortgage Pandbrieven through a Belgian establishment, do not invest the Registered Mortgage Pandbrieven in the course of their Belgian professional activity and do not carry out any other activities in Belgium that exceed the normal management of one's private estate will not incur or become liable for any Belgian tax on income or capital gains by reason only of the acquisition, ownership or disposal of the Registered Mortgage Pandbrieven, save, as the case may be, in the form of withholding tax.

#### **Exchange of information: Common Reporting Standard**

The exchange of information is governed by the Common Reporting Standard (**CRS**). On 7 March 2024, 122 jurisdictions signed the MCAA, which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications.

49 jurisdictions, including Belgium, have committed to a specific and ambitious timetable leading to the first automatic information exchanges in 2017, relating to income year 2016 (**early adopters**). More than 50 jurisdictions have committed to exchange information as from 2018, two jurisdictions as from 2019, three jurisdictions as from 2020, three jurisdictions as from 2021, two jurisdictions as from 2022, three jurisdictions as from 2023 and two jurisdictions as from September 2024.

Under CRS, financial institutions resident in a CRS country are required to report, according to a due diligence standard, financial information with respect to reportable accounts, which includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

On 9 December 2014, EU Member States adopted Directive 2014/107/EU on administrative cooperation in direct taxation (**DAC2**), which provides for mandatory automatic exchange of financial information between EU Member States as provided in the CRS. DAC2 amends the previous Directive on administrative cooperation in direct taxation, Directive 2011/16/EU.

The Belgian government has implemented DAC2, respectively the CRS, per the Law of 16 December 2015 regarding the exchange of information on financial accounts by Belgian financial institutions and by the Belgian tax administration, in the context of an automatic exchange of information on an international level and for tax purposes.

As a result of the Law of 16 December 2015, the mandatory automatic exchange of information applies in Belgium (i) as of income year 2016 (first information exchange in 2017) towards the EU Member States (including Austria, irrespective the fact that the automatic exchange of information by Austria towards other EU Member States only started as of income year 2017), (ii) as of income year 2014 (first information exchange in 2016) towards the US and (iii), with respect to any other jurisdictions that have signed the MCAA, as of a date to be further determined by Royal Decree. In a Royal Decree of 14 June 2017, as amended, it was determined that the automatic provision of information has to be provided as from 2017 (for the 2016 financial year) for a first list of 18 jurisdictions, and as from 2018 (for the 2017 financial year) for a second list of 44 jurisdictions. For Nigeria, information is exchanged as of income year 2018 (first information exchange in 2019) and for another list of 6 countries, the mandatory automatic exchange of information applies as of income year 2019 (first information exchange in 2020). Finally, for Jamaica and Thailand, information is exchanged as of income year 2022 (first information exchange in 2023).

The Mortgage Pandbrieven are subject to DAC2. Therefore, Belgian financial institutions holding Mortgage Pandbrieven for tax residents in another CRS contracting state shall report financial information regarding the Mortgage Pandbrieven (income, gross proceeds, etc.) to the Belgian competent authority, who shall communicate the information to the competent authority of the state of the tax residence of the beneficial owner.

Investors who are in any doubt as to their position should consult their professional advisers.

### **Tax on stock exchange transactions**

A tax on stock exchange transactions (*beurstaks/taxe sur les opérations de bourse*) is due on the purchase and sale (and any other transaction for consideration) of the Mortgage Pandbrieven on a secondary market if such transaction is either concluded or carried out in Belgium through a professional intermediary. The rate applicable for secondary sales and purchases of Mortgage Pandbrieven in Belgium through a professional intermediary is 0.12%. with a maximum amount of EUR 1,300 per transaction and per party. 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. The acquisition of Mortgage Pandbrieven upon their issuance (primary market) is not subject to the tax on stock exchange transactions.

Following the Law of 25 December 2016, the scope of application of the tax on 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 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 stock exchange transactions is due by the Belgian Investor (who will be responsible for the filing of a stock exchange tax return and for the timely payment of the amount of stock exchange tax due), unless the Belgian Investor can demonstrate that the tax on stock exchange transactions due has already been paid by the professional intermediary established outside Belgium. In such a 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 daytoday listing, numbered in series. Alternatively, professional intermediaries established outside 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 due 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 on stock exchange transactions 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 miscellaneous taxes and duties (*Code des droits et taxes divers/Wetboek diverse rechten en taksen*).

As stated below, the European Commission has published a proposal for a Directive for a common financial transactions tax (FTT). The Draft Directive 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 November 28, 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished if and once the FTT enters into force. The Draft Directive is still subject to negotiation between the Participating Member States and therefore may be changed at any time. The Draft Directive is further described below (see the section entitled “*Financial Transaction Tax*”).

### **Value Added Tax**

Pursuant to Article 44, §3, 10°, of the Belgian Value Added Tax Code, the transactions, including the negotiation, of the Mortgage Pandbrieven are exempt from value added tax, with the exception of custody and management activities.

### **Exchange of information: FATCA (U.S. Foreign Account Tax Compliance Act)**

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (FATCA) impose a new reporting regime with respect to certain payments to any non-U.S. financial institutions (a "foreign financial institution", or FFI (as defined by FATCA)) (i) in a jurisdiction that has not signed an intergovernmental agreement (IGA) or (ii) in a jurisdiction that has not reached agreements in substance and that did not become a Participating FFI by entering into an agreement with the U.S. Internal Revenue Service (IRS) and is not otherwise exempt from or in deemed compliance with FATCA. The list of approved jurisdictions and jurisdictions that have reached agreements in substance can be consulted on the IRS' website: <http://www.treasury.gov/resource-center/tax-policy/treaties/Pages/FATCA-Archive.aspx>. The Issuer is classified as a reporting Model 1 FFI. The information contained on the website of the U.S. Internal Revenue Services ([www.treasury.gov](http://www.treasury.gov)) does not form part of this Base Prospectus and has not been scrutinised or approved by the FSMA.

The new withholding regime was phased in beginning 1 July 2014 for payments from sources within the United States and will thus not apply to foreign passthru payments. In a later phase, it might be possible that withholding would apply to foreign passthru payments.

In execution of the FATCA legislation, an Intergovernmental Agreement (IGA) was signed on 23 April 2014 between Belgium and the United States and a Belgian law implementing the FATCA legislation was adopted by the Belgian legislator (*Wet tot regeling van de mededeling van inlichtingen betreffende financiële rekeningen, door de Belgische financiële instellingen en de FOD Financiën in het kader van automatische uitwisseling van inlichtingen op internationaal niveau en voor belastingdoeleinden/Loi réglant la communication des renseignements relatifs aux comptes financiers, par les institutions financières belges et le SPF Finances, dans le cadre d'un échange automatique de renseignements au niveau international et à des fins fiscales* of 16 December 2015). This law implies that Belgian financial institutions holding the Mortgage Pandbrieven for “U.S. accountholders” and for “Non-U.S. owned

passive Non Financial Foreign entities” shall report financial information regarding the Mortgage Pandbrieven (income, gross proceeds, etc.) to the Belgian competent authority, who shall communicate the information to the U.S. tax authorities.

**FATCA is particularly complex. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Mortgage Pandbrieven.**

**TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

#### **The proposed financial transactions tax (FTT)**

On 14 February 2013, the European Commission published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **Participating Member States**). On 8 December 2015, Estonia however expressed its intention not to introduce the FTT.

The proposed FTT has very broad scope and could apply to certain dealings in the Mortgage Pandbrieven (including secondary market transactions) in certain circumstances. The issuance and subscription of Mortgage Pandbrieven should, however, be exempt.

Under the proposals, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Mortgage Pandbrieven where at least one party is a financial institution, and at least one party is established in a Participating Member State. 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 Issuer is a financial institution incorporated in Belgium and therefore financial institutions worldwide may be subject to the FTT when dealing in the Mortgage Pandbrieven.

Joint statements issued by the Participating Member States indicate an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives. The FTT, as initially implemented on this basis, may not apply to dealings in the Mortgage Pandbrieven.

The proposed FTT remains subject to negotiation between the Participating Member States and the timing and scope of any such tax remains unclear. The proposed FTT may still be abandoned or repealed. Additional EU Member States may decide to participate.

The commission stated in the framework of the MFF/Own Resources negotiations that *“If there is no agreement by end of 2022, the Commission will, based on impact assessments, propose a new own*

*resource, based on a new Financial Transaction Tax. The Commission shall endeavour to make these proposals by June 2024 in view of its introduction by 1 January 2026.”*

In a commission staff working document of 20 June 2023, it is stated that the prospects of reaching an agreement in the future are limited and that there is little expectation that any proposal would be agreed in the short term.

Given the lack of certainty surrounding the proposals and their implementation, it is not possible to predict what effect the proposed FTT might have on the business of the Issuer; it could materially adversely affect its business. Prospective Mortgage Pledge Holders are strongly advised to seek their own professional advice in relation to the FTT.

### **Tax on securities accounts**

Pursuant to the Belgian Law of 17 February 2021 on the introduction of an annual tax on securities accounts, an annual tax is levied on securities accounts with an average value, over a period of twelve consecutive months starting on 1 October and ending on 30 September of the subsequent year, higher than EUR 1,000,000.

The tax is equal to 0.15% of the average value of the securities accounts during a reference period. The reference period normally runs from 1 October to 30 September of the subsequent year. The taxable base is determined based on four reference dates: 31 December, 31 March, 30 June and 30 September. The amount of the tax is limited to 10% of the difference between the taxable base and the threshold of EUR 1,000,000.

The tax targets securities accounts held by resident individuals, companies and legal entities, irrespective as to whether these accounts are held with a financial intermediary that 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. Belgian establishments from Belgian non-residents are, however, treated as Belgian residents for purposes of the annual tax on securities accounts so that both Belgian and foreign securities accounts fall within the scope of this tax.

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 fulfil the declaration requirements for all holders.

There are various exemptions, such as securities accounts held by specific types of regulated entities for their own account.

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 investment companies 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 annual tax on securities accounts is in principle due by the financial intermediary established or located in Belgium. Otherwise, the annual tax on securities accounts needs to be declared and is due by the holder of the securities accounts itself, unless the holder provides evidence that the annual tax on securities accounts has already been withheld, declared and paid by an intermediary which is not

established or located in Belgium. In that respect, intermediaries located or established outside of Belgium could appoint an annual tax on securities accounts representative in Belgium. Such a representative is then liable towards the Belgian Treasury ("*Thesaurie/Trésorerie*") for the annual tax on securities accounts due and for complying with certain reporting obligations in that respect. If the holder of the securities accounts itself is liable for reporting obligations (e.g. when a Belgian resident holds a securities account abroad with an average value higher than EUR 1,000,000), the deadline for filing the tax return for the annual tax on securities accounts corresponded until recently with the deadline for filing the annual tax return for personal income tax purposes electronically, irrespective whether the Belgian resident is an individual or a legal entity. In the latter case, the annual tax on securities accounts must be paid by the taxpayer on 31 August of the year following the year on which the tax was calculated, at the latest. For returns for which the reference period ends 30 September 2023 or later, if the holder of the securities accounts itself is liable for reporting obligations, the deadline for filing the tax return for the annual tax on securities accounts is 15 July of the year following the year on which the tax was calculated and the tax must be paid by 31 August of the same year.

The law also provides for certain anti-abuse provisions, retroactively applying as from 30 October 2020: a rebuttable general anti-abuse provision and two irrebuttable specific anti-abuse provisions. The latter cover (i) the splitting of a securities account into multiple securities accounts held with the same intermediary and (ii) the conversion of taxable financial instruments held on a securities account, into registered financial instruments. In the meantime, the Constitutional Court has annulled in its decision of 27 October 2022 (n° 138/2022) the two irrebuttable specific anti-abuse provisions, and the retroactive application of the general anti-abuse provision as from 30 October 2020, meaning that the latter can only apply as from 26 February 2021.

It is expected that the value of the Mortgage Pandbrieven will have to be taken into account in determining the value of a securities account.

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

## SECTION 18 – SUBSCRIPTION AND SALE

### **Programme Agreement**

The Dealer, in a programme agreement dated on or about the date hereof (as amended and/or supplemented and/or restated from time to time the **Programme Agreement**), will agree with the Issuer a basis upon which they or any of them may from time to time agree to purchase Mortgage Pandbrieven. Any such agreement will extend to those matters stated under “*Form of the Mortgage Pandbrieven*” and “*Terms and Conditions of the Mortgage Pandbrieven*” above. In the Programme Agreement, the Issuer has agreed to reimburse the Dealer for certain of its expenses in connection with the establishment of the Programme and the issue of Mortgage Pandbrieven under the Programme and to indemnify the Dealer against certain liabilities incurred by them in connection therewith.

### **Selling restrictions**

#### ***General***

The Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Mortgage Pandbrieven or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Mortgage Pandbrieven under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries. None of the Issuer nor any other Dealer shall have any responsibility therefor.

None of the Issuer nor the Dealer represents that Mortgage Pandbrieven may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

In particular (but without limiting the generality of the above), subject to any amendment or supplement which may be agreed with the Issuer in respect of the issue of any Tranche, the Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, to comply with the following provisions except to the extent that, as a result of any change in, or the official interpretation of, any applicable laws and/or regulations, non-compliance would not result in any breach of the applicable laws and/or regulations.

#### ***Prohibition of Sales to EEA Retail Investors***

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Mortgage Pandbrieven which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA.

For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of the MIFID II; or
  - (ii) a customer within the meaning of the IDD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of the MiFID II; or

- (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Mortgage Pandbrieven to be offered so as to enable an investor to decide to purchase or subscribe the Mortgage Pandbrieven.

### ***Prohibition of sales to consumers in Belgium***

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and it will not offer or sell the Mortgage Pandbrieven to any consumer (*consument/consommateur*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*) in Belgium.

### ***Public Offer Selling Restriction under the Prospectus Regulation***

In relation to each Member State of the EEA where the Prospectus Regulation is applicable (each a **Relevant Member State**), the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Regulation entered into force, it has not made and will not make an offer of Mortgage Pandbrieven with a denomination of less than Euro 100,000 which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State.

### ***United States***

The Mortgage Pandbrieven have not been or will not be registered under the U.S. Securities Act of 1933 as amended (the **Securities Act**) and the Mortgage Pandbrieven may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Programme Agreement, it has not offered or sold and will not offer or sell the Mortgage Pandbrieven of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer and/or the Principal Paying Agent by the relevant Dealer, or, in the case of Mortgage Pandbrieven issued on a syndicated basis, the relevant lead manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Mortgage Pandbrieven during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Mortgage Pandbrieven within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Mortgage Pandbrieven are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Mortgage Pandbrieven within the United States by any dealer may violate the registration requirements of the Securities Act.



This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Mortgage Pandbrieven outside the United States. The Issuer and the Dealer reserve the right to reject any offer to purchase the Mortgage Pandbrieven, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States. Distribution of this Base Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States is unauthorised and any disclosure of any of its contents without the prior written consent of the Issuer to any such U.S. person or other person within the United States is prohibited.

### ***United Kingdom***

#### *Prohibition of sales to UK Retail Investors*

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Mortgage Pandbrieven which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision, the expression **retail investor** means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (the **UK FSMA 2000**) to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Mortgage Pandbrieven which have a maturity of less than one year from the date of issuance, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any such Mortgage Pandbrieven other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issuance of the Mortgage Pandbrieven would otherwise constitute a contravention of Section 19 of the UK FSMA 2000 by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the UK FSMA 2000) received by it in connection with the issuance or sale of any Mortgage Pandbrieven in circumstances in which Section 21(1) of the UK FSMA 2000 does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the UK FSMA 2000 with respect to anything done by it in relation to any Mortgage Pandbrieven in, from or otherwise involving the United Kingdom.

### ***Belgium***

Registered Mortgage Pandbrieven may not be acquired by a Belgian or foreign transferee who is not subject to income tax or who is, as far as interest income is concerned, subject to a tax regime that is deemed by the Belgian tax authorities to be significantly more advantageous than the common Belgian tax regime applicable to interest income (within the meaning of Articles 54 and 198, §1, 11° of the Belgian Income Tax Code 1992) or who is resident or established, or is acting through a bank account held in a tax haven country or a low-tax jurisdiction (within the meaning of Article 307, §1/2 of the Belgian Income Tax Code 1992).

### ***Switzerland***

The Mortgage Pandbrieven may not be publicly offered, sold or advertised, directly or indirectly, in or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Mortgage Pandbrieven constitutes a prospectus as such term is understood pursuant to Article 652a or Article 1156 of the Swiss Federal Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange Ltd., and neither this Base Prospectus nor any other offering or marketing material relating to the Mortgage Pandbrieven may be publicly distributed or otherwise made publicly available in Switzerland.

### ***Japan***

The Mortgage Pandbrieven have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “Financial Instruments and Exchange Act”). Accordingly, the Dealer and the Issuer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not, directly or indirectly offered, or sold and will not, directly or indirectly, offer or sell any Mortgage Pandbrieven in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

## SECTION 19 – GLOSSARY OF DEFINED TERMS

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## SECTION 20 – GENERAL INFORMATION

### Authorisation

The update of the Programme and the issue of Mortgage Pandbrieven have been duly authorised by resolutions of the Asset and Liability Committee (ALCO) of the Issuer dated 7 February 2024.

### Listing and admission to trading of Mortgage Pandbrieven

This document constitutes a listing base prospectus for the purposes of the Prospectus Regulation and has been approved by the Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten/Autorité des services et marchés financiers*) (the **FSMA**). This approval is not and should not be considered to be a judgement as to the appropriateness or the merits of any issue under the Programme, nor of the situation of the Issuer.

Application has been made to Euronext Brussels for the Mortgage Pandbrieven issued under the Programme to be listed on Euronext Brussels. Application may also be made for Mortgage Pandbrieven issued under the Programme to be admitted to trading on another market that is also a regulated market. The Programme also permits Mortgage Pandbrieven to be issued on the basis that they (i) will not be admitted to listing, trading or quotation by any competent authority, stock exchange and/or quotation system or (ii) will be admitted to listing, trading and/or quotation by such other of further listing authorities, stock exchanges and/or quotation systems as may be agreed by the Issuer. References in this Base Prospectus to Mortgage Pandbrieven being “**listed**” (and all related references) shall mean that the Mortgage Pandbrieven have been listed on Euronext Brussels and admitted to trading on Euronext Brussels’ regulated market or on another regulated market for the purposes of MiFID II, as specified in the relevant Final Terms.

### Documents available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will be available during normal business hours at the statutory seat of the Issuer and from the specified office of the Paying Agent (where applicable, with an English translation thereof):

- (i) the constitutional documents of the Issuer;
- (ii) the Special Estate Administration Agreement;
- (iii) the Cover Pool Monitor Agreement;
- (iv) the Mortgage Pandbrieven Holders Representative Agreement; and
- (v) the Agency Agreement (including its Schedules).

For the period of 12 months following the date of this Base Prospectus, copies and, where appropriate, English translations of the following documents will be available on the website of the Issuer (<https://www.bnpparibasfortis.com/investors/coveredbonds/retained-pandbrief-programme>) and during normal business hours at the statutory seat of the Issuer:

- (i) this Base Prospectus, including any information incorporated by reference herein;
- (ii) the audited annual consolidated financial statements of the Issuer in respect of the financial years ended 31 December 2022 and 31 December 2023; and

- (iii) any base prospectuses, information documents, supplements (in each case, including any information incorporated by reference therein) and Final Terms relating to Mortgage Pandbrieven which are listed on Euronext Brussels or offered in a Member State of the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation (whether or not listed on Euronext Brussels).

Other information on the website of the Issuer does not form part of this Base Prospectus, unless that information is incorporated by reference herein, and has not been scrutinised or approved by the FSMA.

Copies of each Final Terms (together with the relevant Base Prospectus) relating to Mortgage Pandbrieven which are either admitted to trading on any other regulated market in the European Economic Area or offered in any other Member State of the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation will be available for viewing in accordance with Article 21(2) of the Prospectus Regulation and the rules and regulations of the relevant regulated market. Copies of each Final Terms relating to any other Mortgage Pandbrieven (together with the relevant Base Prospectus) will only be available for viewing by a holder of such Mortgage Pandbrieven upon production of evidence satisfactory to the Issuer as to the identity of such holder.

Copies of any regulated information (as defined in Directive 2004/109/EC of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, as amended) published by the Issuer since the date falling twelve months prior to the date of this Base Prospectus, can be obtained on STORI, the Belgian official mechanism for storage of regulated information held by the FSMA, on the website <https://stori.fsma.be>. Information on the STORI website does not form part of this Base Prospectus, unless that information is incorporated by reference herein, and has not been scrutinised or approved by the FSMA.

## **Financial Statements**

As at 31 December 2023, Deloitte Bedrijfsrevisoren BV / Réviseurs d'Entreprises SRL, represented by Yves Dehogne, is the sole statutory auditor of BNP Paribas Fortis SA/NV. Yves Dehogne is a member of the *Instituut van Bedrijfsrevisoren (IBR)/Institut des Réviseurs d'Entreprises (IRE)*.

The financial statements for the year ending 31 December 2023 of BNPPF have been audited by Deloitte Bedrijfsrevisoren BV / Réviseurs d'Entreprises SRL, represented by Yves Dohogne, Partner, Luchthaven Brussel Nationaal 1 J Zaventem Belgium, in accordance with the laws of Belgium. An unqualified opinion on the consolidated financial statements was issued on 25 March 2024.

The financial statements for the year ending 31 December 2022 of BNPPF have been audited by PwC Réviseurs d'Entreprises SRL, represented by Jeroen Bockaert, Partner, Culliganlaan 5, 1831 Diegem, in accordance with the laws of Belgium. An unqualified opinion on the consolidated financial statements was issued on 27 March 2023.

## **Clearing Systems**

The Dematerialised Mortgage Pandbrieven have been accepted for clearance through the Securities Settlement System, Euroclear, Clearstream, Germany, SIX SIS, Switzerland, Euronext Securities Milan, Italy, Euronext Securities Porto, Portugal or will be accepted through any other NBB investor (I)CSDs. The appropriate Common Code and ISIN for each Tranche will be specified in the applicable Final Terms. If the Dematerialised Mortgage Pandbrieven are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of the NBB is De Berlaimontlaan 14, 1000 Brussels, the address of Euroclear is 1 Boulevard du Roi Albert III, B-1210 Brussels, Belgium, the address of Clearstream, Germany is Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Germany, the address of SIX SIS, Switzerland is SIX SIS Ltd, Baslerstrasse 100, CH-4600 Olten, the address of Euronext Securities Milan, Italy is Monte Titoli S.p.A., Piazza degli Affari, 6, Milan MI 20123 and the address of Euronext Securities Porto, Portugal is Av. Da Boavista 3433, 4100-078 Porto. The address of any alternative clearing system will be specified in the applicable Final Terms.

### **Conditions for Determining Price**

The price and amount of Mortgage Pandbrieven to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **Material Contracts**

There are no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Mortgage Pandbrieven Holders in respect of the Mortgage Pandbrieven being issued.

### **Post-issuance information**

The Issuer will provide Investor Reports detailing, among other things, compliance with the Statutory Tests. This information will be available at the website of the Issuer ([www.bnpparibasfortis.com/investors/coveredbonds/retained-pandbrief-programme](http://www.bnpparibasfortis.com/investors/coveredbonds/retained-pandbrief-programme)). The Investor Reports are not incorporated in and do not form part of this Base Prospectus and they have not been and will not be scrutinised or approved by the FSMA.



**THE ISSUER**

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Belgium

**ARRANGER AND DEALER**

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Montagne du Parc 3  
1000 Brussels  
Belgium

**DOMICILIARY, PAYING AND LISTING AGENT**

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Montagne du Parc 3  
1000 Brussels  
Belgium

**MORTGAGE PANDBRIEVEN HOLDERS' REPRESENTATIVE**

**Stichting BNP Paribas Fortis Retained Pandbrieven Representative**  
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1043 AP Amsterdam  
The Netherlands

**COVER POOL MONITOR**

**Mr. David De Schacht** 3391 Tielt-Winge, Kapellekensweg 57  
and **Mr. Jurgen De Raedemaeker** 3210 Lubbeek, Molendries 42

**LEGAL ADVISER**

*To the Issuer, the Arranger and the Dealer as to Belgian law*

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**AUDITORS**

*To the Issuer*

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